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CALDART SUDI SUDARSANAM ERIK WETTER SVERRE TOMASSEN LUIZ MESQUITA MICHELE SIMONI SONYA WEN ANTOINETTE HERMENS MARIKO SAKAKIBARA ULAS BURKAY BERNARD GARRETTE KAMEL MELLAHI XIAOYING LI ANTOINETTE WEBEL RUDI  
K F BRESSER KATJA ROST KANG-NING XIA MARTIN INGANAS CHRISTIAN POWALLA THORSTEN TEICHERT XAVIER MARTIN CHRISTIANE PRANGE DAVID MAJOR CURBAM LAMPERT FREDRIK TELL YAN ZHANG JAMES ROBINS PAUL BILSDORFER R.  
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CHRISTOPH ZOTT AKIE IRIYAMA DAVID BRYCE ANDREW HESS RAVI MADHAVAN BERTRAND MONNET RHONDA REGER AU'RELIEN EMINET JIMMY BROWN PAULINE JUNNI PAULINA JANNI TOM ELFRING DUNCAN ROBERTSON CHRISTIAN GOEKE JAMES DAVIS SARI STENFORS ANNETTE BIEDERMANN  
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MACKEY WARREN MILLER THOMAS SEEGAL HORN AMIT JAIN MARKUS MENZ JOHN HORN ALISON MACKAY ANU WADH THOMPSON RAFAEL RAMIREZ SUSAN SEGAL-HORN  
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2007  
OCTOBER  
14-17

# THE CHALLENGES OF NON-MARKET INFLUENCES ON MARKET STRATEGIES

STRATEGIC MANAGEMENT SOCIETY  
27TH ANNUAL INTERNATIONAL CONFERENCE

## CONFERENCE PROGRAM

SAN DIEGO, CALIFORNIA  
OCTOBER 14-17, 2007



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LMU|LA



My Esteemed Colleagues:

Welcome to sunny Southern California! The City of San Diego is pleased to host the 27th Annual International Conference of the Strategic Management Society (SMS).

The themes of SMS conferences over the years have sought to focus on topics that were novel, yet of enduring interest to academics, practitioners and consultants. I am confident that this year's theme continues that tradition.

Sessions at this year's conference will focus broadly on issues such as Market and Non-Market Strategies and Globalization, Competitive Strategies, Global Strategies, Knowledge and Innovation and the Practice of Strategy. Other sessions will focus on relationships between the conference theme and strategy process, corporate strategy and governance, and entrepreneurship and strategy. These are topics which, when combined with the influences of non-market forces, can produce discussions charged with sociological, political, ethical as well as economic debates. As has been the case in the past, I am certain that you will find these debates open, constructive, and grounded in sound theory and rigorous empirical research.

The structure of the conference program keeps faith with the past, while continuing the practice of recent years to introduce new program elements. In this year's conference the highly successful innovation of common ground sessions, employed for the first time in 2006 in Vienna at the close of the program on Monday and Tuesday, becomes fully integrated into the program. And the San Diego program witnesses the introduction of a new initiative focused on Excellence in Teaching, ably guided by Idie Kessner of Indiana University. It not only finds its way into the competitive part of the program but also into that part of the program in which attendees meet in plenary session.

This year's plenary sessions will also enable those in attendance in San Diego to hear, among others, from distinguished practitioners and scholars such as Martin Coles (COO, Starbucks), Jonathan Murray (Microsoft), Timo Ali-Vehmas (Nokia), C.K. Prahalad (University of Michigan), and David Baron (Stanford University).

This year's competitive program will offer those present in San Diego 72 paper and 35 common ground sessions, organized around three conference theme tracks, seven Interest Group tracks and the

excellence in teaching track. Once again, we have enjoyed record interest in the conference and its theme. A total of 176 reviewers from the seven Interest Groups reviewed above 800 submissions. The process of putting together this year's program has benefited enormously from the participation of the Program Chairs of the Interest Groups, Duncan Angwin, David Audretsch, Mark Kriger, Bente Lowendahl, Xavier Martin, Mike Peng, and Margarethe Wiersema, as well as the active participation of Thomas Mellewig of the Free University Berlin, who serves as Associate Program Chair and will assume Program Chair duties next year in Köln, Germany. We all owe an enormous debt of gratitude to these many individuals as well as to the Interest Group leadership. Collectively, they are the backbone of the Society and they have made this year's program possible.

As has been the case in the past, again this year a number of papers have been selected as finalists for the SMS Best Conference Paper Prize, the new SMS Best Paper for Practice Implications Prize, and the Booz Allen Hamilton / Strategic Management Society PhD Fellowship awards. The finalists are highlighted in the program booklet and we urge you to seek out their presentations.

The goal of the conference is to foster an exchange of ideas among professionals in the field of strategic management. I sincerely hope that each of you here in San Diego will be able to take full advantage of the hard work of those who put together the program. Those individuals who are on the program have provided us with a wide variety of ideas to be debated. The same goes for the plenary speakers, the common ground facilitators, competitive paper session chairs and discussants, reviewers, Interest Group leadership, SMS Board members and very specially, the Society's Executive Office staff whose guidance insured that none of my missteps produced serious flaws in the program.

Enjoy San Diego, have fun, take advantage of the learning environment provided by the Society and its membership.

Peter Smith Ring  
Conference Program Chair  
Loyola Marymount University



Dear Conference Attendee:

A warm welcome to the 2007 San Diego Conference! We are very happy to have you here for the 27th Annual Meeting of the Strategic Management Society. You will have the opportunity to attend sessions presenting a broad spectrum of current research. Our Interest Groups have done an excellent job of evaluating and selecting the best papers for presentation. Furthermore, Peter Ring, our Conference Program Chair, has developed a set of interesting and exciting plenary sessions. We are enthusiastic about the new Teaching Initiative and the sessions offered in that Track. Finally, San Diego is a great location for the conference offering many opportunities for enjoyment before and after the conference.



Besides this conference, a lot of other exciting things are being undertaken in our Society as well and we invite you to learn more about them:

We have developed and are now implementing a new scholarly journal, the *Strategic Entrepreneurship Journal*, to enhance the value provided to our members and to continue to make contributions to the field. The new journal had a Launch Conference near Chicago this summer. We had an excellent group of papers and participants that made this an exciting and valuable conference. The papers presented at this conference will be developed further and will soon appear in the first volume of the *Strategic Entrepreneurship Journal*.

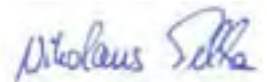
We have initiated a new award to recognize an Emerging Scholar; our first recipient of the award has been selected and his research will be highlighted during this conference. We're delighted with this award, and look forward to annually recognizing outstanding young scholars who are making important contributions to the field of strategic management in future years.

Recently, we completed two highly successful Special Conferences. The event in Italy focused primarily on entrepreneurship and strategy and had participants from throughout Europe and other parts of the world. The second event in Shanghai focused on strategies employed by Chinese and foreign firms operating in Chinese markets. It also was highly successful with a large number of participants from China, other Asian countries, North America, and Europe.

Again, a warm welcome to our meeting and enjoy your days in San Diego!



Michael Hitt  
President



Nikolaus Pelka  
Executive Director

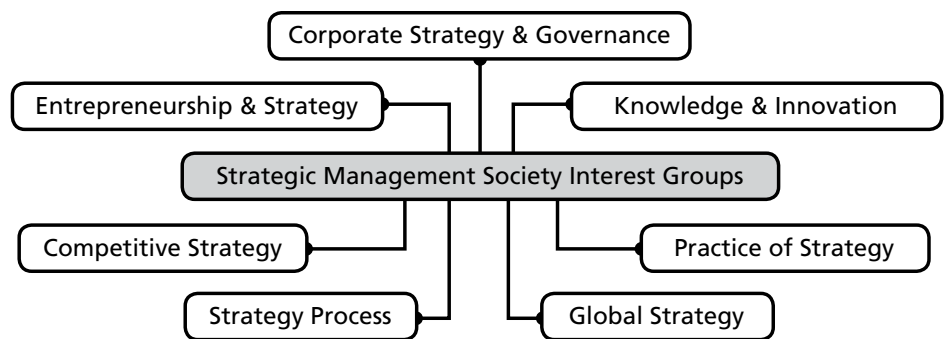
## A Professional Society for the Advancement of Strategic Management

The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society consists of more than 2,000 members representing a kaleidoscope of backgrounds and perspectives from more than fifty different countries. Membership, composed of academics, business practitioners, and consultants, focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world.

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

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

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



### PUBLICATIONS

The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than 25 years have been vital tools for the benefit of researchers and practitioners in the field.

The *Strategic Management Journal (SMJ)* has since its inception in 1980 been the official journal of the Strategic Management Society. This A journal is consistently rated one of the top publications in the management area.

We are pleased to announce the launch of a new quarterly journal, the *Strategic Entrepreneurship Journal (SEJ)*. The intent is for the *SEJ* to also become a Class A journal and for it to promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as its sister publication, the *SMJ* has done for many years.

The SMS Book Series focuses on cutting edge concepts/topics in strategic management theory and practice. The books emphasize building and maintaining bridges between theory and practice. They generate and test theories of strategic management and demonstrate how to learn, understand and apply these theories in practice.

### MEETINGS

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

Each conference addresses a current theme, with specific tracks addressing sub-themes, and presents multiple sessions by leading experts in the field from around the world. The SMS has responded to membership interest in special topics through its introduction of a series of smaller, regionally based meetings addressing more specific industry or subject themes.



2007 SMS Board of Directors



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The design of the three-day conference is focused on the “tracks” or themes, which are presented concurrently on all three days of the conference as panel, paper, or “common ground” sessions split into overlapping clusters of topical themes:

## Conference Theme Tracks

- A - Market and Non-Market Strategies and Globalization**
- B - Non-Market Strategies and Ownership Forms**
- C - Scorecards for Non-Market Strategies**
- D - General**

## Interest Group Tracks

- E - Competitive Strategy**
- F - Corporate Strategy and Governance**
- G - Global Strategy**
- H - Strategy Process**
- I - Knowledge and Innovation**
- J - The Practice of Strategy**
- K - Entrepreneurship & Strategy**

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

### Still new: Common Ground Sessions

The “Common Ground” sessions provide an improved opportunity for authors and audience members to interact more directly around a number of papers in a related theme.

- For the San Diego Conference we are planning a total of 35 common ground sessions, each will be 1 hour 15 minutes.
- A common ground session is constituted of at least one author of 5-6 proposals, a facilitator, and audience members.
- The Common Ground sessions will be chaired and facilitated by known scholars in the session’s topic. It is the responsibility of these facilitators to allocate time among participants and lead a productive discussion.
- We have integrated common ground sessions more fully into the regular program, where they will now run in parallel with paper sessions throughout Monday, Tuesday and Wednesday.
- To ensure sufficient time for interaction, the facilitator will ask for an initial 3-4 minutes summary presentation of a presenter’s study focusing only on the main motivations and findings of each paper. We want the time to be structured as a conversation (i.e., short interventions, highly interactive), not as a sequence of monologues.
- Overhead projectors or PowerPoint presentations will not be used. Flipcharts will be available in each room to facilitate visual discussion. Authors, however, were encouraged to make available for download or bring to the session a one-page summary of their theory or their findings, as the case may be. This handout may contain an executive summary of the paper, some figures or tables that are important, or some PowerPoint slides printed in handout form. These handouts will be the main visual aids used during these short presentations.

### Paper Sessions

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

- For the San Diego Conference we are planning a total of 72 paper sessions, each will be 1 hour 15 minutes.
- A paper session is constituted of at least one author of 3-4 proposals, a session chair, and audience members. Often times, the session chair will be one of the presenting authors.
- Each presenting author will have 12-15 minutes for their presentation, depending on the number of presentations within the session. The remaining time will be used for discussion.
- Each session room will have a LCD projector available.
- Presenters were invited to upload their paper and/or their presentation and make it available for download to other conference attendees.

## 1981 LONDON

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

## 1982 MONTREAL

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

## 1983 PARIS

"Making Strategy Work"  
Program Chair: Dominique Heau

## 1984 PHILADELPHIA

"Targeting Strategies"  
Program Chair: Peter Lorange

## 1985 BARCELONA

"The Essence of Strategic Management"  
Program Chair: Eduard Ballarin

## 1986 SINGAPORE

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

## 1987 BOSTON

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

## 1988 AMSTERDAM

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

## 1989 SAN FRANCISCO

"Strategies for Innovation"  
Program Chair: Robert Harris

## 1990 STOCKHOLM

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

## 1991 TORONTO

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

## 1992 LONDON

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

## 1993 CHICAGO

"Integrating Strategy"  
Program Chair: Edward Zajac

## 1994 PARIS

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

## 1995 MEXICO CITY

"Strategic Discovery: Opening New Worlds"  
Program Chair: Raul Alvarado

## 1996 PHOENIX

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

## 1997 BARCELONA

"Managing in an Interconnected World"  
Program Chair: Joan E Ricart

## 1998 ORLANDO

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

## 1999 BERLIN

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

## 2000 VANCOUVER

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

## 2001 SAN FRANCISCO

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

## 2002 PARIS

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

## 2003 BALTIMORE

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

## 2004 SAN JUAN

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

## 2005 ORLANDO

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

## 2006 VIENNA

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



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

## Strategic Management Journal Best Paper Prize

In 1993, some thirteen years after the Strategic Management Journal was launched, an annual best paper prize was established by co-sponsors John Wiley & Sons and the Strategic Management Society to honor substantial work published in the SMJ. The award is for a paper published five or more years prior to the citation itself. This delay allows time for the impact of papers to be assessed in terms of citations and influence of the paper on teaching, research, and/or practice. Once eligible, a paper remains eligible until selected as the best paper. Continued eligibility allows recognition to be made for those insights and findings that sometimes occur before their time and only become widely recognized as significant until other work is published. Authors of the winning paper receive a monetary award of US\$ 5,000.

## SMS Emerging Scholar Award

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

## SMS Best Conference Paper Prize

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

## SMS Best Conference Paper Prize for Practice Implications

This award was inaugurated following the initiative of the Practice of Strategy Interest Group and is co-sponsored by the publishing house Wiley-Blackwell. Nominated authors are invited to submit a full version of their submitted proposal for consideration by the committee. These papers are reviewed and 5 finalists are named prior to the conference. The primary criterion for this prize is practitioner relevance. At the margin some weight may also be given to practitioner (co-) authorship or research sponsorship and funding. The Prize for the best conference paper for practice implications consists of a US\$ 1000 cash award.

## Booz Allen Hamilton/ Strategic Management Society PhD Fellowship

The SMS together with Booz Allen Hamilton (BAH) created this award in 2000 in recognition of a PhD students' presentation of an outstanding paper at the SMS Annual International conference. The Award is granted to a PhD candidate who is the primary author of an accepted proposal for the conference and enrolled during the current academic year at their PhD granting institution. PhD candidates are invited to submit a full version of their submitted proposal for consideration by the review committee. Five winners are honored as Booz Allen Hamilton/ Strategic Management Society PhD Fellows and will receive awards of US\$ 1,500 each.

## Friend of the SMS

To distinguish those who have contributed over the years and have become pillars of our Society, in 2006 the recognition as Friend of the SMS was introduced to the conference. Recognized are conference attendees, who either have been SMS members for 20 or more years, attended 10 or more annual conferences, served as a program chair of a past conference, served as a Board member of the Society, or have been elected to the Fellows Group within the SMS.

As a sign of recognition and appreciation, a golden SMS logo is added to the conference name badges of these individuals. The names of the Friends of the SMS are also displayed during the program intermissions on the projection screens of the plenary hall at the conference.

## ★ SMS BEST CONFERENCE PAPER PRIZE

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

### MONDAY

10:30 – 11:45

**Influence Of Core-Competencies On The Relationship Between Co-Alignment Variables And Firm Performance**

Chiyoge B. Sifa, *Africa Nazarene University*

### MONDAY

10:30 – 11:45

**Tango Of Strategy And Intuition Under Uncertainty**

Anatoly Kandel, *Caldwell College*

### MONDAY

10:30 – 11:45

**Political Institution Embeddedness And Market Leadership: Evidence From The Chinese Automobile Industry (1984-2005)**

Pei Sun, *University of Nottingham*

Kamel Mellahi, *University of Sheffield*

Eric Thun, *University of Oxford*

### MONDAY

10:30 – 11:45

**The Different Performance Impacts Of Employee Mobility Between Competitors And Cooperators**

Deepak Somaya, *University of Maryland*

Ian Williamson, *University of Melbourne*

Natalia Lorinkova, *University of Maryland*

### MONDAY

10:30 – 11:45

**Cracking The Code: The Joint Importance Of Experience Homogeneity And Heterogeneity In Acquisition Capability Development**

Mario Schijven, *Texas A&M University*

Harry Barkema, *Tilburg University*

### MONDAY

10:30 – 11:45

**Building Improvisation Capability In R&D Teams**

Louise Nemanich, *Arizona State University*

Dusya Vera, *University of Houston*

### MONDAY

13:15 – 14:30

**Effects Of Business Group And Global Institutional Ownership On R&D Investments Among Korean Technology Firms**

Young-Rok Choi, *Singapore Management University*

Toru Yoshikawa, *McMaster University*

Shaker Zahra, *University of Minnesota*

Bong Heui Han, *Ajou University*

### MONDAY

17:30 – 18:45

**Dynamic Capabilities And The Ambidextrous Organization: Empirical Results From Research-Intensive Firms**

Wolfgang Güttel, *Vienna University of Economics & Business Administration*

Stefan Konlechner, *Vienna University of Economics & Business Administration*

### MONDAY

17:30 – 18:45

**Gender Diversity In United States Top Management: Impact On Risk-Taking And Acquirer Performance**

Sudi Sudarsanam, *Cranfield University*

Jian Huang, *Cranfield University*

### MONDAY

17:30 – 18:45

**Knowing When To Acquire: The Relation Between Acquisition Timing And Price In High Technology Acquisitions**

Nir Brueller, *Tel Aviv University*

Shmuel Ellis, *Tel Aviv University*

Eli Segev, *Tel Aviv University*

★ **SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD**

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

**MONDAY**

**10:30 – 11:45**

**Evolutions Of Organizational Structure In The Internationalization Of Banks: The Case Of UniCredit Group In CEE**

Tina Claudia Ambos, *Vienna University of Economics & Business Administration*

Bodo B. Schlegelmilch, *Vienna University of Economics & Business Administration*

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

Barbara Brenner, *Vienna University of Economics & Business Administration*

**MONDAY**

**10:30 – 11:45**

**Profitable Business Models And Market Creation In The Context Of Deep Poverty: A Strategic View**

Christian Seelos, *IESE Business School- University of Navarra*

Johanna Mair, *IESE Business School- University of Navarra*

**MONDAY**

**13:15 – 14:30**

**The Managerial Knowledge-Base Underlying The Process Of Strategic Renewal**

Bill Wooldridge, *University of Massachusetts-Amherst*  
Steven Floyd, *University of St. Gallen*

**MONDAY**

**13:15 – 14:30**

**Do Strategy Workshops Produce Strategic Change?**

Robert MacIntosh, *University of Glasgow*

Donald Maclean, *University of Glasgow*

David Seidl, *University of Munich*

**MONDAY**

**17:30 – 18:45**

**Strategic Foresight: Investigating Market And Non-Market Drivers Of Change In Corporate Organizations**

Claudio Roveda, *Polytechnic of Milan*

Riccardo Vecchiato, *Polytechnic of Milan*

★ **BOOZ ALLEN HAMILTON/STRATEGIC MANAGEMENT SOCIETY PHD FELLOWSHIP**

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

**MONDAY**

**10:30 – 11:45**

**The Learning Paradox: An Observation Of Knowledge Sharing At IKEA Japan**

Anna Jonsson, *Lund University*

**TUESDAY**

**14:00 – 15:15**

**Process And Outcome Measures Of Environmental Performance**

Dror Etzion, *IESE Business School-University of Navarra*

**MONDAY**

**10:30 – 11:45**

**Learning From Mergers And Acquisitions: The Roles Of Acquirer And Target Experience**

Ilya Cuypers, *Tilburg University*

Youtha Cuypers, *Tilburg University*

Xavier Martin, *Tilburg University*

**WEDNESDAY**

**8:30 – 9:45**

**Social Movements, Regulatory Politics, And Technology Evolution**

Kerem Gurses, *IESE business School-University of Navarra*

**WEDNESDAY**

**10:15 – 11:30**

**Delegation Across Borders: The Case Of Multinational Hierarchies**

Yue Maggie Zhou, *University of Michigan*

### Recommended Dress

Business casual attire is recommended for all conference sessions.

### Monday Evening Event

Our conference takes place in sunny San Diego and on Monday night we'll enjoy Sunset San Diego on the Lanai Shoreline area of the Sheraton Hotel & Marina. The dress for this event is business casual.

### Name Badges

Attendees must wear name badges at all times to gain admittance to luncheons and evening events and to help ensure a secure environment during the conference.

### Name Tents

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

### No Smoking Policy

In consideration of all attendees, we request that there be no smoking during all sessions and meal functions.

### Paper Exchange

We have made upload/download functionality available on the conference website and have invited presenters to make their paper available through this mechanism. If presenters have accepted this invitation, you will find a download button next to the paper on the particular session page of the conference website. Papers will be available for download on the conference website after the conference.

### Internet Café

The Sheraton Hotel provides a cluster of Internet enabled PCs and a WLAN located on the Ground Level between the reception area and the Harbor's Edge restaurant. Access is free of charge and open 24/7. Hardwired Internet access is available for a charge in every sleeping room.

### The Business Center

The Sheraton's full-service Business Center is located on the Ground Level near the entrance to the Executive Center meeting rooms. The Center will be open from 08:00–17:00 on Saturday and Sunday and 07:00–17:00 Monday thru Wednesday.

12-15  
OCTOBER  
2008

**COLOGNE**  
SMS 28TH ANNUAL  
INTERNATIONAL  
CONFERENCE

**SAVE THE DATE**  
**SMS 28TH ANNUAL  
INTERNATIONAL CONFERENCE**  
**COLOGNE, GERMANY**  
**OCT 12-15, 2008**  
**MARITIM HOTEL**

**PROGRAM CO-CHAIRS:**  
**Thomas Mellewigt**, *Freie Universität Berlin*  
**Bolko von Oetinger**, *Boston Consulting Group*

learn more at  
[cologne.strategicmanagement.net](http://cologne.strategicmanagement.net)

The individuals listed below worked with this year's Program Chair, Peter Ring, to select the proposals and compose the sessions for the different conference tracks and pre-conference sessions. We appreciate and gratefully recognize the tremendous amount of time and effort spent making this a successful event.

Rajshree Agarwal	Idie Kesner	William Newbury
Duncan Angwin	Mark Kriger	Mike Peng
David Audretsch	Marjorie Lyles	Annette Ranft
Pamela Barr	Bente R Lowendahl	William Schulze
Harry Barkema	Xavier Martin	Sari Stenfors
Laura Cardinal	Thomas Mellewig	Richard Whittington
Tina Dacin	Will Mitchell	Margarethe Wiersema

The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following persons who served as reviewers for the SMS 27th Annual International Conference

Todd Alessandri	Walter Ferrier	Michael Lord	Susan Segal-Horn
Sharon Alvarez	Avi Fiengenbaum	Richard Lynch	Sonali Shah
Tina Claudia Ambos	Peer Fiss	Anoop Madhok	Jamal Shamsie
Bjorn Ambos	Karin M Fladmoe-Lindquist	Johanna Mair	Nicolaj Siggelkow
Jay Anand	Timothy Folta	Alfred Marcus	Francisca Silva
Espen Andersen	Siw Fosstenlökken	Catherine Maritan	Tale Skjolsvik
Richard Arend	Brett Anitra Gilbert	Richard McGowan	Erik Stam
Africa Ariño	Anthony Goerzen	Gerry McNamara	Inger Stensaker
Jean-Luc Arregle	Steve Gove	Michael Meeks	Yu-Shan Su
Kendall Artz	Siggi Gudergan	Avraham Meshulach	Muthu Subbiah
Pamela Barr	Taïeb Hafsi	Klaus Meyer	Li Sun
Rene Belderbos	Mark Hansen	Douglas Miller	Stephen B Tallman
Lars Bengtsson	Dawn Harris	Kathrin Moeslein	Raymond Thietart
Donald Bergh	Debbie Harrison	Erik Monsen	Laszlo Tihanyi
Arvind Bhambri	Niron Hashai	Elaine Mosakowski	Tony Tong
Steven Boivie	Louis Hébert	Lilach Nachum	Wenpin Tsai
Brian Boyd	Witold Henisz	Patricia Nelson	Anja Tuschke
Rudi K F Bresser	Irene Henriques	Odd Nordhaug	Lorraine Uhlaner
Philip Bromiley	Amy Hillman	Jonathan O'Brien	Hans Van Kranenburg
Rolf Buehner	Guy Holburn	Kenny Oh	Gianmario Verona
Benjamin Campbell	Quy Huy	Paul Olk	Luis Vives
Mason A Carpenter	Kiran Ismail	Pedro Parada	Anu Wadhwa
Bruno Cassiman	Yi Jiang	Francesco Perrini	Andrew Ward
Dong Chen	Richard Johnson	Erin Pleggenkuhle-Miles	Mark Washburn
Joseph Clougherty	William Judge	Richard Priem	Antoinette Weibel
Linda M Cohen	Franz Kellermanns	Bertrand Quelin	Margaret White
Susan Cohen	Theodore Khoury	Roberto Ragozzino	Johan Wiklund
Alvaro Cuervo-Cazurra	Andrew King	Ramya Rajajagadeesan	Robert Wiseman
Ilya Cuypers	Ragnhild Kvålshaugen	Richard Reed	Robert Wood
Julio de Castro	Peter Lane	Rhonda Reger	Bill Wooldridge
David Deeds	Kevin Laverty	Jeffrey Reuer	Mike Wright
Irem Demirkan	Dovev Lavie	James Robins	Zhan Wu
Gregory Dess	Sergio Giovanetti Lazzarini	Marco Romano	Yasuhiro Yamakawa
Charles Dhanaraj	Christoph Lechner	W Glenn Rowe	Peter Zemsky
Jonathan Doh	Christian Lechner	Aradhana Roy	Yan Zhang
Glen Dowell	Peggy Lee	Carlos Ruffin	Kevin Zhou
Rodolphe Durand	Gwendolyn Lee	Mariko Sakakibara	Jessie Zhou
Thomas Durand	Michael Leiblein	MB Sarkar	Arvids Ziedonis
Charles Eesley	Richard Leifer	Mario Schijven	
Kimberly Ellis	Michael Lenox	Carmela Elita Schillaci	
Joyce Falkenberg	Edward Levitas	Karen Schnatterly	

## SUNDAY

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07:30 – 21:00	Conference Registration Open
10:00 – 11:30	Interest Group Session I
11:30 – 13:00	Lunch
13:00 – 14:30	Interest Group Session II
14:30 – 15:00	Coffee Break
15:00 – 16:30	Interest Group Session III
16:00 – 19:00	Exhibits Open
16:30 – 17:30	Interest Group Officers Meeting in room Seabreeze
17:30 – 18:30	Interest Group Meetings for rooms (see p. 23)
19:00 – 21:00	Opening Reception

## MONDAY

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07:30 – 18:00	Conference Registration Open
07:30 – 08:30	Continental Breakfast
07:30 – 18:00	Exhibits Open
08:30 – 09:00	Program Chair Welcome
09:00 – 10:00	Keynote Speaker: Martin Coles, COO, Starbucks
10:00 – 10:30	Coffee Break
10:30 – 11:45	Parallel Paper/Common Ground/ Panel Sessions
12:00 – 13:15	Luncheon on the Bayview Lawn
13:15 – 14:30	Parallel Paper/Common Ground/ Panel Sessions
14:45 – 15:45	Plenary Panel: Points of View on Strategy Research
15:45 – 16:15	Coffee Break
16:15 – 17:15	Plenary Panel: Non-Market Forces and the Need for Strategic Agility
17:30 – 18:45	Parallel Paper/Common Ground/ Panel Sessions
19:00 – 22:00	SMS Dinner Event on the hotel's Lanai Shoreline area

## TUESDAY

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07:30 – 18:00	Conference Registration Open
08:00 – 18:00	Exhibits Open
08:00 – 09:00	Continental Breakfast
09:00 – 10:00	Plenary Panel: Strategy & the B-School Curriculum: A Panel of Deans
10:00 – 10:30	Coffee Break
10:30 – 11:45	Parallel Paper/Common Ground/ Panel Sessions
12:00 – 13:45	Awards Luncheon in Grande Ballroom
14:00 – 15:15	Parallel Paper/Common Ground/ Panel Sessions
15:15 – 15:45	Coffee Break
15:45 – 16:45	Plenary Panel: Stakeholder Strategy as Innovation and Advantage
17:00 – 18:15	Parallel Paper/Common Ground/ Panel Sessions
18:30 – 19:00	SMS Business Meeting in Seabreeze
18:30 – 19:30	Cocktail Hour in Lanai Shoreline area
19:30 –	Evening on Your Own

## WEDNESDAY

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07:30 – 11:00	Conference Registration Open
07:30 – 08:30	Continental Breakfast
07:30 – 11:00	Exhibits Open
08:30 – 09:45	Parallel Paper/Common Ground/ Panel Sessions
09:45 – 10:15	Coffee Break
10:15 – 11:30	Parallel Paper/Common Ground/ Panel Sessions
11:45 – 12:45	Plenary Panel: Current State and Future Direction of Non-Market Strategy Scholarship
12:45 – 13:45	Luncheon on the Bayview Lawn



<b>SUNDAY, OCTOBER 14, 2007</b>			
07:30 – 21:00	<b>Conference Registration Open</b>		
10:00 – 11:30	Interest Group Session I	SESSION	PAGE #
11:30 – 13:00	<b>Lunch</b>		
13:00 – 14:30	Interest Group Session II	SESSION	PAGE #
14:30 – 15:00	<b>Coffee Break</b>		
15:00 – 16:30	Interest Group Session III	SESSION	PAGE #
16:00 – 19:00	<b>Exhibits Open</b>		
16:30 – 17:30	<b>Interest Group Officers Meeting in Seabreeze</b>		
17:30 – 18:30	<b>Interest Group Meetings see page 23 for rooms</b>		
19:00 – 21:00	<b>Opening Reception on Bayview Lawn</b>		

<b>MONDAY, OCTOBER 15, 2007</b>			
07:30 – 18:00	<b>Conference Registration Open</b>		
07:30 – 08:30	<b>Continental Breakfast</b>		
07:30 – 18:00	<b>Exhibits Open</b>		
08:30 – 09:00	<b>Program Chair Welcome</b>		
09:00 – 10:00	<b>Keynote Speaker: Martin Coles, COO, Starbucks</b>		
10:00 – 10:30	<b>Coffee Break</b>		
10:30 – 11:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
12:00 – 13:15	<b>Luncheon on the Bayview Lawn</b>		
13:15 – 14:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
14:45 – 15:45	<b>Plenary Panel: Points of View on Strategy Research</b>		
15:45 – 16:15	<b>Coffee Break</b>		
16:15 – 17:15	<b>Plenary Panel: Non-Market Forces and the Need for Strategic Agility</b>		
17:30 – 18:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
19:00 – 22:00	<b>SMS Dinner Event on the hotel's Lanai Shoreline area</b>		



## TUESDAY, OCTOBER 16, 2007

07:30 – 18:00	Conference Registration Open		
08:00 – 18:00	Exhibits Open		
08:00 – 09:00	Continental Breakfast		
09:00 – 10:00	Plenary Panel: Strategy & the B-School Curriculum		
10:00 – 10:30	Coffee Break		
10:30 – 11:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
12:00 – 13:45	Awards Luncheon		
14:00 – 15:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
15:15 – 15:45	Coffee Break		
15:45 – 16:45	Plenary Panel: Stakeholder Strategy as Innovation and Advantage		
17:00 – 18:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
18:30 – 19:00	SMS Business Meeting in Seabreeze		
18:30 – 19:30	Cocktail Hour in Lanai Shoreline area		
19:30 –	Evening on Your Own		

## WEDNESDAY, OCTOBER 17, 2007

07:30 – 11:00	Conference Registration Open		
07:30 – 08:30	Continental Breakfast		
07:30 – 11:00	Exhibits Open		
08:30 – 09:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
09:45 – 10:15	Coffee Break		
10:15 – 11:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
11:45 – 12:45	Plenary Panel: Current State and Future Direction of Non-Market Strategy Scholarship		
12:45 – 13:45	Luncheon on the Bayview Lawn		

INTEREST GROUP SESSION 1501

**COMPETITIVE STRATEGY AND STRATEGY PROCESS**

<b>TRACK E &amp; H</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
<b>Panel Session</b>	<b>Room</b>	Seabreeze

**Strategy Process Meets Competitive Strategy**

**Session Chair**

Christoph Lechner, *University of St. Gallen*

**Panelists**

Philip Bromiley, *University of California-Irvine*

Steven Floyd, *University of St. Gallen*

Cathy Maritan, *Syracuse University*

Edward Zajac, *Northwestern University*

This session explores the potential that the interplay of strategy process and competitive strategy research can offer for the explanation of above-average performance. Although both research streams share the same objective, they have taken different paths for its understanding. On the one side, process research has concentrated on all factors that significantly impact the actual formation of strategies in organizational units, such as agenda-building, decision-making, strategic change, consensus or conflict. On the other side, competitive strategy has addressed the interaction of a firm and its environment by examining sources of advantages, issues of competitive dynamics, strategic positioning, etc. In order to capture the potential of an exchange, this session a. focuses on constructs that are critical for both research streams (e.g. decision-making, routines, capabilities), b. shows how insights of one research stream can help in explaining phenomena of the other stream, and c. debates which research projects at the crossroads of both streams are worthwhile to be explored.

INTEREST GROUP SESSION 1507

**CORPORATE STRATEGY**

<b>TRACK F</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
	<b>Room</b>	Executive Center 3

**Session Chair** Gautam Ahuja, *University of Michigan*

**Strategies For Sourcing Innovation From Outside: Big Research Questions – And Some Answers – For The Next 5-10 Years**

An important trend in practice is the tendency to replace internal innovation by strategies to source ideas from outside, popularly known as “Open Innovation.”

Acquisitions, alliances, corporate venturing, in-licensing, outsourcing of R&D, customer idea tapping websites, “corporate campuses” with other firms, closely knit ecosystems with external clients and suppliers are all such examples of open innovation. What are the key contingencies and mechanisms for successful open innovation? Which emerging strategies and “big” research questions should we focus on in the coming 5-10 years? What are the questions leaders of innovative firms focus on, and which new research questions do they inspire? Which theories and methodologies – possibly involving learning from and with practitioners – are particularly important/promising/exciting, and would likely lead to high impact, empirically valid knowledge? What will help Strategy researchers to lead, and produce valid high-impact knowledge, ideas, and designs, rather than tail this important trend?

INTEREST GROUP SESSION 1504

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
<b>Panel Session</b>	<b>Room</b>	Marina 3

**Global Corporate Reputations**

**Session Chair**

William Newburry, *Florida International University*

**Panelists**

Naomi Gardberg, *City University of New York*

Leonard J. Ponzi, *Reputation Institute*

Reputation is an important element of corporate strategy, and has been demonstrated to be associated with numerous important firm outcomes, as well as supportive behaviors of individuals. However, our understanding of firm reputations is often limited to such lists as the Fortune 500 firms. This panel will attempt to identify some of the key components of corporate reputations, which much of the presentation based on data taken from the Global RepTrak 2007 study conducted by the Reputation Institute to measure the reputations of 700 of the world’s largest companies in 25 countries.

INTEREST GROUP SESSION 1503

**KNOWLEDGE AND INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
<b>Panel Session</b>	<b>Room</b>	Executive Center 2

**Key Issues and Emerging Questions for Knowledge and Innovation Research in Strategic Management**

**Session Chair**

Pamela Barr, *Georgia State University*

**Panelists**

Harry Barkema, *Tilburg University*

Thomas Durand, *École Centrale Paris*

Marjorie Lyles, *Indiana University*

Thomas Mellewigt, *Freie Universität Berlin*

Recent academic and management literature suggests that knowledge and innovation resources and activities are becoming increasingly central to the creation of value and competitive advantage. This panel features some of the top scholars in knowledge and innovation and is designed to highlight some of the most critical issues and questions that lie at the intersection of strategic management and knowledge and innovation. This session is designed to be interactive and will begin with each panelist expressing his or her views on what are the key issues and emerging questions for knowledge and innovation research in strategy. The session will then be opened up for discussion between the panelists and between the panelists and session attendees so that the end result of the session will be the identification of some of the more promising avenues for future research and practice.

## INTEREST GROUP SESSION 1506

**THE PRACTICE OF STRATEGY**

<b>TRACK J</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
<b>Presentation</b>	<b>Room</b>	Marina 2

**Session Co-Chairs** Duncan Angwin, *University of Warwick*  
Sari Stenfors, *Stanford University*

**Globalization and Competitiveness**

The sessions will revolve around six separate cases which present different problematics experienced by strategists. Most of the cases will be presented by the practitioners involved and several will be co-presented with researchers.

The first session in the morning will begin with a brief introduction to the day and then be followed with three case studies run in parallel. These cases will concentrate on issues and tools related to globalization and competitiveness.

## INTEREST GROUP SESSION 1505

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	10:00-11:30 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 1

**Conversations 1: Entrepreneurship Research in Asia****Session Chair**

Bill Schulze, *University of Utah*

**Panelists**

Mike Peng, *University of Texas at Dallas*

Garry Bruton, *Texas Christian University*

Justin Tan, *York University*

Jay Barney, *Ohio State University*

While economies around the world are becoming increasingly entrepreneurial, differences in institutions, cultures, and resource bases create differences in the environment within which entrepreneurial firms create and execute their strategies. These differences are shaping which research questions may be considered most salient in a region. At the same time, there is an increased pressure for scholars in both Europe and Asia to publish research in mainstream academic journals. Over time, knowledge is accumulating about different aspects of the entrepreneurial phenomenon – but how these various pieces fit together is not clear. In a series of conversations among scholars, we focus on three regions—Asia, US and Europe—to identify “hot” areas of research within each region. The scholars will also discuss challenges—both theory and data related—that researchers face when undertaking their research agenda.

In this first panel, we bring together a group of scholars to share their views on the issues that are playing a role in shaping entrepreneurship research in Asia. Panelists will identify commonalities and differences with research being conducted in other regions, and address implications of these differences for the field of strategic entrepreneurship.

INTEREST GROUP SESSION 1602

**COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session</b>	<b>Room</b>	Seabreeze

**Strategy and Corporate Responsibility**

**Session Chair**

Maurizio Zollo, *University of Bocconi*

**Panelists**

Jay Barney, *Ohio State University*

Jared Harris, *University of Virginia*

Joe Mahoney, *University of Illinois*

This panel will debate questions related to the interdependence between business and society and its implications for business strategy leveraging on recent theoretical insights and empirical evidence emerging from the RESPONSE project, the largest empirical effort to date on these issues. Maurizio Zollo will present the wide range of findings from the project and the panelists will provide their reaction based on their own work and ideas, before engaging the participants in a broader debate about what these results mean for the strategy field. The challenge of developing a comprehensive model of strategic interaction that includes the responsibilities of the firm towards its environment will be then put forth for small group discussion and reporting to the plenary. A final discussion among panelists will try to distill the insights emerged during the day and converge on the content of a possible "call for papers" that will be presented to SMJ for consideration.

INTEREST GROUP SESSION 1607

**CORPORATE STRATEGY**

<b>TRACK F</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session (Part 1)</b>	<b>Room</b>	Executive Center 3

**Learning From or Learning With Practitioners: The New Insights**

**Panelists**

Yves Doz, *INSEAD*

Mikko Kosonen, *Nokia*

Andy van de Ven, *University of Minnesota*,

Strategy as a field emerged from practice. Yet, many have lamented about the wide and perhaps widening gap between research and practice. What should the role of learning from and with practitioners be in this respect? Researchers and practitioners have different cognitive contexts, processes and purposes for knowledge creation. How do we manage these tensions and instead use this diversity to successfully identify and address "big questions"? How should objectives, roles, responsibilities and expectations be defined at the outset? Which research approaches, contexts, and methodologies, in terms of learning with and from practitioners, should become more prominent in the next 5-10 years to unravel important mechanisms underlying strategic choice and performance? How will this help us to bridge the gap between methodologically valid knowledge (disseminated solely through scholarly articles by academics for academics) and relevant, high-impact knowledge making a difference in the strategic practices and performance of firms (disseminated through, e.g., airport books by consultants for practitioners)? This will be a highly interactive session, divided in two parts, where panelists will provide in-dept insights on the basis of their extensive experience, but will also invite session participants to share their most compelling experiences.

INTEREST GROUP SESSION 1604

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session</b>	<b>Room</b>	Marina 3

**Offshoring and Global Strategy: Myths and Realities**

**Session Chair**

Jonathan Doh, *Villanova University*

**Panelists**

Martin Kenney, *University of California-Davis*

Joan E. Ricart, *University of Navarra, Spain*

Steve Tallman, *University of Richmond*

The issue of offshoring continues to prompt a wide range of emotions amongst corporate strategists and laypersons alike. This session will attempt to distill some of the myths and realities of what offshoring is, along with the pervasiveness of its usage. Questions discussed will include: which companies are offshoring, and for what purposes; where is offshoring most likely to occur; and who is most likely to benefit and be harmed by offshoring?

INTEREST GROUP SESSION 1601

**STRATEGY PROCESS**

<b>TRACK H</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session</b>	<b>Room</b>	Executive Center 1

**A Dialogue About Conducting Strategy Process Research: Building Theory, Designing Studies, and Relevance to Practice**

**Session Co-Chairs**

Mark Kriger, *Norwegian School of Management*

Annette L. Ranft, *Florida State University*

**Panelists**

Greg Dess, *University of Texas-Dallas*

Bill Judge, *Old Dominion University*

Christoph Lechner, *University of St. Gallen*

Cathy Maritan, *Syracuse University*

Rhonda Reger, *University of Maryland*

In this session panelists and coordinators will briefly present, based on their interests, the promising areas of future strategy process research including theoretical development, empirical designs and applications to practice. Panelists are also encouraged to discuss the unique challenges associated with conducting strategy process research. In the latter half of the session, participants will be invited to dialogue in small groups with one or more of the panelists regarding the issues presented. No prior sign-up is required – but do come prepared with your thoughts on future research directions and challenges in strategy process.

## INTEREST GROUP SESSION 1603

**KNOWLEDGE AND INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session</b>	<b>Room</b>	Executive Center 2

**Identifying Critical Challenges (and Potential Solutions) Associated with Conducting Knowledge and Innovation Research****Session Chair**

Pamela Barr, *Georgia State University*

**Panelists**

Massimo Colombo, *Polytechnic of Milan*

Erwin Daneels, *Worcester Polytechnic Institute*

Susan McEvily Cohen, *University of Pittsburgh*

Jamal Shamsie, *Michigan State University*

Edward Zajac, *Northwestern University*

Maurizio Zollo, *INSEAD*

The discussion from the morning session will identify promising avenues for knowledge and innovation research in strategic management, but how might one go about conducting empirical research on these issues? This panel features scholars with active research programs in knowledge and innovation and will offer observations related to key challenges associated with conducting empirical research in this area as well as offer some potential solutions. Attendees will be encouraged to offer their own insights regarding challenges and/or how to address them. Participants should leave the session with important insights regarding the practicalities of conducting knowledge and innovation research in strategic management.

## INTEREST GROUP SESSION 1606

**THE PRACTICE OF STRATEGY**

<b>TRACK J</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Presentation</b>	<b>Room</b>	Marina 2

**Session Co-Chairs** Duncan Angwin, *University of Warwick*  
Sari Stenfors, *Stanford University*

**Strategizing Capabilities and Routines**

The sessions will revolve around six separate cases which present different problematics experienced by strategists. Most of the cases will be presented by the practitioners involved and several will be co-presented with researchers.

The afternoon session will begin with a further three parallel case studies focusing upon strategizing capabilities and routines and conclude with a plenary debriefing session.

## INTEREST GROUP SESSION 1605

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	13:00-14:30 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 1

**Conversations 2: Entrepreneurship Research in the US****Session Chair**

Rajshree Agarwal, *University of Illinois*

**Panelists**

Frank Rothaermel, *Georgia Tech*

MB Sarkar, *University of Central Florida*

David Audretsch, *Indiana University & Max Planck Institute*

Knowledge spillovers related entrepreneurship has spawned the birth and growth of new ventures and regions. In this panel, we bring together a group of scholars that have conducted research on two important sources of knowledge spillover entrepreneurship—universities and existing organizations. Panelists will identify commonalities and differences of research being conducted in scientist and employee entrepreneurship, with research conducted in other regions on the issue and address implications of these differences for the field of strategic entrepreneurship.

INTEREST GROUP SESSION 1702

**COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session</b>	<b>Room</b>	Seabreeze

**Technological Innovations and Competitive Strategy: Does Timing Matter?**

**Session Co-Chairs**

- Riitta Katila, *Stanford University*
- MB Sarkar, *University of Central Florida*

**Panelists**

- Rajshree Agarwal, *University of Illinois-Urbana-Champaign*
- Gautam Ahuja, *University of Michigan*
- Marvin Lieberman, *UCLA*
- Scott Turner, *University of South Carolina*

In this session we take a dynamic perspective on competitive strategy, and explore issues that lie at the intersection of timing and innovation research. Strategy researchers have examined 'time' from multiple perspectives, from early research on first and second movers to later perspectives on exploration v. exploitation, and, rhythm and sequencing in technology development. The key questions in this area center round understanding how timing of technology and innovation activities, in particular relative to competitors, influences firm performance. This session (1) identifies the key research streams in this area, (2) suggests useful connections and bridges for a more integrated view, (3) highlights latest research and (4) suggests interesting topics for future work.

INTEREST GROUP SESSION 1707

**CORPORATE STRATEGY**

<b>TRACK F</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session (Part 2)</b>	<b>Room</b>	Executive Center 3

**Learning From or Learning With Practitioners: The New Insights**

**Panelists**

- Yves Doz, *INSEAD*
- Mikko Kosonen, *Nokia*
- Andy van de Ven, *University of Minnesota*,

Strategy as a field emerged from practice. Yet, many have lamented about the wide and perhaps widening gap between research and practice. What should the role of learning from and with practitioners be in this respect? Researchers and practitioners have different cognitive contexts, processes and purposes for knowledge creation. How do we manage these tensions and instead use this diversity to successfully identify and address "big questions"? How should objectives, roles, responsibilities and expectations be defined at the outset? Which research approaches, contexts, and methodologies, in terms of learning with and from practitioners, should become more prominent in the next 5-10 years to unravel important mechanisms underlying strategic choice and performance? How will this help us to bridge the gap between methodologically valid knowledge (disseminated solely through scholarly articles by academics for academics) and relevant, high-impact knowledge making a difference in the strategic practices and performance of firms (disseminated through, e.g., airport books by consultants for practitioners)? This will be a highly interactive session, divided in two parts, where panelists will provide in-dept insights on the basis of their extensive experience, but will also invite session participants to share their most compelling experiences.

INTEREST GROUP SESSION 1704

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session</b>	<b>Room</b>	Marina 3

**The Domain of Global Strategy**

**Session Chair**

- Mike Peng, *University of Texas-Dallas*

**Panelists**

- Bodo Schlegelmilch, *Vienna University of Economics & Business Administration*
- Susan Segal-Horn, *Open University*
- Alain Verbeke, *University of Calgary*

What makes a strategy "global" is central to the Global Strategy Interest Group's domain. However, it is also one that is ripe for multiple interpretations, and as such, one where a discussion of the boundaries of global strategy might prove invaluable to scholars trying to better understand the field. Accordingly, this session will involve a discussion of global strategy's domain; i.e. how is global strategy defined?, what are its boundaries?, etc. The session will begin with short presentations by leading scholars in the "global strategy" field. Following these introductory presentations, a major portion of the session will involve discussion between the audience and the panel.

INTEREST GROUP SESSION 1701

**STRATEGY PROCESS**

<b>TRACK H</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session</b>	<b>Room</b>	Executive Center 1

**Continuing and Sharing the Dialogue About Conducting Strategy Process Research**

**Session Co-chairs**

- Mark Kriger, *Norwegian School of Management*
- Annette L. Ranft, *Florida State University*

**Panelists**

- Greg Dess, *University of Texas-Dallas*
- Bill Judge, *Old Dominion University*
- Christoph Lechner, *University of St. Gallen*
- Cathy Maritan, *Syracuse University*
- Rhonda Reger, *University of Maryland*

In this session small groups from the first session will continue their dialogue. Time will be reserved for reports from groups to be shared in plenum. Attendance at the prior IG session is recommended - but not mandatory. No prior sign-up is required.

## INTEREST GROUP SESSION 1703

**KNOWLEDGE AND INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session</b>	<b>Room</b>	Executive Center 2

**View from the Field: Knowledge and Innovation Challenges Confronting Organizations Today****Session Chair**

Pamela Barr, *Georgia State University*

**Panelists**

Peter Bryant, *Macquarie Institute for Innovation*

T.J. Elliott, *ETS*

Peter Lednor, *Shell International Chemicals, BV*

The day's prior sessions focus on knowledge and innovation issues from a primarily academic perspective, but what do those in the field think? What do managers and consultants see as some of the more compelling issues in knowledge and innovation work? This panel features individuals who confront the practical challenges of knowledge and innovation work in organizations on a daily basis. Panelists will share their experiences and ideas to identify current issues and, in conversation with attendees, begin to develop a practice and research agenda for the future.

## INTEREST GROUP SESSION 1705

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	15:00-16:30 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 1

**Conversations 3: Entrepreneurship Research in EU****Session Chair**

David Audretsch, *Max Planck Institute of Economics*

**Panelists**

Christian Lechner, *Groupe ESC - Toulouse*

Erkko Autio, *Imperial College*

Mike Wright, *Nottingham University Business School*

In this panel, we bring together a round of European entrepreneurship scholars to share their views on the issues that are playing a role in shaping entrepreneurship research in the EU. Panelists will identify commonalities and differences with research being conducted in the EU as contrasted to the USA and other regions, and address implications of these differences for the field of strategic entrepreneurship.

**COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Seabreeze
<b>Chairperson</b>	Will Mitchell, <i>Duke University</i>	

**CORPORATE STRATEGY**

<b>TRACK F</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Marina 4
<b>Chairperson</b>	Tina Dacin, <i>Queen's University</i>	

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Marina 3
<b>Chairperson</b>	Susan Segal-Horn, <i>Open University</i>	

**STRATEGY PROCESS**

<b>TRACK H</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Marina 2
<b>Chairperson</b>	Andrew Pettigrew, <i>University of Bath</i>	

**KNOWLEDGE AND INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Nautilus 1
<b>Chairperson</b>	Siegfried Gudergan, <i>University of Technology-Sidney</i>	

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK J</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Nautilus 2
<b>Chairperson</b>	Rajshree Agarwal, <i>University of Illinois-UC</i>	

**PRACTICE OF STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, October 14
	<b>Time</b>	17:30-18:30 h
<b>Business Meeting</b>	<b>Room</b>	Marina 1
<b>Chairperson</b>	Duncan Angwin, <i>University of Warwick</i>	

SESSION 1800

**PETER SMITH RING**

PLENARY	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	8:30-9:00 h
	<b>Room</b>	Grande Ballroom

**Program Chair Welcome**



**Peter Smith Ring, Ph.D.**, is Professor of Strategic Management at Loyola Marymount University in Los Angeles, CA. He has been visiting professor/research scholar at Insead; IESE; Nanyang Business School (as a Fulbright Scholar); CEIBS; University of Bologna; University of Bocconi; Université de Paris IX – Duaphine;

University of Catania; and University College Dublin; and currently is an Advanced Institute of Management Research Visiting International Fellow at Strathclyde University. His research focuses on networks and strategic alliances, the processes for managing strategic alliances, the role of trust in inter-organizational relationships, strategies for managing competitive and political environments, and public sector-private sector collaboration. He sits on the Editorial Boards of the Strategic Management Journal and the California Management Review.

MONDAY PLENARY

SESSION 1801

**MARTIN COLES, COO, STARBUCKS**

PLENARY	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	9:00-10:00 h
Keynote Speech	<b>Room</b>	Grande Ballroom

**Starbucks Business Paradigm: Doing Well While Doing Good**

Within two short decades Starbucks grew from a small coffee retail company based in Seattle into one of the most recognized brands in the world. While its financial accomplishments are widely recognized, Starbucks also has been able to create a model where business success is balanced with Corporate Social Responsibility practices that not only benefit the full cycle of its business model but also has influenced stakeholders in related industries to develop policies alike. From the coffee farmers to the front line, store baristas and partners (employees) around the world, Starbucks has demonstrated that it can create a customer Experience through an emotional connection that transcends borders and cultures. Starbucks business has also been influenced by the forces of globalization with its presence in 43 countries today with 14,500 stores worldwide. Growing as a global company while maintaining its small entrepreneurship spirit is an act of true balance.



**Martin Coles** is Starbucks' chief operating officer. His main responsibility is to drive Starbucks long-term operational strategy for our core businesses, including Starbucks U.S., Starbucks Coffee International, Global Consumer Products and Supply Chain Operations.

Martin joined Starbucks in April 2004 as president, Starbucks Coffee International. In that role he led teams responsible for the overall management, business development and operations of Starbucks in all international markets. Prior to Starbucks, Martin served as President and Chief Executive Officer for the Reebok brand. During an eight-year tenure at Nike, Inc., he held several executive-level general management, sales and operations positions for Nike, Inc.'s Global and European operations. His broad experience also includes executive positions at Gateway, Inc., Letsbuyit.com (London) and at one of PepsiCo, Inc.'s U.S. Bottling operations. He spent the first ten years of his career in roles of increasing responsibility at Procter & Gamble both in the U.K. and later the U.S.A.

10:00 - 10:30  
**COFFEE BREAK**



## SPECIAL SESSION 1301

<b>TEACHING TRACK</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30-11:45 h
<b>Presentation</b>	<b>Room</b>	Seabreeze

### Case Teaching Tips: Little Things Can Make a Big Difference

**Session Presenter** Idie Kesner, *Indiana University*

Whether you are an expert case teacher or a novice, you'll find useful tips in this session ranging from how to increase in-class participation to how to track participation for grading purposes. Professor Idie Kesner (Indiana University's Kelley School of Business) has won 21 teaching awards for her work as a case teacher. She will lead the session, which will begin with a presentation of various techniques used to make a big difference in the classroom case experience for all students – undergraduate, MBA, or executive. Copies of actual classroom management materials will be distributed. These materials can be used to manage in-class discussions and evaluate student performance. Attendees will be able to return to their schools and immediately integrate these take-away tips and materials easily and quickly in their own classrooms. At the end of the session, attendees will be invited to share their own tips & hints with fellow attendees allowing everyone to benefit from the collective knowledge of rich and diverse case teaching experiences.

## SESSION 1197

### DEVELOPING WORLDS

<b>TRACK A</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4

**Facilitator** Jonathan Doh, *Villanova University*

### The Theory Of Selective Institutional Functioning And Motives For Going Abroad

Muthu Subbiah, *University of Texas-Dallas*

I present the theory of selective institutional functioning as an explanatory mechanism for why firms from developing nations move to developed nations. Building on the literature on political skills of firms, I argue that such skills positively impact firm performance. These skills are especially valuable in weak institutional environments. My empirical analysis supports the notion that political skills of firms 1) is positively related to firm performance and 2) compensates for the weak institutional environment of a nation. Limitations and future research directions are suggested.

### ★ Profitable Business Models And Market Creation In The Context Of Deep Poverty: A Strategic View

Christian Seelos, *IESE Business School-University of Navarra*  
Johanna Mair, *IESE Business School-University of Navarra*

The bottom of the pyramid (BOP) has been promoted as a significant opportunity for companies to grow profitably. The BOP identifies poor people as potential customers that can be served if companies learn to fundamentally rethink their existing strategies and business models. This involves acquiring and building new resources and capabilities and forging a multitude of local partnerships. However, the current BOP literature remains relatively silent about 'how' to actually implement such a step into the unknown. We use two BOP cases to illustrate a strategic framework that reduces managerial

complexity. In our view, existing capabilities and existing local BOP models can be leveraged to build new markets that include the poor and generate sufficient financial returns for companies to justify investments.

### Non-Market Influences On Strategy Implementation In Developing Nations: Values In Zimbabwe

David Stiles, *Cardiff University*

Some take it for granted that western market-based strategic management theories, concepts and techniques can be applied globally. Such universalist assumptions contrast with convergence views that developing countries temporarily face intractable problems and situationist ideas that they are unlikely to develop. Convergence and situationist theses imply that implementation problems are particularly pronounced because of economically-based market dysfunctions or institutional voids. These are influential, but we argue that non-economic 'non-market' influences such as societal values are in danger of being overlooked. We link cultural values with strategy implementation, presenting empirical evidence from Zimbabwe to show that only a minority in developing nations are mobile, new media savvy and demanding. Western-derived management models will not improve majority prospects because non-market influences prevail and stakeholders are relatively powerless.

### Strategic Alliances Within Economically Integrated Regions: Environmental Factors Influencing Alliance Structures And Patterns

Hadi Alhorr, *Saint Louis University*  
Kimberly Boal, *Texas Tech University*

While regional economic integration has been a major area of research in the field of international economics and international trade, theoretical and empirical research addressing their impact on multinational cooperative strategies has not been fully uncovered. In this paper, we extend the study of international alliance and alliance structures by examining the effects of the environmental changes, resulting from economic integrations at the country level (e.g., market and currency commonality, economic community membership) on the patterns and structures (Equity-based and Non-equity-based) of alliance relationships among multinational firm. By building on the organization-environment relationship paradigm and using the European Union as the region of study, findings demonstrate that broad scale economic integration policies do influence the structure and pattern of alliance relationships among firms within the economically integrated region.

### Firm Strategic Response To Non-Market Forces: A Typology And Insights On The Process Of Integration

Michael Valente, *York University*

Using inductive theory building on 15 longitudinal case studies of companies operating in Kenya, Tanzania, South Africa, and Egypt, this manuscript introduces a typology of four generic strategic responses to non-market forces based on the degree to which non-market strategies are integrated with market strategies. It then presents a conceptual model that uncovers the dynamic process through which these non-market forces and strategies are integrated into market strategies. Unlike traditional forms of strategy process associated with incremental strategic change, results uncover the importance of firm and non-market actor shifts in cognitive schemas, the development of relational capital and the crafting of alternative institutional arrangements which enable significant economic and social value creation and firm strategic differentiation.

## Liability Of Foreignness As Greater Vulnerability To Inequity In Economic Exchange

Subramanian Rangan, *INSEAD*  
Metin Sengul, *INSEAD*

We argue that liability of foreignness (LOF) materializes substantively and durably from concerns about inequity (rather than incompatibility) in economic exchange. Specifically, in a given host country, if MNEs from certain home countries are in a better position to contain discrimination and resolve distrust (i.e., allay value appropriation concerns there), then, ceteris paribus, MNEs from those home countries will have greater incentive to create value in that host country, and, in turn, should experience greater success there. We explore this proposition in a dataset containing host market sales estimates of foreign MNEs (from 23 home countries) operating in 6 large host countries across more than 35 industries. Empirical results support the proposition and imply that LOF is a binational and not only international construct.

SESSION 1189

### RESOURCES, SKILLS AND CAPABILITIES AND NON-MARKET STRATEGIES

<b>TRACK A</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	Jean-Philippe Bonardi, <i>University of Western Ontario</i>	

#### Non-Market Resources

Jean-Philippe Bonardi, *University of Western Ontario*

Many authors have argued that firms build non-market resources, i.e. skills and assets allowing them to influence public policy makers, in a similar fashion as they build market resources. However, the nature of these non-market resources and how they potentially differ from market resources are questions that have been totally overlooked. This paper is an attempt to fill that gap. After discussing existing literature on non-market resources, we propose an alternative and formal framework upon which future research should be able to build to develop a specific theory of non-market resources. In this framework, the crucial question regarding non-market resources is not an external one (are they replicable?) but an internal one (how to develop non-market resources without putting its market resources in jeopardy?).

#### Non-Market Factors And Partnership Management In Transitional Economies

Dong Chen, *Loyola Marymount University*

This study explores the moderating effects of non-market factors on partnership management in transitional economies. Our theoretical development suggests that MNEs' management control over and trust in partnerships are subject to the ownership system, government regulations, cultural differences, and regional economic development. They tend to utilize management control in uncertain situations, but less likely to do so in highly regulated areas. The impact of trust is weaker when MNEs are faced with great differences in institutions and cultures.

## Building A Firm's Political Capabilities By Corporate Lobbying: Anti-Dumping Cases

Yoon Suk Baik, *KAIST*  
Seung-Hyun Lee, *University of Texas-Dallas*

In this research, we examine two different perspectives on corporate lobbying focusing on the recent antidumping petitions under the Byrd amendment: the grabbing hand and helping hand perspectives. From the grabbing hand perspective, governments may give protection to the firms that make political contributions. On the other hand, the helping hand literature argues that a government pursues social efficiency to protect firms from unfair foreign competition. Using a novel U.S. Customs Service data on the disbursements of the antidumping duties to the injured firms, we find that the petitions filed by the firms that lobby gain larger proceeds from the government. At the same time, we also find that when the petition cases show that the injuries were greater, the larger proceeds were provided to each petition case from the government.

SESSION 1238

### BUILDING ALLIANCE CAPABILITIES: THEORY VERSUS PRACTICE

<b>TRACK D</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 5

#### Moderator

Gerrit-Willem Ziggers, *Radbout University-Nijmegen*

#### Panelists

Steve Steinhilber, *CISCO*  
John Bell, *Royal Philips*  
Harbir Singh, *University of Pennsylvania*  
Marjorie Lyles, *Indiana University*  
Prashant Kale, *University of Michigan*

In this interactive panel, we will bring together the three top academics (Singh, Lyles, Kale) on alliance capabilities with two experienced VP's of Alliances of Cisco (Steinhilber) and Philips (Bell). The panel will zoom in on the gap between academia and practice on alliance capabilities and will try to bridge parts of the gap. The academics will elaborate on alliance learning mechanisms, the 'black-box' of developing alliance capabilities and the link between alliance capabilities and post-merger integration capabilities. The practitioners explain how they have institutionalized alliance capabilities in their companies, which are widely recognized for their alliance excellence. This panel with these academic and business experts promises to be a highly interesting panel session, which fits perfectly the ambitions of the SMS.

SESSION 1248

### STRATEGY IN NON-MARKET CONTEXTS

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	Steven Tallman, <i>University of Richmond</i>	

## Untangling The Market And Non-Market Determinants Of Chinese Economic Growth

Michel Ghertman, *University of Nice*

Nadine Tournois, *University of Nice Sophia Antipolis*

Changes in formal institutions most often recommended for Economies in transition assume implicitly that economic reforms tending toward Western Market forms are necessary and sufficient to achieve economic growth. This assumption is criticized by Bardham (2005). The authors contribute to his view in the case of China by demonstrating that Market forms are necessary but insufficient unless they trigger local cultural features-or informal institutions- that decrease the uncertainty of transactions. This paper examines the influence of formal institutional reforms favoring private enterprise (FPE) and the revival of the informal institution of Guanxi (ROG) for business transactions in China between 1978 and 2002 to explain her economic growth. We start by defining the boundaries of Guanxi relative to financial Markets, contracts and courts; continue with a two-step model of brutal (1949-1978) and progressive institutional changes (1978-2002) in China. Two propositions are derived from the model. We provide an empirical test of the two propositions on a data base of answers to a questionnaire by 563 Chinese CEOs interviewed by researchers of Xian Jiaotong University. We end with a discussion and a research agenda.

## Non-Market Strategies In China: Chinese Governmental Subsidies And Effects On Competitive Environments

Usha Haley, *University of New Haven*

This paper examines on-going research that the author has presented before the U.S. Congress and the National Intelligence Council on non-market strategies employed by the Chinese government. The non-market strategies resist systematic observation and quantification and have hindered U.S. multinational corporations (MNCs) from operating in a competitive environment. The paper will present state-of-the art policy discussions on off-the book and non-market subsidies in China specifically and by emerging markets' governments generally, the potential of these non-market strategies to affect foreign MNCs' strategies and plans, and a framework to analyze possible strategic responses at U.S. governmental and MNCs' levels.

## Understanding The Business Of Business Schools: Building Strategies For Both Market And Non-Market Dynamics

Stephanie Dameron, *University of Paris-Dauphine*

Thomas Durand, *Ecole Centrale Paris*

The paper investigates the future of the 'business' of business schools in the institutional setting of various countries. The paper builds upon detailed analyses of the systems of management education in a variety of countries, including the U.S. and the E.U. It aims at providing a better understanding of the underlying dynamics of management education, presenting foresight scenarios for Business Schools and identifying strategic options available to business schools Deans in different parts of the world. Along the way, a theoretical contribution emerges regarding the role of Foresight and scenario building as a way to feed and enrich the strategic thinking process.

## From Small Ideas To Global Change: Innovation Democracy, Inc.

Sari Stenfors, *SCANCOR, Stanford University*

Liisa Valikangas, *Helsinki School of Economics*

The paper presents an exercise of social entrepreneurship by two strategy scholars who are also entrepreneurs. California-based non-profit, Innovation Democracy, Inc., is founded on principles of transformational change compounding from small projects into significant societal effects. In the paper, the authors discuss the foundations of change that percolates up from individuals to institutions, and discuss the potential groundings in institutional theory that open up a possibility of grassroots human agency. The authors share personal observations of the role that development aid plays in countries where Innovation Democracy, Inc. operates, in particular, Afghanistan. The paper is both a theoretical exploration and an experiential testimony of innovation and entrepreneurship in countries where the institutions to support such activity are sorely lacking.

## Market Failures And Value Capture: An Integration Of Market And Non-Market Strategies

Felix Oberholzer-Gee, *Harvard University*

Dennis Yao, *Harvard University*

This paper proposes a conceptual framework, based on market failures, that unifies the treatment of market and non-market strategy. Such a framework makes it easier for strategists as well as strategy academics to see market and non-market actions as an integrated whole. It offers a novel lens on the sources of profitability in which market and non-market profit opportunities are seen as closely related. We hope that this reconciliation will increase the salience that non-market strategy will have to traditional strategist who think primarily in terms of market strategy.

## Utilizing Non-Market Forces And Interaction Innovations To Formulate Sustainable Bite

Devendra Singh, *National University of Singapore*

Meteoric rise in depression, family violence, teenage suicides etc. is pushing our society on brink of breakdown and thus our society is focusing on happiness. Our society is becoming concerned with non-market forces, such as work ethics of corporation; environmental issues; animal testing. Scandals involving charitable organizations are making people weary. Instead, customers are looking at alternative sources to address these non-market issues. To fulfill this need, firms are responding by addressing the issues of non-market forces as well other factors. In this paper we discuss on how firms are using three interaction innovations, viz. product, process and customer interaction innovations to fulfill customer's innate needs, address their concerns and thus providing lasting happiness to them and in the process achieving sustainability.

SESSION 1138

**INDUSTRY EVOLUTION AND ITS IMPLICATIONS FOR PERFORMANCE**

**TRACK E** **Date** Monday, Oct 15  
**Time** 10:30 - 11:45 h  
**Paper Session** **Room** Marina 2

**Session Chair** Karan Sonpar, *University of Manitoba*

**Strategic Management Of Industrial Change: Governing Disruptive Trends**

Riccardo Vecchiato, *Polytechnic of Milan*  
 Claudio Roveda, *Polytechnic of Milan*

On which topics and issues should be focused the strategic analysis of the evolution of the business environment? How could emerging trends be assessed in order to effectively support strategic decision makers? These are the main questions that future oriented analysis of business environment should give an answer. Currently, strategic literature proposes different approaches (Competitive Forces; Resource-based view; Dynamic Capabilities). Our thesis is that Strategy Fundamentals (Five Forces, Value Chain) have a key role for the successful management of industry transformation, most of all in case of disruptive changes and breakthroughs. However, these tools are to be used in a quite different manner and with a new approach. The description of this approach makes up the core of this paper.

**How Much The Industry Really Matters: Understanding The Role Of Survivorship On Firm Performance**

Karan Sonpar, *University of Manitoba*  
 Federica Pazzaglia, *University of Manitoba*  
 Xiao (Stan) Li, *York University*

This paper proposes a framework to integrate the role of survivorship into questions that investigate how much the industry really matters. We study the Services Sector over a 25 year period (1980-2005) and find that survivorship effects in an industry account for roughly 8.5% variance in firm performance in addition to other industry effects (4.4%). We argue that ignoring the role of survivorship has potentially led to under-estimation of industry effects in the extant literature. However, and at the same time, despite controlling for survivorship trends within an industry, firm effects continue to have the largest effects on firm performance (41.4%). These findings urge us to rethink the role of industry and firm effects on firm performance through the use of ecological measures.

**Too Many Complementors? Evidence On Software Developers**

Kevin Boudreau, *HEC-Paris School of Management*

It is often presumed there are benefits from growing numbers of buyers and sellers around a platform, or "network effects." While the benefits of more buyers are self-evident, the effects of ever-increasing numbers of sellers of complementary goods ("complementors") perhaps deserve closer scrutiny. This paper uses point-of-sale data on a textbook example, large numbers of software developers around mobile computing platforms, to show that entry beyond several hundred software firms in fact led to reduced rates of new software development. Platform strategies emphasizing careful regulation of complementor entry would have led to more and possibly better software--and therefore greater platform profitability.

SESSION 1143

**EMPLOYEES AND MANAGERS AS CARRIERS OF KNOWLEDGE AND RESOURCES**

**TRACK E** **Date** Monday, Oct 15  
**Time** 10:30 - 11:45 h  
**Paper Session** **Room** Marina 1

**Session Chair** Jamal Shamsie, *Michigan State University*

**A Blending Of Spices: Knowledge Integration In Bollywood Film Production**

Jamal Shamsie, *Michigan State University*

Tacit knowledge that resides in individuals represents a key resource that can lead to significant advantages. Consequently, a major challenge that faces firms is to try and integrate the tacit knowledge that is possessed by the different individuals that work together on a project. We develop a set of hypotheses that tie the characteristics of a team to the eventual outcome of the project. We test these on a sample of Bollywood films by focusing on the producer, director, actors, screenwriter, composer and lyricist that work on the project. Our findings should provide some useful insights into the process of knowledge integration and lead to further research on this important topic.

**Causal Ambiguity Of Technological Competencies, Human Resource Practices, And Competitive Advantage**

Nuria Gonzalez-Alvarez, *University of León*  
 Mariano Nieto, *University of León*

Traditionally, it has been recognised that causal ambiguity of technology, by making it difficult for competitors to identify the technological competencies on which a particular firm bases its competitive advantage, represents an effective protection mechanism helping the firm to obtain superior performance. Recently, researchers have unearthed evidence that the effects of causal ambiguity also could be extend to the interior of the firm itself, hampering the diffusion of its own technological capabilities among its managers. In this case, the existence of causal ambiguity will have a negative impact on firm performance. The first aim of this article is to analyze both perspectives with the last end of establishing the net influence that causal ambiguity exerts on firm performance. The second one, to study how the high involvement human resources practices can help to solve this debate. With this in mind, a set of hypothesis is proposed and they will contrast using a sample of 258 Spanish manufacturing firms.

**★ The Different Performance Impacts Of Employee Mobility Between Competitors And Cooperators**

Deepak Somaya, *University of Maryland*  
 Ian Williamson, *University of Melbourne*  
 Natalia Lorinkova, *University of Maryland*

This paper builds upon Resource-Based View (RBV) perspectives of the relationship between mobile human assets and firm performance. Specifically, we explore how the movement of employees between competitors and potential cooperators (in client-supplier relationships) impacts the performance of focal supplier firms. We draw on social capital theory to argue that employee mobility both to and from clients will enhance firm performance, whereas only inward mobility from competitors benefits firms due to the migration of client-specific social capital with employees. We also note that losing valuable human assets to competitors is generally more harmful to firms, relative to other employee destinations. We test our hypotheses with a novel dyadic

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dataset of patent attorney movements between law firms and Fortune 500 companies. Our research and findings are particularly relevant to firms that rely heavily on the knowledge and resources embodied in their employees for their own success.

### Resource Uncertainty And Sustainable Competitive Advantage In The RBT Perspective

Haim Kedar-Levy, *Ben Gurion University of the Negev*  
Avraham Meshulach, *Hebrew University*

This paper is focused on resource uncertainty and on what management can do to improve the risk-return profile of the firm. It particularly looks at the routines that management employs to manage resources of the firm. We develop a formal model that uses both notions of value and resource risk to explain sustainable competitive advantage and rent, and we base it on resource base theory and on portfolio theory in financial economics. It shows how sustainable competitive advantage stems from managing the uncertain (risky) potential profitability of individual assets and routines, and highlights the specific roles of management in creating VRIN assets and VRIN routines. We show how management grows VRIN capabilities and then place Porter's generic strategies in the context of RBT.

SESSION 1072

### LEARNING FROM ACQUISITIONS

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 4
<b>Session Chair</b>	TBD	

#### ★ Cracking The Code: The Joint Importance Of Experience Homogeneity And Heterogeneity In Acquisition Capability Development

Mario Schijven, *Texas A&M University*  
Harry Barkema, *Tilburg University*

We pursue a deeper understanding of how firms can learn to be more effective at undertaking acquisitions. Although organizational learning scholars have traditionally argued that experience homogeneity facilitates learning, more recent research has uncovered important learning benefits of experience heterogeneity instead. Reconciling these inconsistent results, we build on transfer theory from cognitive psychology to argue that each has its own distinctive strengths and weaknesses, and that both are beneficial to the development of acquisition capability – though at different stages of the learning process. Our dynamic theoretical framework suggests that the order in which experience homogeneity and heterogeneity are encountered over time is crucial for building acquisition capability. We test this framework using a multi-industry sample of firms over a period of more than three decades.

#### ★ Learning From Mergers And Acquisitions: The Roles Of Acquirer And Target Experience

Ilya Cuypers, *Tilburg University*  
Youtha Cuypers, *Tilburg University*  
Xavier Martin, *Tilburg University*

Extending research on the link between prior M&A experience and the amount and distribution of value generated by an acquisition, we examine and contrast the roles of the target's and the acquirer's M&A experience. Using a sample of 281 M&As, we show that both the target's and the acquirer's M&A experience determine how

much value is created through the M&A. Furthermore, the value distribution amongst the M&A parties depends on the difference in their respective M&A experience. We discuss implications for M&A research and for research on organizational learning.

### Towards Unlocking The Full Potential Of Acquisitions: The Role Of Organizational Restructuring

Harry Barkema, *Tilburg University*  
Mario Schijven, *Texas A&M University*

Drawing on behavioral theory, we seek to explain when and how firms can unlock the synergistic potential of acquisitions as they engage in acquisitive growth over extended periods of time. We argue that acquisition integration is inevitably sub-optimal and that, as a result, acquisitive growth leads to organizational inefficiencies that cause the acquirer's performance to weaken. At some point, therefore, it is forced to engage in major organizational restructuring in order to more fully unlock the synergistic potential of its acquisitions. Moreover, we examine how these long-term cycles of acquisitive growth and restructuring evolve over time as the acquirer gains acquisition and restructuring experience. We test our theory using panel data on firms undertaking almost 1400 acquisitions, covering a period of more than three decades.

### Balancing Knowledge Preservation, Transfer, And Application: Integration Strategies In Acquisitions

Saikat Chaudhuri, *University of Pennsylvania*

Mergers and acquisitions epitomize the difficulties of transmitting and utilizing knowledge across organizational boundaries. As the integration process directly impacts the preservation, transfer, and application of knowledge in such deals, this paper examines the problem of finding optimal integration strategies in terms of employee retention, degree of integration, speed of integration, and learning effort – all decisions that are characterized by tradeoffs. By applying a contingent approach based on the direction of knowledge exchange required and examining the relationships between the constructs, I develop a conceptual model to enable the prediction of effective integration strategies. The paper thereby enhances our understanding of acquisition implementation, innovation management, knowledge management and learning, and adaptation in changing environments.

SESSION 1156

### THE INFLUENCE OF THE BOARD ON FIRM PERFORMANCE & STRATEGY

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 4

**Session Chair** Karen Schnatterly, *University of Missouri-Columbia*

#### Is Board Quality Valuable And Can Boards Do Their Job?

Karen Schnatterly, *University of Missouri-Columbia*  
Scott Johnson, *Oklahoma State University*

We investigate the value that institutional investors give to their assessment of a board's skills and ability to do its job, and the subsequent impact on firm performance. Previous research on board composition has largely been based on agency theory and been restricted to insiders vs. outsiders. In this study we broaden this view to include a resource dependence perspective on board composition and to categorize board members by their experience

(capital). We also provide a link between the specifics of board capital and firm performance. We focus on a single high-tech industry (semiconductors) and analyze the dynamic relationship between institutional investor decisions to buy and board capital, and board capital and firm performance from 1993 and 2000.

### The Relationship Between Corporate Board Of Directors And IPO Performance

Chamu Sundaramurthy, *San Diego State University*  
Kuntara Pukthuanthong, *San Diego State University*

While there are a few studies that examine the boards of firms undertaking initial public offering (IPO), a critical transition point in a firm's growth, these studies examine the board mainly from an agency theory perspective. Yet, board members' human capital – their skills and capabilities – can be critical in helping a firm transition into and succeed in the public market arena. Therefore, in this study we draw on agency and human capital theories and focus on the association between board governance and human capital variables and IPO's performance. We examine the short-term and long-term performance of IPOs from 1997-1999 in three categories: bio-tech, high-tech and non-high-tech, thereby, providing insight on the signaling and enduring effects of board characteristics.

### The Board As A Team And Its Contribution To Corporate Innovation

Morten Huse, *BI Norwegian School of Management*  
Jonas Gabrielsson, *Lund University*

In this article we try to position boards of directors in the core of the strategic management literature. As an alternative to agency theory we use a team production approach test hypotheses about the value creating contribution of boards of directors. Team production theory has its roots in property rights theory, and it recently been developed by scholars as for example Blair and Stout (1999). We combine team production theory with the arguments from Forbes and Milliken (1999) to include hypotheses about the impact on team processes on the contribution of boards. Two sets of dependent variables are used. Board level outcome measured as various board task performance variables (Forbes and Milliken 1999) and firm level outcome measured as corporate innovation (Zahra, Neubaum and Huse 2000). The hypotheses are tested on samples of boards of directors in medium sized firms. Responses were collected from CEOs, chairpersons and other board members, and they were collected at two points in time (2003 and 2005). Responses from CEOs where used to test the hypotheses, but the results where validated by responses from the other respondents. The article contributes in various ways: 1) boards of directors are seen from a strategic and entrepreneurial management perspective rather than from an approach highly influenced by financial economics; 2) the black box of the boardroom is opened and actual board behaviour is studied; 3) innovative approaches to overcome common method biases in survey research about boards are used; and; 4) finally medium sized firms are studied.

### The Impact Of Ownership Structure On Directors Reputation

Aurélien Eminat, *EM Lyon - IFGE*  
Pierre Yves Gomez, *EM Lyon*

Our study builds upon and extends Zajac and Westphal (1996) findings by suggesting that the relationship between director's reputation and the number and types of subsequent new mandates is moderated by the ownership structure of firms in which the director served. We argue that firm ownership structure, specifically, ownership dispersion and identity of major shareholders defines

the set of expectations towards the role of the board of directors. In turn, these expectations determine board of directors' ability to monitor and control management. Accordingly, we suggest that the formation and evolution of director's reputation on the labour market should take into consideration the conditions facilitating or restraining the ability of directors to take measures aiming at increasing or decreasing the level of control over management.

SESSION 1274

### REGIONAL AND SUBSIDIARY PERSPECTIVES

<b>TRACK G</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b

**Facilitator** William Newbury, *Florida International University*

### Institutionalizing Strategic Change In MNE Subsidiaries: The Moderating Impact Of Temporal Orientation

Tim Andrews, *University of Strathclyde*

Existing management theory addressing the institutionalization of strategic change in multinational enterprises is inadequate, specifically in accounting for variations in the pace and stability of subsidiary-level adoption. In this paper I argue that subjective time theory provides a coherent lens through which our understanding of this process may be refined. To this end I employ a set of hypothetical scenarios in the development of a model explicating how the institutionalization of incremental and radical strategic change across MNE subsidiary networks is moderated by the subjective time orientations of local management teams. Implications for theory and practice are then discussed.

### Regional Dimensions Of Liability Of Foreignness: Between A Rock And A Hard Place?

Wolfgang Sofka, *Centre for European Economic Research*  
Joerg Zimmermann, *Max Planck Institute of Economics*

In this paper we develop optimized localization strategies for multinational firms to overcome their liability of foreignness by adding a regional dimension. We explore conceptually whether economic stress in a region has a mitigating or reinforcing effect. We test this analytical framework empirically on the highly internationalized German car market and find that economically depressed regions are promising stepping stones into foreign markets.

### Managing International Interdependence: The Role Of Regional Headquarters

Phillip Nell, *Vienna University of Economics & Business Administration*  
Bodo B Schlegelmilch, *Vienna University of Economics & Business Administration*

The demand for coordinating interdependence between internationally dispersed units of MNCs has grown steadily: Competitive actions in one location increasingly influence competition at other locations; knowledge developed in one part of the world impacts the competitiveness in another. To this end, a superior capability of a MNC to manage international interdependence is an important competitive advantage. The majority of scholars in strategic management view network-based organizations as the best way to manage international interdependence and suggest that centralization is to be avoided. We challenge this view and argue that there is room for a middle

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ground. Specifically, we argue that regional headquarters (RHQ) fulfill an important bridging function by combining the advantages of differentiated and independent network-units without losing the clarity of centralization.

### ★ Evolutions Of Organizational Structure In The Internationalization Of Banks: The Case Of UniCredit Group In CEE

Tina Claudia Ambos, *Vienna University of Economics & Business Administration*

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

Bjorn Ambos, *Vienna University of Economics, Business Administration*

Barbara Brenner, *Vienna University of Economics and Business Administration*

Over the last decade, many financial service firms have rapidly internationalized, but it is not well understood how these newly-formed organizations can best adapt their structures to the challenges in the international environment. By drawing on an in-depth case study of one large banking network, this paper explores the evolution of a central organizational unit from headquarters to area manager and 'Dynamic Competence Relay'. In particular, we investigate how the role of this organizational unit changed dramatically between different phases while its core competence remained relatively stable. Given the sustained importance of a unique set of capabilities developed by this unit over time, we highlight how organizational capabilities may shape organizational structures.

### Global Management Of Activities In Service Firms: The Role Of Linkages In Subsidiary Organization

Randi Lunnan, *BI Norwegian School of Management*

Sverre Tomassen, *BI Norwegian School of Management*

One of the advantages with a global organization is to exploit arbitrage between countries by localizing for example labor-intensive activities in countries where access to labor is cheap (Ghemawat, 2003). This may be a very good strategy for manufacturing firms with a long-linked technology, but may not work so well for service firms with an intensive technology (Stabell & Fjeldstad, 1998; Thompson, 1967). With rich data from an international service firm we explore the linkages between activities within this firm. Our analysis shows that to present a global service to a global customer, coordinating activities that take place in different geographical locations in different time zones is a vital part of performance. Consequently, interlinkages between activities must be carefully examined when designing the global organization.

### Policy Preferences And Policy Reform: Corporate Political Activity And EU Merger Policy

Johan Lindeque, *University of Bath*

Mark Lund, *Lund Research Ltd*

Steven McGuire, *University of Bath*

The Competition Directorate of the European Union is one of the world's most important anti-trust regulators and as such, a focus of corporate non-market strategic interest. In the late 1990s and early 2000s amidst a boom in merger and acquisition activity, the Commission faced considerable criticism over its regulatory practices. In 2004, a series of changes were implemented. This paper considers the role of Britain's corporate community in the development of the new practices and policies. Do we see evidence that corporate political activity was the primary source of the reform package?

#### SESSION 1133

### COMPETING IN CHINA

TRACK G	Date	Monday, Oct 15
Paper Session	Time	10:30 - 11:45 h
	Room	Nautilus 3

Session Chair Beverly Tyler, *North Carolina State University*

### Pre-Acquisition Institutional Relatedness And Acquisition Performance Outcomes: Evidence From Chinese Beer Industry

Yuping Zeng, *Peking University*

Changqi Wu, *Peking University*

This study investigates the influences of pre-acquisition institutional relatedness, defined as similarities in institutional elements in the joining firms' institutional domains, on acquisition performance outcomes. Specifically, we propose an inverse U shape relationship between institutional relatedness and improvement in the combined performance of the joining firms, and a negative relationship, moderated by the acquired firm's size, between institutional relatedness and improvement in the acquired firm's performance.

### ★ Political Institution Embeddedness And Market Leadership: Evidence From The Chinese Automobile Industry (1984-2005)

Pei Sun, *University of Nottingham*

Kamel Mellahi, *University of Sheffield*

Eric Thun, *University of Oxford*

The paper sets out to examine the complex relationship between the strategic choice of institutional embeddedness by the MNEs and their long-run performance in host-country markets. A longitudinal study of the Chinese automobile sector reveals how Volkswagen obtained competitive advantages over other multinationals since the 1980s by successfully embedding itself into a dense, reciprocal network with local and central government bodies. The study also shows how the lock-in of Volkswagen in this seemingly enduring network contributed to a sudden loss of its market leadership in the first half of the 2000s, when there were rapid changes in the market and institutional environments. In sum, this research implies a nuanced understanding of the value of strategic embeddedness in creating and sustaining competitive advantage in emerging markets.

### Knowledge Utilization By Chinese Firms: Antecedents And Effects Of Relationship-Specific Commitments

Kathleen Yi Jia Low, *City University of Hong Kong*

James Robins, *Singapore Management University*

Emerging economy firms have become increasingly reliant on external sources of knowledge to upgrade capabilities, as previously closed societies have opened to international competition. Utilization of knowledge from outside sources can be difficult for these companies, and risky relationship-specific investments may be required. This paper explores the conditions for utilization of external knowledge by Chinese firms using data from a sample of technology-intensive companies in the PRC. We find that relationship-specific commitments are important to knowledge utilization. These commitments are more likely when relationships are protected by governance mechanisms or provide additional benefits through effects on reputation. Chinese firms rely on different means to offset risks associated with commitments to foreign and domestic relationships.

## United States Top Executive's Evaluations Of Foreign Direct Investment Opportunities In China: A Multi-theoretical Perspective

Beverly Tyler, *North Carolina State University*  
 Jeffrey Reuer, *University of North Carolina*

What factors affect U.S. executives' evaluations of foreign direct investment (FDI) opportunities in China? Despite the growing literature on FDI in China, little is known regarding the factors U.S. executives focus on when evaluating Chinese FDI opportunities and even less on the effects Chinese FDI policies, company risk appetite and company historical FDI motive have on top executives' assessments and how they cognitively weight important factors as they consider opportunities. In this research, we apply multiple theoretical perspectives and use a policy capturing technique to investigate the cognitive processes of U.S. top executives as they evaluate FDI opportunities in China. Our research makes several theoretical and practical contributions to research on executive decision making and foreign direct investment.

SESSION 1064

### FLEXIBILITY & EXPLORATION

<b>TRACK H</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2

**Session Chair** Patrick Regné, *Stockholm School of Economics*

### Strategic Flexibility And The Capabilities For Dynamic Management Of Investment Projects

Ronald Klingebiel, *University of Cambridge*  
 Sven Metscher, *University of Cambridge*

This paper explores four strategic capabilities for flexibility management. It adopts a process view of project management, extending the traditional focus of options research beyond the valuation of investment flexibility. A factor analysis of 61 corporate projects shows that the capability to manage the flexibility development, as well as to execute flexibility at maturity, and support flexible project management with wider process and governance structures, are correlated with the realisation of intended flexibility benefit. Additionally, the extent to which management is able to characterise and estimate the value of an option is correlated with actual benefit only in the presence of the three former capabilities. These results illuminate the behavioural and process implications of flexible decision-making, contributing to strategic theory of investment management under uncertainty.

### Socio-Cognitive, Non-Market Influences On Market Strategies: Mind Of The Strategist/Eye Of The Beholder

Violina Rindova, *University of Texas-Austin*  
 Rhonda Reger, *University of Maryland*

We survey strategy research on socio-cognitive processes that contribute to understanding the central relationship in strategy research – how firms make strategic choices about actions in their environments and how these actions affect firm performance. We discuss the two main streams of research that addresses this question from a socio-cognitive perspective: the study of managerial decision making processes and cognitive structures, which we term 'the mind of the strategist' and the collective sensemaking processes of firm stakeholders, which we term 'the eye of the beholder.' We further identify areas where future strategy research can gain better understanding of the nonmarket based influences

on strategic actions and performance, by recognizing the interplay between actors' cognitions – perceptions, ideas, and beliefs – and their actions in organizations and organizational fields.

### Strategy Processes In Emerging Industries: Choice Versus Chance

Patrick Regné, *Stockholm School of Economics*

This paper examines process complexities involved in capability development in emerging industries. It investigates various chance and choice elements in the early history of the car safety systems industry. The process involved chance elements including initial conditions, inabilities that spurred the strategy, external amplifications that supported and provided input to the capability build-up and strategy and constraints that forced the capability development into a certain direction. Choice elements included inductive activities with an external and explorative focus involving trial and error, informal noticing and experiments while the deductive ones were industry and exploitation oriented involving planning, analysis and intelligence gathering. These diverse elements are finally analyzed and integrated into a framework of strategy process dynamics.

### ★ Tango Of Strategy And Intuition Under Uncertainty

Anatoly Kandel, *Caldwell College*

This paper develops a framework to be used by CEOs and top management teams for the diagnosis of the probabilistic nature of business environments. This diagnostic process plays a critical role in finding suitable long-term strategic solutions. The observed high failure rate of strategies reflects the hazards that strategists confront in predicting environmental events. Given the paucity of reliable analytical methods, strategists tend to rely on their tacit knowledge, especially on intuitive judgments based on this knowledge. The paper explores the mechanics of creating inferences produced by the interaction between conscious and non-conscious cognitive processes. The framework integrates logical and supra-logical mental processes and is compared in explanatory power with Simon's concept of bounded rationality. Long-term strategic processes from AT&T, IBM and Intel are used to illustrate the framework and to anchor implications for strategic managers.

SESSION 1101

### KNOWLEDGE DEVELOPMENT AND DIVERSITY IN A MULTINATIONAL CONTEXT

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2a

**Facilitator** Bente Lowendahl, *Norwegian School of Management*

### Where Market And Non-Market Logics Meet – And Clash: Divergent Biotechnology Discourses Of Success And Periphery

Edward Kasabov, *Advanced Institute of Management-London/Coventry University*

In this paper we draw upon survey findings and interview narratives for four life science and biotechnology clusters in the U.K. and Ireland. The findings for aggregate-level weaknesses are assessed in the context of incompatible market and non-market logics of success, visibility and periphery. Such divergent market and non-market expectations fundamentally affect biotechnology activity and the course of development of science and knowledge based clusters. The



discussion demonstrates the less than placid co-existence of diverse logics. Implications are also explored, including the very possibility of conversation among stakeholder groups - public policy bodies, cluster insiders, and entrepreneurs - as distinct communities of practice, appropriate assessment of cluster success, and the related matter of the choice of direction of cluster development.

### **Building Ambidexterity: Generating Knowledge-Based Diversity To Promote Creative Balance In Organizations**

Michael Mannor, *Michigan State University*

In this research it is argued that when organizations can facilitate the development of diversity in their workforce – not diversity in terms of race, ethnicity, culture, or gender, but diversity in terms of experience – such knowledge-based workforce diversity can help to create ambidexterity as an organizational capability. Although the idea that conflict could help to create balance may seem counter-intuitive, I argue that three types of experiential diversity promote conflict, but also balance, in part by enabling productive knowledge sharing and providing a reduced opportunity for the formation of dangerous technical and managerial myopias and core rigidities. Instead, such diversity is argued to promote idea-based egalitarianism and an epistemological approach to knowledge that embraces rather than rejects differences.

### **Knowledge, Creativity, And Innovation In Japanese Managers: Does Gender Matter In Sustaining Competitive Advantage?**

Philippe Byosiere, *Doshisha University*

Denise Luethge, *Drake University*

This paper examines how the knowledge resource activities, specifically innovation and creativity activities among male and female managers, are perceived in an organization that has historically been governed by a male elite. Results indicate that male managers perceive these activities are more likely to improve their creativity and innovation than female managers for both reflective/dialog and evaluation dimensions, but not for the knowledge dimensions. Females may feel they have much less power in an organization, and that their activities have less impact on creativity and productivity for activities related to continuous improvement or dialog, but that unique knowledge or task knowledge is perceived similarly to that of males. Only evaluation/continuous improvement and knowledge differences have an impact on competitive advantage.

### **★ The Learning Paradox: An Observation Of Knowledge Sharing At IKEA Japan**

Anna Jonsson, *Lund University*

This paper takes its starting point in research stressing the need for an increased understanding for knowledge sharing at micro level. The paper is based on a participant observation study of knowledge sharing at an IKEA store in Japan. IKEA is especially interesting to study as retailers often have to deal with many part-time workers, which from a knowledge sharing perspective is a real challenge for how to motivate to share knowledge. Observation studies should be able to increase our understanding for how to develop strategies for how to manage the paradox of both being able to be innovative and at the same time cost-efficient.

### **Diversification, Learning, And Corporate Coherence**

Fredrik Tell, *Linköping University*

In the constantly growing literature on corporate diversification, a number of theoretical explanations have been offered (see e.g. Granstrand and Torrisi, 2006). In the particular case of

technological diversification, the idea of corporate coherence has received much attention. In their seminal article, Dosi et al (1992) point to a number of reasons for successful diversified firms to exhibit corporate coherence. This paper deals with one of these explanations: organizational learning. The general argument of the paper is that most studies of corporate coherence have focused on complementarities, synergies or spillovers involved in organizational learning, the notion of learning substitution (Levinthal and March, 1993) is here reintroduced. The paper suggests that corporate coherence, while being a necessary component in understanding strategic management, is a multi-faceted concept. It implies multi-level learning, where learning substitution (due to simplification and specialization) takes place both within each learning activity, as well as between activities.

### **Nation-Based And Subsidiary-Based Institutional Intelligences And Transnational Product Improvement**

Annique Un, *University of South Carolina*

Transnational product improvement requires inter-subsidiary knowledge integration. This is difficult for two reasons. The country-level institutional differences of subsidiaries make it difficult for subsidiary managers to agree on how to improve the product in a way that their country-level institutional requirements are met. Second, subsidiary managers need to make changes to existing routines to accommodate product modification, which they tend to resist. We argue that institutional intelligence, the ability to understand and take others' institutional perspectives, facilitates integration. The nation-based institutional intelligence enables subsidiary managers to agree on how to improve the product. The subsidiary-based institutional intelligence reduces the resistance to changes to accommodate product improvement. Results from an empirical test of 210 transnational product improvement projects in 45 multinational corporations support our arguments.

#### SESSION 1089

#### **INTER- AND INTRA-ORG LEARNING**

TRACK I	Date	Monday, Oct 15
Paper Session	Time	10:30 - 11:45 h
	Room	Nautilus 1

Session Chair Justin Jansen, *Erasmus University-Rotterdam*

### **Organizational Learning And Value Creation In The Professional Service Firm**

Shad Morris, *Massachusetts Institute of Technology*

Scott Snell, *Cornell University*

This paper tries to better understand the value of knowledge resources in meeting a professional service firms learning needs. Both resource-based and knowledge-based views examine knowledge in terms of stocks and flows. Though similar in their approach, neither theory explicitly compares the relationships between the two. We develop a framework to show how specific knowledge stocks (human, social, organizational) may create differentiated levels of use value depending upon what type of knowledge flow (generation, sharing, integration) is most important during a project. To test this framework we examine project level knowledge stocks and flows within a global professional service firm. Our findings show that knowledge stocks are more valuable depending upon the type of knowledge flow that is most important during the project.

★ **Influence Of Core-Competencies On The Relationship Between Co-Alignment Variables And Firm Performance**

Chiyoge B Sifa, *Africa Nazarene University*

The proposed study is an attempt to modify the co-alignment model by incorporating the core competencies as a moderating variable on the relationship between co-alignment variables and firm performance. The traditional co-alignment model has been tested in large and small business organizations from different industries. While the application of the co-alignment model in business organizations seems to be relatively well documented, its application in the public sector has received little attention, yet public-sector organizations operate in an environment which, in some cases, is fundamentally different from that faced by private firms. Thus, the departure of this study is the modified and more enriched co-alignment model and the public sector environment.. It is expected that a reformulated model will account for a significant variation in performance.

**Inter- And Intra-Organizational Knowledge Transfer: A Meta-Analytic Review and Assessment Of Its Antecedents And Outcomes**

Raymond Van Wijk, *Erasmus University-Rotterdam*  
Justin Jansen, *RSM Erasmus University*

Research on organizational knowledge transfer is burgeoning, yet our understanding of organizational antecedents and consequences remains unclear. Although conceptual reviews of the organizational knowledge transfer literature have been conducted, no study has attempted to summarize quantitative findings present in the large body of empirical research. By using meta-analytic techniques to summarize relationships between organizational antecedents and consequences of organizational knowledge transfer, this study represents a first step toward that goal. We provide a more comprehensive understanding of knowledge transfer processes by uncovering how they unfold at inter- and intra-organizational levels of analysis. In this sense, our study does reveal new insights not only into levers and outcomes of organizational knowledge transfer, but also into transfer processes between organizations and between units within organizations.

**Relationships Among Trust To Partners, Sincerity Of Partners, Resources Permeability, And Cooperative Performance**

Yu Shih Lee, *National Chengchi University*

In the challenge of uncertain environment, hybrid structure that between market and hierarchy has become a popular organization form. Under this structure, how a firm takes advantage of the structure to create value is quite important. Cheng and Lee (1997) probed the influence of cognition of partners on alliance performance. This study, however, find that the construct 'cognition of partners' includes 'trust to partners' and 'sincerity of partners'. We further explore trust to partners and sincerity of partners in interorganizational collaboration. In addition, we take the view of flows of resources, resource permeability, to illustrate the interaction in interorganizational collaboration. Therefore, this study provides an empirical examination for the relationship among trust to partners, sincerity of partners, resource permeability and cooperative performance. Results from a survey of 138 dyad relation(response rate of 97.2%) within the Taiwanese bicycle industry support four of the hypotheses we infer. A number of implications are also summarized in this study.

SESSION 1094

**KNOWLEDGE DEVEL/SHARING IN SCIENCE**

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 3

**Session Chair** Louise Nemanich, *Arizona State University*

★ **Building Improvisation Capability In R&D Teams**

Louise Nemanich, *Arizona State University*  
Dusya Vera, *University of Houston*

Improvisation is critical to the development of a successful product portfolio, particularly in turbulent environments. The purpose of this study is to address the need for conceptual and empirical work on the antecedents of improvisation capability in R&D teams. Our model identifies group-level skills (including technical, collaborative, and communication skills), and situational and contextual conditions that contribute to the development of an improvisation capability. We test this model with a combination of survey and archival data from 100 R&D teams in the computer industry. We find support for five of our eight hypotheses; technical expertise ( $p < .10$ ), knowledge stocks ( $p < .05$ ), external information gathering ( $p < .05$ ), internal information sharing ( $p < .001$ ), and a three-way interaction of communication, autonomy, and goal clarity ( $p < .001$ ) are positively related to improvisation capability.

**Lose Some, Win Some: Scientist Turnover And The Disruption And Renewal Of Innovation Process**

Daniel Tzabbar, *University of Central Florida*  
MB Sarkar, *University of Central Florida*

We examine the effect of scientist turnover on innovation on firms that lose scientists, noting that innovation contexts are differentially impacted by scientists' exit. The contexts characterized by greater degrees of interdependence between scientists and the R&D process, and between knowledge components comprising the innovation are likely to be more resilient to turnover. Resilience mitigates the effect of turnover on innovation rates and preserves a firm's innovation trajectory. We test our predictions by studying turnover events in dedicated U.S. biotechnology firms and link such events to their patent characteristics. Most of our predictions are supported, indicating support for our general theory that not all firms are affected equally by turnover, and that the distribution and complexity of knowledge play important roles as influencers.

**Developing Combinative Capabilities By Recruiting Talent From Rivals: A Study Of Biotechnology Industry (1973-1999)**

Daniel Tzabbar, *University of Central Florida*  
Tina Dacin, *Queen's University*

Integrating knowledge-based views with learning and institutionalization arguments, we propose that firm likelihood to integrated mobile scientist knowledge depend on the degree to which the hired scientist knowledge varies from existing knowledge; yet adoption of distant knowledge further dependent on the social characteristics of the firm the scientist is originated. Specifically, we ask when and under what conditions recruiting a scientist from a competitor will facilitate knowledge integration. To answer this question we examined 517 knowledge integration events across 857 dedicated U.S. biotechnology firms between 1973 and 1999. The findings offer an alternate way to view how organizations develop combinative capabilities by accessing external knowledge through the hiring of experienced talent. These results suggest that hiring firms can transform their capabilities depending on whom and from whom they hire.

MONDAY 10:30 - 11:45

## Informal Knowledge Sharing Behavior Within Communities Of Scientists: Evidence Of Exchanging And Withholding Technological Information

Louis Hébert, *HEC-Montréal*

Prescott C Ensign, *University of Ottawa*

This study explores the relationship between social setting and the interpersonal sharing of technological knowledge in an environment where R&D work (innovative activity) is embedded in a social context and may be broken down physically, organizationally, and by area of technology. Scientists in the same firm may comprise a social community, work in different locations, be separated by organizational boundaries (e.g., teams/departments), and work in different scientific disciplines. This paper tests the role of a social form of exchange governance on knowledge sharing behavior. Findings from this research illuminate attributes of reputation conducive to the voluntary transfer of timely, relevant, technological knowledge among individual R&D scientists in the same multidivisional, multinational firm.

SESSION 1222

### SOURCES OF ENTREPRENEURIAL PERFORMANCE

<b>TRACK K</b>	<b>Date</b>	Monday, Oct 15
	<b>Time:</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	Rui Baptista, <i>Technical University of Lisbon</i>	

### Founding Conditions And The Survival Of New Firms

Jose Mata, *Nova University of Lisbon*

Pedro Portugal, *Bank of Portugal| Nova University of Lisbon*

We analyse the effects of founding conditions on the survival of new firms. We allow the effects of founding conditions to be transitory and estimate how long such effects last. Our findings indicate that that founding effects are important determinants of exit rates. Moreover, in most cases, their effect on survival seems to persist without much of an attenuation for several years after the founding of the firm.

### Organizational Learning And Entry: A Complexity Approach To Performance Differentials Between Diversifying Entrants And Entrepreneurial Start-Ups

Martin Ganco, *University of Illinois-Urbana Champaign*

Rajshree Agarwal, *University of Illinois-Urbana Champaign*

We investigate the relationship between firm entry characteristics and its subsequent performance contingent on the stages of the industry life cycle. We focus on two types of entrants – diversifying firms and entrepreneurial start-ups, and two entry periods – early or late. We utilize an agent-based model and simulate the industry as an NKC landscape where firms differ in terms of complexity of their routines. Our results indicate that diversifying firms outperform the entrepreneurial start-up firms in the periods of high turbulence and under-perform them in the periods when only few of the environmental variables are in turmoil. The success of late entry depends crucially on the learning mechanism employed and learning disproportionately favors the late entrepreneurial start-ups over the late diversifying entrants.

## Pre-Entry Capabilities, Entrepreneurial Human Capital, And Start-Up Success

Rui Baptista, *Technical University of Lisbon*

Murat Karaöz, *Technical University of Lisbon, and IIBF,*

*Suleyman Demirel University*

Joana Mendonça, *Technical University of Lisbon*

We examine the role played by pre-entry capabilities of founders in influencing the early success of start-ups, as indicated by their survival and growth rates. Founders' experiences are used to establish measures of pre-entry capabilities, taking into particular account those associated with spin-offs and habitual entrepreneurship. The role of opportunity exploitation (v.s. unemployment-driven entrepreneurship) is also explored. We use a selection model to explain growth of the firms who survive. Pre-entry capabilities associated with specific human capital more frequently found in spin-offs play a key role in enhancing survival chances and subsequent growth, while more general forms of human capital may help inexperienced entrepreneurs overcome the barrier posed by the critical early years after start-up.

## The Impact Of Strategy Patterns On The Performance Of New Entrepreneurial Ventures

Malte Brettel, *Aachen University (RWTH)*

Andreas Engelen, *Aachen University (RWTH)*

Florian Heinemann, *Aachen University (RWTH)*

Richard Schröder, *Aachen University (RWTH)*

Most studies suggest a significant impact of the strategic orientation of a company on its performance. In the context of new entrepreneurial ventures, however, prior studies show conflicting results concerning this relationship. Using a unique sample of 161 new entrepreneurial ventures, we intend to shed some light on this issue by analyzing the impact of different strategic orientations on firm performance. Thereby, we apply Venkatraman's (1989) strategy framework as the basis for the analysis. Using structural equation modeling and cluster analysis, our findings suggest that the strategic orientation of entrepreneurial firms indeed acts as a differentiator in terms of performance. The more successful ventures tend to emphasize the analysis, defensiveness and futurity dimensions in their strategic orientation.

SPECIAL SESSION 1400

**SMS EMERGING SCHOLAR AWARD WINNER  
2007: JEFFREY REUER**

<b>TRACK D</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Special Session</b>	<b>Room</b>	Seabreeze

**New Research Directions in Organizational Economics and External Corporate Development**

Jeffrey Reuer, *University of North Carolina*

This session will offer some new research opportunities on alliances and acquisitions. We will begin by discussing the prospects of using other theories in organizational economics (i.e., information economics, real options analysis, etc.) to complement transaction cost analyses of firms' market entry and organizational governance choices. Specifically, we will explore new ways of investigating the costs surrounding search and negotiations processes. We will also discuss how corporate strategy scholars might exploit the IPO context as a research setting in which to begin pursuing these theoretical ideas. The second half of the session will be devoted to small-group discussion on new research opportunities.

SESSION 1266

**THE POLITICAL NATURE OF NON-MARKET FORCES**

<b>TRACK A</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 4

**Session Chair** Amy Hillman, *Arizona State University*

**An Empirical Look At Corporate Political Relationships**

Doug Schuler, *Rice University*

Kathleen Rehbein, *Marquette University*

Our objective is to evaluate empirically a firm's political relationships with elected officials. We draw upon the resource dependency, resource based, and political strategy choice literatures to consider certain factors that lead firms to seek relationships with U.S. Senators and Members of the House of Representatives. Using measures from each of these theories, we test a model of political relationships on a sample of large companies with U.S. operations.

**Politicians On The Board: Implications For Firms' Non-Market Strategies**

Amy Hillman, *Arizona State University*

Richard Lester, *Texas A&M University*

Asghar Zardkoohi, *Texas A&M University*

Our study explores when electing a former government official to a firm's board of directors acts as a complement to the firm's political strategies or as a substitute. We contend a variety of firm and director level characteristics will influence when electing such a director to the board increases or decreases subsequent forms of political strategies. Hypotheses are tested in a sample of former U.S. House, Senate and Presidential Cabinet Appointees.

**Political Activity As Strategic Factor Market Competition: A Synthesis Of Rent Generation And Rent-Seeking**

Catherine Maritan, *Syracuse University*

Robert Florence, *St Bonaventure University*

In this paper we synthesize the notion of rent generation that is fundamental to the resource based view of the firm and the concept of rent-seeking that is a focus work in public choice economics by viewing the political activity of firms as strategic factor market competition. We develop an auction model of a firm bidding in strategic factor markets for a scarce resource, namely access to a policy maker.

**Corporate Political Partisanship**

Robert White, *Arizona State University*

There has been increasing anecdotal evidence that some U.S.-based firms may systematically favor one of the two political parties in their government-related activities, possibly as a method of gaining advantage over rival firms. By considering work in both strategy and political sociology, we propose a model predicting when firms are more likely to favor the Republican vs. the Democratic Party.

SESSION 1120

**COMPETITIVE ENVIRONMENT, POSITIONING AND PERFORMANCE**

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 4

**Session Chair** Scott Rockart, *Duke University*

**Mapping Globally Branded Business Schools: A Strategic Positioning Analysis**

Howard Thomas, *University of Warwick*

Xiaoying Li, *University of Warwick*

The rapid growth of business schools over the last two decades has attracted considerable debate among business school leaders, senior managers as well as academics. This study attempts to apply the concept of strategic groups to the study of business schools and examine the strategic positioning of the globally branded business schools. A sample of 82 business schools drawn from FT MBA ranking tables is analyzed. The preliminary results show that ten strategic groups can be identified and each group exhibits different strategic resource and reputation profiles.

**Generic Strategies And Firm Performance: A Longitudinal Study Of Austrian SMEs**

Karl-Heinz Leitner, *ARC Systems Research GmbH*

Stefan Gueldenberg, *Vienna University of Economics & Business Administration*

The paper studies the impact of different generic strategies on firm performance using a longitudinal study of small and medium-sized enterprises (SMEs) in Austria. In a survey, data on the strategic behavior and performance of the same group of firms was gathered for the period from 1992 to 2002. Three generic strategy groups were classified from five strategic options for SMEs and their impact on profitability, turnover and employment growth was examined. The results show that those SMEs which fall into one of the three generic strategy groups are more successful with regard to employment growth than SMEs which follow no generic strategy at all, with the scale and scope strategy group, in particular, associated with employment growth.

MONDAY 13:15 - 14:30

## Environmental Uncertainty And Firm Performance: A Meta-Analytic View

Brian Connelly, *Texas A&M University*

Trevis Certo, *Texas A&M University*

Laszlo Tihanyi, *Texas A&M University*

Tim Holcomb, *Texas A&M University/Florida State University*

Dependence on the external environment creates uncertainty for managers. Scholars have operationalized environmental uncertainty in three primary dimensions: dynamism, complexity, and munificence. Relying on decision-making theory, we argue that industry-level uncertainty has a direct relationship on firm-level performance. We use meta-analysis to examine this relationship. Based on 112 separate studies, we find both munificence and complexity are positively related to firm performance. Dynamism has no direct relationship to performance, but there is some indication of moderating influences. Subgroup analysis suggests that dynamism is positively related to performance for small firms and that perceptual measures of dynamism are also positively related to firm performance. We conclude with discussion of the measurement of environmental uncertainty and conditions under which it affects firm performance.

## Does Interdependency Affect Profitability?

Scott Rockart, *Duke University*

Arie Lewin, *Duke University*

Are firm and industry profits affected by the potential for interdependencies among productive activities? Potential interdependencies among activities (PIA) create increasingly difficult optimization problems (Rivkin 2000) which might reduce efficiency and drive down profits. However, PIA may cause industry average profits to rise by increasing the variance of firm performance leading to industries with a few large and profitable firms (Demsetz 1973) and by reducing the number of viable firms leading to less intense competition. Several authors have argued that firm profitability should peak in industries where interdependencies lead to some moderate level of difficulty (Rivkin 2001; Schoemaker 1990; Lieberman 1987; Lenox, Rockart and Lewin 2006) but difficulty measuring PIA has limited direct tests. This paper uses survey data to provide one such test.

SESSION 1140

## GOVERNMENT AND REGULATION: COPING WITH IT, EMBRACING IT?

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 1

Session Chair: Daniela Blettner, *University of North Carolina*

## When Does State-Led Industrialization Work?: Evidence From The Brazilian Ethanol Fuel Industry (1970-2006)

Santiago Mingo, *Harvard University*

Tarun Khanna, *Harvard University*

What is the long-term impact of state-led industrialization? When is industrial policy an effective tool to spur the development of an emerging industry? Using the Brazilian ethanol fuel industry as an empirical setting, we find that firms founded during the industrial policy period using governmental support are currently more competitive than those that were not founded under those circumstances. Also, companies that were born during the industrial policy period and were subsequently acquired significantly

outperform those firms founded during the same period but that were not acquired. We conclude that industrial policy targeted to create an industry can work, but this depends critically on the presence of a 'post-industrial-policy' business landscape that allows the industry to adjust and evolve into a more competitive equilibrium.

## Public-Private Partnerships As Non-Market Strategy

Carlos Rufin, *Babson College*

Miguel Rivera-Santos, *Babson College*

We explore Public-Private Partnerships as a tool for non-market strategy. We argue that the nature of government agencies makes PPPs strikingly different from mainstream alliances, and, as a consequence, specific competencies are required for firms entering PPPs. Specifically, we argue that firms need to develop competencies to manage PPP-related risks, which include risks involving public disclosure, authority allocation, stakeholder involvement, and political risks.

## How Do Hospitals Respond To Minimum Quality Standards?

Michelle Chen, *Northwestern University*

Minimum product quality standards have been used extensively to regulate the products and services of a number of different sectors of the economy. For example, car makers must meet certain fuel emission standards, builders are required to meet fire safety requirements, and a wide variety of professional services providers must pass detailed licensing requirements set by the government in order to practice their occupations. Despite the wide existence of minimum quality standards, there is very little and mixed empirical evidence on their impact. This paper studies California hospitals' responses to the imposition of minimum nurse-to-patient ratios. The preliminary results reveal that not only low-quality hospitals increase their nurse-to-patient ratios to meet the minimum standard but the high-quality hospitals for which the nurse-to-patient ratios do not binding increase their ratios to an even higher level, implying an effort to differentiate themselves from the low-quality rivals.

## Inertia And Exceptional Performance: An Empirical Investigation In The USA And EU Airline Industries

Richard Bettis, *University of North Carolina*

Daniela Blettner, *University of North Carolina*

Fernando Chaddad, *University of North Carolina*

Firms tend to do what they have done in the past. Rigidity or inertia is thus more common than adaptation or flexibility. The business press views this inability to adapt as a pathology that can be corrected with proper management. The primary goal is to test the proposition that high-performing firms are able to adapt to discontinuous environmental change, while other firms suffer from substantial inertia. The secondary goal is to study the difference that the USA and EU contexts play in the level of inertia. We sample US airlines from 1977 through 2005, and European airlines from 1988 through 2005. In this timeframe, the global airline industry experienced a series of discontinuous events (US deregulation in 1978, Gulf War I in 1991, the European Union in 1992, and 9-11). Hence the study takes the form of an interrupted time series with two samples (USA and EU) and four events. One of the events is common to both samples (9-11) while the others affect primarily one sample or the other.

SESSION 1148

**ALLIANCE STRATEGY: WHEN, WITH WHOM, HOW TO ALLY**

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	TBD	

**Response Strategies In Problematic Alliances**

Olivier Furrer, *Radboud University-Nijmegen*  
 Brian den Ouden, *Radboud University-Nijmegen*  
 Gerrit Willem Ziggers, *Radboud University-Nijmegen*

The authors examine the influence of exchange variables on a system of seven response strategies to a problematic situation in strategic alliances. The study contributes to the alliance literature by providing a comprehensive conceptualization of decision-making under problematic conditions. Using an experimental design, empirical results show that dissatisfaction with the financial performance of the alliance increases the likelihood for active-destructive responses, while dissatisfaction with the relationship with the partner increases the likelihood for passive-destructive responses. Furthermore, the presence of transaction specific investments holds destructive responses at bay, while a lack of alternative partners increases the likelihood for constructive responses.

**Resource Asymmetry, Competition, And Cooperation: Implications From Taiwan Military Simulator Industry**

Ting-Hua Chien, *Chung Shan Institute of Science*  
 Tzu-Ju Ann Peng, *Providence University/Cranfield University*  
 Chwo-Ming Yu, *National Chengchi University*

The concept of coepetition, simultaneous competition and cooperation, has become a heated issue in the strategic management field. This study examined how resource asymmetry influences on coepetition between and among actors within the network. By investigating a coepetitive network in the military simulator industry in Taiwan, we analyzed the resource asymmetry among three major domestic companies and their competitive and cooperative strategies. Data were collected from 29 bidding cases during 1995~2006. We examined how the three companies compete for the bidding contracts and then cooperate to execute and complete the contracts. We develop three propositions from our analysis of the resource asymmetry and coepetition. From a practical perspective, we provide a reference case for practices of how to compete and cooperate simultaneously with resource asymmetry.

**Dancing With An Elephant: A Competitive Dynamics Perspective**

Qing Cao, *University of Connecticut*  
 Junichi Yamanoi, *University of Connecticut*

For a small firm, seeking alliance with an industry leader bears fairly high costs and risks. This paper employs a competitive dynamics perspective to examine the likelihood of a small firm's alliance with an industry leader. We argue that a small firm forms alliance with an industry leader in response to its rivals' alliances with industry leaders. In particular, the firm responds, to a greater extent, to rivals that have more common markets, more similar resource portfolio, and closer performance. We further argue that a small firm is less likely to partner with the industry leader whose alliance portfolio contains more of the firm's rivals. We conduct our study in a sample of department stores in Japan over a 30-year period.

**Make-Or-Ally And Project Performance: A Study Of The Aircraft Industry (1949-2000)**

Bernard Garrette, *HEC Paris*  
 Pierre Dussauge, *HEC Paris*  
 Xavier Castaner, *HEC School of Management*  
 Louis Mulotte, *HEC Paris*

Is undertaking activities through scale alliances with industry incumbents better than autonomously? Based on a combined production and appropriation approach from a firm-competence level of analysis, we propose that, when compared to autonomous production, scale alliances have a bi-directional and mixed performance effect: while they improve the firms' ability to reach the activity minimum efficient scale through enhanced sales, they also create specific cooperation costs. In a sample of 225 aircraft projects, we find that, taking into account the endogeneity of the choice between collaborative and autonomous production, firms forming scale alliances achieve greater commercial success than if they had chosen to launch the same projects autonomously. However, collaborative projects incur higher up-front costs than similar projects undertaken by similar firms on their own.

SESSION 1075

**DIRECTORS & BOARD PROCESSES**

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4
<b>Facilitator</b>	Robert Hoskisson, <i>Arizona State University</i>	

**Consequences Of Prestige And Performance In The Market For Directors**

Steven Boivie, *University of Arizona*  
 Donald Lange, *Arizona State University*  
 Pamela Haunschild, *University of Texas-Austin*

In this paper, we develop theory regarding the factors that affect individuals' outcomes in the market for director labor, i.e., the quality and quantity of the board seats they obtain. In a longitudinal study with 9691 director-year observations from 1996 to 2003, we test hypotheses about how the director's prestige and financial performance will improve those outcomes, while illegitimate actions by the director's firms will worsen them. Additionally and paradoxically, we predict that actions typically thought of as good governance will worsen the director's labor market outcomes because they threaten the interests of the corporate elite.

**Social Connections And The 'Work' Of Strategy Directors**

Duncan Angwin, *University of Warwick*  
 Sarah Mitson, *Kraft Foods Inc*

This paper investigates the role and strategy 'work' of strategy directors. Strategy 'work', the practices and activities engaged in by strategy directors during the life of strategy episodes, does not take place in a vacuum and is embedded in a complex set of shifting social relationships, or 'communities of practice'. It is the waxing and waning of these social connections and their influence upon strategy work which is the focus of this paper. Based upon a five year longitudinal study of strategy directors in different industries, dynamic connectedness of strategy directors is found to have important implications for their role(s) in strategizing, organizing, implementing and assessing strategy.

MONDAY 13:15 - 14:30

## Board Process As A Mediator Between Board Diversity And Board Task Performance In Multiple Contexts

Sabina Tacheva, *Copenhagen Business School*  
Alessandro Minichilli, *Bocconi University*  
Alessandro Zattoni, *Parthenope University/SDA Bocconi*  
Morten Huse, *BI Norwegian School of Management*

This paper empirically investigates the mediating role of board processes in the relationship between board diversity and task performance through primary survey data from 535 corporate boards in two European countries, Italy and Norway. The research setting helps to investigate to what extent national and institutional contexts shape the effects of board diversity on board processes and task performance. The results suggest that board diversity has direct positive effects on board task performance. Furthermore, diversity has positive influence on board trust in the CEO and negative on cognitive conflict. Board processes, however, did not have significant influence on board task performance. The multi-group analysis confirmed that differences exist in the factorial structure of the theoretical constructs across the two populations.

## Antecedents To Opportunity: Boards Of Directors And The Attention-Based View

Chris Tuggle, *University of Missouri*  
Richard Johnson, *University of Missouri*

This study examines how the collective breadth of individual director familiarity with the firm influences board's attention to firm opportunities. This study argues that greater breadth of familiarity with the firm increases the amount of time boards spend during meetings discussing firm opportunities. We further argue that environmental and situational contexts influence the amount of meeting time that boards will allocate to discussion of opportunity. We collect board meeting minutes from 185 firms for fiscal years 1994-2000. The results suggest that boards with greater breadth of familiarity with the firm, especially in dynamic environments, will allocate a greater percentage of board meeting time to discussion of firm opportunity. Finally, both less agenda detail and more meeting time both lead to less discussion of opportunities.

## Glass Ceiling, Discrimination, Or Poor Performance? Lack Of Gender Diversity In The Corner Office

Manisha Singal, *Virginia Tech*

Prior research and many media reports suggest that diversity in top management is generally beneficial to the organization. However, the continuing lack of gender diversity in the upper echelons of the firm and particularly in the CEO position, implies the presence of a glass (or even harder) ceiling. In this proposal, while we consider discrimination as a plausible explanation for the small number of women CEOs, we also evaluate their performance. We posit that women who cross the barriers and beat out the competition to reach the top are high achievers and this will translate into higher firm performance when compared to male CEOs. Our test results will gauge how costly the ceiling proves for the firm, the women, and society at large.

## Management Board Dynamics Effect On Value Creation Of Ventures: An Exploratory Analysis

Taina Tukiainen, *Helsinki Polytechnic Stadia*

We examine how the value of process-oriented management board dynamics effect on value creation of ventures. Through a longitudinal case study of a portfolio of 37 ventures in Nokia, I

analyzed the venture management and governance. When examining the management board dynamics, the role of interactions between the management team members and the leadership of the management board having effect on venture performance. Especially, I studied how the process-oriented management board dynamics effect on direction and redirection decisions and processes. Successful ventures are evolutionary and went through a sequence of interactive redirections. Failing ventures are inertial with little learning or directions. I believe that analyzing the governance of corporate ventures helps transcend too simple representations. Redirections decisions make ventures adaptive and successful.

SESSION 1251

## STRATEGIC ALLIANCES

TRACK F	Date	Monday, Oct 15
	Time	13:15 - 14:30 h
<b>Common Ground Session</b>	Room	Executive Center 2a
<b>Facilitator</b>	Paul Olk, <i>University of Denver</i>	

## Towards A Synthesis: Contract Structures And Negotiation And Contracting Processes As Complementary Determinants Of Interorganizational Performance

Paul Vlaar, *Vrije University-Amsterdam*

Studies on contracting in interorganizational relationships have emphasized structural solutions to coordination and control problems. In this proposal, we recognize the value of such inquiries, but we also signal that they inappropriately discount the processes leading up to structural solutions. More specifically, we advance that contractual detail and attributes of negotiation and contracting processes such as standardization and involvement act as complementary determinants of interorganizational performance. We examine 971 transactions between small and medium-sized buyers and suppliers of IT-solutions. Our findings show that a synthesis between research on governance structures and research on governance processes is possible, challenging scholars and practitioners to pay more attention to the interaction between the two.

## Interfirm Governance Mechanisms: A Study of Contractual, Relational, And Behavioral Dimensions

Fabrice Lumineau, *HEC Paris*

Through an approach in terms of both structure and process, this paper investigates the contingent nature of the interplay between the effects of contractual and relational governance mechanisms on governance performance. One hundred-seven disputes arising in vertical relationships, involving 187 firms, were analyzed. Data were collected through a law firm to obtain information on contracts, relational background, and interfirm behavior during the conflict. The results show that the type of interaction between the effects of contractual and relational structures on governance performance is linked to the behavioral process. Thus, the paper suggests that governance of interfirm relationships is embodied in both the structure – based on contractual and relational dimensions – and the process – through behavioral aspects.

### Determinants Of Contract Design In Alliances: Transactional Attributes, Experience, Or Knowledge Management?

Bjoern Eckhard, *Free University-Berlin*  
 Thomas Mellewig, *Free University-Berlin*

In their influential paper, Mayer and Argyres (2004) have shown that firms are 'Learning to contract'. However, they lacked the data for measuring how these learning processes take place within firms in detail and called for future research. We respond to their call by presenting for the first time empirical data on the contract knowledge management processes of firms. We test the influence of two experience types, as well as four knowledge management processes on three distinct contractual functions, namely safeguarding, coordination, and contingency adaptability. In addition, also the influence of three transaction attributes on the contractual functions is investigated. The empirical testing of our hypotheses is based on a new longitudinal study of 92 projects within 20 automotive buyer-supplier relationships.

### Strategic Positioning In The Biopharmaceuticals Industry: External Technology Sourcing And Firm Innovative Performance

Sotiris Rompas, *University of Warwick*  
 Jannis Angelis, *University of Warwick*  
 Harry Scarbrough, *University of Warwick*

In this study we are concerned with the antecedents of firm strategic positioning in the highly innovative context of the biopharmaceuticals industry. Recent research has illustrated the importance of firm resources on sustaining competitive advantage. However, it still remains unclear how the configuration of such resources impacts on firm strategic positioning. We argue that rival firms pursuing similar innovation strategies will occupy proximal strategic positions even though they do not possess similar resources per se. We further suggest that strategic distance will be associated with variations on innovative performance.

### How Do SMEs Achieve Growth? Exploring The Modes Of Organic Growth And Growth By Acquisition

Leona Achtenhagen, *Jönköping University*  
 Olof Brunninge, *Jönköping University*

Current studies on mergers and acquisitions tend to focus on large companies. Little is known about M&A strategies of small and medium-sized firms and especially about the interplay of organic growth and growth via M&A. This study takes a process approach and explores patterns of how M&A strategies develop over time.

### Mergers/Acquisitions Or Alliances: Specificity, Similarity And Complementarity

Marta Ortiz-de-Urbina-Criado, *University of Rey Juan Carlos*  
 Luis Angel Guerras-Martin, *University of Rey Juan Carlos*  
 Angeles Montoro-Sánchez, *University of Complutense-Madrid*

The goal of this paper is to analyze the influence of previous experience, as specific capacity, and the resource similarity and complementarity on the choice between mergers/acquisitions and alliances and to test it in different strategic contexts. We want to show that the corporate strategy determines the effect of studied factors on the decision. The data set covers 1245 deals announced by 235 European Union firms between 2000 to 2004. We demonstrate that previous experience, resources similarity and resources complementarity have relevant influence on the studied decision. Moreover, we can observed that the corporate strategy

expansion, diversification and internationalization- determines the effect of the similarity and complementarity on the growth method choice.

### SESSION 1076 R&D INVESTMENTS

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 3
<b>Session Chair</b>	TBD	

### ★ Effects Of Business Group And Global Institutional Ownership On R&D Investments Among Korean Technology Firms

Young Rok Choi, *Singapore Management University*  
 Toru Yoshikawa, *McMaster University*  
 Shaker Zahra, *University of Minnesota*  
 Bong Heui Han, *Ajou University*

Drawing on the efficient market theory and agency theory of internal control mechanisms, we examine how business group membership affects R&D investments and whether global institutional shareholders exert variable influences in such investees in the Korean context. We find that business group affiliates that are under close financial and strategic controls by their headquarters increase R&D when growth opportunity is high and decrease R&D when free cash flow is abundant, whereas independent firms show the opposite patterns of R&D investments. Further, we find that global institutional shareholders tend to behave in a myopic fashion in Korean firms; however, their influence appears to vary – they strongly discourage R&D in independent firms, while taking a neutral posture with regard to R&D in business group affiliates.

### Does Direct Board Representation Supersede Ownership Concentration? Evidence From R&D Investments In S&P 500 Firms

Camille Madelon, *HEC-Paris*  
 Elie Matta, *HEC-Paris*

The growing desire among investors to complement large shareholdings with direct board representation suggests that ownership concentration does not translate into effective control unless coupled with direct "voice". While research on single governance mechanisms is extensive, less attention is devoted to their interplay. In this paper, we study the influence of ownership concentration and direct board representation on organizational risk taking. We distinguish between "committed risk takers" and "committed risk avoiders," with opposing influences on organizational risk taking. We propose that, while large owners' identity affects organizational risk taking, it is partially mediated by direct board representation. Hypotheses are developed in the context of R&D investment and tested on the S&P 500 firms for 2001.

### Corporate Strategy Choice And Analysts Earning Forecast

Peng Zhao, *Washington University-St. Louis*  
 Edmund Keung, *National University of Singapore*

The main research question in this paper is to understand the role of corporate strategy in the formation of financial analysts' earnings forecasts. To shed light on this issue we examine 1) whether forecast errors is systematically larger for unique strategies; 2) whether financial analysts less fully incorporate prior earnings and returns information when firms implement unique strategy.

MONDAY 13:15 - 14:30



We test whether earnings forecast error is more correlated with prior earnings and returns when firm strategy deviates from industry peers. We also examine whether increase in disclosure in segmental information improve analyst understanding of corporate strategy. We test whether the adoption of FASB Statement No. 131, Disclosures about Segments of an Enterprise and Related Information (hereafter 'SFAS 131') mitigate analyst underreaction to strategy uniqueness.

SESSION 1078

**CEOS AND STRATEGY**

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 3

**Session Chair** Lars Schweizer, *Grenoble School of Management*

**The Effects Of CEO Network Positions And Replacement Patterns On Corporate Strategy**

Nikolaos Kavadis, *HEC-Paris*

Drawing upon a structural approach, this paper proposes that objective, enduring properties, reflected in the organization's degree of embeddedness through its CEO and the organization's degree of cognitive renewal through the CEO replacement rate may impact organizational outcomes. Specifically, this paper investigates how a firm's CEO network position and CEO replacement pattern can impact corporate strategic change. The results support a structural perspective, in that CEO network centrality and CEO replacement frequency positively impact corporate strategic change. Theoretical implications and new research avenues are discussed.

**The Why, How And Tentative Remedies On Analysts' Influence On The Strategy Process**

Andreas Hinterhuber, *Hinterhuber & Partners*

Analysts represent one particular kind of non-market stakeholder group. It is beyond doubt that the rising importance of pension funds, coupled with an increasing percentage of stock ownership has strengthened the position of financial analysts as source of investment information. In this paper, issues concerning the influence of analysts on company strategy and CEO behavior are explored. Based on a field study of a 120 European and American companies in the period 1994-2006, the influence of analysts on company strategy is classified in three types, ranging from earnings management - where financial results are manipulated to fulfill analysts' expectations - to "analystocratic behavior" - where the content of company strategy follows to a large degree analyst preferences. The consequences of each type of analyst influence on company strategy are illustrated by qualitative case studies. We offer remedies and also highlight the importance of strategy innovation and communication to reduce the negative consequences of an analyst-oriented approach to company strategy.

**The Role Of Leadership And Integration Speed In The Post-Acquisition Integration Process**

Lars Schweizer, *Grenoble School of Management*  
Holger Patzelt, *Max Planck Institute of Economics*

We examine the effect of leadership style and post-acquisition integration speed on the commitment of employees of acquired firms during the integration process. Drawing on an experimental design and data on 1600 commitment decisions nested within 50 employees, we find that the more the leadership style is characterized as personal, relational, contextual, inspirational, supportive, and

stewardship-based, the more are employees committed to their new firm. Moreover, we find that a high integration speed has a positive effect on employee commitment, and that the effect of relational and contextual leadership style is even stronger when integration is fast.

**Top Management Team Diversity And Corporate Diversification Strategy: A Knowledge-Based Perspective**

Markus Menz, *University of St Gallen*  
Sebastian Knoll, *University of St Gallen*

Following a knowledge-based view of the firm, we examine the impact of top management team (TMT) diversity on the firms' diversification strategy. We provide insight into recent theoretical developments of TMT research and into conceptualizations of relatedness. Further, we develop a conceptual model that synthesizes literature and argue that, contrary to conventional wisdom, homogeneous TMTs will favour a related diversification strategy. To test our hypotheses empirically we propose a quantitative research design with firms included in the S&P 500 index.

SESSION 1211

**INTERNATIONAL MARKET GROWTH**

<b>TRACK G</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1

**Session Chair** Anja Tuschke, *University of Munich*

**Entry Patterns Into Eastern European Markets: The Influence Of Risk, Experience, And Imitative Behavior**

Anja Tuschke, *University of Munich*  
Susanne Krenn, *KSB AG*

In this study we combine internationalization and institutional theory to analyze in how far firms mitigate the risk associated with entering foreign emerging markets by imitative behavior. Specifically, we explore in how far the entry patterns of German firms into 21 Eastern European markets can be explained as an imitation of prior entry moves by competitors and by prestigious firms. We expect that international expansion into Eastern European markets increases with a growing number of competitors and of prestigious firms that have already entered the same market. In addition, we expect that imitative behavior is influenced by the degree of market risk and by the level of a firm's prior experience in the region. Our findings strongly support this view.

**A Transnational Perspective On Internationalization: Lessons Learnt From IKEA's Entry Into China, Russia, And Japan**

Anna Jonsson, *Lund University*

When adopting the view of the MNC as a transnational corporation subsidiaries become strategic partners and it is important to recognize that within the MNC knowledge may originate also from subsidiaries and thus take different flows. The aim with this paper is to understand the process of knowledge sharing as firms enter foreign markets and the role of different knowledge flows. This is a qualitative case study of IKEA with special focus on lessons learnt from entering Russia, China and Japan. The discussion centres on forward, reverse and lateral knowledge flows within the IKEA-world.

### Learning To Acquire Abroad: The Impact Of Prior Experience And TMT Composition

Anna Nadolska, *Erasmus University-Rotterdam*

This study examines the dynamics of the companies' international expansion process by acquisitions on a sample of 1038 international acquisitions. By taking into account behavioral and cognitive aspects that have an impact on managerial decision to undertake an acquisition we provide insights into the way in which organizations learn and into the process of expansion by acquiring abroad. We suggest that the pace of making foreign acquisitions is first increasing, then decreasing and subsequently increasing again as a function of experience with international acquisitions. Next, we expect a U shaped relationship between experience with international acquisitions and foreign acquisitions performance. Finally, we investigate the moderating role of educational and tenure diversity as well as team size on both pace and successfulness of acquiring abroad.

### International Orientations: The Moderated Relationship Between Internationalization Pace And Performance

Anthony Robinson, *Georgia State University*

The positive internationalization-performance relationship (increased internationalization yields increased performance) that firms seek is dependent upon the organization's capabilities (Barney 1991), its transaction costs (Williamson 1975) and its degree of internationalization (Sullivan 1994) as suggested by extant research. Missing from this set are explanations for the internationalization-performance relationship that address the authenticity of managers' influences (Mitchell, Shaver et al. 1992; Sapienza, Autio et al. 2006) and the role of internationalization pace. This study strives to address the following research question: How is the relationship between the internationalization pace and performance affected by the attitudes (international orientations) of top managers?

SESSION 1056

### MANAGEMENT OF STAKEHOLDERS

<b>TRACK H</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 5

Session Chair: Esther Solomon, *Fordham University*

### ★ The Managerial Knowledge-Base Underlying The Process Of Strategic Renewal

Bill Wooldridge, *University of Massachusetts*  
Steven Floyd, *University of St Gallen*

Understanding the intra-organizational processes that allow organizations to access and recombine existing market, technology and product knowledge into new knowledge is an important research issue. This paper introduces and describes three types of managerial knowledge underlying strategic renewal and develops a model relating these types of knowledge to different internal and external conditions. By describing how these knowledge types are manifested at both the individual and organizational levels, the paper provides an alternative theoretical lens from which to study the strategic renewal process.

### How Entrepreneurial Managers Regulate Stakeholders' Emotions To Build New Organizations

Quy Huy, *INSEAD*  
Christoph Zott, *INSEAD*

This study explores how entrepreneurial managers regulate the emotions of their ventures' stakeholders, and how such emotion regulation differentially affects the managers' ability to create new organizations. We find that some entrepreneurial managers are much more versatile than others in regulating emotions. They perform several forms of emotion regulation actions involving other stakeholders, for example, episodic and institutionalizing. Our data indicate that such versatile emotion regulation facilitates the organization building process in that it helps founders mobilize resources, and thereby enhances the nascent organization's ability to deal with survival and growth challenges.

### Managerial Interplay In Strategy-Making

J Ignacio Canales, *University of St Andrews*  
Bill Wooldridge, *University of Massachusetts*  
Joaquim Vila, *IESE Business School-University of Navarra*

Previous theory and research has noted the importance of managerial interactions as a means to develop, legitimize, and implement strategy. For the most part, however, existing literature considers vertical and lateral interactions separately, failing to consider their combined effects on strategic outcomes. Using a multiple case study design, this paper examines patterns of vertical and lateral interactions, drawing connections to how strategy is viewed and realized within organizations. Managerial interplay, defined as the entire set of social interactions regarding strategy that generate reciprocal actions and reactions between and across managerial levels, emerged from the case data as a novel conceptualization linked to the evolution of strategy. In developing these linkages the paper provides an important focal construct for future strategy process research.

### Influential Stakeholder Groups Leading Strategic Change: Multidimensionality Of Perceptual Structures And Facet Analysis

Esther Solomon, *Fordham University*

Despite the increasing importance of stakeholder relations and the trend of engaging the network of stakeholders and communities to seek mutually beneficial economic and social solutions, there is very little empirical research on the subject. The study of stakeholder relations has been inhibited not just from philosophical, but also from methodological challenges. This paper identifies parallels between stakeholder perceptions of groups identified as initiators of change in their organizations, and the structure of values from previous established research. The parallels in the pattern of lawfulness in evaluation of values and stakeholders, facilitated by the methodology of Facet Analysis, could have important implications for theorizing and future stakeholder research.

SESSION 1087

### KNOWLEDGE TRANSFER AND COMMUNITIES OF PRACTICE

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	Margaret White, <i>Oklahoma State University</i>	

MONDAY 13:15 - 14:30

## Copy If You Dare: The Contingent Value Of Imitation Capabilities

Felipe Csaszar, *University of Pennsylvania*  
Nicolaj Siggelkow, *University of Pennsylvania*

A common assumption in the literature on knowledge exchange and organizational learning is that imitating practices from high-performing firms has a positive impact on the imitating firm. We use a simulation model to study the boundary conditions to this proposition. In particular, we explore the role that interdependence among practices, peer-similarity, and time horizon play in influencing the optimal degree of imitation, and show how they interact in non-trivial ways. We further use the model to shed light on three previous disputes in the literature: the controversy between slow and fast learning, whether imitation is effective only at the start of operations or on a continuing basis, and whether firm similarity increases or decreases learning opportunities.

## To Share Or Not To Share: What Regional Development Authorities Can Learn From Strategically Managing Knowledge

Helen Rothberg, *Marist College/HNR Associates*  
Scott Erickson, *Ithaca College*

Regional Development Authorities (RDA) and organizations share the challenge of creating sustainable advantage in competitive environments. In a knowledge economy, where wins and losses are driven by knowledge assets, tensions arise between how much knowledge to share within the firm and with collaborators, and how much to protect. Not developing knowledge when competitors do is risky and can leave the firm at as great a disadvantage as losing knowledge through leakage and transfer. Not strategically managing knowledge assets in a competitive intelligence world is another risk that impacts how to best manage the sharing/protection dilemma. This discussion provides conceptual guideposts for RDAs in managing these competing tensions by crafting a knowledge strategy to optimize these risks and sustain advantage.

## Learning In A High Gastronomy Restaurant: Preserving Practices And Introducing Innovation

Frederic Leroy, *Audencia*  
Thomas Paris, *CNRS/HEC-Paris*

This research aims to study how practices in gastronomy restaurant were analyzed, preserved and finally transformed after the death of the Chef. It is based on an in-depth study of a prestigious restaurant. After the chef's death, his widow decided to carry on her husband's work. But the organization was threatened with the loss of its skills base and with a drop in the level creativity. The decision to carry on required a process of analyzing and re-learning existing practices in order to preserve them but also to introduce some change. Innovation was indeed a crucial issue. The challenge for the new chef was to be creative while remaining faithful to existing practices. There was thus a tension between the will to perpetuate the chef's spirit, his culinary style and the need to foster creativity and to introduce some innovation.

## How Knowledge Becomes A Strategic Resource: The Concept Of Knowledgeable Practice

Rajiv Nag, *University of Arkansas*

A series of recent academic as well as practitioner oriented ideas have sought to view knowledge as the key strategic resource that leads to sustained competitive advantage. All these arguments, however, implicitly assume that firms differ in the ways they understand, create, access, and use knowledge as a resource. Little has been

done to explore the fundamental origins of these differences. In this paper, I present a two-stage study aimed at generating new theory about the specific ways in which knowledge becomes a strategic resource. I develop the concept of knowledgeable practice that offers a new way to conceptualize and measure how well a firm applies knowledge in its activities.

## Communities Of Practice And Their Strategic Value

Joan Allatta, *Purdue University*

This paper investigates the mechanisms through which communities of practice create strategic value for the firm. Many companies actively encourage and promote community of practice development, yet communities have been largely neglected in the strategy literature. We extend previous research by investigating communities of practice at a large, global, multi-divisional firm over a two year period. This enables us to study not only within community activity, but also between community activity on a large scale. Our findings identify deliberate learning, replication of best practices, dynamic capabilities that lead to innovation of the firm's operating routines, improved governance, and assistance with large scale organizational change as important value creation mechanisms within and across communities of practice.

## Translate And Transfer: Customizing Knowledge For Knowledge Recipients

Li-Yin Lu, *University of Warwick*  
Kai-Yu Hsieh, *London Business School*

Organizations' ability to transfer knowledge from one unit to another is an important form of competitive advantage. However, prior research has shown that potential recipients of knowledge tend to overlook the opportunity to acquire new knowledge, or lack adequate capacity to absorb new knowledge. In this paper we borrow the concept of dynamic equivalence and skopos theory from the literature on translation studies, and propose that a crucial third-party role in internal knowledge transfer is a 'translator' who customizes knowledge content for potential knowledge recipients.

SESSION 1091

## ORGANIZATION LEARNING IN STRATEGIC ALLIANCES

TRACK I	Date	Monday, Oct 15
	Time	13:15 - 14:30 h
Paper Session	Room	Nautilus 2

Session Chair Koen Heimeriks, *Erasmus University*

## Land In Sight! On Experiential And Deliberate Learning Effects In International Strategic Alliances

Koen Heimeriks, *Erasmus University*

We draw upon organizational learning theory to examine the drivers of international strategic alliance performance using a survey sample of 192 firms reporting on over 2500 international alliances initiated from 1997 through 2001. Research has largely ignored the deliberate learning effects lying at the roots of a firm-specific ability to manage transfer knowledge to decrease failure rates in international alliances. The results are consistent with our theoretical predictions: learning mechanisms (i.e. management training and use of knowledge on country differences) positively impact performance in international strategic alliances and international alliance experience has a positive (inverted U-shape) effect on performance.

## How Do Shared Perceptions Of Procedural Justice And Fairness Affect Learning In Alliances?

Dan Li, *Indiana University*  
 Marjorie Lyles, *Indiana University*  
 Kevin Steensma, *University of Washington*  
 Charles Dhanaraj, *Indiana University*

This study examines the importance of fairness in the process of learning in alliances. Specifically, we argue that more learning can be achieved when both alliance partners' perceptions of procedural justice (i.e., bilateral procedural justice) are high. However, when one partner perceives high procedural justice while the other perceives low procedural justice (i.e., unilateral procedural justice), it is detrimental to learning in alliances. Our analyses of 79 alliances revealed mixed indications for the importance of high bilateral perceptions of fairness. Fairness perceptions - unilateral and bilateral - affect the learning outcome by one partner but not the other; such effects alter when the knowledge transferred is explicit versus tacit. Our post-hoc analyses show that the relationships detected vary in different types of alliances.

## Why to Teach Potential Competitors under Knowledge Asymmetry in International Alliances?

Sonya Wen, *National Taiwan University*  
 Cheng-Min Chuang, *National Taiwan University*

Why is a knowledge owner willing to teach its alliance partner who may emerge as a potential competitor? The literature of knowledge-based view and organizational learning focuses on willingness-to-learn of a focal organization, but leaves willingness-to-teach in inter-organizational learning an unsolved puzzle. To analyze the interactions between learning orientation of ex ante knowledge-asymmetry and economic concern of ex post competition, our research focuses on the empirical context of international alliances. By testing a full-sample of 640 international alliances participated by the partners from a focal emerging economy, we found that alliance-knowledge determinants impact more significantly on governance than partner-knowledge determinants. The optimal governance choice depends upon the specific combinations of alliance-specific and partner-specific attributes in the setting of knowledge symmetry or asymmetry between partners.

## Managerial Attention, Alliances And Intellectual Property: The Paradox Of Learning From Partners While Protecting Firm Capabilities

Russell Coff, *Emory University*  
 Peggy Lee, *Arizona State University*  
 Heechun Kim, *Arizona State University*

On balance, do alliances create value through learning or lose value through spillover hazards from sharing firm knowledge? Research has shown that alliances are a means for firms to learn new skills and capabilities from their partners. However, alliances may also create unintended consequences, whereby firms wind up involuntarily leaking critical capabilities and know-how to partners who are also competitors. This study explores whether alliances result in value-creation through further innovations or in spillover hazards, and the ceding of critical firm knowledge. Furthermore, we examine whether different types of alliances and different types of firms result in varying rates of 'firm-learning' or 'firm-spilling.' While findings generally support that alliances create proprietary knowledge, cross technology transfers seem especially likely to result in spillover. Also, large firms with many alliance partners find that more of the knowledge associated with a given innovation resides outside of the firm.

SESSION 1106

## STRATEGY TOOLS

<b>TRACK J</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 2

**Session Chair** Page West, *Wake Forest University*

## Neo-Institutionalism And Agency In Strategy Tool Fashions: Prêt-à-porter Or Haute Couture?

Sari Stenfors, *SCANCOR, Stanford University*  
 Leena Tanner, *Helsinki School of Economics*

Strategy tools, such as Porter's five forces, SWOT Analysis, Scenario Analysis, and Balanced Scorecard, are becoming more and more widely used. While hundreds of different strategy tools are promoted by business schools, consultants, scholars and popular business literature, adoption and diffusion of strategy tools is not completely understood. Mainstream theory explains strategy tool adoption with institutional fashions. Our study of more than 300 strategy-tool users argues that such a macro-level perspective does not explain executives' diverse use of tools. By taking a micro-level strategy-as-practice perspective we maintain that our study of strategy-tool use delivers a deeper and more accurate overall understanding of strategy tool adoption. Our view respects individual choice and agency at the same time as it allows for neo-institutional theories. We interpret strategy tool fashion more widely and find not only prêt-à-porter but also haute couture fashions in tool use.

## Investigating Tool Use In Strategy Activity

Paul Knott, *University of Canterbury*

This paper reports on a qualitative investigation of how practising managers use tools in support of strategy activity. The term 'strategy tool' is used here to encompass the full range of concepts, ideas, techniques and approaches that structure or influence this activity. Prior studies of the application of strategy tools have surveyed the extent of tool usage, but have not probed at any depth how the tools were enacted within firms. The purpose of this research is to gain a better understanding of how strategy tools and ideas are used in strategic thinking and action, and to investigate the motivation and rationale behind this use. The resulting understanding might be used to help improve the outcome from strategy tool use in practical situations.

## Intellectual Transference And State Of Strategic Management Education

Chuck Bamford, *Queens University of Charlotte*  
 Page West, *Wake Forest University*

Two recent studies have examined the historical intellectual development of the field of strategy concluding that significant changes have taken place in both accepted theory and domain. A significant question remains as to the intellectual transference to the community of business practitioners. Utilizing an institutional theory lens as well as a knowledge management perspective, this study sets out to examine the state of the art teaching in the field of Strategic Management. Using a random sample of members of the BPS division of the Academy of Management, we surveyed the complete teaching practices used in both graduate and undergraduate Strategic Management courses. To date we have received over 300 completed surveys.

## ★ Do Strategy Workshops Produce Strategic Change?

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

Despite the attention that strategic change as a topic of research has received, there remain considerable difficulties in conceptualizing the actual sources of strategic change. Strategy workshops represent one obvious and explicit research site since organizations often use such events as a means of effecting or initiating strategic change. This paper examines empirical data from the workshop activities of ten separate organizations to address the research question do strategy workshops produce strategic change? The paper concludes that such workshops can produce change and discusses the initial findings of an analysis of the circumstances surrounding successful outcomes.

SESSION 1185

### ENTREPRENEURIAL ALLIANCES, NETWORKS & CLUSTERS

<b>TRACK K</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b
<b>Facilitator</b>	TBD	

## What Doesn't Kill You Makes You Stronger: De Novo Entry In Clusters

Aviad Pe'er, *Dartmouth College*  
Thomas Keil, *Helsinki University of Technology*

Research on de novo firms' entry into clusters has produced puzzling results. Studies find that the likelihood of failure is higher yet the performance of survivors is higher than in dispersed locations. In this paper we are addressing this seeming contradiction by opening up some of the processes that take place during the initial stages of the life of a firm in cluster and dispersal locations. Using a novel dataset covering all de novo entrants into the Canadian manufacturing sector during 1984-1998, we show that clusters attract entrants with different resource endowments. Fierce competition in clusters screens out weaker entrants early while survivors exhibit improved performance due to greater learning opportunities.

## Dancing With The Wolf: How Entrepreneurial Firms Benefit From Strategic Alliances With Large Firms

Haibin Yang, *City University of Hong Kong*  
Xia Zhao, *California State University-Dominguez Hills*

How can entrepreneurial firms benefit from strategic alliances with large firms? We argue that an entrepreneurial firm's exploitative alliances with large firms will have a greater positive impact on its performance than its exploratory alliances with large firms. Moreover, we argue that the positive effect of an entrepreneurial firm's exploitative alliances on its performance will be stronger under the condition of non-equity alliance governance and higher network embeddedness. The empirical research context for this study will be the biotech industry in the United States between 1984 and 2000.

## Tell Me Who Your Friends Are: Networks, Identity, And Performance In Florida Start-Up Banks

Arik Lifschitz, *University of Minnesota*  
Michael Devaughn, *University of Minnesota*

This paper explores the role of social networks in the development of a key resource for the success of a new venture – a coherent

organizational identity. Using a sample of startup banks founded in Florida between 1996 and 2005, we suggest that new ventures strategically use social relations and networks to convey their organizational identity. We further argue that firms that do not exhibit alignment between their declared identity and the relationship patterns they maintain will fare badly in the market. We conclude with implications for theory and practice.

## The More Evil Of The Information Asymmetry Twins: Adverse Selection Or Moral Hazard?

Hermann Ndofor, *University of North Carolina-Charlotte*  
Edward Levitas, *University of Wisconsin-Milwaukee*

This paper examines how firms can alleviate the effects of adverse selection and moral hazard on IPO underpricing in the U.S. biotechnology industry. We hypothesize that firms can effectively signal the value of their resources (thus alleviating adverse selection) via retained equity and 'lockdown' periods, their alliance activity and product development success. Similarly, firms will reduce fears of managerial self-interest (thus alleviating moral hazard) by appointing appropriate numbers of outsider directors on their board, by compelling managers to accept relatively high levels of post-IPO ownership, and appropriate CEO compensation. Finally, because adverse selection effects will dominate investors' concerns about moral hazard, we expect the effects of alliance activity and product development to be larger than the other effects noted.

## Friends Or Foes: The Spatial Dynamic Between Established Firms And Entrants

Lawrence Plummer, *University of Colorado-Boulder*

The purpose of this paper is to examine with a longitudinal research design what effect local entry has on the profits of newly established firms. Since it is reasonable to expect that agglomeration economies take time to develop, it is expected that local entry will have a negative contemporaneous effect on established firm profits. After some time, this effect is expected to be positive as the entrant matures, grows in scale, and, thus, starts to contribute to positive local externalities. This general thesis, encompassing the temporal scope of agglomeration economies, will also be examined in the context of the organizational scope (i.e., the average size of the local entrants and the technological capabilities of the established firm).

SESSION 1177

### STRATEGIC ENTREPRENEURSHIP

<b>TRACK K</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	13:15 - 14:30 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	Benjamin Campbell, <i>Ohio State University</i>	

## The Formation Of Dynamic Capabilities

Andrew Hess, *Georgia Institute of Technology*  
Frank Rothaermel, *Georgia Institute of Technology*

We develop a multi-level and holistic framework of dynamic capability formation. By analyzing the role individuals play in a firm's ongoing innovation efforts, we illustrate not only the process through which dynamic capabilities are formed but also how they relate to a firm's strategy-making process. In particular, we suggest that there are three stages in the process of dynamic capability formation, through which the firm identifies and acquires, codifies, and eventually commercializes new knowledge. Based on this conceptualization we offer new insights, which differ from extant

literature, into what dynamic capabilities are and are not, as well as how and why dynamic capabilities are important to firms. Our analysis highlights the role key employees play in moderating the effectiveness of the developed capabilities and the role average employees play in mediating their existence. It is through this analysis that we attempt to answer the fundamental question: How are dynamic capabilities formed?

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### **Strategic Entrepreneurship: Towards An Activity-Based View**

Florian Bertram, *University of St Gallen*

Simon Grand, *University of St Gallen*

Daniel Bartl, *University of St Gallen*

We develop a perspective on strategic entrepreneurship integrating the fields of entrepreneurship and strategic management through an activity based view focusing on the managerial activities involved in the translation of entrepreneurial opportunities into strategic initiatives. We theoretically derive a framework that integrates activities involved in the exploration and exploitation of entrepreneurial opportunities and the formation of strategic initiatives. We identify the activities of intent, effectuation, interpretation, and improvisation and derive their boundaries and interrelations. We examine the proposed activities and their relationships conducting an in-depth embedded case study on the stabilization and linking of distributed opportunities at F. Hoffmann-La Roche testing the theoretically derived framework; contributing to a dissolution of the dichotomy between the two fields as discussed in strategic entrepreneurship.

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### **The Impact Of Moral Hazard On Spin-Out Generation**

Rajshree Agarwal, *University of Illinois-Urbana Champaign*

Benjamin Campbell, *Ohio State University*

April Franco, *University of Iowa*

We examine the role of moral hazard on the generation of owner-initiated spin-outs. We argue that when the marginal productivities of the members of an ownership team are altered by an external factor (either uniformly or differentially) moral hazard issues may lead owner partnerships to dissolve conditional on the degree of complementarity between the partners. We test the implications of our model using linked employer-employee data on partnerships in the legal services industry. Specifically, we use changes in tort law as an exogenous shock to the revenue generating capabilities of law firm partners in generalist and specialist firms to examine the role of moral hazard on partnership dissolution, formation, and subsequent spin-out generation.

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### **Tilting The Playing Field: Towards A Strategic Theory Of Endogenous Action**

Erkko Autio, *Imperial College*

Theories of competitive advantage have built on the assumption that the value of factors that a firm controls is determined outside the scope of focal organization action. In this paper, we develop a framework which articulates the scope and logic of endogenous strategic action that affects this value. We argue that in environments in which the institutional logic is either emerging or transforming, firms have significant latitude to shape the institutional context to favor the strategic factors they control. We draw on institutional theories to identify four distinct instances where organizational actors can pursue and effect co-alignment between their idiosyncratic characteristics and the institutional context of their application. Our argument makes contributions to the literatures of competitive advantage and institutional entrepreneurship.



**C.K. Prahalad**, the Paul and Ruth McCracken Distinguished University Professor at the Ross School of Business, University of Michigan, specializes in corporate strategy. He received honorary doctorates from the University of London (Economics), Stevens Institute of Technology (Engineering) and University

of Abertay, Dundee (Business). He was a member of the UN Blue Ribbon Commission on Private Sector and Development. A prominent world-class figure, Professor Prahalad has consulted with the top management of many of the world's foremost companies. He serves on the Board of Directors of NCR Corporation, Hindustan Lever Limited and the World Resources Institute. He is the Chairman and Founder of *The Next Practice*.



**Kathryn Rudie Harrigan** is the Henry Kravis Professor of Business Leadership at Columbia University. She holds a DBA earned at Harvard University in 1979; an MBA from the University of Texas earned in 1976; as well as a BA, from Macalester earned in 1973. Kathy's elective courses include: (1) Corporate Growth and

Development and (2) Turnaround Management. She serves on the Boards of Cambrex Corp., traded on the New York Stock Exchange, and the privately held company Ronin Development as well as on advisory boards for MBA start-ups.



**Bala Chakravarthy** is Professor of Strategy and International Management and holds the Shell Chair in Sustainable Business Growth at IMD, Switzerland. Bala's research and teaching interests cover three related areas: strategy processes for sustainable business growth, corporate renewal, and leadership dilemmas. Bala has published

four books, several case studies and numerous articles on these topics in top journals. He was a member of the Board of Directors of the Strategic Management Society (SMS) from 1999-2004. He is also an inaugural Fellow of the SMS.



**George Yip** is Vice President and Director of Research & Innovation at Capgemini Consulting, UK. He manages the research and innovation process to develop thought leadership for the company. He was previously Professor of Strategic and International Management and Associate Dean at London Business School, and the

Chair of Marketing and Strategy at Cambridge University. George has eleven years of full-time business experience in international business, marketing, and strategy, working in the United States and the United Kingdom. He holds B.A. and M.A. degrees in economics from Cambridge University; and an MBA and doctorate from Harvard Business School.

## SESSION 1802

**STRATEGY RESEARCH: FOUR POINTS OF VIEW**

<b>PLENARY</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	14:45 - 15:45 h
<b>Panel Session</b>	<b>Room</b>	Grande Ballroom

**Moderator**

Peter Ring, *Loyola Marymount University*

**Panelists**

CK Prahalad, *University of Michigan*  
 Kathryn Harrigan, *Columbia University*  
 Bala Chakravarthy, *IMD*  
 George Yip, *Capgemini Consulting*

SMS alone has over 2000 members "representing a kaleidoscope of backgrounds and perspectives from more than fifty different countries." Thus, there is no easy way to assess the adequacy of mining operations (for theory or data) on the broad topic of the process of strategic management. Given that nuggets of strategic management research continue to be found in many rich veins, we have asked four internationally recognized scholars to offer their views on the currency of that research and where we might look for new strikes in the future. Our speakers bring wide ranging experiences in academe, practice, and consulting and they have been asked to employ those experiences in the course of developing their individual points of view.

15:45 - 16.15

**COFFEE BREAK**

SESSION 1803

## NON-MARKET FORCES AND THE NEED FOR STRATEGIC AGILITY

<b>PLENARY</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	16:15 - 17:15 h
<b>Panel Session</b>	<b>Room</b>	Grande Ballroom
<b>Moderator</b>	Yves Doz, INSEAD	

### Panelists

- Mikko Kosonen, *Sitra The Finnish Innovation Fund*
- John Zysman, *Berkely*
- Jonathan Murray, *Microsoft*
- Timo Ali-Vehmas, *Nokia*

Strategic agility results from the interplay between three sets of capabilities in firms: strategic sensitivity (both the sharpness of perception and the intensity of awareness and attention), resource fluidity (the internal capability to reconfigure business systems and redeploy resources rapidly) and collective commitment (the ability of the top team to make bold decisions –fast, without being bogged in “win-lose” politics at the top).

Each of these can be strongly influenced by non-market forces, in particular collective or individual actions by governments. Governments may in some cases contribute to fostering the strategic agility of firms, and accelerate their development. They can also, and perhaps more frequently, constrain strategic agility. The recent Airbus difficulties in Europe can be to a large extent attributed to the French and German governments undermining leadership unity and constraining resource fluidity by maintaining a two-headed “dual” organization, with reporting lines to each country and carefully “balanced” management roles for too long.

In addition to introducing the concept of strategic agility and its key enablers, this session will explore how public policy influences strategic agility, with a particular emphasis on various facets of regulation. For instance collective processes of pan European regulation made a key contribution to the success of GSM, while later independent approaches to third generation (“3G”) data communication hampered the development of the market and made strategic agility more difficult for firms to achieve. We will consider how the transformation of the economy – and of the IT industry – toward services and solutions is facilitated or hampered by government policies and regulations, and outline the challenges ahead.



**Yves Doz** is the Timken Chaired Professor of Global Technology and Innovation at INSEAD and Visiting Professor at the Helsinki School of Economics. He was Dean of Executive Education (1998-2002) and Associate Dean for Research and Development (1990-1995) at INSEAD. Professor Doz also was Director of the

Management of Technology and Innovation programme at INSEAD, a multi-disciplinary effort involving about 20 faculty members and researchers that ran from 1987 to 1994. Yves Doz received his Doctoral degree from Harvard University and is a graduate of the Ecole des Hautes Etudes Commerciales (Jouy-en-Josas, France). He has also taught at the Harvard Business School, Stanford’s Graduate School of Business, and Aoyama Gakuin University in Tokyo.



**Mikko Kosonen** is the Executive Vice President and member of the strategic management of Sitra. He is responsible for heading the newly-established Innovations and New Solutions unit. The unit’s mandate includes the development and implementation of measures that are in line with Sitra’s mission of revitalising the Finnish innovation environment. Before joining in Sitra Mikko Kosonen worked for over twenty years in Nokia Group. His tasks covered the roles of CIO and SVP, Business Infrastructure and Corporate Planning, of the Nokia Group. Additionally, he is the author of many articles printed in influential business and research publications on the subject of international business, strategy, organization and knowledge management.



**John Zysman** is Co-director of BRIE (Berkeley Roundtable on the International Economy) and professor of political science at the University of California Berkeley. His writing have focused on corporate strategy and public policy in Europe, Asia, and the United States. Zysman has served on a variety of public and private boards and served as a consultant to governments and companies in Europe, Asia, and the United States. John Zysman received his Ph.D. in Political Science from the Massachusetts Institute of Technology (MIT) in 1973 and his BA from Harvard College in 1967.



**Jonathan Murray** is Microsoft’s Worldwide Technology Officer for Public Sector. He leads Microsoft’s Technology Officer Network. This group of senior technology policy specialists drives Microsoft’s engagement with government and academic leaders concerning the future direction of high impact technologies and the implication of these trends on social and economic development. Prior to his current role Jonathan spent 10 years at Microsoft’s corporate headquarters in Redmond, Washington. Prior to joining Microsoft in 1994, Jonathan spent five years with ARCO International Oil and Gas as a technology strategist. Jonathan previously worked for Scientific Software Intercomp (SSI), an oil industry consulting company, and for Logica, a leading systems integration company, where he worked on various large-scale public sector systems projects.



**Timo Ali-Vehmas** is Vice President of Nokia Standardization and Industry Liaison. He is running the team responsible for Nokia’s standardization activities globally. He joined Nokia in 1980, and he has been working in different units and functions of Nokia, including GSM and WCDMA system and product development. He started his career in developing signal processing algorithms and software for data modems. Timo Ali-Vehmas holds a Master of Science degree in Telecommunications from Helsinki University of Technology. He is also a member of the Executive Board of EICTA (the European Industry Association for Information Systems, Communication Technologies and Consumer Electronics)

MONDAY PLENARY



## SPECIAL SESSION 1302

<b>TEACHING TRACK</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30-18:45 h
<b>Presentation</b>	<b>Room</b>	Seabreeze

### Teaching Across Borders: What You Need to Know When Teaching Strategy Across International Environments

#### Session Presenters

Pierre Dussauge, *HEC School of Management*  
 Steven Floyd, *Universitaet St. Gallen*  
 Michael Lubatkin, *University of Connecticut/ EM Lyon*  
 Marjorie Lyles, *Indiana University*  
 Srilata Zaheer, *University of Minnesota*

Interested in teaching in another country for the first time? Or, want to improve upon a prior international teaching experience? Participants in this session will hear from experienced strategy instructors who have taught in multiple countries. They will share advice about how to address differences in student expectations, motivation, and learning styles. In addition, they will offer tips for how to integrate quickly into a new environment and how to get the most from your international teaching activities. Presenters will also share advice about how to create opportunities for international teaching. Finally, the session will invite attendees to share their own experiences with international teaching and the lessons they have learned.

## SESSION 1191

### THINKING ABOUT NON-MARKET FORCES IN GLOBAL CONTEXTS

<b>TRACK A</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 4

**Session Chair** Jean-Philippe Bonardi, *University of Western Ontario*

### ★ Strategic Foresight: Investigating Market And Non-Market Drivers Of Change In Corporate Organizations

Claudio Roveda, *Polytechnic of Milan*  
 Riccardo Vecchiato, *Polytechnic of Milan*

Today many companies, in many industries, continuously monitor the emerging technologies and investigate emerging drivers of change in the economic, political and social environments. However, it still seems to be lacking a comprehensive framework of analysis, that clearly defines how all the foresight activities carried out in a firm could be integrated in an organic way. How should the business environment be defined? How should its investigation be carried out? These are the main questions we give an answer, through an on-field research based on interviews to top managers of some companies that have established an organizational unit dedicated to foresight and through a literature analysis of several cases of firms able to foresight and to deal successfully with disruptive changes in their industry.

### How And How Much Do Market And Non-Market Cognitions Differ? Implications For Non-Market Strategy

Rafael Lucea, *The George Washington University*

In spite of the significant contributions derived from cognitive approaches to the fields of strategy and organization studies, little

research on the determinants of corporate non-market behavior has used a managerial cognition lens. This paper explores differences in the cognitive maps espoused by Firms and NGOs managers' in the context of oil exploitation in Ecuador. While significant differences between and among the cognitive structures held by managers in these two types of organizations exist, the central finding of this research is that these differences are patterned in particularly significant ways for the theory and practice of non-market environment management.

### Knowing Might From Right: Strategic And Institutional Considerations For Isomorphic Change In Regulated Contexts

Ebony Bridwell-Mitchell, *New York University*

Despite increasing regulatory attempts to align corporate and social goals not all organizations adopt required changes since employees may resist governmentally prescribed practices. This article examines how organizational members' perceptions of prescribed practice influence their adoption propensities. Using a mixed-methods approach, I find members' perceptions of imposed change focus on the feasibility, urgency, effectiveness and legitimacy of practices. I also find adoption depends on the feasibility and effectiveness of practices but the pressures of urgency and the complexities of legitimacy may have unexpected effects. The work also validates a scale for assessing propensities for isomorphic change in various contexts.

### What Creates Uncertainty For Firms In Non-Market Environments?

Jean-Philippe Bonardi, *University of Western Ontario*  
 Guy Holburn, *University of Western Ontario*

Whereas information imperfections are key aspects of recent non-market strategy literature, few empirical study document which factors generate real uncertainty for firms in non-market environments. By uncertainty, we mean the difference between the prediction a firm makes ex ante (e.g. when it has to decide whether to engage in a non-market strategy) about a factor and the true impact of that factor, revealed ex post, on a policy decision. Here, we provide a method to explore this uncertainty empirically by looking at decisions by U.S. electric utilities to engage in rate-reviews. Our results suggest that higher information imperfection regarding the preferences of legislators and bureaucrats, the threat of activists, and the firm's own knowledge are the factors that are the hardest for firms to predict.

## SESSION 1237

### THE ROLE OF BUSINESS DESIGN IN SHAPING COMPETITIVE ADVANTAGE

<b>TRACK D</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 5

**Moderator** Joan E. Ricart, *IESE Business School*

Stephan Billinger, *University of Southern Denmark*  
 Kevin Boudreau, *HEC-Paris School of Management*  
 Margaret Dalziel, *University of Ottawa*  
 Kathleen Eisenhardt, *Stanford University*  
 Christoph Zott, *INSEAD*

Recently, research has pointed to the role of strategic business design. The way in which firms shape their boundaries, for instance, has been found to do more than align a firm with its

transactional environment; rather, it has been shown to drive firms' dynamic capabilities. This panel will dig more deeply into the dynamics of business design - i.e., the choice of firms' boundaries, and the configuration of a company's activities, which drives its competitive prospects. The presentations will consider how firms can shape and manage their boundaries to actively create and yield competitive advantage in their environment; how boundary and, more broadly, business design yields strategic benefits. By shifting the focus from the "industry" to the business design (and the way in which competing business designs interact) we hope to shed new theoretical light, and also help adapt our analytical arsenal to the quickly evolving competitive realities.

SESSION 1115

**FORMS AND CONSEQUENCES OF RESOURCES AND DYNAMIC CAPABILITIES**

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2a
<b>Facilitator</b>	Jamal Shamsie, <i>Michigan State University</i>	

**Decomposing Firm Heterogeneity**

Sendil Ethiraj, *University of Michigan*  
 Hart Posen, *University of Michigan*

We examine the relationship between firm-specific capabilities and performance. We argue that a defining characteristic of a capability is its non-tradability in markets. Consequently, extracting value from a capability involves deploying it to enhance the value of tradable assets. We employ data on drug approvals in the Pharmaceutical industry as a natural experiment to estimate the value of capabilities. The change in a firm's market capitalization following a new drug approval yields a joint estimate of the tradable asset (approved drug) and non-tradable technical and marketing capabilities. We isolate the value of these capabilities and find that a new drug approval for a 'high-capabilities' firm yields six times the value of that of a 'median-capabilities' firm, amounting to a value difference of \$1.6 billion.

**Heterogeneity And Persistence Of Competitive Advantage**

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

Heterogeneity has always been considered as a crucial phenomenon in the resource-based perspective and as source of competitive advantage. Recent literature has also emphasized the distinction between competitive advantage creation and sustainability. In this paper, after defining the heterogeneity construct, we link it to persistent competitive advantage. The empirical model conducted through Lisrel is tested on a sample of 132 firms drawn from the Italian mechanical industry. Heterogeneity has emerged as a 3-dimension construct whose dimensions are: contextuality, complexity and intertwinedness. The impact of heterogeneity on competitive advantage sustainability has also been confirmed

**Holism And Synthesis Effect On Business Performance**

Michael Byung-Yoon Lee, *Korea Industrial Technology Foundation*  
 Stephen In-Ho Kim, *Hanyang University*

This paper attempts to draw some messages about strategic resources as a decisive determinant of business success in terms

of holism and synthesis, not of reductionism and separateness, through an empirical study on the experiences of 1,236 new product development projects supported through the Korean Industrial Foundation. The findings are that holism approach gives a more meaningful implication about resources as a determinant of business success/failure than reductionism approach, and the industry effect on performance exists only if under low competition intensity and not big market potential, namely, under monopolistic or oligopoly market structure.

**Institutions And Structural Power**

Patricia Nelson, *Hitotsubashi University/University of Edinburgh*

How does structural power affect institutions over time? Drawing from the historical institutionalism literature, I argue that the structure of power within institutions is key to understanding why institutions develop and adapt to changing circumstances over time. The constellation of power conveys 'structural power' to certain participants within institutions. I employ a longitudinal dataset, examine the transformation of power structures in institutions and I find that power structures have remained remarkably stable. I argue that structural power offers a convincing explanation as to why certain actors can help institutions adjust to new realities. Furthermore, it can explain how those actors maintain power within the new institution, even if it means they must share that power with actors who were not in the original power structure.

**Towards A Conceptual Framing Of The Change Capability: An Analysis Of Evolutionism, Resource-Based View, And Theories Of Change**

Richard Soparnot, *Groupe ESCEM*  
 Soumaya Ben Dhaou, *University of Quebec-Montreal/ Dauphine University*

Rate of failure of companies in the matter of change projects hovers near about 70%. For a few authors, this difference can be explained by the change capability of the company, causing the mergence of a theoretical shift egging on researchers and practitioners to modify their approach to the phenomenon and its management and recommending a shift from change management to the management of change capabilities. However, the low number of works devoted to the change capability renders understanding of this concept and its mechanisms rather difficult. Though the notion of change capability therefore appears to be promising, its theoretical outlines remain to be defined. The aim of this paper is therefore to untangle the concept of change capability by drawing from similar theoretical developments.

**Dynamic Evolvments Of Dynamic Capabilities**

Richard Yu Yuan Hung, *Toko University*  
 Bella Ya-Hui Lien, *National Cheng Chung University*  
 Yu-Ming Kuo, *National Chung Cheng University*

In the changing environment era, Dynamic Capabilities as a relative new concept become an important topic in strategy management discipline. Although Teece, Pisano & Shuen (1997) first define the dynamic capabilities, there are still many discussion and doubts in the essence of the dynamic capabilities. This study reviews the past studies on the dynamic capabilities and further using contingencies theory to redefine the dynamic capabilities. In addition, this study bases on the environment situation propose four types of dynamic capabilities in enterprises and create three types movement among these four type enterprises. Therefore, three propositions are suggested. In conclude this study provides five Taiwanese cases to explore and explain the propositions.

MONDAY 17:30 - 18:45

SESSION 1144

## INTERNAL AND EXTERNAL SOURCES OF TECHNOLOGICAL COMPETENCE

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 2

**Session Chair** Eli Segev, *Tel Aviv University*

### Networks Of Niche Competent Innovation: A Case Study Of The Video Game Industry

Ikenna Uzuegbunam, *Rensselaer Polytechnic Institute*  
Satish Nambisan, *Rensselaer Polytechnic Institute*

In this paper, we propose a framework that incorporates a niche-level focus to analyze the success of interfirm networks under regimes of disruptive technological change. We suggest a niche competence model of interfirm networks and argue that superior levels of technology niche differentiation and niche market specialization enable firms within an interfirm network to succeed during periods of creative destruction. In our typology, we argue that networks can be of four types: nicheless, niche-specialized, niche-differentiated, or niche-competent. Further, knowledge sharing and complementary product integration are proffered as meaningful antecedents to the development of niche competence. Case study results from the video game sub-sector are used to illustrate the study propositions. Implications of our model for management of technological discontinuities and network innovation are offered.

### ★ Knowing When To Acquire: The Relation Between Acquisition Timing And Price In High Technology Acquisitions

Nir Brueller, *Tel Aviv University*  
Shmuel Ellis, *Tel Aviv University*  
Eli Segev, *Tel Aviv University*

This research focuses on the timing of acquisitions in strategic scenarios where serial acquirers in high technology industries acquire small firms to complement their internal innovation efforts. Organizational learning and routine based perspectives are employed to explore how firm-specific timing considerations influence the price paid for target firms. Empirical analysis of 101 acquisitions carried out by the 20 most active serial acquirers in ICT (Information and Communications Technologies) industries between 1996 and 1999 supports the theoretical expectations. Results show that deviations from the typical timing characteristics of each acquirer's acquisition strategy benefit the shareholders of the target firm, by allowing them to command a higher price, and thus capture a larger part of the expected synergies at the time of transaction.

### On Strategic Issues Of Competition In Healthcare Information Markets: Related Diversification And Product Line Investments

Kirill Yurov, *University of Illinois-Chicago*  
Yuliya Yurova, *University of Illinois-Chicago*  
Mark Shanley, *University of Illinois-Chicago*

Healthcare information firms compete in a hypercompetitive environment that is presently experiencing a strong inflow of new entrants as well as a great deal of M&A activities. We analyzed investment practices and competitive strategies of a number of firms that have endured volatile market conditions to achieve revenue sustainability. We found that these firms continuously invest in

broadening and enhancement of their product lines aiming to create high switching costs. Our findings also suggest that investments in acquisitions and internal development emerged as the two preferred methods to grow in scale and scope. Investments in internal R&D activities are designed to find new uses for established products. M&A investments are put to use when healthcare information firms want to develop new product offerings.

### External Technological Search Strategies In High Velocity Environments

Anuja Gupta, *University of Pennsylvania*

In this paper I study what constitutes a successful exploration strategy for firms using strategic alliances as a search mechanism. Strategic alliances are an important means of accessing external resources. Exploratory alliances, that allow the firm to gain new capabilities without correspondingly large internal development efforts play a critical role in maintaining competitive edge. Exploitation alliances, on the other hand, allow firms to exploit past investments and current capabilities, and play an equally important role in generating shareholder returns. In terms of technological search through alliances then, the question I ask is: How far can firms search from their current technological capabilities? In other words, what are the different performance effects of exploratory and exploitative technological search? In taking a contingency approach to this question, I analyze how shareholders react to divergent technological search and bring into the analysis important firm level, environment level, and transaction level contingencies influencing this valuation.

SESSION 1145

## TECHNOLOGICAL SCOPE, SEARCH AND PERFORMANCE

<b>TRACK E</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 3

**Session Chair** Gianmario Verona, *Bocconi University*

### Can Market-Related Capabilities Be Beneficial To Science-Based Firms? The Moderating Role Of Knowledge Integration

Luigi Mario De Luca, *China Europe International Business School*  
Gianmario Verona, *Bocconi University*  
Salvatore Vicari, *Bocconi University*

While markets and the economy as a whole have always been considered key sources of innovation in the strategic debate, in the case of science-based and high tech industries their role has often been overlooked. In this paper we investigate how market-related capabilities can be beneficial to science-based firms in a representative sample of Italian biotech firms. Our results indicate that the impact of market-related capabilities on performance of biotech companies is not univocal and inherently valuable when it is complemented by a high level of formal knowledge integration between scientist and business people in the firm. We discuss our results and provide direction for future research on the topic.

### Search, Innovation, And The Dynamics Of Competition: The Value Of Not Being In Sync

Riitta Katila, *Stanford University*  
Eric Chen, *Stanford University*

This paper investigates how firms search for new products. In contrast with the traditional firm-centric view, we study how the firm's search

depends on that of its competitors. We test hypotheses based on two seemingly contradictory consequences of competition: that competitors sharpen, validate and expand the focal firm's search and thus promote product innovation, and, that competitors take away the exclusivity of search and therefore suppress innovation. Our analysis of 15 years of longitudinal data on 124 Japanese, European, and U.S. industrial automation organizations shows that these outcomes are not contradictory but reflect tradeoffs between introducing more products and introducing more innovative products. In particular, the timing of search relative to competitors is crucial: most innovative firms avoid searching in sync with their competitors.

### Separate Units Or Parallel Networks: The Role Of Innovation Types In Balanced Structures Success

Alexander Zimmermann, *University of St Gallen*

This study aims at contributing to the emerging debate on how structural solutions are able to reconcile exploitation and exploration's conflicting organizational requirements. Based on a thorough evaluation of the existing literature, we identify separate units and parallel network structures as two distinct patterns of "balanced" organizational designs that seem to be able to simultaneously achieve both objectives. In several hypotheses, we argue that the type of innovation is a central contingency for the structural solutions' success. While separate units can be expected to be more successful under radical innovation conditions, parallel network structures presumably deliver superior results in a context of more incremental innovation. We suggest a detailed research design for our hypotheses' upcoming validation.

### Coherence And Incoherence In The US Biotechnology Market

Theodora Welch, *University of Massachusetts-Boston*  
 Laura Hansen, *University of Massachusetts-Boston*

This paper proposal examines the role of cultural institutions and market practices in corporate diversification and company valuation. Firms diversify in ways that are coherent; those that don't suffer (i.e. the 'diversification discount') or do not survive. However, existing theories of corporate coherence offer a valuable but incomplete understanding of corporate diversification. Another, more recent stream, rooted in the economic sociology of markets presents diversification as socially and culturally mediated. This institutional approach has much to offer researchers interested in the rise of institutional investors as a focal point for analysis on diversification. Our paper extends the traditional corporate coherence approach to include the notion of structural incoherence to examine the role of institutional investors and their market intermediaries -- stock analysts -- in constraining public companies in which these financial actors invest and cover, respectively. We investigate this phenomenon in a sample US biotechnology companies and employ a unique stock analyst database to construct these additional measures.

SESSION 1245

### VALUE CHAIN DECISIONS

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Common Ground Session</b>	<b>Room</b>	Marina 1

**Facilitator** Michael Leiblein, *Ohio State University*

### Competitive Interactions At The Intersection Of Markets And Hierarchies: The Emergence Of Virtual Value Chains

Andreas Hinterhuber, *Hinterhuber & Partners*

This paper examines the concept of external "virtual" value chain orchestration, an emergent pattern of strategizing at the intersection between markets and hierarchies. Virtual value chain orchestration is intended as way to create and capture value by structuring, coordinating, and integrating activities of previously unrelated markets and by effectively relating these activities to in-house operations with the aim of developing a network of activities that create fundamentally new markets. The research is based on an in-depth analysis of the agrochemical and biotech industry and is illustrated by two case studies. The paper concludes that the orchestration of an extended network of diverse partner companies leads to superior financial results if value capture is managed following the steps outlined in the paper.

### The Impact Of Knowledge Boundaries On Production Boundaries: Sourcing Choices For Technologically Interdependent Components

Anne Parmigiani, *University of Oregon*  
 Will Mitchell, *Duke University*

Theories of the firm posit that firms determine their boundaries through sourcing choices of individual components. This neglects the possibility for technological interdependence between components that affect these choices and lead to joint decisions. We predict expertise will affect these decisions and test our hypotheses using a dataset that includes the sourcing choices of interdependent and unrelated pairs. We expand the range of choices from make/buy to include concurrent sourcing, when a firm both makes and buys a given component. We find that firms source technologically interdependent components via the same mode and that firm, intrafirm, and interfirm expertise influence the choice of mode. Expertise has little influence on the sourcing decisions of unrelated components.

### Taking The Blinders Off: Theoretical And Empirical Barriers To Investigating Interorganizational Relationships (IORs)

Miguel Rivera-Santos, *Babson College*  
 Anne Parmigiani, *University of Oregon*

We argue that the current lack of consensus regarding what constitutes an IOR in the literature can be explained by the underlying logics of five main conceptual approaches used by researchers in the many disciplines studying IORs. We identify and label these approaches as 'positioning', 'efficiency', 'access', 'embeddedness', and 'process'. We suggest that these diverse approaches have led researchers to perceive IORs differently and accept different implicit assumptions on what constitutes an IOR. We argue that the diversity of approaches leads to a variety of both conceptual definitions and empirical operationalizations for IORs, which makes it difficult for researchers to accumulate and assimilate knowledge across studies.

### Acquisitions Of Facilities Service Providers: Do Market Or Power Dominate Managerial Decisions?

Fabian Homberg, *University of Zurich*  
 Margit Osterloh, *University of Zurich*

Construction companies and private equity investors pursue acquisition strategies by paying skyrocketing prices for facility services providers. To explain this phenomenon we offer two hypotheses: (1) the market hypothesis, i.e. acquirors identify firms in which it is possible to generate rents through synergies and better management. (2) The power hypothesis, i.e. a lack of corporate control due to management hubris and a pursuit of personal well-being in home markets. If the latter hypothesis is true a bubble is

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identified which contradicts shareholders' interests. We contribute to the corporate governance debate by investigating exemplarily whether managers abuse their power.

### Identity Of TMT Executives Who Govern Outsourcing: Antecedent Contingencies And Performance Implications

Subrata Chakrabarty, *Texas A&M University*  
Dwayne Whitten, *Texas A&M University*

We propose that governance of outsourcing is most effective when the authority lies with TMT executives who are knowledgeable about the functional area being outsourced. Certain antecedent contingencies determine the choice of the TMT executives and this choice has performance implications. Empirical findings from a field survey of firms outsourcing information technology (IT) work show that (a) a firm's poor financial performance in the past and the number of IT employees in the firm influence the choice of TMT executives for IT outsourcing governance, and (b) when IT-savvy TMT executives such as the CIO or IT-head (rather than the non-IT executives such as the CEO, CFO or COO) govern IT outsourcing, then greater product quality and transaction cost efficiency is achieved.

### Aligning Procurement Strategies To Environmental Uncertainty: Control Or Adaptation?

John Isaksen, *Norwegian Institute of Fisheries and Aquaculture Research*

Bent Dreyer, *Norwegian Institute of Fisheries and Aquaculture Research*

Kjell Gronhaug, *Norwegian School of Economics*

In this paper we address how successful firms secure critical input when the supply is highly unpredictable. This is important since adequate and sufficient supply is crucial for firms to survive and prosper. Here we propose a multi-theoretical approach to the make or buy decision in the face of uncertain supply of critical input. Two firms are examined, achieving sustained competitive advantages in the same business environment, with different sourcing strategies, i.e. equifinality. A key finding is that vertical integration and flexibility can serve as alternative strategies. Our findings reveal that the success of a strategy is moderated by firm specific resources, and contribute to a better understanding of ambiguous results in earlier research on the vertical integration performance relationship.

SESSION 1081

#### CORPORATE GOVERNANCE

TRACK F	Date	Monday, Oct 15
	Time	17:30 - 18:45 h
Paper Session	Room	Nautilus 1

Session Chair Steve Gove, *University of Dayton*

### National Adoption Of International Accounting Standards: An Institutional Perspective

William Judge, *Old Dominion University*  
Shaomin Li, *Old Dominion University*  
Robert Pinsker, *Old Dominion University*

In this study, we conceptualize the adoption of international accounting standards decision as a national governance mechanism that is influenced by the country's institutional framework. Specifically, we seek to determine how coercive, mimetic, and normative isomorphic pressures within a country are related to the adoption of international accounting standards. Using archival data,

we examine the institutional environments of 84 diverse national economies. We found that all three forms of isomorphism influence the adoption of international accounting standards. These results refine and extend our understanding of international governance, as well as institutional theory at the macro level. In addition, it provides valuable insights into why countries pursue international accounting standards, and what can be done to encourage their adoption in the future.

### Market Reactions To Linked-Firms Via Back: Dated Stock Options

Steve Gove, *University of Dayton*  
Jay Janney, *University of Dayton*

Does taint spread through firms via their common board of directors? We examine this question and others in a context of the 2006 stock options back-dating events involving over 1,000 firms. To date over 160 investigations into illegitimate behavior have been launched, and numerous CEOs have been fired from their positions in the wake of these disclosures. We employ an event study to test the effect of taint on linked firms, where the linkage occurs via a common board of director member. When the focal firm announces an investigation has occurred, we examine the abnormal returns to the firms with which it shares a common board of director member. We also test for individual, organizational, industry, and timing effects.

### Signal Or Symbol? Interpreting Firms' Strategic Response To Institutional Change In The Brazilian Stock Market

Susan Perkins, *Northwestern University*  
Edward Zajac, *Northwestern University*

While analyzing how and why firms respond to product market demands has long been a central issue in the strategy literature, recent research suggests the need for a comparable level of attention on how and why firms respond to non-market demands. In this study, we theoretically and empirically analyze how Brazilian corporations responded to dramatic changes in their institutional environment. Specifically, using extensive qualitative and quantitative data, we show how the enactment of a new set of corporate governance guidelines by the Brazilian stock market (aimed at reducing agency problems related to pyramidal group ownership) generated a number of strategic responses by Brazilian firms that suggest improved corporate governance. However, we also find that for numerous firms, the changes observed are more symbolic than substantive.

### Ownership Structure And The Voluntary Adoption Of Corporate Governance Reforms In The Post-Enron Era

Xia Zhao, *California State University-Dominguez Hills*  
Richard Harrison, *University of Texas-Dallas*

This study examines the effect of ownership structure on a firm's voluntary adoption of a supermajority-independent board and separate CEO/board chair structure. We propose that long-term oriented institutional ownership will have a greater positive impact on a firm's likelihood of adopting corporate governance reforms than non-institutional external blockholder ownership. Moreover, we argue that the positive effect of long-term oriented institutional ownership on a firm's likelihood of adopting corporate governance reforms is stronger when the CEO's power and firm performance are lower. The sample of this study will be manufacturing firms listed in the S&P 1500 Index throughout the years from January 2002 to December 2005.

SESSION 1201

**M&A**

<b>TRACK F</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 3
<b>Session Chair</b>	TBD	

★ **Gender Diversity In United States Top Management: Impact On Risk-Taking And Acquirer Performance**

Sudi Sudarsanam, *Cranfield University*  
 Jian Huang, *Cranfield School of Management*

This paper studies gender diversity and its impact on risk-taking and acquirer performance in mergers and acquisitions. It extends the principal-agent paradigm by investigating the impact of gender diversity among top managers on their risk preferences. To the extent that risk taking propensity is influenced by gender, the risk-related agency conflict may be mitigated or accentuated by the gender of the CEO or the gender diversity of the board or other top management. According to our empirical study, market has more favourable response to the M&A deals conducted by female CEOs than those made by their male counterparts. However, in the long run, this difference reverses. Further, we also find that risky corporate acquisitions undertaken by female CEOs destroy shareholder's value in the long run.

**Post-Acquisition Integration Approaches: A Cluster Analysis Of Change Profiles In Acquired Companies**

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

The post-acquisition integration phase is now widely recognized as a critical part of the M&A process. Just as there are several different motivations for M&A taking place, it has long been assumed these require different post-acquisition integration approaches and this has led to the development of several post-acquisition integration typologies. However these frameworks are conceptual or based upon exploratory data and all suffer from lack of empirical support. The considerable difficulties inherent in obtaining sufficiently rich data have presented a substantial obstacle to placing these typologies onto firmer empirical ground. This paper addresses this need by providing the necessary empirical data. Using cluster analysis and CHAID procedures this paper reports the robustness of prominent post-acquisition typologies.

**Placing Process In The Contingency Framework Of Merger And Acquisition Research**

Taco Reus, *Florida Atlantic University*  
 Kimberly Ellis, *Michigan State University*  
 Bruce Lamont, *Florida State University*

For over two decades, M&A research in strategic management has emphasized a contingency framework built on contextual factors to investigate determinants of post-acquisition performance. Considerable lack of support for the strategic fit hypothesis that lies at its core suggests this framework omits variables that may explain significant post-acquisition performance variance. One response has been the emergence of another stream of research emphasizing process dimensions that characterize acquisition implementation. However, paying limited attention to contextual factors, the process stream has not enhanced our understanding of the contingency framework. We review literature from both streams and present four questions which place process factors more solidly in the contingency framework and encourage research

combining arguments made in both streams thereby creating a more comprehensive theory of post-acquisition performance.

**Pyrrhic Options? Assessing The Cost Of Flexibility In Real Options**

Akie Iriyama, *University of Pittsburgh*  
 Ravi Madhavan, *University of Pittsburgh*

Extant real options theory, while stressing the importance of flexible investments such as sequential acquisitions, tends to neglect the costs of such flexibility. We address this issue by comparing unit deal prices (the cost of acquiring a 1% equity share in the target) among three types of acquisitions: (1) complete acquisition (no options), (2) partial acquisition (option purchase), and (3) subsequent acquisition (option exercise). Data on 35,202 U.S. acquisitions show that partial acquisition unit prices and subsequent acquisition unit prices, on average, exceed complete acquisition unit prices. Also, partial acquisition unit prices tend to exceed subsequent acquisition unit prices. These results suggest that deal pricing reflects tradeoffs with uncertainty, with option-purchase deals that preserve flexibility being systematically higher priced than option-exercise or no-option deals.

SESSION 1224

**COMPETING ON INNOVATIONS**

<b>TRACK G</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4

**Facilitator** William Newbury, *Florida International University*

**Professionalism As A Non-Market Strategy**

Susan Segal-Horn, *Open University*  
 Alison Dean, *University of Kent*

One of the longest-established forms of non-market role is that of the professional. Professionalism is neither determined by, nor is it a response to, market forces. We discuss what constitutes a profession; why historically being a professional has been a source of non-market power, providing the basis of non-market strategies; and the ways in which this professional non-market power is now under threat. A transition to the 'marketized' professional has occurred. Under current market conditions such as commoditization, globalization, client sophistication and loss of public confidence in professional ethics, the strategic value of professions and professionalism is declining. Through discussion of global law firms, this paper identifies a long-established area of non-market power which, until the professions re-assert strategic control over its management, is declining rather than strengthening.

**Structural Network Position, Multi-Market Contact, And Types of Product Innovation**

Christiane Prange, *EM Lyon*  
 Zied Guedri, *EM Lyon*

In order to be competitive, companies in the pharmaceutical industry need to focus on both incremental and radical product innovation. Drawing on arguments from the resource-based view of strategy, network and multipoint competition theory, we argue that a firm's structural network position and its level of multi-market contact have a differential impact on the respective type of product innovation output. We developed and tested our hypotheses on a sample of 68 firms operating in the U.S. pharmaceutical market between 1990 and 2005. Our findings are among the first to evidence the likelihood of different types of product innovation within an inter-firm network setting.

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## Love Thy Neighbour? Inter-Community Relationships In Chinese High Technology Industries (1988-2000)

Yan Zhang, *Rice University*

Haiyang Li, *Rice University*

Claudia Schoonhoven, *University of California-Irvine*

In this paper we take an ecology perspective to examine how inter-community relationships can affect the growth of industrial communities. Using a unique data set on the population of all national technology development zones ever founded in China, we found that regional community density, a community's geographic proximity to the nearest community, and a community's domain overlap with the nearest community all have a curvilinear effect on community growth. These results support our theoretical argument that industrial communities are embedded in their relationships with other industrial communities, which can facilitate both mutualism and competition effects.

## How Offshoring Drives Innovation: Relocation Of Non-Core And Core Activities

Anna Szczygielska, *RSM Erasmus University*

Justin Jansen, *RSM Erasmus University*

Henk W. Volberda, *RSM Erasmus University*

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

Offshoring has become an important strategy for organizations, yet research in this area is surprisingly limited. This study distinguishes between non-core and core offshoring and empirically evaluates their impact on pursuing exploitative and exploratory innovation. Our findings indicate that the type of offshoring has differing effects on a firm's innovativeness. Non-core offshoring contributes to extending and improving existing products and services (i.e. exploitative innovation). Firms relocating core activities to foreign locations, on the other hand, benefit from an increased ability to generate both exploitative as well as exploratory innovation. Finally, our study shows that a firm's absorptive capacity is of importance for organizations offshoring core activities since it strengthens the effect of core offshoring on exploratory innovation.

## Expectation Formation And Market Growth In Mobile Communication Services

Ulas Burkay, *BI Norwegian School of Management*

Øystein Fjeldstad, *BI Norwegian School of Management*

Amir Sasson, *University College Dublin*

Network services are the enablers of a flat world. We use advanced statistical models to study factors that impact growth and size of mobile communication networks in a sample of 93 countries over 24 years of time, and we relate these factors to the timing of introduction of mobile communications services into a country. We find support for the argument that broad affordability of service within a country predicts early introduction. This suggests that high network effects dominate absolute size of segments that can afford the technology. The findings have implications for the understanding of globalization of network services, for executive decision making on large cross border investments and for consultants analyzing network markets.

## Takeoff Time In Innovation Adoption: Cross-National Study Of The Effects Of Cultural And National Attributes

Tommi Haapaniemi, *Tampere University of Technology*

Saku Mäkinen, *Tampere University of Technology*

Previous studies have found that the dynamics of the national

innovation adoption is dependent on various national level attributes. However, the influence of these attributes on the dynamics of adoption is still under debate. Furthermore, the starting point of the rapid growth phase in the dynamics, takeoff point, has only recently received attention in the literature. This paper cross-nationally investigates the effects of cultural, population, and wealth attributes on the extent of takeoff time. The study focuses on data from five different innovations consisting of 214 national time series. The findings suggest that companies can expect takeoff to occur earlier in countries that are more equal, individualistic, future oriented, and wealthy. Other contributions of the study and possible avenues for further research are also discussed.

### SESSION 1126

## AN INSTITUTION-BASED VIEW OF STRATEGY

TRACK G	Date	Monday, Oct 15
	Time	17:30 - 18:45 h
Paper Session	Room	Nautilus 4

Session Chair Alvaro Cuervo-Cazurra, *University of South Carolina*

## History, Culture, And The Five Forces Model: The Impact Of Non-Market Forces In Determining Firm Strategy

Ajit Prasad, *International Management Institute*

The Porter's 5 Forces Model is an interesting way of looking at the influences of non-market forces on firm strategy. While each force is behaviorally determined and is obviously specific to the history and culture of the social fabric in which it operates, the study gives a better understanding of resulting firm strategy. Example - the bargaining power of buyers will depend also on the different types consumers segmented on the basis of religion: Nike's strategy will be different for protestant Britain as opposed to the catholic France (Weber and the 'role of the protestant ethic'). Similar analysis is done for each of the forces and the paper suggests a methodology for looking at the MNC Strategy for market entry decisions.

## Multinational Firms' Ownership Structure Choices In Politically Risky Countries

Candace Martinez, *St Louis University*

Drawing upon transaction costs and new institutional economics theories to illuminate the complex relationship between ownership structure and firm- and institutional-level attributes, I designed an original sample of 122 U.S. manufacturing firms that had 615 subsidiaries in 19 of the most politically risky countries in 2001. Received theory has observed that hybrid governance structures are the more efficient solution in transition economies characterized by institutional hazards, but a tabulation of the firms comprising the sample in this study indicates that this may not be so: 83% were wholly-owned, while 17% were joint ventures. Statistical analyses of the data reveal that firms prefer full ownership when they possess intangible resources, but they choose shared ownership arrangements when specific assets and certain institutional hazards are high.

## The Role Of Legal Institutions And Economic Competitiveness: A Global Perspective

Han-Lin Li, *National Chiao Tung University*

Yu-Chien Ko, *Chung Hua University*

Garry Bruton, *Texas Christian University*

Two significant streams of theory has obtained increasing prominence in the examination of strategy in global settings

- institutional theory and economics. How these two theoretical streams interact to impact strategy has not been well developed. This paper examines the impact of legal institutions on the economic competitiveness of nations. This research finds that whether a nation has a civil or common law foundation has a significant impact on the growth of GDP over time. The research also shows that these legal institutions have a significant impact on the inflow of investment in nations around the world over time. The implications of these findings for institutional theory, and the economics perspective in the study of strategy in a global environment are discussed.

### Intellectual Property Rights Reform, Institutions, And Patenting

Theodore Khoury, *University of Texas-Dallas*  
 Alvaro Cuervo-Cazurra, *University of South Carolina*

We analyze the impact of intellectual property rights (IPRs) on patent applications in emerging economies. We argue that strong institutions, specifically a democratic political system and a strong legal system, reinforce the impact of IPR reform on patenting. The results of the empirical analyses of patenting in Latin American reveal that the behavior of domestic and foreign inventors differs. Foreign patent applications are influenced by the duration of the IPR reform, and this influence is reinforced in more totalitarian political systems. In contrast, domestic patent applications are influenced by the strength of the legal system, but not by the duration of IPR reform. These results imply that stricter IPRs are favored by foreign inventors but not by domestic inventors.

SESSION 1063  
**ASPIRATIONS & ACTIONS**

<b>TRACK H</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2
<b>Session Chair</b>	Casper Van der Veen, <i>Strategy Academy</i>	

### Ambivalence And Action Responses To Strategic Issues

Nils Plambeck, *HEC-Paris*  
 Klaus Weber, *Northwestern University*

Grounded in the tradition of the Carnegie School perspective, we examine how top executives' ambivalence about an issue – an issue is evaluated as simultaneously positive and negative – is related to their organizations' action responses. The importance of ambivalence for action in organizations has been recently emphasized. A systematic empirical study of the consequences of ambivalence for action in organizations has been lacking however, as has been a thorough grounding of these relationships in a systematic framework of organizational action. Our study fills both gaps. Data come from two surveys of 104 German CEOs who first reported their evaluation of the enlargement of the European Union in 2004 and then reported the actions that their firms initiated in response to this issue in 2005.

### Cognitive Diversity Among Corporate Managers: Organizational Positions As Surrogates For Corporate Level Strategy Beliefs

Casper Van der Veen, *Strategy Academy*

Various strategic management research efforts have tested Hambrick and Mason's (1984) thesis that individual characteristics could be surrogates for managerial beliefs. However, beliefs on

corporate-level strategy have not been researched comprehensively, whereas various individual characteristics remain underexposed as explanatory variables. This paper hypothesizes that when dealing with corporate strategy, especially positional characteristics (hierarchical, functional, regional or governance positions) influence managerial beliefs, vis-à-vis demographic characteristics (age, nationality) and experience characteristics (work, functional or organizational experience). This PhD research is conducted among 400 executives in six multinational corporations. Preliminary results show highly significant relationships, suggesting that it is important to take differences in belief systems across positions of managers into account when formulating and implementing corporate-level strategy.

### Need-Based Incentives As Levers To Culture Change And Knowledge Sharing

Manuela Batul Giangrande, *INSEAD*

Culture matters for organizations and their performance (Barney, 1986; Schein, 1999). Just as organization structure and design may be viewed as the skeleton and muscles of the organization, corporate culture can be interpreted as the organization's soul or spirit - the operating system. Consequently, 'developing', transforming, and nurturing the right culture is important for all organizational processes. The literature related to change in corporate culture has thus far ignored largely the importance of employee needs as levers for change. We argue that managers can facilitate culture change, i.e. promote a knowledge sharing and creating culture, by addressing and satisfying employee needs through emotion regulation actions of others (and self). We posit that human needs, in the large sense of the term, are motors of behaviour and thus can be leveraged to favour practices and initiatives that enhance communication and knowledge sharing and integration between management and employees as well as between departments. Examples of human needs that have emerged during our three-year inductive study in the context of organizational change are: emotional and temporal needs.

### Comparing Models Of Social And Self Referent Aspirations

Philip Bromiley, *University of California-Irvine*  
 Mark Washburn, *University of California, Irvine*

Aspiration theory continues to rely on the additive model proposed by Cyert and March (1963) in which aspiration levels, performance, and social comparisons are combined to create a future aspiration. More recently Bromiley (1991) and others proposed an alternative model that allows for switching of attention between aspirations and social comparisons depending on their attainment. We compare these models empirically using data from budget targets of a large international auto manufacturer. We find strong results indicating that the influences of prior aspirations do not vary relative to industry.

SESSION 1095  
**ASSESSING AND CREATING KNOWLEDGE**

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b
<b>Facilitator</b>	Siegfried Gudergan, <i>University of Technology Sidney</i>	

### Gestalt Logic: Empowering Schematic Diversity In The Context Of Systems Innovation

Willow Sheremata, *York University*

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Although systems innovation can create substantial value for firms and social welfare, integrating technological diversity is difficult. Rather than the dominant logic of a core business, general management requires simultaneously dominant yet diverse logics – an unstable configuration of schemata that we call ‘gestalt logic’ (Pralhad & Bettis, 1986). We search for the crux of tension between schematic diversity and distributed influence, by modeling schematic diversity as a ‘centrifugal’ force that enables sensing and knowledge-generation, and the distribution of high levels of influence as an integrative ‘centripetal’ force (Sheremata, 2000). We conclude that the distribution of influence is an effective integration mechanism in a context of task and goal interdependence. Systems innovation requires requisite dependence as well as requisite variety (Ashby, 1956).

### Connecting The Dots: Uncovering The Process Of Scouting For External Technologies

Felipe Monteiro, *London Business School*

This paper aims at contributing to the existing literature on knowledge and innovation management by providing a detailed account of the process through which large firms systematically search for new technologies across geographic and organizational boundaries. Our data collection effort has extended over the period of two years; involved more than 50 semi-structured interviews with managers in three continents; numerous field observations and the use of both internal and publicly available archival data. Our findings seem to indicate that this process of search for knowledge across firm and geographic boundaries is filled with many nuances that a simple search-transfer model is not able to capture. Our data shows that this technology scouting process is comprised of six phases (internal scouting, external scouting, assessment, translation, transfer and follow-up). Our findings also indicate that external technologies may be internalized not because they are new to a focal firm but because they come with the market provenness that a technology developed internally does not have. Finally, and most interestingly, we found out that even when the external knowledge is related to the firm’s knowledge base, it may be not internalized if it is ‘dissonant knowledge’, i.e. if it challenges the firm’s dominant logic. Those results seem to indicate that even when a firm decides to deliberately scout the world for emerging technologies, it does not necessarily mean that it is managing to access and integrate diverse knowledge but it may be simply importing more of what they already have.

### Prune To Grow: The Role Of Abandonment In Technological Resource Creation

Sali Li, *University of Utah*

Anu Phene, *University of Utah*

Nile Hatch, *Brigham Young University*

The paper examines the role of resource abandonment in the renewal of a firm’s resource portfolio. Building on recent advances in the dynamic RBV (Helfat & Peteraf, 2003), we argue that resource abandonment is an important, yet largely neglected mechanism, stimulating a firm to break with their prior technological paths and facilitating the creation of new technological resources. We propose that the size of technological resource abandonment will have an inverted U impact on the subsequent innovation output. The impact will be greater when the abandoned technological resources are more recently developed. Moreover, we suggest that abandonment is more likely to stimulate the resource creation in a relevant technology field. We plan to use patent data to test the above arguments.

### Joint Generation Of Knowledge In Alliances

Ricarda Bouncken, *University of Greifswald*

Thorsten Teichert, *University of Hamburg*

Michael Koch, *University of Hamburg*

This study opens a new discussion in alliance research by exploring the joint generation of new knowledge. Insights are derived from an empirical study of 196 alliances. A model is generated and tested that separates two different modes of relational learning in alliances: the transfer and the generation of knowledge. By researching the antecedents and outcomes of the two learning types, we reveal significant differences in its causes as well as effects. Specifically, the requirements for learning differ largely and call for alternative project management tools. Findings contribute to the effective management of alliances and indicate further research potential in socio-cognitive learning processes.

### Falling Awake: The Complexities Of The ‘Failure Trap’

Andrew Hess, *Georgia Institute of Technology*

Sam Ransbotham, *Georgia Institute of Technology*

Frank Rothaermel, *Georgia Institute of Technology*

In this paper we examine the existence of the ‘failure trap’ explicated by Levinthal and March (1993) by investigating the relative importance of intra- and inter-organizational learning. To empirically test the relationship between these two constructs we utilize project-level from 1,251 failure events from 33,905 projects in the pharmaceutical industry. Though this approach, we are able to endogenize key characteristics of the failure event, such as value, rarity, and novelty, which previous studies have treated as exogenous. An additional contribution of our research is the empirical investigation of organizational learning through two separate methodological approaches. Such an approach also allows us to reduce biases from unobserved heterogeneity often associated with rare event studies. To foreshadow our results, we find empirical evidence for the existence of a failure trap, and thus support for the idea that firms are more likely to learn from the mistakes of their competitors than they are from their own prior failings.

### Reinforcement Learning: Integrating Prior Mental Models, Limited Feedback, And Cognitive Biases Into Organizational Learning

Richard Bettis, *University of North Carolina*

Daniela Blettner, *University of North Carolina*

Organizational learning is a well recognized mechanism for firms to adapt to changing conditions in the environment. In dynamic and changing environments, firms are likely to learn by trial and error. A particular mode of trial and error learning is reinforcement learning. In uncertain and ambiguous environments, firms are likely to be subject to prior mental models, limited feedback, and cognitive biases. In sum, reinforcement learning opens up the opportunity to represent these limitations in the learning process. Therefore, we develop a model based on reinforcement learning, which can be applied to the context of specific strategic challenges such as acquisitions, new product development and the dilemma of exploration and exploitation.

SESSION 1099

**STRATEGIC MANAGEMENT OF KNOWLEDGE NETWORKS**

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	Randi Lunnan, <i>BI Norwegian School of Management</i>	

**The Influence Of Culture On The Entry Mode Of Multinational Enterprises And Network Mobility**

Kang-Ning Xia, *National Chengchi University*

This study adapts the culture model proposed by Hall to consider the dyad relation between the home country and the host country, and to discuss how entry modes and network mobility of multinational enterprises (MNE) will differ when MNEs in high and low context culture are placed in host countries of varying degree of cultural contexts. This study suggests that when a MNE from a high context culture enters a host country with low context culture, the tendency is to employ a high stock structure option as its entry mode (FDI) and to bring its home network links into the host country. There are still other three possible entry situations (high to high, low to high, low to low) discussed in this study.

**Executive Knowledge Schemes: The Fundamental Drivers Of Managerial Scanning**

Rajiv Nag, *University of Arkansas*

Studies of managerial scanning enjoy a rich tradition. Little work, however, has been done to understand the elemental drivers of scanning behaviors. In this paper, I present a mixed-methods study in a single, mature industry. I find that senior executives working in largely similar objective environments show marked differences in their beliefs about knowledge as a strategic resource. These beliefs in turn influence the nature and extent of scanning that a focal executive engages in.

**The Effect Of Top Management Team Networks On The Innovativeness Of Large And Small Organizations**

Scott Newbert, *Villanova University*  
 Kevin Clark, *Villanova University*  
 Patrick Maggitti, *Temple University*

The ability to bring new knowledge resources into the firm is an important factor in innovation output. The position of the Top Management Team (TMT) provides a key boundary spanning mechanism for the firm. In this study we test for and find a relationship between TMT network characteristics and the rate of new product and service introduction in a sample of 70 technology firms. We also test for differences in the effectiveness of TMT networks for innovation in small versus large firms. We find that a liability of smallness exists such that small firms have difficulty developing extracting value from executive networks. We develop theory as to why this liability of smallness exists and provide advice to managers for how to overcome these network disadvantages.

**Leverage Your Network To Innovate: The Effects Of Inter-Firm Network Orientations On Technological Breakthrough Innovations**

Devi Gnyawali, *Virginia Tech*  
 Manish Srivastava, *Virginia Tech*

We develop a contingent view of network effects on technological innovation and argue that firms' orientations toward their

network differentially influence their ability to benefit from the network in generating breakthrough innovations. We propose that firms using their networks primarily for resource acquisition will mostly generate incremental innovations, whereas those using networks for resource co-development will generate more breakthrough innovations. However, resource acquisition orientation in the presence of high absorptive capacity will contribute to breakthrough innovations, and resource rich firms with co-development focus will intensify the likelihood of breakthrough innovations. In absence of deliberate attempts to maintain network vitality, a firm's network could become a liability over time and hurt innovation. We plan to test our hypothesis in a longitudinal study of global semiconductor industry.

**Collaborative Networks And Inventors' Productivity: A Study On The Micro-Foundations Of Firm Innovative Capabilities**

Gino Cattani, *New York University*  
 Simone Ferriani, *University of Bologna*

This study delves into the micro-foundations of firm level innovative capabilities and their relation to performance by focusing on the influence of inventor level characteristics. Building on social network theory, we examine how inventors' structural position (i.e., their centrality) and relational behavior (i.e., propensity to engage in repeated interaction) within the intra-organizational network shape the time required to generate new technologies and the quality of these technologies. We trace all patented technologies at Corning over the period 1950-1998. The results show how inventors' degree of centrality reduces the time elapsing between an inventor's two subsequent patents, but has no impact on patent quality. The propensity to repeat a tie with the same collaborators, on the contrary, has a curvilinear relationship with both outcome measures.

**Determinants Of Success In R&D Alliances**

Jeff Dyer, *Brigham Young University*

This study examines determinants of innovative success in R&D alliances, focusing on the relative importance of initial conditions versus execution factors. We examine success, measured through perceptual measures, patents, and commercialization success, in a sample of 397 firms involved in 142 R&D alliances. Our results show that alliance execution factors are better predictors of success than alliance formation factors. Firms achieve better performance outcomes when they engage in more frequent communication with alliance partners and devote more technical personnel to the project to acquire and develop new knowledge. We did find that alliances with more participants, those with competitors, and, surprisingly, those where the firms had prior alliance experience together had lower performance outcomes. However, generally speaking, the initial conditions, including stock of R&D resources of partners, geographic proximity of partners, and the alliance experience of partners, did not influence R&D alliance performance outcomes.

MONDAY 17:30 - 18:45

SESSION 1092

**DEVELOPMENT OF DYNAMIC CAPABILITIES**

<b>TRACK I</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	Laura Costanzo, University of Surrey	

**Unbundling Path Creation For A Better Understanding Of Dynamic Capabilities**Krsto Pandza, *University of Leeds*

The concept of dynamic capabilities is predominantly associated with experiential adaptation to exogenous change and the sustainability of path-dependent knowledge histories. From this perspective the dynamic capability concept falls short of providing convincing explanations for the generation of novel knowledge and innovation, and remains inconclusive on the role of managerial agency in such evolutionary phenomena. The concept of path creation promises a fruitful avenue for investigating the role of managerial agency in generating and shaping new knowledge progressions. This paper reports an in-depth and ongoing case study of an EU-based subsidiary of a leading semiconductor corporation that generated new organizational capabilities in conducting exploratory research in the area of emergent nanotechnologies in order to illustrate creative managerial behaviour in path creation processes.

**Variation Reduction And Dynamic Capabilities: Friends Or Foes?**Bradley Staats, *Harvard University*

A firm's approach to problem solving impacts its strategy, innovation capabilities and learning. In the extant literature, which focuses on the divide between exploring new opportunities versus exploiting existing ones, a paradox has arisen. Benner and Tushman (2002; 2003) argue that processes which reduce variation inhibit an organization's ability to respond to environmental change, while Winter and his co-authors suggest the opposite (Winter and Szulanski 2001; Zollo and Winter 2002). We propose that the answer to this paradox is the contingent nature of variance reducing behaviors. Variance reduction focused solely on reducing risk can lead to incremental innovation and compromise an organization's long-term survival. Alternatively, given the noise and complexity in social systems, variance reduction to understand causal relationships may build capabilities and assist in adaptation.

**The Role of Knowledge Structures in Capability Emergence, Traps, and Transformations in New Technology Spinoffs**Michael Ciuchta, *University of Wisconsin-Madison*

Capabilities research increasingly focuses on the emergence of capabilities in particular contexts. Using a unique data set of technology based spinoffs from a large research university, I attempt to empirically test the role of a specific capability on organization survival and performance. Importantly, by allowing for the moderating effect of organization knowledge structures, I explicate how this capability can transform into a more general capability within some organizations and not in others. Because the capability under study pertains to winning awards from the SBA's Small Business Innovation Research (SBIR) program, implications for that program are also drawn.

**★ Dynamic Capabilities And The Ambidextrous Organization: Empirical Results From Research-Intensive Firms**Wolfgang H Guettel, *Vienna University of Economics and Business Administration*Stefan Konlechner, *Vienna University of Economics and Business Administration*

The dynamic capabilities approach focuses on a firm's ability to develop its resource base in order to meet environmental expectations and is therefore closely interrelated to issues of balancing exploration and exploitation in organizational learning. Scholars argue that organizations can combine both learning modes by adapting ambidextrous organizational designs. Yet, ambidextrous organizations are faced with perpetual tensions due to strategic contradictions. This paper investigates dynamic capabilities in ambidextrous organizations that enable these organizations to cope with contradictory environmental demands and to preserve their ability to reconcile exploration and exploitation simultaneously. We use empirical data from research-intensive organizations to show which mechanisms organizations develop in order to enable ambidextrous learning and we discuss the role of high-order dynamic capabilities to balance these conflicting learning directions.

SESSION 1166

**SOURCES OF ENTREPRENEURIAL KNOWLEDGE**

<b>TRACK K</b>	<b>Date</b>	Monday, Oct 15
	<b>Time</b>	17:30 - 18:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>		

**E2Ps: Entrepreneurs Transition To Philanthropists**Marilyn Taylor, *University of Missouri-Kansas City*Theresa Coates, *Clarkson University*Robert Strom, *Kauffman Foundation*

Entrepreneurs make significant contributions to our society. These contributions are highly visible through the companies they initiate and run, but they also contribute more than half the philanthropic giving in the world. Very little has been done to examine this behavior. One of the major questions this research addresses is how do entrepreneurs' experiences as entrepreneurs influence their philanthropic experiences? Using grounded theory the research examines two entrepreneurs turned philanthropists (E2Ps), Mr. Ewing and Mr. Marino. Then an exploration of E2P experiences of 51 entrepreneurs through a content analysis is undertaken. Results suggest that younger E2Ps have different transitions than older E2Ps.

**Predicting New Firm Performance: A Novel Approach To Absorptive Capacity Measurement**Erik Wetter, *Stockholm School of Economics*Frédéric Delmar, *EM Lyon*

Absorptive Capacity (ACAP) is the capability of a firm to discover and assimilate technological knowledge, and thereby to commercially exploit advances in technological fields. It has been shown to be a valid predictor of firm performance in technological industries. An established measure for ACAP is the proportion of R&D-staff. This measure is problematic when examining the performance of new firms, as these firms rarely have dedicated R&D departments or staff. We propose the proportion of employees with higher technology or science education as an alternative measure for ACAP. Applying this measure on the full population of Swedish start-up firms in

technological fields 1995-2002 we find that Absorptive Capacity is a relevant construct when predicting survival and multiple aspects of new firm performance.

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## **Theory As A Source Of Entrepreneurial Learning**

Teppo Felin, *Brigham Young University*

Todd Zenger, *Washington University-St Louis*

How do entrepreneurs and new organizations learn without experience, doing, past history, or, relevant peers? We develop theoretical arguments, building on developmental psychology and philosophy, highlighting the role of theorizing, and the imagination of possibilities, as a source of a priori (before experience and doing) learning in entrepreneurship. Furthermore, theorizing possibilities is not an individual-level activity alone and thus we develop a social theory of entrepreneuring, specifically highlighting the role of social interaction and self-selection in entrepreneurial organizing and learning.

SESSION 1804

**STRATEGIC MANAGEMENT & THE B-SCHOOL CURRICULUM: A PANEL OF DEANS**

<b>PLENARY</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	09:00 - 10:00 h
<b>Plenary Panel</b>	<b>Room</b>	Grande Ballroom

**Moderator**

Idie Kesner, Indiana University

**Penalists**Dennis Draper, *Loyola Marymount University*Bill Glick, *Rice University*Steve Mangum, *The Ohio State University*Howard Thomas, *Warwick Business School*

How has the role of the strategic management/business policy course changed over time in the business school curriculum? Where does the strategic management course fit into the business school curriculum of the future? Is the strategic management course best positioned as a beginning course that sets the stage for the business education? Or, should it be an ending course that allows students to reflect on the integration of what they've learned? For schools that want to grow beyond their core or required strategic management courses, what should be included in a broad based strategic management curriculum? Does the strategy course have a role to play in fulfilling the AACSB standard requiring each degree program to provide direct measures to assess student learning. What kinds of competencies should the strategic management course focus on to aid in achieving programmatic learning goals? These and other questions will be addressed by our prestigious panel of Business School Deans. The session will also include a Q&A portion to allow attendees to ask their own questions concerning the strategic management course and curriculum.



**Dennis W. Draper**, an experienced scholar and business administrator, recently joined Loyola Marymount University as dean of College of Business Administration. Draper has held senior academic positions for more than 20 years, including director of the Center for Investment Studies and associate professor of finance at the Marshall School of Business, University of Southern California. He previously served as vice dean of the graduate programs at USC. Draper earned a bachelor's degree in industrial engineering/operations research from Northwestern University, a master's degree in engineering economic systems from Stanford University and a doctorate in business from Stanford University.



**William H. Glick, Ph.D.**, is dean and H. Joe Nelson III Professor of Management at the Jesse H. Jones Graduate School of Management, Rice University in Houston, Texas. Prior to joining the Jones School, Bill Glick was the chair of the department of management and a Dean's Council of 100 Distinguished Scholars at the W. P. Carey School of Business at Arizona State University, Tempe. He was a visiting professor at INSEAD in 2002. Before joining the ASU faculty in 1995, he was the director of the Business Honors Program at the University of Texas at Austin and taught there from 1981 to 1995. Bill Glick earned his Ph.D. from the University of California at Berkeley in 1981.



**Stephen L. Mangum** is Acting Dean and Senior Associate Dean for Academic Programs and Professor of Management and Human Resources, Max. M. Fisher College of Business, The Ohio State University. His educational training includes an undergraduate degree in economics and a master's degree in human resource management from the University of Utah. He received his Ph.D. in economics from George Washington University. His involvement in international human resource development includes activities in Mauritania, Oman, Northern Ireland, India, the United Arab Emirates and Vietnam.



**Howard Thomas** joined Warwick Business School as Dean in 2000. He is Chair of the Global Foundation for Management Education, and former Chair of the board of the Graduate Management Admissions Council. He is a past President of the SMS, and was elected as an Inaugural Fellow. He is Vice-President of the European Foundation for Management Development and the Association of Business Schools. He is a Fellow of the Academy of Management in the USA and the British Academy of Management, where he has also been elected onto its Council. Before arriving at WBS, he was Dean of the College of Commerce and Business Administration at the University of Illinois at Urbana-Champaign for nine years.

10:00 - 10:30

**COFFEE BREAK**

TUESDAY PLENARY

SESSION 1236

**INTERSECTION BETWEEN STRATEGY AND ENTREPRENEURSHIP**

<b>TRACK D</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 5

**Moderator**

Naga Lakshmi Damaraju, *Ohio State University*

**Panelists**

Jay Barney, *Ohio State University*

Sharon Alvarez, *Ohio State University*

Gregory Dess, *University of Texas-Dallas*

Harry Sapienza, *University of Minnesota*

Duane Ireland, *Texas A&M University*

Strategy and entrepreneurship are independent constructs. Both these fields are internally consistent and have largely developed independent of each other. Exploiting an entrepreneurial opportunity is often necessary to sustain a competitive advantage. The integration of strategy and entrepreneurship can create value for customer and help firms gain sustained competitive advantages. The purpose of this symposium, particularly in view of the launch of the Strategic Entrepreneurial Journal, is to hear from expert panelists about what they think are the crucial questions about the relationship, or lack thereof, between the two fields that would inform further intellectual inquiry.

SESSION 1807

**NON-MARKET FORCES AND THE NEED FOR STRATEGIC AGILITY**

<b>TRACK D</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Panel Session</b>	<b>Room</b>	Seabreeze

**Moderators:** Yves Doz, *INSEAD*  
Mikko Kosonen, *Sitra - the Finnish Innovation Fund*

**Strategic Renewal: Rebuilding Strategic Agility**

Companies become victim of their own success: successful strategies turn into rigid recipes which keep repeating themselves, providing for momentum. When conditions change, momentum turns to inertia, and success to failure. Based on their research on strategic agility, Yves Doz and Mikko Kosonen analyze the paths followed by companies victim of momentum or inertia and trying not only to change course, but also to gain strategic agility. Based on a comparative analysis of Hewlett Packard, IBM, Nokia and SAP, they will propose preliminary findings on the process of regaining strategic agility and engage in a dialogue with the session participants.

SESSION 1249

**DISCUSSIONS ABOUT THEORIES OF THE FIRM**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Marina 1

**Facilitator** Joseph Mahoney, *University of Illinois - Urbana Champaign*

**Modeling Social Capital: Choosing The Right Network Strategy To Manage Exploration Successfully**

Annette Biedermann, *Free University-Berlin*

Rudi K F Bresser, *Free University-Berlin*

Reynaldo Valle Thiele, *Free University-Berlin*

Christian Powalla, *Free University-Berlin*

We develop a social capital model that explains how networks of interorganizational relationships can be structured to manage exploration processes directed at gaining competitive advantage in different environmental contexts. We argue that a network structure of low density and high strength of relationships is beneficial if the main goal of the network is to actively configure the environment, e.g. under conditions of high environmental complexity. In contrast, a network structure of high density and low strength of relationships is advantageous if the adaptation to changing environmental conditions is the main concern of the embedded organizations, e. g., in contexts characterized by high environmental variability.

**Managing For Enduring Success: A Historic View Of Dynamic Capabilities In Large European Firms**

Christian Stadler, *University of Innsbruck*

This article addresses a fundamental question in strategic management: how can companies survive and perform over extended periods of times. Using detailed archival and interview data I studied 18 large and established European firms for a period of 50 years. Nine of these firms display superior performance while the comparison group performed only slightly better than the market. By linking my findings with the Dynamic Capability View and literature on transformational leadership I extended the concept of dynamic managerial capabilities. I show that charismatic leadership cannot explain superior performance. An alternative notion of culturally sensitive management is proposed to explain the exercise of dynamic capability.

**Strategy Evolving: Evolutionary Dynamics Of The Dominant Paradigms In Strategic Management**

Giovanni Battista Dagnino, *University of Catania*

This paper aims to identify the dominant paradigms in strategic management and to present an elucidation of their evolutionary history intended as a history of incomplete dominances. The crux of the argument is that, since its founding in the sixties, strategic management has developed and affirmed around one or more relevant paradigms, which have been the lighthouse illuminating the work of all researchers and students in the field. On the basis of an evolutionary elucidation, we take into account four core paradigms of strategy: (a) the Structure-Behavior-Performance (SCP) paradigm; (b) the Resources-Competences-Performance (RCP) paradigm; (c) the Knowledge-Capabilities-Performance (KCP) paradigm; and, (d) the evolutionary (EP) paradigm. We investigate in brief evolutionary paths, logical structure, causal relationships and main limitations of each paradigm.

**Integrating The Factor Market And Sustainability Streams Of The Resource-Based View**

Katja Nothnagel, *Free University-Berlin*

Michael Leiblein, *Ohio State University*

Thomas Mellewig, *Free University-Berlin*

This paper provides an integration of the factor market and sustainability streams of the RBV literature. This integration will help address concerns regarding the RBV literature in at least three basic

TUESDAY 10:30 - 11:45

ways. First, this integration will provide a categorization of core concepts – resource characteristics, factor market conditions, and performance outcomes – that promise to facilitate future construct development. Second, the integration will address concerns regarding a direct link between resources with ‘valuable’ attributes and performance. Finally, this integration will result in the derivation of six central propositions that will facilitate the comparison of empirical findings in 191 existing studies, the identification of methodological problems in these studies, and the development and evaluation of alternative methods of testing resource based work.

### Successful Leaps To New Markets: The Relative Importance Of History, Learning, And Dynamic Capabilities

David Bryce, *Brigham Young University*

Jeff Dyer, *Brigham Young University*

Nathan Furr, *Stanford University*

When firms undertake a novel and fundamental strategic change they have, by definition, little specific experience to guide them to success, and theory predicts negative consequences. Under these conditions, firms have only two primary sources to which they can look to overcome change constraints – (1) generalizable past experience, or (2) vicarious learning through observation of others undertaking similar changes. The paper shows that in a sample of firms changing their primary industry at the one-digit SIC code level, constraints to change are significant in portending lower performance, but that even general sources of experience and learning are sufficient to overcome those constraints in a wide number of cases.

### Enhancing Board's Strategic Involvement: Strategic Feedback Gaps Learning To Affect Absorptive Capacity And Strategic Choices

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

Avi Fiegenbaum, *Technion-Israel Institute of Technology*

Henrich Greve, *BI Norwegian School of Management*

The study proposes a theoretical framework challenging the “rubber stamp” view of the board of directors; the board inability to affect organization's strategy and its associated performance. The central argument is that boards have to enhance their strategic involvement mainly by enhancing their absorptive capacity; their ability to acquire external and competitive knowledge, assimilate and exploit it towards commercial ends. We develop two propositions; first, that boards should direct their knowledge absorptive capacity by feedback learning about the organization's undesirable strategic gaps. Second, the enhancement of board's absorptive capacity enhances the impact of strategic feedback gaps learning on strategic choices. A sample of 200 high tech global companies, representing different industries, is collected and will be used later on to examine the new propositions.

SESSION 1118

### CONDITIONS AND CONSEQUENCES OF MULTIMARKET CONTACT

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1
<b>Session Chair</b>	Michel Ghertman, <i>University of Nice</i>	

### Competitive Acumen: First-And Second-Order Market Contact Interpretations

Wenpin Tsai, *Penn State University*

Kuo-Hsien Su, *National Taiwan University*

Ming-Jer Chen, *University of Virginia*

This research proposes the construct of competitive acumen, defined as the extent which a focal firm can accurately assess who the primary competitors of a given rival are. We argue that the degree of such accuracy is a result of market cues embedded in direct and indirect market relationships between firms. We highlight the significance of competitive acumen by revealing its impact on the change of market leadership. In particular, we investigate how a firm's competitive acumen for a given rival increases the likelihood of dethroning the rival from its leader position in a market. Using both objective indicators and perceptual measures in analyzing competitive acumen, this research advances our knowledge of competitor analysis and contributes to the literature on interfirm rivalry.

### Multimarket Contact And On-Time Performance In The United States Airline Industry

Jeffrey T Prince, *Cornell University*

Daniel H Simon, *Cornell University*

We examine the impact of multimarket contact on on-time performance in the airline industry. Using flight-level data for more than 3.5 million flights, we find that increases in multimarket contact lead to increases in delays, and this result is robust to several delay measures and the inclusion of carrier-route, as well as month, fixed effects. We further determine that the effect is primarily in the form of departure delays, and not due to changes in scheduled flight times or time spent in the air. These findings provide support for the mutual forbearance hypothesis, and suggest that multimarket contact facilitates tacit collusion not only on price – but also on quality.

### Multipoint Competition And Forbearance In The European Airline Industry: Empirical Results Of A Model Based On The Resource-Based View And The New Institutional Economics

Mouyrin Renaud, *IAE Aix en Provence - France*

Michel Ghertman, *University of Nice*

Williamson 1999's call for a deeper combination of competence and governance paradigms in strategic management research finds an echo in multipoint competition analysis. An analytic literature review of both theoretical and empirical research on multipoint competition highlights the difficulties of finding a precise definition of the concept of spheres of influence. Applied to the European Airline Industry, this paper aims to improve the conceptualization of spheres of influence and empirically tests (2002-2006) the Mutual Forbearance Hypothesis (Edwards, 1955) in the European Airlines Industry as Gimeno (1999) did in the US airlines one. The authors use a model based on a combination of the Resource Based View (RBV) and the New Institutional Economics (NIE). The panel data includes approximately 20,000 observations on 150 airlines operating on 1800 European city pair markets followed on 10 periods (2002-2006).

### To Forbear Or Not to Forbear? The Effects Of Performance And Resource Endowment On Multimarket Competition

Ana Elisa Iglesias, *Georgia State University*

William Bogner, *Georgia State University*

This study examines boundary conditions of the mutual forbearance hypothesis, which predicts an inverted-U-shaped relationship

between multimarket contact and market entry. Drawing on recent developments of the behavioral theory of the firm, we develop a model which explains how firm performance and resource endowment shapes this relationship. We posit that high-performing firms will closely respect existing tacit competitive arrangements, but that low performing firms will compete according to their stock of resources: resource-rich firms will take longer to achieve the point where the deterrence effect begins to operate, and resource-poor firms will start to forbear sooner. Hypotheses and methodology for empirical analysis are set out.

SESSION 1121

**INTERDEPENDENT DECISIONS: GAME THEORY AND SIMULATION APPROACHES**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 3

**Session Chair** Sergio Luis Ibarra, *University of Autónoma-Queretaro*

**Analyzing Strategic Coevolution Using Interdependent Performance Landscapes**

Adrian Caldart, *University of Warwick*  
 Fernando Oliveira, *University of Warwick*

The use of agent-based computational models has become increasingly relevant among strategy researchers working under the paradigm of evolutionary economics. In particular, Kauffman's NKC model offers the potential to develop simulations of the interaction of strategic decisions within a network of interdependent firms in a formal way. In this paper we analyze the NKC model and introduce a procedure to deal effectively with its main challenge: dealing the enormous computational complexity associated to working with multiple linked performance landscapes. We develop simulations based on the model to analyze whether and how Nash equilibrium can be achieved by networks of interdependent firms and we analyze the conditions under which cyclic behavior emerges. Finally, we discuss potential applications of the model in the field of strategy.

**Should Firms Follow Market Sentiments In Launching New Technologies? A Simulation Study**

Michele Simoni, *Parthenope University of Naples*  
 Gianluca Vagnani, *Sapienza, University of Rome*

This study attempts to explore how firms productive opportunity and performance evolves differently under different assumptions of firms' motivation and propensity to explore new technology, given the characteristics of the demand. On the one side, exploiting existing competencies may provide short-term success, but competence exploitation can become a hindrance to the firm's long-term viability. On the other side, deploying resource combinations as to an extrinsic motivation inherently mitigate the risk of failure, but deploying resource combination as to intrinsic motivation may dramatically enlarge the set of all possible deployments that are within someone's ability and means to execute. A computational model using agent-based simulation techniques is proposed. The results of the computational model suggest that the degree of heterogeneity of the market strongly affects the performances achievable through different strategic approaches.

**Strategic Positioning And Risk-Return Behavior In Kauffman's Landscapes**

Herbert Kimura, *Mackenzie Presbyterian University*  
 Leonardo Basso, *Mackenzie Presbyterian University*  
 Eduardo Kayo, *Mackenzie Presbyterian University*  
 Alberto Suen, *PRMIA*

Based on an adaptation, for the business field, of the concept of rugged landscapes of Kauffman's NK model from the evolutionary biology, this paper discusses the search for strategic positioning that leads to higher levels of adaptation into the competitive environment. Through mathematical modeling and implementation of a computational algorithm, the behavior of an industry is simulated. The results suggest that, in simpler models, in which risk is not relevant to evaluate strategic alternatives, companies tend to concentrate in some few types of competitive strategies, reflected in specific combinations of attributes or characteristics. However, the introduction of behavior under risky situations induces an industry with larger strategic diversity, suggesting, for example, organizational inertia or other conflicts of interest that prevent the achievement of local maxima.

SESSION 1122

**ACTION LEADS TO REACTION: STRATEGIC ACTION AND RIVAL REACTION**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2

**Session Chair** TBD

**Strategic Action Portfolios And Performance In The United States Telecom Industry (1984-2004)**

Jay Lee, *California State University Sacramento*

I investigate how firm corporate strategy portfolios, defined as bundles of four key corporate strategy actions, relate to deregulatory and technological changes and to performance. I hypothesize that frequency and variety of firms' strategic action portfolios increase when environmental changes take place in the marketplace. I also hypothesize that the nature of firm's strategic action portfolios will be different depending on whether the changes were deregulatory or technological. After establishing the relationship between environmental changes and firms' strategic action portfolios, this study measures how firms' strategic action portfolios influence performance. All else being equal, firms with higher levels of frequency and variety on strategic action portfolios are hypothesized to perform better.

**Resource Profile Complexity, Perceived Uncertainty, And Interfirm Rivalry**

Hun Lee, *George Mason University*  
 Masoud Yasai-Ardekani, *George Mason University*

In this paper, we introduce the role of perceptions in predicting interfirm rivalry. We suggest that the complexity of a focal firm's resource profile influences the extent of a rival's perceived uncertainty about the focal firm's resources and capabilities. We further suggest that the extent of perceived uncertainty about the focal firm's resources and capabilities affect the likelihood of attack and imitative response by a rival firm.

TUESDAY 10:30 - 11:45



## The Structure Of Interfirm Rivalry Network: Linking Micro Competitive Behaviour And Macro Market Phenomena

Kai-Yu Hsieh, *London Business School*

A key question in strategy research is how to relate micro competitive behaviour to macro market phenomena. This paper proposes that analyzing market environment as a network of interfirm rivalry ties provides a micro-macro bridge. Firms' structural positions in an interfirm rivalry network affect their behavioural autonomy in relation to their market rivals, and therefore affect the way they interact with their market rivals. Network of rivalry ties translates small-scale interaction into macro market phenomena, which, in turn, feedback into micro competitive behaviour. The argument is illustrated by showing how imitation among market rivals results in market-wide diffusion of an organisation strategy.

## Prior Experience As A Moderator Of Rival Actions: Firm Learning In Dynamic Competition

David Major, *University of Maryland*

With the rivalry model from competitive dynamics research, I explore the moderating impact of a firm's prior experiences (both market and non-market). Experience is subdivided into the firm's own and others' experiences (vicarious experience). To these two, I introduce a third type, attended experience, as a special case of vicarious experience – a firm's experience with rivals to whom it particularly attends and responds. I then investigate moderating effects of each of the three types on the destructive impact of rival actions. The empirical setting is the United States automotive industry, where archival data is content-coded to capture firm actions and responses. Ultimately, final results of the analysis should reveal performance differences by experience type. Attended experience may also yield the most durable of moderating effects.

SESSION 1268

## NON-MARKET FORCES INFLUENCING CORPORATE LEVEL STRATEGY

TRACK F	Date	Tuesday, Oct 16
	Time	10:30 - 11:45 h
Common Ground Session	Room	Executive Center 3b
Facilitator	Gautam Ahuja, <i>University of Michigan</i>	

## Measuring Venture Capital Effects: Which Factors Contribute To Start-Up Firms' Performance Variance?

Markus Fitza, *University of Colorado-Boulder*  
 Sharon Matusik, *University of Colorado-Boulder*  
 Elaine Mosakowski, *University of Colorado-Boulder*

In this study we apply approaches from the corporate effects literature - which analyzes the determinants of business units' performance - to start-up firms. To do so we draw an analogy between the relationship between the venture capital firm and its portfolio companies to the parent corporation and its business units. Preliminary results suggest that portfolio company specific effects, VC effects, and year effects account for significant amounts of variance in performance (28%, 9%, and 5%, respectively). Effects for industry and investment round are not significant. Although start-ups operate in environments different from those of business units of corporations, our results indicate the sizes of the effects influencing their performance are similar in many regards.

## The Effect Of Growth Type, Intangible Assets, And Previous Experience On The Growth Method Choice

Marta Ortiz-de-Urbina-Criado, *University of Rey Juan Carlos*  
 Luis Angel Guerras-Martin, *University of Rey Juan Carlos*  
 Angeles Montoro-Sánchez, *University of Complutense-Madrid*

This paper investigates how growth type, intangible assets and previous experience determine the choice among internal growth, mergers/acquisitions and cooperative agreements as growth methods. The data set covers 1604 deals announced by 235 European Union firms between 2000 to 2004. We find a direct effect of intangible assets and undiversified growth on the preference for internal growth. Whereas, previous experience and diversification make more likely the choice of external methods. Moreover, intangible assets have a positive moderating effect on the relationship between growth type and growth mode choice.

## A Systems-Theoretical Analysis Of Corporate Layoffs And Their Effect On Stock Price

Lars Schweizer, *Grenoble School of Management*  
 Marco Rummer, *University of Oxford*  
 Paul Bildsborfer, *Grenoble Ecole de Management*

This paper analyses the stock price reaction on corporate layoff announcements within a reference framework based on systems theory. The event study is based on an international sample of 222 corporate layoff announcements. Our preliminary results have shown that the announcement of corporate layoffs leads to a significant negative stock price reaction of -1.06 %. The higher the percentage of the company's work-force being laid off, the more negative the stock price reactions will be. Announcements without socially acceptable layoff procedures will lead to significant negative stock price reactions just as will announcements perceived as reactive. From a theoretical point of view, it can be seen that companies producing no 'fit' between the system and the environment have to expect significant negative stock price reactions.

## Technology Commercialization And Complementary Assets: An Empirical Study Of Innovative SMEs

Elena Novelli, *Bocconi University*  
 Rekha Rao, *Sant'Anna School of Advanced Studies*

We investigate the determinants of strategies for innovative SMEs and we identify control over complementary assets (CA) as the main factor in choosing a particular strategy. Firms' choose between licensing out their technology, embodying it into physical artifacts, or engaging in cooperative agreements. This empirical analysis focuses on a novel dataset on investments in CA and strategies of all innovating SMEs in U.S. and Europe between 1996-2001. We find that control over CA affects firms' choices, with presence of assets decreasing the probability of firms undertaking cooperation and licensing while increasing the probability of firms undertaking market for products. Also, younger firms are more likely to license out or to cooperate than older firms and we observe a country effect over the determination of strategies.

## Convergence And Diversity In Corporate Governance: Different Governance Systems Are Better At Doing Different Things

Thomas Clarke, *University of Technology-Sydney*

Different ownership and governance forms are better at doing different things. This paper questions whether a universal corporate governance system is practical, necessary or desirable. Each of the

governance systems is facing pressures they need to make a strategic response to, but often from different directions. As European and Japanese listed corporations are being forced to recognise the importance of shareholder value, Anglo-American corporations are being sharply reminded of their social responsibilities. With multiple institutions exerting interdependent effects on firm level outcomes, and with different values informing the objectives for the enterprise in different cultures, the scenario for convergence and diversity of corporate governance models is more complex and unpredictable than many commentators suggest. The business case for diversity is, if anything, even more compelling.

### Slimmer And Fitter: The Focusing Effect Of Supply Shocks On Diversified Firms

Curba M Lampert, *University of South Carolina*  
 Vivek Tandon, *University of Michigan*  
 Gautam Ahuja, *University of Michigan*

The two most important prices in the world economy are the price of oil and the price of money (The Economist, 2005). How do firms respond to a broad-based supply shock? Supply shocks encompass a broad range of industrial possibilities unified by a common effect – a discrete change in the supply conditions that result in a movement of the supply curve itself. Thus, deregulation, dramatic technological change or striking changes in input costs can all be regarded as sources of supply shock.

SESSION 1131

### INTERNATIONALIZATION AND EMERGING MARKETS

<b>TRACK G</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	Ruth Clarke, <i>Nova Southeastern University</i>	

### Social Capital, Performance, And The Internationalization Of Emerging Market Firms

Ruth Clarke, *Nova Southeastern University*  
 Ramdas Chandra, *Nova Southeastern University*

This empirical study examines the relationship between social capital, as a non-market and facilitating resource, and measures of performance in the context of the internationalization of emerging market firms. Performance is measured by objective economic data including revenues of the firm, international revenues, and growth in firm revenues, in revenues from international markets, and number of international customers, repeat customers and other financial measures of performance. Information on firm motivators to internationalize, the role of networks in providing access to international markets and the extent to which networks are used for marketing research and information is collected. The study uses a condensed version of two survey instruments, SOCAT and SC-IQ, obtained from the World Bank, and is administered in one or two emerging markets.

### Critical Factors For The Productive Internationalization Of The Chilean Agribusiness Firms: Theory And Evidence

Francisca Silva, *Catholic University-Chile*

From the beginnings of the nineties, a strong process of internationalization of Chilean firms has been carried out. This phenomenon reflects a change in the approach of some companies that have privileged, over direct exports, investment abroad

as their preferred instrument for expansion towards external markets. This work aims to determine the incidence of a group of internal and external variables over the way Chilean agribusiness firms achieve their productive internationalization. Secondly, we explore the impact of becoming global on the firm's market and non-market strategies.

### The Internationalisation Of Firms From Emerging Economies: The Case Of Bancolombia

Maria Gabriela Utrera, *Bancolombia*  
 Monia Mtar, *University of Edinburgh*

Research is increasingly concerned with understanding how firms from emerging markets (EEMNEs) are able to compete on the global scene. This paper aims to contribute to this debate through an examination of the internationalisation strategy of a leading bank in Latin America, Bancolombia. In recent years, Latin American banks have begun to look towards internationalisation. Yet there is a distinct lack of research documenting those events. The study, which is based on interviews with Bancolombia's executives, shows that EEMNEs' successful expansion depends upon their ability to exploit their existing capabilities abroad, combined with their capacity to leverage skills needed to compete internationally. Those processes are strongly influenced by EEMNEs' country of origin, industry and host country factors. Findings have important theoretical and practical implications.

SESSION 1212

### BUILDING SCOPE

<b>TRACK H</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	Margaret White, <i>Oklahoma State University</i>	

### Designing M&A Capability: A Balance Act Between Structure And Flexibility

Inga Voss, *University of St Gallen*  
 Sebastian Knoll, *University of St Gallen*

M&A markets are of opportunistic nature. Acquisitions are heterogeneous events, and often occur irregularly. This makes learning from M&A difficult. Yet, some frequent acquirers succeed in developing M&A capabilities. We assume an acquisition strategy perspective, and conduct a process study on M&A capability development and deployment based on comparative case studies combined with some quantitative elements. M&A capability is conceptualized as a dynamic capability reconfiguring the company's existing operating resource and capability base. It comprises the routinized processes of sensing, adapting, coordinating, and learning. We investigate the development of these process dimensions in four strategic business units of the multinational Siemens AG. Our findings imply that successful capability development and deployment requires both a processual orientation framework and flexibility to adapt to the specific environment.

### The Typology Of Sequence Of Firms' M&A And Alliance Behaviors: An Exploratory Analysis

Weilei (Stone) Shi, *University of Pittsburgh*  
 John Prescott, *University of Pittsburgh*

We extend the study of mergers & acquisitions and alliances initiatives to include a temporal perspective. Of particular interest is the sequence of firms' M&A and alliances behaviors. Combining methods of sequence analysis and clustering analysis, we find seven

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distinctive typologies of firms' patterns of sequences. We provide arguments on the reasons for strategy scholars to pay a close attention to the issue of sequence and the pattern of sequence. We also discuss the plan to study how these patterns of sequences will be affected by firm-level resource and capability as well as their performance implication. Our study opens a new window for firms to create competitive advantage, namely, managing strategic actions effectively against time.

### The Influence Of Capabilities Gaps, Exchange Hazards, And Complex Knowledge On R&D Sourcing

Jason Pattit, *Syracuse University*

Catherine Maritan, *Syracuse University*

R&D capabilities involve routines that combine scientific and technological knowledge toward the pursuit of new products and processes. However, a firm's ability to conduct an R&D project is impacted by where in the capabilities lifecycle the firm's R&D capabilities are. When faced with a capabilities deficiency, a firm can address this gap by either developing capabilities internally or acquiring them from various non-internal sources. In this study, we explore a two-stage R&D sourcing decision process in the context of the medical device industry. We suggest that capabilities issues impact the first stage decision between internal and non-internal R&D sources, while the second stage decision between the various non-internal options is influenced by both transaction cost and capabilities factors.

### Strategic Alliance Evolution And Formation: A Meta-Analytic Study

Bahman Ebrahimi, *University of Denver*

Paul Olk, *University of Denver*

As an alliance evolves, there are changes in the context – environment, company characteristics, the relationship between the partners – and in the alliance itself. Because of difficulties in collecting longitudinal data, current research has not developed a comprehensive, empirically-based understanding of alliance evolution. This paper contributes to strategic process research by examining how changes in the context affect early or interim performance and how the context and initial performance affect long term stability and termination of the alliance. To overcome data collection limitations, this study uses meta-analysis methodology and draws from the fragmented findings from hundreds of empirical studies. Our research will contribute not only to the process view of strategic alliances but also to our understanding of alliance performance.

### Towards A Process-Based Model And Rationale Of Resource Allocation In Portfolio Configuration Of Multibusiness Firms

Alexander Alscher, *University of St. Gallen*

Although there has been a long history in examining the phenomenon of multibusiness firms, their diversification levels, and portfolio management, hardly any research has analyzed the process behind the strategic portfolio configuration. Activities of M&A investments, divestitures, and alliances have been analyzed as separate activities and as static concepts. This research study contributes to a process perspective of the compound activity of portfolio configuration by theoretically proposing a coherent model of portfolio configuration and empirically testing it in the largest German multibusiness firms. Thus, a comprehensive understanding is aimed at understanding the process and revealing rationales of portfolio configuration of multibusiness firms in different contexts.

Managers may recognize and adjust crucial levers in optimizing their portfolio configuration approach.

#### SESSION 1057

### EFFECTIVENESS

TRACK H	Date	Tuesday, Oct 16
Paper Session	Time	10:30 - 11:45 h
Session Chair	Room	Nautilus 3
TBD		

### The Role Of Internal And External Resources In Gaining A Competitive Advantage

Andrea Lanza, *University of Calabria*

Antonella Pellegrino, *University of Calabria*

Simone Giuseppina, *University of Calabria*

Recent literature in Resource-based view focused on a network perspective in order to explain why some firms can reach a superior performance. This paper aims at exploring the role of external resources in a specific context, the Italian Mechanical Industry, in obtaining a competitive advantage over competitors. While interesting in verifying the sources of firm performance, the network approach is considered as a 'context-dependent' one. The search for superior firm performance still remains a hard task, dependent on specific industry conditions. This paper presents the result of an investigation on a 124 firm sample on the role of internal and external resources in determining firm performance, tested by means of Lisrel. Results show a positive impact of internal resources and a negative one for those external.

### The Impact Of Organizational Politics On Strategy Effectiveness

Jane Gunn, *Australian National University*

Stephen Chen, *Australian National University*

This study makes a contribution to an under-explored area in strategy process research - the relationship between strategy process effectiveness and organizational politics (OP). This is a fruitful area of inquiry since strategy processes are related to firm performance while organizational politics has been shown to have a negative impact many aspects of organizational performance. Results from this study suggest that organizational politics can have both a positive and negative impact on strategy effectiveness. Using structural equation modeling, the paper demonstrates the moderating effect of participative, iterative planning and explores how power centralization and organizational climate impact the relationship between OP and strategy effectiveness. Implications for further research and management practice are discussed.

### Modeling The Relationship Between Strategy, Management Control Systems And Performance In The Not-For-Profit Sector

Basil Tucker, *IGSB, University of South Australia*

Helen Thorne, *University of South Australia*

Bruce Gurd, *University of South Australia*

The body of knowledge relating to the interaction between strategy, management control systems (MCS), and organizational performance is relatively embryonic, our understanding of it having been gained primarily through research grounded in commercial organizations. Using the Not-For-Profit (NFP) sector as a vehicle to test extant knowledge, this paper investigates the strategy-MCS-performance relationship through a survey of 401 Australian NFP organizations. Our results using structural equation modeling

indicate that, contrary to expectations, strategy is formulated predominantly through intended rather than emergent means, the design of MCS has limited effect on both strategy formulation and implementation, but the use of MCS is instrumental in influencing internal capabilities and indirectly, in influencing performance in this sector. Reasons explaining these results are advanced, and implications for future research are discussed.

### The Effective Ambidextrous Organization: A Model of Integrative Strategy-Making Processes

Torben Juul Andersen, *Copenhagen Business School*  
Bo Nielsen, *Copenhagen Business School*

The dual requirements for business exploration and economic exploitation in the strategy process reflect the need for organizational ambidexterity to sustain performance. This paper incorporates strategic management and organization theoretical rationales in a model of integrative strategy making that extends the evolving literature on ambidextrous organizations. Hypotheses on relevant model relationships of ambidexterity are developed and associated with organizational outcomes. The model is investigated on a cross-sectional sample of 185 business units using structural equations analyses. The results indicate that centralized and decentralized strategy making processes integrating organizational innovation and coordination capabilities are associated with higher strategic responsiveness and superior performance.

SESSION 1097

### INTERFIRM COLLABORATION AND INNOVATION

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time:</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1

**Session Chair** John Hagedoorn, *University Maastricht*

### Inter-Firm Technology Transfer: Partnership-Embedded Licensing Or Exclusive Licensing Agreements?

John Hagedoorn, *University Maastricht*  
Stefanie Lorenz-Orlean, *University Maastricht*  
Hans Van Kranenburg, *Radboud University Nijmegen*

When companies decide to engage in technology transfer through licensing to other firms, they have two basic options: to use standard licensing contracts or to set-up more elaborate partnership-embedded licensing agreements. We find that broader partnership-embedded licensing agreements are preferred with higher levels of technological sophistication of industries, with greater perceived effectiveness of secrecy as a means of appropriability, and when licensors are smaller than their licensees. Innovative differentials between companies, innovative supremacy of the licensor, and market and technological overlap between partners appear to have no effect on the preference for a particular form of licensing.

### Research Collaboration Networks And Innovation Output

Irem Demirkan, *Northeastern University*  
David Deeds, *University of Texas-Dallas*  
Mike Peng, *University of Texas-Dallas*

This paper uses a longitudinal approach to test a model of the structure and dynamics of interorganizational research collaboration networks. Using novel longitudinal methods, this paper demonstrates how research collaboration networks in the biotechnology industry evolve and how this evolution affects

focal firms' performance. The model is tested on a sample of 53 biotechnology firms over a span of 15 years (1990-2004). The results indicate significant effects of network size, network growth and inclusion of new members in the network on the research productivity of biotechnology firms. Moreover, our results reveal the significance of the management challenge presented by research networks, specifically indicating that growing networks by adding new and diverse members presents significant challenges for the managers of the firms in our study.

### In Search Of Innovation: An Examination Of Firm Geographic And Relational Search Behavior

Manish Srivastava, *Virginia Tech*  
Donald E Hatfield, *Virginia Tech*

Recent research suggests that firms face several dilemmas with regards to their search behaviors associated with innovation generation. In spite of the growing realization of the importance of external knowledge search, we have little understanding of the relative effectiveness –and trade-offs– associated with relational and geographic search upon the quantity and quality of innovations. In our study of semiconductor firms, we investigate the relative effectiveness of geographic proximate and relational proximate search behaviors – focusing on the interdependency of these. We suggest that it is not enough to consider formal co-operative ventures when devising innovation strategies, but to also consider the simultaneous impact of geographic proximity in order to improve the innovativeness of their organization.

### Innovation And Experience In Technology Acquisitions: A Longitudinal Study

Derek Ruth, *Wichita State University*  
Dinesh Iyer, *Ohio University*  
Barton Sharp, *Purdue University*

Technology acquisitions are often designed to gain access to target firms' innovations. As a result, patterns of innovation in potential acquisition participants (both acquirer and acquiree) should influence the decision to participate in the joining of the firms. In particular, we expect higher levels of innovation in potential acquirees to increase the likelihood of their acquisition. Conversely, we expect that lower in-house innovative production will spur the acquirer to look beyond firm boundaries for new innovations and increase the likelihood of acquiring another firm. Prior experience with acquisitions is expected to accentuate both of these relationships. These predictions are explored in a longitudinal study of technology acquisitions that took place between 1980 and 2000.

SESSION 1107

### WHAT DO STRATEGISTS DO?

<b>TRACK J</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 4

**Session Chair** Leif Melin, *Jönköping University*

### What Strategists Do In Multiple Identity Organizations

Urs Peter Jäger, *University of St Gallen*

Our research starts from the observation that non-market influences leads to the phenomenon of Multiple Identity Organizations (MIO). Therefore, it is worth exploring how strategists effectively support strategic change processes in MIO. We analyzed strategic change

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processes in a detailed three-year longitudinal case study analyzing daily practices of the CEO, the top management team, leaders of decentralized organizations, the team of the strategy department and project managers in a cooperative bank. Our results describe how practices effectively influence strategic change processes. These results are counterintuitive: Strategists on the one hand avoid transparency in their actions to support strategic change processes and on the other hand spend a high amount of time legitimizing strategic contents and blending interests to avoid conflicts between different identities.

### Successful Strategic Issue Sustaining: Practice And Outcomes For Senior Managers

Basak Yakis-Douglas, *Oxford University*  
Richard Whittington, *University of Oxford*

Our aim is to establish the importance, and explore the nature of, Strategic Issue Sustaining. We also seek to outline the senior management activities/practices required for successful Strategic Issue Sustaining and discuss the implications of these kinds of activities for the development of Human Resource managers' skills. Taking a practice perspective, we conducted longitudinal, comparative-case studies in five high-tech companies over 18 months within 24 issue domains. We propose three categories of activity important to successful issue sustaining: cognitive/symbolic; structural/bureaucratic; and political. Cognitive activities included creating and using hard metrics; structural/bureaucratic activities included fixing regular meetings, ensuring appropriate communications, and gathering relevant data; and political activities included influencing and negotiating activities, and a range of activities designed to keep issues closely connected with strategic objectives.

### The Roles Of Strategic Planning Champions In The Family Business Context

Mattias Nordqvist, *Jönköping University*  
Leif Melin, *Jönköping University*

Our purpose is to contribute to the understanding of the craft of strategic planning champions (SPC) in the family business context. We draw on a conceptual framework that combines the strategy as practice perspective with literature on strategic planning. The notion of SPC refers to practitioners who use their technical, practical and intuitive skills and experiences to introduce, promote and implement strategic planning. In an empirical study, we observe three separate but related roles of SPCs. The roles are additional to the generic role of the skillful strategic planner. We label them the social craftsman, the artful interpreter and the known stranger. To perform these three roles and be influential, the SPC must understand, respect and leverage upon the uniqueness of the family business context.

SESSION 1182

### ENTREPRENEURSHIP & INNOVATION

TRACK K	Date	Tuesday, Oct 16
	Time	10:30 - 11:45 h
Common Ground Session	Room	Executive Center 2a
Facilitator	William Schulze, <i>University of Utah</i>	

### Internal Resources, External Networks And Performance: A Longitudinal Study On Technology-Based SMEs Of Southern Italy (2001-2007)

Francesco Garraffo, *University of Catania*  
Daniele Virgillito, *University of Catania*

In this study we examine the relationship between entrepreneurial strategies and performance of technology-based ventures by testing data from 39 high-tech SMEs of Southern Italy. Specifically, empirical investigation in two different times, 2001 and 2007, wants to disclose the process of wealth creation in relation of two fundamental elements of entrepreneurial strategies: internal resources/capabilities and external networks. In our paper we consider 39 high-tech SME operating in the South of Italy, an environment with specific characteristics of munificence in terms of conditions that enable and support opportunity seeking and advantage seeking behaviours. With this study, we want to analyze the wealth creation processes occurring in high-tech firms operating in less enabling business environments, to develop theoretical insights which could inform further researches on strategic entrepreneurship.

### The Antecedents Of Technology Partnering Networks And Firm Performance Within High-Tech Clusters

Christian Lechner, *Groupe ESC-Toulouse*

This research is concerned with antecedents and performance effects of technology partnering networks. We test first how the structure of technology partnering networks influences the performance of cluster firms. Second, how reputation and information sourcing networks influence the development of technology partnering networks. The empirical research is based on an in-depth study of a high-tech cluster in France. The cluster concerns the full population of the region's firms (60 firms). The main contributions are: We test the influence of different networks and factors on the development of technology partnering networks. There are important implications for entrepreneurs: how can the development of successful technology partnering networks be favored by the development of other types of networks?

### User-Innovation Beyond Market Barriers: The Case Of Machinima

Georg Von Krogh, *ETH Zurich*  
Stefan Haefliger, *ETH Zurich*  
Peter Jaeger, *ETH Zurich*

In many fields and industries, users create technologies in order to solve their problems. User-innovation theory examines the role of users as a main source of innovation and explains the conditions under which users innovate. This theory's focus is 'vertical' showing how users move from ideas, to solutions, to commercialization. Yet, users can move beyond market boundaries, giving rise to 'horizontal user-innovation theory'. Here, users exploit assets freely or restrictively revealed in one market, in another market. In this article we develop a model of horizontal user-innovation that takes into account the fungibility of complimentary assets, IP regimes, and user entry strategies. We conduct a first test of the model on the case of Machinima, a community of digital movie entrepreneurs who apply 3D game-engines.

### Flexibility And Change: Growing Within And Across Technology Regimes In The United States Cellular Industry

Pao-Lien Chen, *University of Illinois-Urbana Champaign*  
Charles Williams, *Duke University*

This paper compares the adaptive capacity of entrepreneurial startups and diversifying entrants in an emerging market. While entrepreneurial firms are widely viewed as more flexible and adaptive than established firms, research has also found that established companies bring substantial advantages when they

enter new markets. We propose that the different types of firms have adaptive advantages under different conditions. Entrepreneurial firms can configure their resources to closely match the demands of the competitive environment as they build their operations, but established firms will exhibit greater ability to reconfigure their resources after an external shock. We test these propositions in the U.S. cellular industry, which has gone through several significant changes in technology standards over the history of the market.

### **Inventor Bricolage And Technology Development**

Preeta Banerjee, *University of Illinois-Urbana Champaign*  
Benjamin Campbell, *Ohio State University*

The literature on bricolage typically overlooks the capabilities of the individual, however one resource that can be reallocated and recombined to address new problems and opportunities is human capital. In this paper, we examine the role of inventor bricolage, or the construction of technological capabilities through reallocating extant individual inventors across knowledge development to address new opportunities. We argue that inventor bricolage is affected by both internal and external capabilities. Empirically, we examine the dynamics of individual patent portfolios in Life Science Diagnostics firms and explore how inventor bricolage is related to the firm's stock of existing capabilities and firm's acquisition of external knowledge through merger and acquisition activities.

### **Systems Of Innovation: The Impact Of Public R&D Investment On Nanotechnology Entrepreneurship**

Renee Rottner, *University of California, Irvine*  
Jennifer Woolley, *University of California-Irvine*

Despite a growing body of literature on the effects of public research on private sector innovation, the specific channels through which these effects are realized remain poorly understood. In this paper, we examine two channels that connect public research support to new ventures, specifically state-level technology initiatives, and university-level technology initiatives to foster innovation in nanotechnology. We find that the creation of a state technology initiative not only reduces the time to the founding of the first technology firms in the state, but also positively influences the number of technology firms founded. We also provide insights into the emergence of systems of innovation using the example of nanotechnology as a new field of science with no incumbent industrial support and little scientific infrastructure.

SESSION 1186

### **FINANCING ENTREPRENEURSHIP**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4
<b>Facilitator</b>	TBD	

### **Peeling The Onion Of New Venture Legitimacy: Venture Capital Investors And Partnering With An Industry Leader**

Qing Cao, *University of Connecticut*  
Dimo Dimov, *University of Connecticut*

Associating with legitimate investors or partners is an important mechanism for entrepreneurial ventures to build legitimacy. In this paper, we go beyond the general conceptualization of organizational legitimacy as being socially acceptable and desirable, to distinguish three types of legitimacy – cognitive, moral, and pragmatic – and examine their distinct effects on ventures' behaviors in seeking

inter-organizational endorsement. Studying a group of VC-backed ventures facing the same opportunity to partner with an industry leader, we found that, with different types of legitimacy provided by their VC investors, ventures exhibited different likelihood as well as timing of partnering with the industry leader. These results suggest a more nuanced and elaborate view of legitimacy and legitimacy building.

### **Evaluating New Social Ventures: Venture Capitalists' Assessments Of Effective Social Entrepreneurship**

Toyah Miller, *Texas A&M University*

Venture capitalists have long held an important role in entrepreneurship through their evaluation and funding of new business ventures, and a more recent trend towards venture capital funding of social ventures has transformed social entrepreneurship. While research has examined venture capital assessments for profit-seeking ventures, little is known about the decision rules that philanthropic venture capitalists use to select social ventures. Therefore, I build on the definition of social entrepreneurship, discussing the pluralistic attributes needed for venture effectiveness (e.g., entrepreneur experience, education, passion, social capital, and innovative thinking) and evaluate the degree to which philanthropic venture capitalists assess social ventures in terms of these characteristics. The study analyzes responses from philanthropic venture capitalists that evaluated the probability of effectiveness of cases on social ventures and puts forth new directions for research on social entrepreneurship.

### **Investment Decision Processes: Established Companies Versus Venture Capital Firms**

Dodo zu Knyphausen-Aufsess, *University of Bamberg*  
Christian Braeunlich, *University Bamberg/Bain&Company*

Empirical evidence shows that Venture Capital (VC) firms tend to perform better than established companies. Since both types of firm have similar structures – they contain an administrative unit (corporate headquarters vs. VC firm) and a number of operating units (divisions or business units vs. portfolio companies) –, a comparison makes sense. We focus on investment decision processes and analyze how these processes look like in both types of companies and what established firms can learn from VCs (and also vice versa). Based on five case studies – two on established and three on VCs –, we show that the basic tenets of the so-called Bower-Burgelman model hold for both types of companies but that, especially in the VC case, also important modifications have to be made.

### **Entrepreneurs' IPO Decision: An Analysis Of Firm Risk Propensity And Competitive Dynamics**

Asda Chintakananda, *Marquette University*  
Hugh O'Neill, *University of North Carolina-Chapel Hill*

This research examines how young private firms manage their entrepreneurial growth through the timing of their initial public offering (IPO). Specifically, it examines how the risk propensity of firms towards the financial market and product market conditions may influence firms' decisions whether to launch and when to launch their IPO differently. We also explore if firms' response to uncertainty is contingent upon the level of competition in both the IPO market and the product market. We also develop a set of contrasting hypothesis based on real options, risk propensity, and competitive dynamics and test them on a set of 3,180 firms that were established between 1980-1996.

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## The Impact Of Competitive Risk And Board Characteristics On IPO Underpricing

Shih-chi Chiu, *University of Missouri-Columbia*  
Richard Johnson, *University of Missouri*

Drawing from agency and resource-based theories, this paper extends prior research by examining the relationship between board and managerial characteristics, competitive risks, and IPO underpricing. We posit that competitive risks strengthen the negative relationship between the agency predictors (insider equity, outsider ownership, and CEO duality) and IPO underpricing. In addition, we argue that resource-based predictors (outsider experience, insider experience, and insider ratio) will further reduce the level of IPO underpricing when competitive risks are identified. Based on the sample of 313 ventures that had gone through an initial public offering (IPO) between 1990 and 1994, our initial findings suggest that management and board members of IPO firms facing prominent competitive risks will have more incentives to reduce underpricing than firms not facing such risks.

SESSION 1168

### CORPORATE ENTREPRENEURSHIP

#### TRACK K

Date Tuesday, Oct 16  
Time 10:30 - 11:45 h  
Room Marina 4

#### Paper Session

Session Chair TBD

## Real Options And The Choice Between Corporate Venture Capital And Acquisition

Yong Li, *State University of New York-Buffalo*  
Tony Tong, *State University of New York-Buffalo*

Existing research has utilized real options theory to analyze venture capital investment, yet little work has empirically studied such investment in a comparative setting. In this paper, we begin to address this gap by investigating firms' investment mode choice between corporate venture capital (CVC) and acquisition, which provide alternative means for direct equity investment to further firms' growth initiatives. Our theoretical argument suggests that when uncertainty elevates the value of real options, firms prefer to undertake CVC investment rather than acquisition. In addition, the value of real options under uncertainty is also contingent on several factors, which may further condition firms' investment mode choice. Our findings indicate that uncertainty is positively related to firms' preference for CVC over acquisition, and that the irreversibility of an investment will increase the impact of uncertainty on firms' preference for CVC, while growth opportunities surrounding the investment will lessen the impact. Our empirical findings and the comparative approach we adopt to studying CVC have useful implications for theory and research.

## Environmental Scanning And Corporate Entrepreneurship In SMEs: The Mediating Role Of Decision Comprehensiveness

Ciaran Heavey, *University of Connecticut*  
Zeki Simsek, *University of Connecticut*  
Frank Roche, *University College Dublin*  
Aidan Kelly, *University College Dublin*

A firm's environmental scanning behaviors have implications for its ability to pursue corporate entrepreneurship but the mechanisms underlying this impact have remained largely unexplored. Given that strategic decision makers in the firm are most closely influenced by scanning efforts, we develop and test a parsimonious model

that establishes the role of decision comprehensiveness as a salient mediating mechanism through which environmental scanning influences corporate entrepreneurship. Results from our study of 349 small- to medium-sized firms support our model and its associated hypotheses, suggesting that relying solely on the direct effects of environmental scanning provides an incomplete understanding of the origins of CE. Specifically, we find that decision comprehensiveness is significantly influenced by scanning intensity and, in turn, mediates the impact of scanning intensity on CE. We trace the implications of these findings for research and managerial practice.

## Start-Up Performance And Incumbent Firm Corporate Development Efforts: Opportunities And Constraints

Vikas Aggarwal, *University of Pennsylvania*

This paper examines the impact of incumbent firm relationships on the growth and development of entrepreneurial firms. Strategic relationships between incumbents and start-ups can take on a variety of forms, ranging from technology licensing arrangements to equity alliances and corporate venture capital investments. Whether and when such relationships offer tangible strategic benefits to the start-up (as opposed to the incumbent) depends on factors at the firm and dyad levels, including the strategic vs. financial intent of the deal and the incumbent firm's approach to managing its portfolio of start-up options in anticipation of technological change. Empirical analysis of a sample of start-ups examines these relationships and portfolio choices, and explores the consequent opportunities and constraints for entrepreneurial firms.

## Corporate Venture Capitalists As Acquirers Of Entrepreneurial Firms: Trade-Offs And Performance Implications

David Benson, *University of Michigan*  
Rosemarie Ziedonis, *University of Michigan*

Acquisitions are a well-recognized means by which established firms renew and extend existing product lines and internal research capabilities. This study examines linkages between the external venture financing activities of established firms and their performance when acquiring young technology-intensive companies. Drawing on the absorptive capacity and organizational learning literatures, we argue that the extent to which corporate venture capital (CVC) investments will enhance the startup acquisition performance of corporate investors hinges on (1) the share of total R&D dollars devoted towards external ventures ('CVC intensity'), (2) the internal organization of CVC-related activities and (3) the stability of CVC investments over time. To test these predictions, we conduct an event study of abnormal returns based on acquisitions of 244 venture-backed startups made by 36 corporate investors in the information technology sector. As predicted, we find a curvilinear relationship between CVC intensity and acquisition performance. We also find that established firms with stable CVC programs earn significantly greater returns when acquiring startups than corporate investors with more sporadic patterns of investment. These results suggest that corporate venture capital and acquisitions of startups can be used as mutually reinforcing mechanisms for renewal.

SESSION 1172

**VENTURE CAPITAL**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	10:30 - 11:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 2
<b>Session Chair</b>	TBD	

**The Light And Dark Sides Of Venture Capital: Learning And Innovation In New Ventures**

Jeffrey Martin, *University of Texas-Austin*

This paper explores the affordances and constraints that venture capital funding can have on learning and innovation in new ventures. Much of the literature related to the influence of venture capital on new venture emphasizes positive learning aspects like access to expertise and networks. However, this research finds is that there can be a dark side such learning. The venture capital funding model is a 'pre-packaged solution' that aligns the actions and motivations of the individuals in the venture with the goals of the venture capital fund. Yet, in some cases such alignment can prevent entrepreneurs developing and acting on more optimal business strategies. The examination of this issue contributes insights at the intersection of organizational learning, resource dependence theory, and practice theory.

**Economic Integration's Effect On International Venture Capital Firm Investing Behavior**

Curtis Moore, *Texas Christian University*

Hadi Alhorr, *Saint Louis University*

Despite major policies surrounding economic integration among countries (e.g., the European Union, NAFTA, Mercosur), the theoretical and empirical research addressing such policies' impact on various venture capital firms' business activities has yet to fully emerge. Partially addressing this issue, this paper examines how various measures of economic integration (e.g., market and currency commonality, economic community membership) impact the level of cross-border entrepreneurial activity occurring for participating venture capital firms by analyzing the VC firm behavior. Using the European Union as the region of study, findings demonstrate that broad scale economic integration policies do influence the extent of foreign entrepreneurial activity occurring across member borders by venture capital firms.

**Do United States Venture Capital Firms Make A Difference? An Analysis Of Liquidity Events In Foreign Biotechnology Firms**

Elisa Alvarez-Garrido, *Wharton, University of Pennsylvania*

I argue that a venture's performance is driven by the nature, composition and experience of its investors. I predict that the greater the experience of the investors with previous successful liquidity events, the more likely the venture will witness such successful performance. I also predict that the participation of a U.S. investor in the syndicate will increase the performance of the venture by increasing the likelihood of a successful exit and the likelihood of IPOs over trade-sales. To test these hypotheses I collect a panel of 493 foreign biotechnology investments, from 1990 to 2004. Using an event history analysis, and controlling for endogeneity, I find partial support for the investor's experience effect and strong support for the presence of a U.S. VC in the syndicate.

**Education Mix And Magnitude: Lessons From The Analysis Of Venture Capital Team Characteristics**

Oliver Gottschalg, *HEC-Paris*

Nils Plambeck, *HEC-Paris*

How do the characteristics of the venture capital fund investment team influence the performance of this fund's investments? In addressing this question, we focus on different aspects of the educational background of individual managers and the educational homogeneity in the team. Drawing on a unique dataset with information on the financial performance of 244 venture capital funds and the education profiles of the 1288 senior managers running these funds, we find evidence for the important role of degrees in engineering and the arts, diplomas from elite schools, ideally from a mix of elite institutions as positive determinants of the ability of a venture capital fund to outperform its peers.

TUESDAY 10:30 - 11:45



## SPECIAL SESSION 1304

<b>TEACHING TRACK</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00-15:15 h
<b>Presentation</b>	<b>Room</b>	Seabreeze

### Strategy Simulations: A Second Life Using Second Life?

**Session Presenter** Tony O'Dristoll, *North Carolina State University*

Don't have an avatar yet? Don't understand what your colleagues are talking about when they mention "virtual worlds"? This session will offer attendees an opportunity to learn about multi-user virtual environments (MUVes) and discuss whether these new 3D online digital worlds have a role to play in the next generation of strategy education. Tony O'Dristoll, the Lead Learning Strategist with IBM's Center for Advanced Learning and a Professor at North Carolina State University, is responsible for advancing IBM's thought leadership in formal and informal learning. His research is focused on theory and methodology development and applying this learning in corporate and education settings. A renowned expert on the topic of learning in virtual environments, Tony has advised business leaders around the world on techniques for leveraging technology in order to create a sustainable competitive advantage. Tony will conduct a virtual session via "Second Life," an example of a 3D online digital world. As part of the session, he will discuss his concept of "the seven sensibilities" of virtual worlds, and he will share his thoughts on how they could be a key pedagogical tool in teaching. This session will end with a discussion by participants of how MUVes could be employed in their own strategic management classrooms.

## SESSION 1164

### NON-MARKET SCORECARDS

<b>TRACK C</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	TBD	

### ★ Process And Outcome Measures Of Environmental Performance

Dror Etzion, *IESE Business School*

The environmental performance of firms is typically assessed using both process and outcome indicators. Utilizing a particularly salient measure of environmental performance - which incorporates energy and water usage, greenhouse gas emissions and waste generated - I test whether various environmental process indicators are tightly or loosely linked to outcomes. Analysis reveals that declarative processes (environmental reporting, environmental policies, and environmental codes of conduct) are significant for determining performance, whereas structural indicators (hierarchical level of environmental executives, board of director involvement) are not. Environmental management systems help environmentally-minded firms achieve performance improvements, even without external auditing/verification, but these systems are not effective for firms that do not prioritize environmental issues.

### Scorecards For Non-Market Strategies: Which Factors Determine Presence And Alignment Of Sustainability Measures With Strategy?

Stephen Gates, *Audencia*  
Christophe Germain, *Audencia*

Few empirical studies exist about whether sustainability measures (i.e., measures of environmental, social or economic non-market performance) are incorporated into scorecards or more broadly into management control systems (MCS). We investigate whether sustainability measures are present in MCS and whether they are aligned with strategy. Using contingency theory, we examine eight factors to explain why these practices vary across companies. Our results indicate that capital structure, stock market listing, industry, and type of MCS (balanced scorecard versus tableau de bord) explain why sustainability measures are more likely to be present in MCS. Companies listed on the stock market and industrial companies are more likely to align sustainability measures with strategy. Suggestions for future research include adopting a population ecology perspective.

### From Measurement To Management: Investigating Who And What Really Counts Through Non-financial Reporting

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

This paper reviews the experience of the Italian Stock Exchange companies that publish a corporate social responsibility (CSR) report. We aim to contribute to the development of country-specific descriptive CSR theory by establishing a benchmark understanding of how companies in the same social context interpret their responsible relationship with stakeholders. Using content analysis of annual CSR reports, we provide an up-to-date description of current practices, documenting and analyzing current prioritization in terms of CSR disclosure themes. The results show that Italian companies share a systematic approach to CSR reports that address well-defined categories of stake-holders. Moreover, companies amass a wide range of disclosure themes in order to support relationships with their social environment and facilitate management decisions.

### Show Me The Money: Measuring Corporate Government Affairs Performance

Doug Schuler, *Rice University*  
Marc Epstein, *Rice University*

We propose a framework ties corporate and business unit strategies to government affairs strategy, evaluates the inputs and processes undertaken within government affairs, examines the government affairs' outputs towards internal and external stakeholders, considers how stakeholders' behavior is affected, and estimates the impact on long-term financial performance from such stakeholder reactions. Such a model helps senior managers make decisions about whether to fund government affairs activities and how to allocate resources among activities.

SESSION 1235

**EMERGING MULTINATIONALS FROM THE SOUTH OF THE WORLD: CHALLENGES AND OPPORTUNITIES**

<b>TRACK D</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 5

**Moderator**

Francesco De Leo, *Wind Telecomunicazioni S.p.A*

**Panelists**

Gianni Lorenzoni, *University of Bologna*

Joan E. Ricart, *IESE Business School*

Richard Rumelt, *UCLA*

Joe Santos, *INSEAD*

Jonathan Frost, *Strawberry Communications*

One of the key power-shifts taking place across the corporate world is the emergence of multinationals coming from the South of the World. For the first time in the history of modern capitalism multinational organizations headquartered in the South side of the world are leading the consolidation of large, scale intensive industries, such as telecommunications and steel. This panel aims at addressing a number of fundamental issues: 1) While looking at the power shift taking place across the corporate world, are emerging multinationals headquartered in the South of the world different in kind, or do they represent an evolutionary step from traditional organizing models? and 2) Why are they different, and to what extent will they affect the allocation of resources on a global basis?

SESSION 1246

**DISCUSSIONS ABOUT FIRM BOUNDARIES**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4

**Facilitator** Jeffrey Reuer, *University of North Carolina*

**The Human Factor: Resource-Based Thresholds to Optimum Firm Growth**

Flora Ferlic, *University of St Gallen*

Sebastian Raisch, *University of St Gallen*

One of the most controversial issues in the growth literature is whether there is an optimal growth rate that maximizes firm performance. Contrary to prior research, we argue that optimum growth rates are firm-specific and, as such, cannot be established across whole populations of firms. Drawing on the literature on the resource-based view of the firm, we develop a model of optimum firm growth. Our research suggests that there are firm-specific corridors of optimum growth and that they may have a significant effect on firms' long term-performance. Thereby, a company's minimum growth requirement is determined by its amount of human resource slack and the upper boundary of growth arises out of the 'Penrose effect'.

**The Growth Corridor: Financial Thresholds To Optimum Firm Expansion**

Flora Ferlic, *University of St Gallen*

One of the most controversial issues in the growth literature is whether there is an optimal growth rate that maximizes firm performance. Contrary to prior research, we argue that optimum growth rates are firm-specific and, as such, cannot be established across whole populations of firms. Drawing on financial theories, we develop a

model of optimum firm growth. Our research suggests that there are firm-specific corridors of optimum growth and that they may have a significant effect on firms' long term-performance. Our research shows that a company's minimum growth requirement results from shareholder's earnings expectations and that the upper boundary of growth is defined by the firm's sustainable growth rate.

**An Examination Of The Relationship Between Perceived Hypercompetition And Strategic Alliance Formation**

Shalei Simms, *Rutgers University*

dt ogilvie, *Rutgers University*

In recent years scholars and practitioners alike have demonstrated an increased interest in hypercompetition, and constant state of escalating competition. However, subsequent research has argued that it may not be the environment itself, but the actions of organizational leaders that have lead to the perception of such an environment. We argue that this perception is directly related to the forms of strategic alliances organizations will employ. Specifically higher perceptions of hypercompetition will trigger shorter-term relationship, while lower perception will result in longer-term alliances.

**Focus Or Diversify? Antecedents And Consequences Of Organizational Scope Setting Decisions**

Tomi Laamanen, *Helsinki University of Technology*

Philip Rosenzweig, *IMD*

In this paper, we extend the existing research on technological diversification by examining diversification decisions over the course of the evolution of the global biopharmaceutical industry from 1990 to 2004. The findings of our empirical analyses corroborate the earlier research on the endogenous nature of diversification decisions by showing that they tend to be related on the prior performance of the biopharmaceutical firms. However, as an extension to the earlier research, we find that different performance measures relate to diversification decisions differently. Our paper contributes to an improved understanding of the antecedents and consequences of organizational scope setting decisions. We also extend the earlier research on the cognitive framing of strategic decisions.

**Alliance Strategy And Value Creation: The Challenge Of Non Market Influences**

Antoine Hermens, *University of Technology Sydney*

The purpose of this research study is to achieve a greater understanding of the countervailing forces that simultaneously push an alliance together and pull it apart and how these tensions impact the evolution and outcomes of the alliance. The research problem the study' examines is whether alliance performance is influenced by market or non market factors. The research findings suggest that the overall level of contribution (perceived value created) of an alliance to the individual alliance firms decreases over time. As a result, alliance partners will seek to influence performance by adopting various approaches. We link the synthesis between paradoxical internal competing forces and non market forces to alliance outcomes

**Complex Service Organisations: Blown To Bits And Reassembled**

John McGee, *University of Warwick*

Bridgette Sullivan-Taylor, *University of Warwick*

Service organisations and service industries have become more complex. Once, it could have been said that service firms employed

TUESDAY 14:00 - 15:15

simple technologies, manifested short and simple value chains with elementary technology and were held to be the province of unskilled workers and equally unsophisticated managers. Following from the seminal 'Intelligent Enterprise' (Quinn, 1992), writings on service firms began to demonstrate the importance of economies of scale and scope, just as in manufacturing, and knowledge intensity in services has latterly been recognised as one of the key driving forces behind the growth of services and the emergence of complex service organisations. We explore how a service provider designs and develops complex services and how the researcher seeks to analyse the structure and dynamics of service offerings.

## SESSION 1142

**CAPABILITIES, SCOPE AND ORGANIZATIONAL CHANGE**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 3

**Session Chair** Margaret Cording, *Rice University*

**The Power Of Feedback: Intermediate Goals As Mediators Of Integration Decisions And Acquisition Performance**

Margaret Cording, *Rice University*

David King, *U.S. Air Force*

Petra Christmann, *Rutgers University*

Integration is a process vital to enhancing performance in acquisitions. Research typically tests the effects of integration variables directly on performance. However, the chain of relationships linking these constructs may be more complex. Drawing on the organizational learning literature, we develop a structural model that introduces intermediate goal achievement as a mediating construct. Our results, based on a sample of 129 horizontal acquisitions, indicate that two intermediate goals – internal reorganization and market expansion – fully mediate the relationships between integration variables and acquisition performance, providing valuable clarification of the theoretical framework linking integration decisions and acquisition performance.

**Creating A Dynamic Capability Portfolio: Accommodating Variations In External Conditions And Strategic Intent**

Cynthia Lengnick-Hall, *U of Texas-San Antonio*

Tammy E Beck, *University of Houston-Clear Lake*

This paper identifies four types of dynamic capability that vary in terms whether they rely on persistent or fluid routines, whether they achieve competence-enhancing or competence-destroying outcomes, and whether they rely on complexity reduction or complexity absorption to deal with uncertainty. Examples of firms demonstrating each type are provided. We argue, first, that success requires matching external conditions and an effective choice of strategic intent. Second, over time firms with a diversified portfolio of dynamic capability routines will outperform firms with more limited repertoires. Third, complementary abilities, such as resilience capacity, and knowledge management contribute to a firm's ability to both develop a robust dynamic capability portfolio and select the most appropriate dynamic routines for a particular point in time.

**Dynamic Capabilities And Organizational Transformation In The Russian Oil Industry**

Sarah Dixon, *Kingston University*

Klaus Meyer, *University of Reading*

Marc Day, *Henley Management College*

In this paper, we develop a theoretical framework that explains the linkages between organizational learning and dynamic capabilities and how they affect organizational transformation. In interpreting the findings of four longitudinal case studies in the Russian oil industry, covering a 10-year period, we establish first, that exploitation learning enhances the dynamic capabilities used in the deployment of resources to develop operational capabilities and second, that exploration learning contributes to the search and selection function of dynamic capabilities leading to strategic flexibility. The two companies that successfully engaged in organizational learning developed dynamic capabilities, that enabled them to lead the modernization of the industry in a volatile market environment.

**Strategic Change And Dynamic Capabilities Of The Firm**

Anuja Gupta, *University of Pennsylvania*

Sidney Winter, *University of Pennsylvania*

Some firms seem to possess the capability of performing well over extended periods of time in the context of change. These firms are able to make sweeping changes in their strategies in situations of environmental turbulence, shifting from one strategic context to the other (as if contextual knowledge of the firm does not matter). A good example is IBM that transformed from a hardware company into an integrated services company; or Monsanto that transformed from an agricultural chemicals company to a biotech company. The question is: what are these dynamic capabilities and how do managers develop them? We identify a tension between alternative views on dynamic capabilities in the literature, and present a test of these views.

## SESSION 1112

**PORTFOLIO ISSUES**

<b>TRACK F</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 4

**Session Chair:** Alexander Alscher, *University of St. Gallen*

**The Legitimacy Of Strategic Business Exit**

Carolin Decker, *Free University-Berlin*

Heike Rindfleisch, *Free University-Berlin*

Business exit, or the divestiture of one of a firm's businesses, is frequently used as a tool for sustainable restructuring which aims at changing a corporation's strategic direction. One of the factors that determine the strategic goals associated with business exit is the institutional setting in which a firm is embedded and which requires legitimate actions. To date, the literature on strategic business exit hardly pays attention to the legitimating function of exit. Thus we adopt an institutional view and ask: When does business exit enhance legitimacy? Using data on 213 business exits between 1999 and 2004 from 91 firms listed at the German stock exchange we develop a framework and demonstrate how strategic business exit is associated with economic, technological, managerial, and investment legitimacy.

### Corporate Portfolio Heterogeneity And Performance: The Impact Of Parenting Styles

Markus Menz, *University of St Gallen*

This paper explores the impact of parenting styles on the diversification-performance link. We review prior research on corporate parenting and diversification including various approaches to measure relatedness. Developing a conceptual model of corporate strategy we argue that the alignment of parenting styles to the diversification degree of the business portfolio will result in performance improvements. Further, we suggest an alternative approach to measure diversification that particularly considers portfolio heterogeneity. We hypothesize that a heterogeneous portfolio demands the application of different parenting styles simultaneously and propose a two-stage research design including qualitative and quantitative methods.

### Sequences, Interactions, And Path Dependence Of Investments, Divestments, Cooperations, And The Compound Activity Of Portfolio Configuration

Alexander Alscher, *University of St. Gallen*

Matthias Brauer, *University of St Gallen*

Although investments, divestments, and cooperations have been found to be path dependent on their prior experience and performance, no study has yet investigated interactions between these activities and path dependent effects in the compound activity, i.e. the portfolio configuration. Applying econometric time series analysis to the portfolio configuration activities of four German multibusiness firms, different orders and forms of path dependence in portfolio configuration activities are found subject to the organizations' degree of de-/centralization. The separate activities of investment, divestment, and cooperation exhibit different orders and forms of path dependence than the compound portfolio configuration. The study provides a more coherent theory of path dependence based on the distinction of three orders of path dependence and a more unifying theory of portfolio configuration including the sequence and interaction of investments, divestments, and cooperations.

SESSION 1153

#### GOVERNANCE MECHANISMS

TRACK F	Date	Tuesday, Oct 16
	Time	14:00 - 15:15 h
Paper Session	Room	Marina 3

Session Chair: Jean McGuire, *Louisiana State University*

### Improving Firm Performance With Corporate Governance: Comparing The Effectiveness Of Internal And External Governance Mechanisms

Manisha Singal, *Virginia Tech*

This proposal seeks to compare internal control mechanisms like board structure and executive compensation, with external mechanisms of governance like takeover threats and monitoring by outside blockholders. Our objective is to evaluate the relative effectiveness of such mechanisms in improving firm performance by reducing agency costs and aligning manager and shareholder interests. Based on data from publicly traded firms, we construct a broad-based governance score and consider the substitute, interaction, and complementary effects of a set of governance indicators. While past research has looked at such mechanisms mainly in isolation, by studying them as a set, and in tandem, we hope to provide guidance to managers, shareholders, and

stakeholders in evaluating overall corporate governance of a firm and explaining its relation to firm performance.

### Making A Good Impression: Composition Of Central Governance Committees And Analyst Recommendations

Jean McGuire, *Louisiana State University*

Elie Matta, *HEC-Paris*

We focus on the importance of three key board committees (audit, compensation, and nominating) in signaling good governance to a key constituency, that of financial analysts. Relying on signaling theory, we assess whether the composition of these committees serves as a signal of the strength of financial oversight, corporate governance, and the firm's ability to select strong management. We propose that independence of members of these committees, their prestige and their ownership in the firm are positively associated with analysts' favorability, uniformity and accuracy of recommendations. Hypotheses are tested on the S&P 500 firms in 2001 with considerations of lagged effects on analysts' recommendations.

### Corporate Governance And Strategic Renewal: A Longitudinal Analysis Of Royal Dutch Shell plc (1959-2004)

Zenlin Kwee, *RSM Erasmus University*

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

Henk W. Volberda, *RSM Erasmus University*

How are managers influenced by corporate governance when adjusting their strategies? What are the roles of a firm's management board in managing strategic renewal? This paper aims at cultivating a deeper understanding of how managers do strategy over time under the context of corporate governance models. To that end, we conduct a longitudinal analysis of the influence of Royal Dutch Shell's management board (1959-2004), which embodies the Rhine and the Anglo-Saxon corporate governance models, on the company's strategic renewal. Our study found that over the long-run, the company has gradually shifted from the Rhine model to the Anglo-Saxon model. This has the managerial implication in that the firm's managers do less explorative strategic actions but more external-oriented growth of strategic renewal actions.

### Corporate Governance, Political Influence, And Corporate Frauds In Transition Economies

Daphne Yiu, *Chinese University of Hong Kong*

William Wan, *Texas Tech University*

Corporate frauds have captured a lot of public attention in recent years. However, strategy research has not paid sufficient attention to this topic, and most studies focus only on developed economies. Our study seeks to extend research on corporate fraud to the context of transition economies where such problems are particularly pronounced. We examine a set of internal and external governance factors that are conducive to corporate frauds in transitional economies. Because the institutional transition process is gradual and rudimentary in transition economies, we further examine how government's political influence would moderate the relationships. We test the hypotheses using a panel data of 272 matched-pairs of fraud and non-fraud Chinese listed firms (a total of 544 firms) over a seven-year period from 1999 to 2005.

TUESDAY 14:00 - 15:15

## SESSION 1157

**BEHAVIORAL THEORY & ITS IMPLICATIONS FOR STRATEGIC ACTION**

<b>TRACK F</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1
<b>Session Chair</b>	TBD	

**Corporate Malfeasance: Assessing The Factors That Result In Earnings Manipulation**

Margarethe Wiersema, *University of California-Irvine*  
James Robins, *Singapore Management University*  
Sanjian Zhang, *Lehigh University*

Failures of corporate governance typically have been seen as a result of self-interested behavior by managers. This study is an attempt to expand the scope of governance research by moving away from the assumption that malfeasance originates in the opportunism of managers. We propose and test an alternative, institutional view that malfeasance can be a result of managers trying to conceal weaknesses in firm performance. We find a number of factors that lead managers to perceive a firm to be in trouble, and we identify conditions when managers are more likely to conceal problems by manipulating reported earnings.

**A Behavioral Agency Perspective Of Risk Taking: The Role Of Dynamic Aspiration Levels**

Michele E Yoder, *University of Wisconsin-Madison*  
Cynthia E Devers, *University of Wisconsin-Madison*  
Mason A Carpenter, *University of Wisconsin-Madison*

This proposal synthesizes agency and prospect theories to extend behavioral agency models by developing a behavioral agency perspective of the effects of dynamic aspiration levels on risk taking. We predict that executives apply aspiration levels to stock options, using them as reference points that impact risk taking by defining the gain or loss context. Issuing new stock options causes the executive's aspiration levels to change, likely inducing a loss context. Thus, the positive relationship between the value of stock options and risk taking is strengthened by the number of times the aspiration level has changed. We will test our theory in the context of CEO stock options and investment in strategic risk with a sample of large, publicly owned firms over several years.

**Differential Aspiration Models And Firm Behavior: Evidence From Financial Misrepresentation**

Jared Harris, *University of Virginia*  
Philip Bromiley, *University of California-Irvine*

Drawing on the behavioral tradition in strategic management, researchers have measured firm aspirations in a variety of different ways. Although research on aspirations is a prominent and well-explored research area of the behavioral theory of the firm, differing formulations of aspirations measures have proliferated with little evidence to suggest which view of aspirations is most appropriate. In this exploratory study, we comparatively test the influence of several different aspiration measures, contributing to our empirical, theoretical, and practical understanding of aspirations and search.

## SESSION 1270

**PUSHING THE ENVELOPE: LOOKING AT THE IMPACTS OF NON-MARKET INFLUENCES**

<b>TRACK G</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	Louis Hébert, <i>HEC-Montréal</i>	

**Facing Organized Criminal Groups**

Philippe Very, *Groupe EDHEC*  
Bertrand Monnet, *EDHEC Business School*

The purpose of this research is to understand how companies are increasingly becoming the targets of organized crime groups. Using a methodology primarily based on case studies, we propose a theoretical model of criminal activity directed at business. The model is divided into three parts: 1) Typology of criminal activities; 2) Vulnerability of business organizations to each type of criminal activity; and 3) Impact of criminal activities on the business organization. This study demonstrates the multiple types of crime which each have its own specific impacts. It also suggests that companies are NOT equally vulnerable to these threats.

**Are Firm Personality And Political-Market Strategy Interlinked? An Exploratory Review With Synthesis**

Howard Viney, *Open University*  
Paul Baines, *Cranfield University*

The paper discusses Public-Market Strategy (PMS) and the various types of interactions organisations have with government and regulatory actors in developing and implementing firm level strategy, before introducing a five-stage model of PMS aimed at overcoming existing conceptual and semantic difficulties in the literature. The model seeks to explore the nature of relationships between three sets of variables underpinning organisational PMS: the intended outcomes of PMS, the resources dedicated to PMS activity, and the context in which PMS occurs. In order to test the validity of the model, the paper develops a series of hypotheses exploring the interrelationship of the variables, as well as a set of hypotheses which explore the relationship of organisational PMS to 'firm personality', using the Miles and Snow (1978) typology.

**A Rising Tide? How Non-Market Forces Can Re-Float Stranded Industries**

Marco Huesch, *University of California-Los Angeles*  
Mariko Sakakibara, *University of California-Los Angeles*

We develop a new conceptual approach for analyzing the influence of off-line non-market participants on corporate players in competitive markets. We focus on the informational aspects of such influence, and demonstrate that under certain conditions, such off-line non-market forces may have positive implications for market efficiency. Our theoretical model draws on the economics of self-confirming equilibria: inefficient industrial steady states that arise when apparently rational players play an equilibrium strategy that appears rational given past play, but is based on erroneous beliefs about other market participants' strategies. We show that non-market participants may be able to improve the beliefs of market players, and thus allow more accurate updating and active learning. Non-market influences are thus seen as a rising tide serving to 're-float' stranded industries.

## Institutional Targeting In Patent Enforcement: Revisiting Firm-Environment Fit In The Non-Market Context

Deepak Somaya, *University of Maryland*  
Christine McDaniel, *US Department of Commerce*

Scholarship on firm-environment fit has traditionally held that firms must adapt their strategies and capabilities to fit with their environments. In this paper we examine the targeting of specific non-market institutional venues by firms, and ask if these strategies may be driven by attempts to 'choose environments' that fit with the firms' characteristics instead. We propose a theory wherein firms choose between specialized and generic institutions based on the fit with their prior market strategy decisions, the characteristics of their competitors, and their own capabilities. Using data on patent enforcement against foreign importers, we find robust support for the hypothesized determinants of institutional targeting. Our research also provides a direct empirical test for the proposition that firms may derive benefits from the integration of their market and non-market strategies. In addition, our findings shed light on the linkages between patent strategies and the non-market institutions that define these property rights.

## Corporate Blogging Is A Conversational Strategy: Is It A Non-Market Strategy?

Andrew Watson, *Northeastern University*

Blogs have increased in number and prominence in recent years. The proposed paper examines the nature of corporate blogging: an online conversation between the organization and its stakeholders, including customers. It is structured around the question: is corporate blogging a non-market strategy? It presents arguments that corporate blogging is a non-market strategy, followed by arguments that it is not. These arguments are followed by conclusions and implications for management research and practice.

SESSION 1276

### ALLIANCES AND ACQUISITIONS

<b>TRACK G</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2a

**Facilitator** Africa Ariño, *IESE Business School*

## The Performance Implications Of Alliance Portfolio Internationalization: Learning Within And Across Organizational Boundaries

Dovev Lavie, *Technion-Israel Institute of Tech/University of Texas-Austin*

Stewart Miller, *University of Texas*

We introduce the notion of Alliance Portfolio Internationalization (API) that captures the national differences between the firm and its immediate alliance partners. Drawing from the learning literature, we suggest a sigmoid relationship between API and firm performance. When a firm approaches proximate foreign partners it may fail to recognize latent national differences, but as it reaches moderately distant partners, its absorptive capacity enables exchange of valuable external knowledge. Nevertheless, over-internationalization undermines performance due to misapplication of collaborative routines and mounting liabilities of API, so that performance first declines, then improves, and finally declines again with increases in API. Still, firms that have gained experience with foreign partners and maintain wholly-owned

subsidiaries in their partners' countries of origin can overcome some of the liabilities of API.

## Organizational Search Behavior As A Driver Of International Alliances

Hakan Ener, *INSEAD*  
Ha Thi Hoang, *INSEAD*

In a stratified longitudinal sample of more than 1300 drug development projects pursued by fifty-two biopharmaceutical firms and their alliance partners, we identify a new driver of international alliance formation. We show that problemistic search, resulting from low firm performance relative to aspirations, drives the timing and extent of international alliance activity. Moreover, the performance of international alliances is found to be influenced by the search process preceding their formation. When such alliances are undertaken under conditions of problemistic search, we find that they have better outcomes than when they are initiated under success-driven slack search. We conclude that organizational search behavior significantly influences a firm's internationalization process and its subsequent performance in cross-border alliances.

## Cross-Border M&As And Domestic/International Resource Dependence Structures

Akie Iriyama, *University of Pittsburgh*  
Jason Park, *University of Pittsburgh*  
Ravi Madhavan, *University of Pittsburgh*

Cross-border M&As are an increasingly important phenomenon; the aim of this study is to understand the drivers of their formation. Using resource dependence theory and Casciaro and Piskorski's (2005) concepts of power imbalance and mutual dependence, we argue that flows of resources between industries and between countries foster collaborative strategies such as cross-border M&As. Our preliminary hypothesis tests show that cross-border power imbalance discourages cross-border M&A formation, while cross-border mutual dependence encourages it. Ongoing analysis aims to test additional hypotheses on how domestic power imbalance and mutual dependence affect cross-border M&A formation, as well as the interaction of power imbalance and mutual dependence.

## Governance Costs In Foreign Direct Investments: Acquisitions Versus Greenfields

Sverre Tomassen, *BI Norwegian School of Management*  
Gabriel R G Benito, *BI Norwegian School of Management*

Using foreign direct investments as a governance mechanism has a cost side that goes beyond mere production and input costs. The governance costs of foreign operations are often vague and underestimated, and sometimes even ignored by companies entering a foreign market. This study examines role that entries through start-up versus take-over have in generating such costs. Using data from a survey of 160 Norwegian multinational companies the study shows that type of governance costs depends on whether the subsidiary was established as a start-up or through a take-over. Overall, this study indicates that governance costs play a significant role when headquarters are evaluates its subsidiary. Hence, be aware of these costs is of utmost importance for the management of multinational companies.

## Dynamic Capabilities And Network Strategic Fit In Airline Alliances

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

Whilst empirical research on the resource-based view of the firm is well-established, the capability-based view of strategy (CBV) lacks an

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empirical base. In response, we outline an approach to making CBV operational by identifying two levels of capabilities, operational and dynamic capabilities. Rather than measure capabilities directly, using a three-stage modeling procedure and employing a large data set drawn from the airline industry, we are able to make inferences about the airlines' capabilities by measuring both the degree of strategic and dynamic fit for alliance networks. The two combined provide what we term, network strategic fit. The results indicate that dynamic capabilities have flexibility value and this has had a positive impact on airline performance.

## SESSION 1102

**LEARNING, INNOVATION, INTERFIRM COLLABORATION**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Common Ground Session</b>	<b>Room</b>	Marina 1
<b>Facilitator</b>	Paul Olk, <i>University of Denver</i>	

**Leveraging Innovation To Strengthen Strategic Performance**

Nicholas O'Regan, *Bristol Business School*  
Abby Ghobadian, *Henley Management College*

Innovation is a key contributor to both long-term survival and the development of superior competitiveness. The resource-based view contends that leadership is a key contributory resource. This study examines the relationship between innovation, leadership and performance. The results suggest that the level of innovation, the results of innovation, and development of the competencies needed for effective innovation are influenced by the firm's leadership style. Transformational/human resources leadership style is more conducive to innovation and new product development whereas transactional leadership style is conducive to the modification of existing products. The findings provide practical guidelines to for managers to consider in order to achieve sustainable competitive performance.

**Exploring The Performance Impact Of Knowledge Diversity Within Alliance Networks**

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

Within the knowledge-based view of the firm, the need for firms to access knowledge from external sources is widely recognized. Firms often search for exchange partners with resources or knowledge in areas of particular weakness or need for the firm. Firms also use alliance relationships to create knowledge and to access new knowledge that can be leveraged to enhance a firm's existing capabilities or help it to develop new capabilities. An important advantage of networks is that firms are able to gain access to highly diverse knowledge that firms cannot afford or do not have the capabilities to develop internally. In this study we examine the effect of knowledge diversity on overall firm performance and the moderating influence of a firm's social capital resources.

**Search Style In Style Searching: Learning Exploration Strategies From Fashion Firms**

Paola Cillo, *Bocconi University*  
Gianmario Verona, *Bocconi University*

Style is increasingly influencing innovation strategies of firms competing in different settings. With an in-depth investigation

into the fashion industry, and granular data of two leading international firms, we provide a search model that puts style at the core of innovation and, more specifically, of the search process. Analogous to the current understanding of search in technical settings, we first highlight that style emerges through a process of variation, selection, and retention. We then show that the process of variation is not bounded by the complexity of products and the stickiness of knowledge, but is instead characterized by the tendency to look far beyond existing competences. We conclude our work by addressing managerial implications and directions for future research on the topic.

**The Moderating Effect Of Innovation Types For The Firm Resources And Financial Performance Relationship**

Turanay Caner, *North Carolina State University*  
Susan Cohen, *University of Pittsburgh*

In this study we examine when- that is under what innovation types- firms' intra and inter-organizational resources enhance their financial performance. We focus on R&D and marketing capabilities as firms' intra-organizational resources, and centrality and structural holes as resources firms acquire through their inter-organizational alliance network structure. We theorize and empirically demonstrate that both kinds of capabilities affect firms' financial performance to the extent that they contribute to the success of different types of innovations - explorative innovation and exploitative innovation. In the context of biopharmaceutical industry our results indicate that firms need to allocate their resources based on the innovation types they are engaged in.

**How Does Innovation Impact Profitability And Productivity? A Joint-Test Of RBV And KBV Determinants**

Sonya Wen, *National Taiwan University*  
Jennifer Chen, *National Taiwan University*

What kinds of firm heterogeneity determine the performance of technology-intensive firms? Integrating the resource-based and knowledge-based views, we approached such inquiry by hypothesizing the contrasting performance effects of strategic orientations between resource quantity and quality of innovation input, between stock and flow, as well as between scale and scope of innovation output on the profitability and productivity of technology-intensive firms. Our results show that resource quality, instead of resource quantity, matters for both profitability and productivity. Innovation flow matters more than stock, as well as scale matters more in profitability; while the scope of innovation stock matters in productivity. Therefore, our findings suggest the managers to match their strategic orientation in term of innovation input and output with their firm-specific performance target.

**Knowledge Sharing As Mediator Between Alliance Capability And Alliance Performance**

Dong-Hyun Lee, *The Catholic University of Korea*  
ByoungJo Kim, *Seoul School of Integrated Sciences and Technologies*

In spite of the important need to understand how an alliance capability develops within a firm, and how it impacts the alliance success, few research investigates empirically the relationship between alliance capability and alliance performance. Previous researches also do not clarify the concept of alliance capability. The basic idea of this paper is that mechanisms and routines of alliance management can be divided into separate, but closely related construct such as knowledge sharing and alliance capability. We

argue that knowledge sharing is a mediator between alliance capability and alliance performance. Therefore alliance capability without knowledge sharing can only have a partial and/or minor impact on alliance performance.

SESSION 1103

**MANAGEMENT OF KNOWLEDGE AND INNOVATION, INTERORGANIZATIONAL**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b

**Facilitator:** Jamal Shamsie, *Michigan State University*

**Does Stakeholder Engagement Promote Innovation Orientation?**

Silvia Ayuso, *IESE Business School*  
 Miguel Angel Rodriguez, *IESE Business School*  
 Roberto Garcia-Castro, *IESE Business School*

Despite the increasing research about the importance of cooperation for innovation, existing business literature lacks an understanding of how stakeholder-regarding behavior influences innovation. The present study focuses on the contribution of stakeholder engagement to firms' innovation orientation within the context of sustainable development. It investigates whether engagement with customers, employees, external stakeholders and knowledge management lead to higher innovativeness in the firms drawing upon data from an international sample of large companies. Empirical results showed that knowledge sourced from engagement with customers, employees and external stakeholders contributes to a firm's innovation orientation, but that this knowledge has to be managed by the firm internally.

**Co-Opetition For Technological Innovation: An In-Depth Exploratory Study**

Devi Gnyawali, *Virginia Tech*  
 Byung Jin Park, *Virginia Tech*

We examine drivers, dynamics, and consequences of co-opetition for technological innovation. We propose multi-level drivers of co-opetition: industry, dyadic, and firm-level. Industry level drivers include technological convergence, increasing R&D costs, and short product life cycles; dyadic factors include partner technological capability, resource complementarity, and overlapping knowledge bases; and firm-level factors contributing to co-opetition include prospecting strategy, top management co-opetition mindset, and inducement and opportunity for co-opetition. Since little conceptual and empirical research exists on this emerging phenomenon, we conduct an in-depth case study of competitive-collaborative dynamics between Samsung and Sony, the two major players in the LCD segment of the TV industry. Results from the case study will help refine the conceptual framework, create measures for future empirical research, and suggest implications for managers.

**Towards A Model Of Context And Interaction In Science-Industry Knowledge Transfer**

Martin Inganäs, *ETH Zurich*  
 Fritz Fahrni, *ETH Zurich*  
 Christian Marxt, *ETH Zurich*

This paper contributes to improving our understanding of the way science and industry interact. It provides a categorization of three common forms of interaction, namely sponsored research, contract research and collaborative research, by taking the process

of knowledge transfer, the interaction context, and the knowledge context into account. From a theoretical viewpoint, the results presented in this paper are important because they demonstrate that sponsored research, collaborative research and contract research involve distinct ways of organizing science-industry knowledge transfer. From a managerial perspective, the paper contributes to an improved understanding on how to use these forms of interaction in practice and under what conditions one form is to prefer over the other.

**Management Innovation And Dynamic Institutionalization: Evidence From The United States Industries (1855-2005)**

Patrick Reinmoeller, *Erasmus University-Rotterdam*

Management innovations deliver advantages to the innovators and can disrupt established hierarchies in industries (Hamel 2006). Firms have developed many principles and systems and adopted management innovations introduced by other firms but most were dropped quickly (Abrahamson 1996). Institutional forces and organizational ambition lead firms to develop breakthroughs in management, adopt and abandon them. This paper explains the dynamics of (de)institutionalization of management innovation in the 25 major US industries and explain superior organizational performance with differences in how firms create, develop and renew their strategic innovations.

**The Effects Of Interpersonal Relationships On Knowledge Transmission Within Organizations**

Roland Szabo, *Corvinus University of Budapest*  
 Lilla Hortovanyi, *Corvinus University of Budapest*

This paper focuses on the role of interpersonal relationships in the knowledge flow within organizations addressing the questions of how does organizational learning take place and how is knowledge shared and transmitted? We identified four types of learning: Collaborative, Cooperative, Constrained and Competitive. Since human relationships tend to be instable over time we also propose a learning cycle model that draws attention on the influence of social structures. By highlighting the underlying drivers of knowledge sharing our qualitative study has two important contributions. First, improves our understanding of how structural embeddedness imposes limits upon interactions that are essential for organizational learning, and innovation. Second, by elaborating how interpersonal relations influence knowledge sharing process practitioners can better manage knowledge, learning, and innovation.

**Strategic Antecedents Of Firm-Level Performance Differences In Patent Exploitation: What Patent Sharks Reveal About Appropriability Theory**

Joachim Henkel, *Munich Technical University*  
 Markus Reitzig, *London Business School*  
 Ferdinand Schneider, *Munich University of Technology*

Patent 'sharks' are firms that own patents essential to the production of goods sold by R&D-intensive manufacturers. The sharks' unique value proposition is to allow R&D manufacturing firms continuing to use the sharks' technology against (excessive) fees at a point when the manufacturers infringe upon the troll's technology. The existence of sharks challenges the established theory of appropriability whereby the successful use of patents is largely predetermined by industry (e.g. cross-licensing, with or without net payments, in industries such as software or computer hardware). Studying performance differences of all 45 different shark firms ever reported in the public media, we provide empirical evidence for the existence and performance relevance of firm-

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level value appropriation strategies. Our study moreover identifies monitoring criteria relevant to R&D-intensive manufacturers.

## SESSION 1098

### PRODUCT DEVEL, CUSTOMER KNOWLEDGE, ORGANIZATIONAL FORMS

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2
<b>Session Chair</b>	TBD	

#### Reproducing Knowledge: Inaccurate Replication And Failure In Franchise Organizations

Sidney Winter, *University of Pennsylvania*

Gabriel Szulanski, *INSEAD*

Dimo Ringov, *INSEAD*

Robert Jensen, *Brigham Young University*

The recognition that better use of existing knowledge can enhance performance has spawned substantial interest in the replication of productive knowledge within organizations. In particular, it has been argued that, when guided by a template, the exploitation of a business model by replication is more successful if the template is copied precisely. Using unique longitudinal data, we report the first large sample empirical investigation of this proposition by examining the effect that deviation from prescribed practice has on the survival chances of franchise units within a large franchise organization. Our analyses provide strong support for the merit of precise replication.

#### Strategically Managing Integrated Customer Knowledge: Leveraging Global Account Management's Hidden Value

Florian Kohlbacher, *German Institute for Japanese Studies, Tokyo*

Peter Sicher, *Vienna University of Economics & Business Administration*

In most multinational corporations today, global account management is high on the strategic agenda, and it has now found widespread acceptance in industrial and high-technology companies, and is even beginning to take hold in the consumer goods industry. As a result, global account management has attracted significant research attention in recent years. This paper takes a knowledge-based view of global account management and deals with the question of the strategic management of integrated local and global customer knowledge in multinational corporations. It builds on the knowledge-based view of the firm and a conceptual framework of knowledge-based marketing. We review the relevant global account management literature, identify major shortcomings and finally propose a conceptual framework of knowledge-based global account management.

#### Strategic Stretch And Modularity Management In Product Development

David Croson, *Southern Methodist University*

Steven Postrel, *Southern Methodist University*

Product development often requires the integration of work products from specialized component designers whose knowledge is hard to transmit. We study the tradeoffs facing a system designer/project manager who must decide a) how far to 'stretch' in setting a target for system performance and b) what component-performance targets to assign to each designer given the choice

of system-performance target. Tighter component-level tolerances improve the chances that the components can be integrated into a successful system, but are more difficult and expensive to hit. Tougher system-level targets increase profitability if met, but drive higher (and riskier) costs. Companies must balance these costs and benefits in deciding whether to attempt big leaps in system performance or to follow a 'rapid inching' policy of incremental product improvement.

#### Organizing For New Product Development

Laura Cardinal, *Tulane University*

Michael Fern, *University of Victoria*

Scott Turner, *University of Maryland*

Richard Burton, *Duke University*

Drawing on research that distinguishes among three industrial contexts for product development, we develop three congruent project designs using information processing theory. First, our research suggests that different project environments involve different performance priorities, different project designs yield different performance outcome. Second, we observe the benefits of midrange product development processes, which incorporate moderate communication richness and moderate concurrency, in complex and uncertain environments. Our research has significant implications for theory development in the area of new product development as well as for practitioners involved with project design choice for new product development efforts.

## SESSION 1105

### INNOVATION, GROWTH, SPIN-OFFS, AND INTELLECTUAL CAPITAL

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	Linda Tegarden, <i>Virginia Tech</i>	

#### Organizational Innovativeness And Firm Growth: An Empirical Study Of The Innovation-Promoting Basic Conditions

Ulrich Bauer, *Graz University of Technology*

Stefan Gueldenberg, *Vienna University of Economics & Business Administration*

Hannes Pichler, *Graz University of Technology*

This paper explores the relationship between innovation-promoting basic conditions, organizational innovativeness and the growth performance of companies. Five potential basic conditions to increase innovativeness of companies could be derived from the analysis of innovation-relevant studies and the in-depth study, which was conducted. Empirical data was gathered in a questionnaire-based survey in Austria from 112 Top-500-companies. The questionnaire contained 288 items covering the topics of innovation sources, process and networking, as well as climate, motivation, controlling and strategy. The results of the analysis show that companies fulfilling these basic conditions: 1) produce a higher percentage of radical innovations; 2) record significantly higher turnover growth; and 3) large companies tend to fulfill these basic conditions in a better way than small companies.

## Research Publications And Tacit Knowledge: An Industry Life Cycle Perspective On Why Firms Publish

Linda Tegarden, *Virginia Tech*  
Will Lamb, *Ohio University*  
Donald E Hatfield, *Virginia Tech*

We propose that within the technology life cycle framework, firm incentives to publish will vary depending on their ability to reap the benefits – and avoid the costs – of publishing articles which may reduce their knowledge advantages. Firms that publish research findings are more likely to gain greater access to research networks and tacit knowledge. We expect the benefits and costs to vary across the industry life cycle. Using the context of the emerging fiber optics industry (1976-1994), we test the impact of firm characteristics on the extent and timing of research publications. Our results indicate that dominant firms (those with large size, wide technology scope, and significant market power) are best able to push the development of technologies in an emerging market, and most likely to publish articles in the embryonic stage of an industry. We discuss how these results inform research in the knowledge and innovation areas.

## The IBM Innovation Jam: A Methodology For Mobilizing Intellectual Capital?

Robert Wood, *San Jose State University*  
David Hover, *San Jose State University*

Recent research emphasizes the difficulty of managing knowledge. This poses profound challenges for firms with valuable knowledge that is not yet practically useful, such as research laboratory discoveries. We report on an on-going real-time study of a corporate attack on this challenge. In early 2006 Sam Palmisano, IBM chief executive, visited IBM Research. Excited by what he saw, he proposed the company use its Jam technology for a massively parallel conversation among employees and selected outsiders on turning the technologies into products. Data from participant observation, interviews, and transcripts indicates the Jam has created knowledge structures and networks that may contribute to effective mobilization of IBM's knowledge. However, fundamental problems of mobilizing knowledge for strategic innovation are far from being totally solved.

## Learning And The Paradox Of Innovation

Changsu Kim, *Ewha Womans University*

This paper examines the relationship between learning and innovation, focusing on the trade-off between exploitation and exploration in learning and innovation. We identify three types of learning and two elements of innovation. We propose that exploitation and exploration in learning are inversely associated with innovation rates and impacts. While exploitative, localized learning is positively associated with the rates but negatively associated with the impacts of innovation, explorative learning-by-experimentation shows the opposite relationship. We call this trade-off a 'paradox of innovation'. We also suggest that R&D alliances contribute to both innovation rates and impacts. The panel data in the global chemical/pharmaceutical industry support our 'paradox of innovation' view.

SESSION 1110

## CONSULTING PRACTICES

<b>TRACK J</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 2

**Session Chair** Ansgar Richter, *European Business School*

## Positioning Of Management Consulting Firms: Segmenting The German Market For Consulting Services

Kerim Galal, *European Business School*  
Ansgar Richter, *European Business School*

The consulting market is characterized by growing competition and rising client expectations. Therefore, consulting firms should benefit from positioning themselves carefully vis-à-vis their competitors. We address the question of whether management consulting firms can be distinguished and grouped on the basis of their services. We apply cluster analysis to a sample of 70 consulting companies operating in the German market. The results indicate that relatively many firms position themselves as providers of tailored strategy and organization consulting services. There are, however, consulting firms that seek to differentiate themselves from this model, for example by providing more standardized consulting solutions.

## Applicability Of Business Models In Strategy Execution: Lessons From The ATLAS Experiment At CERN

Timo Santalainen, *Helsinki School of Economics/STRATNET*  
Markus Nordberg, *CERN*  
Ram Baliga, *Wake Forest University*

CERN (European Organization for Nuclear Research) is the world's largest particle-physics research centre. The objective of this laboratory is to understand how matter was created and what it is ultimately made of. As part of its latest project, the Large Hadron Collider (LHC), ATLAS is amongst the largest collaborative efforts ever attempted in the physical sciences. Over 1800 physicists (including some 300 students) from more than 150 universities and laboratories in 30 countries are involved in this physics experiment. ATLAS management hired a consultant to identify and address issues that could affect ATLAS success. Through discussions with representatives of ATLAS management, the consultant determined a number of issues that needed to be addressed. The sessions were built around Hamel's Business Model (Hamel, 2000) and the 'Strategy Diamond' (Hambrick & Fredrikson, 2001) frameworks. This paper will focus on the challenges of strategy execution (Bossidy & Charan, 2002) in a world-class research institution involved in probably its most critical experiments to date. We conclude with a discussion of how the lessons learnt at ATLAS could be valuable to corporations (e.g. pharmaceutical companies) and universities that are struggling to enhance their research productivity.

## The Evaluation of Strategy: Developing Guidelines to Improve Managerial Practices

Don Antunes, *IMD*  
Abhijit Mandal, *University of Warwick*  
Bettina Büchel, *IMD*

This paper advances discussion on strategy evaluation, a topic of crucial relevance for the practice of the top management team and strategy consultants. Building on the classical work from Rumelt (1980) it compares the practice of strategy evaluation in four leading companies that have recently undergone strategy evaluation reviews. The paper highlights the relevance of the topic,

discusses the obstacles to good practice of strategy evaluation and argues that to improve the quality of strategy evaluation four fundamental guidelines should be taken into account: integration, accessibility, modularity, and transparency.

### Putting Intellectual Capital To Work Utilizing The Intellectual Potential Framework

Carl-Henric Nilsson, *Lund University*  
Christina Lindskog, *KunskapsPartner AB*

The critical point of strategy is making it happen. Much research is done on Strategy, however there is still ample room for improvement when it comes to research concerning the art of strategizing (Starbuck, 1992), or in other words making strategies happen. This paper is about putting the Intellectual Capital, sojournd in the employees of a company, to work by using the Intellectual Potential Framework. The Intellectual Potential framework rests on four cornerstones: Change Management, Strategy, Process Orientation and Measurement Systems.

SESSION 1161

### SOCIAL CAPITAL & ENTREPRENEURIAL PERFORMANCE

<b>TRACK K</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	14:00 - 15:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 4

**Session Chair** TBD

### The Dynamics Of Inter-Organizational Social Capital: Implications For Start-Ups' Performance

Manuela Presutti, *University of Bologna*  
Luca Pirolo, *Luiss Guido Carli University*

We attempt to provide a better understanding of how the performance of start-ups – measured by both economic and innovation task performance outcomes - may be influenced by different configurations of the inter-organizational social capital with their customers according to different stages of a start-up's life cycle. We confirm that there are different configurations of social capital able to influence performance during the start-up life cycle, according both to our selected measures of task performance outcomes and to the selected stage of its life cycle. We suggest the importance to follow a contingent view when studying the value of inter-organizational social capital for start-up performance, since the necessity to adapt its social capital configurations to changing task and resource requirements to reinforce the performance.

### Linking Strategic Utilization Of The Entrepreneurial Resource-Based Social Capital To Small Firm Growth

Bostjan Antoncic, *University of Primorska*  
Mitja Ruzzier, *University of Primorska*  
Tina Bratkovic, *University of Primorska*

Social capital of entrepreneurs can be important for their firm growth. The creation of a network can be in a large extent strategy determined. This study makes a contribution by developing and testing a model of the entrepreneur's social capital driven firm growth by considering the entrepreneur's resource acquisition network ties. In the model a controversial combination of strong and weak tie arguments is proposed. Regression analysis was conducted using structured-questionnaire survey data from small firm entrepreneurs in Slovenia. Findings suggest that firm growth can be influenced by strategic utilization of the entrepreneur's

resource-based social capital. In particular, resource network intensity can have a positive influence on firm growth, whereas the central resource network person friendship can be negatively related to firm growth.

### On The Relationship Between Venture Capital Financing And The Growth Of New Technology-Based Firms: The Type Of Investor Matters

Luca Grilli, *Polytechnic of Milan*  
Massimo Colombo, *Polytechnic of Milan*  
Fabio Bertoni, *Polytechnic of Milan*

The financial literature claims that Venture Capital (VC) financing spurs the growth of New Technology-Based Firms (NTBFs). First, VC investors allegedly have superior scouting capabilities, so they provide great hidden value firms with the financing they would otherwise be unable to obtain. Second they also provide monitoring and coaching services to portfolio companies. Third, VC financing has a 'certification' effect, making easier for portfolio firms obtaining support from third parties. Nevertheless, the extent to which these functions are performed, and so the benefits of VC financing, are likely to depend on the type of investor. In this paper we distinguish financial intermediaries (FVC) and non-financial companies (i.e. corporate venture capital, CVC) as a source of VC. The aim of the paper is to test whether i) VC financing has a positive effect on the subsequent growth of sales and employment of portfolio companies, and ii) the magnitude of this effect differs according to the type of investor (i.e. FVC vs. CVC).

### Examining Diversity And Closure Theoretical Antecedents For Nascent Entrepreneurial Projects

Natalia Weisz, *IAE - Universidad Austral*  
Roberto Vassolo, *IAE Business School*  
Arnold Cooper, *Purdue University*  
Luiz Mesquita, *Arizona State University*

We theoretically and empirically explore the effect of social capital on nascent entrepreneurial teams' performance. We focus on the trade-offs between internal social capital and demographic diversity. Though both aspects would be expected to positively affect teams' performance, they are, in principle, negatively correlated since factors associated with demographic diversity may inhibit initial internal social capital, and vice versa. We survey all members of 74 nascent entrepreneurial teams. We find that in nascent entrepreneurial teams, demographic diversity has a more positive impact on performance than internal social capital. In the face of a critical trade-off between demographic diversity and internal social capital, nascent entrepreneurial teams that favor demographic diversity are better off.

15:15 - 15:45  
**COFFEE BREAK**



**Mike Lord** is Director of the Flow Institute for International Studies, Sisel Fellow in Strategy, and Director of the China Program at the Babcock Graduate School of Management of Wake Forest University. Mike also serves as chairman of the research committee and board member of the

Foundation for Public Affairs of the Public Affairs Council, the U.S.-based association of senior corporate public affairs executives. Mike Lord received a BA in Government & International Relations from Harvard University; an MBA in International Management from Baylor University; and his PhD in Strategic Management from the University of North Carolina at Chapel Hill.



**Mark Kramer** is founder and managing director of FSG Social Impact Advisors, Senior Fellow in the CSR Initiative at Harvard's Kennedy School of Government, and co-founder of the Center for Effective Philanthropy, a nonprofit research organization in Cambridge, Massachusetts. Prior to

founding FSG, Mark served for twelve years as President of Kramer Capital Management, a venture capital firm, and before that as an Associate at the law firm of Ropes & Gray in Boston. He received a B.A. summa cum laude from Brandeis University, an M.B.A. from The Wharton School, and a J.D. magna cum laude from the University of Pennsylvania Law School.

TUESDAY  
 PLENARY

SESSION 1805

**NOT A CHALLENGE, BUT AN OPPORTUNITY:  
 STAKEHOLDER STRATEGY AS INNOVATION AND  
 INNOVATION**

<b>PLENARY</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	15:45 - 16:45 h
<b>Panel Session</b>	<b>Room</b>	Grande Ballroom

**Session Chairs**

- Michael Lord, Wake Forest University
- Mark Kramer, FSG Social Impact Advisors

'Non-market' influences – e.g., diverse global stakeholder concerns, corporate social responsibility, public affairs, and government relations – long have been posed most often as risks, threats, or problems to which firms and their leaders must react or adjust. This panel instead casts these 'non-market' influences in a different light – i.e., as potential font of innovation and advantage. Panel members will discuss the consensually emerging model for stakeholder strategy not as a peripheral, tactical, or reactive afterthought, but rather instead as a rich and positive source of innovation and advantage central to the very conception of business strategy. The demand for a more positive and proactive strategic attitude toward these 'non-market' influences only will grow.

## SPECIAL SESSION 1305

<b>TEACHING TRACK</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00-18:15 h
<b>Planning Session</b>	<b>Room</b>	Seabreeze
<b>Session Facilitator</b>	Idie Kesner, <i>Indiana University</i>	

**The Future of the SMS Teaching Initiative**

Do you want to play a leadership role in the future of SMS's teaching initiative? Are you interested in creating a new SMS Teaching Interest Group? Come to this planning session and participate in the launch of this initiative. Attendees will be asked to participate in planning future teaching sessions and assuming leadership roles in order to move forward on this new idea. The session will include a brainstorming activity to identify future events and the individuals who will lead them. The session will also include a discussion of ideas for building a virtual teaching community to share best practices and teaching materials.

## SESSION 1178

**ORGANIZATIONAL CAPABILITIES**

<b>TRACK B</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 3
<b>Session Chair</b>	Richard Reed, <i>Washington State University</i>	

**Unbundling Lobbying Capability: Non-Market Strategy Development In An Exogenous Policy Context**

Thomas Lawton, *Imperial College London*

Tazeeb Rajwani, *Imperial College London*

We deploy a dynamic resource-based perspective to unbundle the development of micro level lobbying processes as a strategic capability for airline companies in the exogenous policy context of post-September 11th, 2001. Using an inductive model, our findings indicate that cognitive blueprints play a vital role in guiding and developing lobbying capabilities by allowing senior managers to choose the level of investments in human capital, network relationships, structural modification and lobbying competencies. This heterogeneous capability is developed differently in private and public airlines as a result of different ownership structures and time compositions that interplay with organizational cognitive blueprints. The article contributes to ongoing dialogue in both the dynamic capabilities and the corporate political activity literatures.

**Re-Examination Of The Relationship Between Institutional Ownership Composition And The Structure Of CEO Compensation**

Jae Yong Shin, *University of Illinois-Urbana Champaign*

Jeongil Seo, *KDI School of Public Policy & Management*

This study investigates the relationship between the structure of CEO compensation and the composition of firms' institutional ownership in terms of legal type. We question the assumption of previous literature that 'pressure-resistant' institutional investors (e.g. public pension funds, mutual funds, and endowments and foundations) are more likely to influence their portfolio firms to design CEO compensation packages that are more sensitive to firm performance than 'pressure-sensitive' institutional investors (e.g., banks, insurance companies). We found that the

percentage holdings by 'pressure-resistant' institutional investors are negatively related to the pay-for-performance sensitivity of stock-based incentives.

**The Influence Of Firm Strategy On Attracting Institutional Investors**

Fariss-Terry Mousa, *Washington State University*

Richard Reed, *Washington State University*

This paper provides a new perspective on the relationship between R&D spending and institutional investors by examining the influence that R&D has on attracting or discouraging investment by institutional investors. We divide institutional investors into two main groups: pension-funds and professional-investment management funds (mutual funds, banks, and investment banks). We also show that the differing behavior of these two groups is further influenced by institutional herding.

**Non-Market Influences, Corporate Form, And The Structure Of Innovation**

R. Daniel Wadwhani, *University of the Pacific*

Dara Szyliowicz, *University of the Pacific*

This paper examines the impact of non-market forces on the evolution of industry structure and ownership/governance form. Focusing on the personal finance industry in Germany, Great Britain, and the United States, we examine the causes of divergence in the structure and dominant ownership form in the industry in the formative period between 1870 and 1930. While market-based developments, like changes in the size of the market and the introduction of innovations, explain part of the national divergence, we find that a number of non-market developments (including new regulations, forms of political organization, and differences in public opinion) had significant effects on the structure of the industry in each country.

## SESSION 1219

**SCORECARDS AND CRS**

<b>TRACK C</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>		

**The Strategic Control Of Non-Market Industries: Findings From United Kingdom Regulated Monopoly Network Utilities**

Vinh Chau, *University of East Anglia*

Barry Witcher, *University of East Anglia (UEA)*

The paper presents key findings from a longitudinal tracer project which took place between April 2002 and March 2004 in the U.K. on the impact of regulatory policy incentives on the strategic control of three utility companies. The research concerned three detailed case studies in exemplar companies, which were regional monopolies, and involved following their entire planning and decision-making cycles to understand how exactly specific regulatory policy implications affected daily work and management – this involved a methodological approach known as tracer studies (which is rare in management research). The key findings suggest that regulatory control of companies is most prominent in the general price-capping form, rather than specific policies, and companies' responses seem to relate more to it. The most common approach of companies in building regulatory imposition into their performance management systems is the use of balanced scorecards. The exact

meaning of these varies from company to company, as well as the meaning of balance. However, what is commonplace across the companies is that multi-stakeholder considerations must be understood well in order for multiple-objectives to be managed well. This quintessentially requires participation of the company at the holistic and cross-functional levels.

### A Balanced Scorecard-Based Evaluation Of Corporate Governance Structure

Gyeong Mook Kim, *Duksung Womens University*

In this study, I borrowed the process idea from balanced scorecard perspective to test the corporate governance effectiveness. Views were tested with 324 Korean listed companies. The results showed that foreign investors' stock ownership was positively related to balanced investments. The results, further, demonstrated that the proportion of outside directors and institutional investors' stock ownership moderated the relationship between foreign investors' stock ownership and balanced investments. Implications for theory and practice are suggested.

### Effects Of Performance Measurement Systems

Veronica Martinez, *Cranfield University*  
Mike Kennerley, *Cranfield University*

This research investigates the effects of performance measurement systems, using the goal setting theory. It identifies a mix of positive and negative effects from an in-depth case study and generalizes the case study's findings with a survey study in 121 large UK organizations operating in the manufacturing and service sectors. Our evidence shows that 12 effects, out of 38 positive effects found from the case study, were found significantly relevant to UK organizations in areas of people's behavior, capabilities and performance. Conversely, four out of nine negative effects identified in the in-depth case were highly significant in UK organizations. The findings suggest four factors that moderate the firms' results. Finally, this research discusses the implications to the body of knowledge and practice.

### Linking Corporate Social Responsibility To Strategy With The Balanced Scorecard: A Ricoh Corporation Case Study

Sylvia Maxfield, *Simmons College*  
Monica Nakielski, *Palladium Group*  
Jay Wolfgram, *Palladium Group*

The most popular CSR tools are stand-alone reports of environmental and social performance following the Global Reporting Initiative. Reporting alone does not necessarily reflect or spur strategic integration of CSR activities. Although examples abound of CSR initiatives related to corporate core competencies or unique business objectives, there are few corporations that have changed company-wide managerial hierarchies/reporting lines, budget processes, personnel performance assessment and/or other aspects of organizational life in order to engage operating managers in activities that highlight social issues based on their strategic importance. Surveys indicate that CSR leadership remains isolated in the boardroom. Based on interviews, this paper explores the case of Ricoh, which decentralized CSR leadership using a balanced scorecard framework to incorporate CSR metrics into its corporate strategic management process.

### SESSION 1247

### DISCUSSIONS ABOUT TECHNOLOGY, SCOPE AND PERFORMANCE

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2a
<b>Facilitator</b>	Marvin Lieberman, UCLA	

### Information Technology Enabled Product Modularization: A Value-Based Approach Integrating Supply And Demand Perspectives

Judith Gebauer, *University of Illinois-Urbana Champaign*  
Joseph T Mahoney, *University of Illinois-Urbana Champaign*

This research paper examines why and under what conditions product modularization will occur in a market, in particular as a result of the availability of modern information systems and internet-based communication standards. Even though modularization has been discussed widely in research areas such as Product Development, Competitive Strategy and Organizational Economics, the dynamics that support or hinder greater modularization are not fully understood. We present a value-based approach to modularization that integrates supply and demand perspectives, and suggest that product modularization in a market will occur if it results in net benefit, as determined by impacts on: 1) product performance; 2) production costs; 3) transaction costs; 4) market value; and 5) buyer-perceived product value.

### Demand-Side Diversification In Industries Based On Systemic Technologies

Lalit Manral, *Long Island University*

Horizontal fragmentation poses a strategic dilemma for incumbents whether to diversify to offer new complements and/ or enter new geographical sub-markets to increase their overall market-share. This paper captures the dynamics of strategic implications – for incumbents and potential entrants – of increasing horizontal fragmentation within a particular industry. It models firms' diversification behavior in a horizontally fragmenting industry as endogenous entry. In doing so, it also addresses the gap in the empirical literature on endogenous models of entry which predominantly focuses on idiosyncratic firm characteristics to explain de novo and de alio entry while assuming away the variation in structural characteristics. The unique proprietary NECA PSL dataset of US Long-distance Telecommunications Services industry allows us to identify market characteristics that influence entry.

### Why Some Firms Never Invest In R&D

Alvaro Cuervo-Cazurra, *University of South Carolina*  
Anniq Un, *University of South Carolina*

We analyze why some firms never invest in research and development (R&D). We identify and test four explanations for this behavior. We first reverse the logic of two prior explanations in related R&D investment literature and discuss (1) the lack of competitive pressures and (2) lack of resources. We then add two novel explanations: (3) reliance on other firms for technology and (4) lack of need for proprietary technology in the firm's activities. The empirical analysis confirms that each of the explanations is a significant determinant of a firm's decision never to invest in R&D. However, we find that, in comparison to firms that always invest in R&D, while a lack of resources determines that a firm never invests in R&D, it does not explain why a firm sometimes does not invest in R&D.

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## Research And Development Expenditures, Research Outcomes, And Firm Profitability: Insights Into The Software Industry

Annetta Fortune, *Drexel University*

Lois Shelton, *California State University-Northridge*

Using the theoretical foundation of the resource-based view, we examine the relationship between capabilities, resources and firm performance in the context of the research intensive, knowledge based software industry. Empirical analysis of 604 firms reveals that capabilities in the form of research and development expenditures mediate the relationship between intangible resources and firm profitability, even though both, knowledge based intangible assets, and organizational research and development capabilities are each positively related to firm performance. Thus, we find support for the role of knowledge-based firm resources serving as feedstocks to guide the development and deployment of organizational capabilities.

## The Spread Of A Technology: The Evolution Of Polymerase Chain Reaction (PCR)

Joan Penner-Hahn, *Wayne State University*

Anna Ejakova, *Wayne State University*

The development and transfer of new technological skills is an important strategic aspect for many firms. In order to better understand the movement of technological discoveries, we examine the case of a specific technology, the Polymerase Chain Reaction (PCR). PCR is considered one of the most important biotechnological discoveries. Discovered by Kary Mullis in 1987, he received the Nobel Prize for it in 1993. We use the patents which cite the original PCR patent to investigate the path of the technology development. We plan to use ArcView, a geographical information system, to enrich our understanding of the factors that lead to technology transfer and spread. This will be a unique methodological contribution to the field of strategy.

## Strategic Risk Management And Corporate Performance Effects

Torben Juul Andersen, *Copenhagen Business School*

Corporate risk management is in vogue and there is increased focus on formal enterprise risk management practices. It seems apparent that strategic response capabilities dealing with uncertainty and exposures that are hard to quantify may constitute an important competitive edge. However, few management studies have investigated whether the ability to handle exogenous risk factors and thereby reduce earnings variability is associated with superior performance. Hence, this study analyzes the relationship between strategic risk management and financial returns and finds that effective risk management has a positive association to corporate performance that is enhanced by low financial leverage and investment in innovation.

SESSION 1147

## ALLYING AND ALLYING WELL: ALLIANCE CAPABILITY AND PERFORMANCE

<b>TRACK E</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 4
<b>Session Chair</b>	Duncan Robertson, <i>University of Warwick</i>	

## Toward A Relationship-Based Theory Of Strategy

Xin Li, *University of London*

This paper proposes a relationship-based theory of strategy, which is based on the relationship-based view of the firm (R-BV). The R-BV treats a firm as a collection of relationships between the firm and its stakeholders. So the relationship-based theory of strategy argues that an effective strategy starts from building and developing harmonious firm-stakeholder relationships, and has three essential elements: competitive advantage, strategic intent and strategic architecture. A truly competitive company is a one that can effectively create relationship advantage, and then transform it into intermediate advantages such as quality and innovation advantages, and finally integrate into product attractiveness advantage such as low cost, differentiation or the combination of the two. In essence, the relationship-based theory of strategy is about total relationship management (TRM).

## Social Capital Competitive Advantage: An Empirical Analysis

James Davis, *University of Notre Dame*

Viva Bartkus, *University of Notre Dame*

Social capital represents the willingness to be vulnerable toward a group that one may not know and whose actions one can neither monitor nor control. Social capital is a construct composed of three factors: the identification of members with the network, the norms shared among them, and the a priori abilities and resources that are brought individually or held by the group collectively. In this paper we argue that social capital plays a mediating role between these internal characteristics of the firm and its economic performance; in other words, that social capital gives the firm its sustainable competitive advantage. We test our proposed model with a sample of employees of a major, public multinational corporation.

## Strategic Alliances And Competitive Performance

Francisco Goncalves, *ISEG Lisboa University*

Vitor Goncalves, *ISEG Lisboa University*

This paper presents an explanatory model, built on a Dynamic Capabilities View (DCV). It proposes that the frequently-established association between alliances and performance can be further explained by dynamic capabilities (DCs). In fact, it offers two main contributions. First, it critically reviews some published literature regarding the DCV and highlights a specific role for DCs, that of moderators. Second, it seeks to advance the current knowledge on the impacts of the strategic alliance on performance by testing a stratified approach. Specifically, this paper explores the role of alliance management capability in shaping that relationship, raising some interesting implications for theory and for practice. Finally, an empirical application of the proposed role for alliance management capability is conducted on the Portuguese pharmaceutical industry.

## Theoretical Clustering, Institutional Clustering, And Academic Social Networks: A Study Of The Strategic Management Journal

Duncan Robertson, *University of Warwick*

We undertake a social network analysis of strategic management co-authorships derived from a data set of 70,000 papers cited in the Strategic Management Journal. We present evidence of clustering within this academic social network, grouping within academics' co-authors' institutional affiliations, and we perform a longitudinal study of the evolution of the development of strategic management as a discipline.

SESSION 1074

**CEO SUCCESSION**

<b>TRACK F</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b

**Facilitator**      Margarethe Wiersema, University of California-Irving

**Examining The Effects Of Top Management Team Turnover On Firm Performance: A Meta-Analysis**

Frank Butler, *Florida State University*  
 Alexa Perryman, *Florida State University*  
 Annette Ranft, *Florida State University*

Differing perspectives exist regarding the importance of retaining managers in an acquired firm. A market for corporate control perspective suggests the need to 'prune managerial deadwood' in an acquired firm to improve financial health. Other research from a resource-based perspective highlights that acquired managers may be important to retain, especially during the integration of an acquired firm to ensure positive performance outcomes. In this study, we employ meta-analytic techniques to review and synthesize empirical research that has examined the link between executive turnover in an acquired firm and subsequent performance. Using a sample of 22 studies investigating 5,394 firms we find a negative relationship between turnover and performance in support of the resource-based view. Implications for research and practice are discussed.

**When Labor Has A Voice: The Impact Of Employee Ownership On CEO Dismissal**

Zied Guedri, *EM Lyon*  
 Xavier Hollandts, *EM Lyon*  
 Pierre Yves Gomez, *EM Lyon*

This paper builds upon and extends previous research examining the antecedents of CEO dismissal by suggesting that employee ownership may moderate the relationship between firm performance and CEO dismissal likelihood. In particular, we argue that employee ownership might be used by CEOs to reduce the efficiency of internal and external corporate control mechanisms, and hence, to prevent their own dismissal even in the presence of poor firm performance. We also suggest that the likelihood of CEO dismissal of poorly performing firms is further reduced when employee owners have a voice on the board of directors. This 'dark side' of employee ownership and board representation is, however, counterbalanced in the presence of large outside blockholders. Results drawn from a sample of 189 French firms provide support for our hypotheses.

**A Bayesian Examination Of The CEO Effect On Firm Performance**

Mark Hansen, *Brigham Young University*  
 Shane Reese, *Brigham Young University*  
 Lee Perry, *Brigham Young University*

Management scholars have been interested in various antecedents of firm performance for decades. This paper bridges two lines of inquiry that have developed in the literature, namely the firm effect vs. industry effect and the CEO effect on firm performance. A Bayesian model is developed that allows the examination of the CEO effect, the effect of actions taken by the firm, the firm effect, and the industry effect. CEOs that have been the CEO at two different firms are studied to isolate the CEO effect. We find that

the performance influence of CEOs is manifest in the actions taken by firms whereas CEOs' influence apart from those actions does not appear to have a consistent effect on firm performance.

**Competition For CEO Succession: Retired Directors And Disinherited Heirs**

Scott Johnson, *Oklahoma State University*  
 Karen Schnatterly, *University of Missouri-Columbia*

In this study, we examine the circumstances under which a firm is either likely to choose a new CEO from the board (as opposed to either an insider or outsider) or not choose an heir apparent as a new CEO. Previous research has focused largely on heirs apparent vs outsiders as choices for the CEO's successor. We suggest that a succession event where an outside board member becomes the new CEO is likely to indicate a power struggle in which the existing CEO is forced out by a board member instead of being replaced by a hand-picked successor.

**The Effect Of CEO Succession On Firm Performance And Stock Analyst Ratings**

Margarethe Wiersema, *University of California-Irvine*  
 Mark Washburn, *University of California, Irvine*

Even with the strong link between antecedent poor performance and CEO succession, it is not clear what effect CEO succession has on subsequent performance. The present paper addresses this issue by comparing performance over time in firms that experience CEO successions to relative performance of firms that retain their chief executives. Surprisingly, we find that firm performance measured using stock analyst ratings always improves after CEO succession, even when firm performance measured as ROA does not.

**The Employment Of Interim Chief Executive Officers And Subsequent Firm Performance**

Gary Ballinger, *University of Virginia*  
 Jeremy Marcel, *University of Virginia*

We investigated an unexplored but growing phenomenon in corporate governance - the board of director's choice to employ an 'interim' CEO. We examined 540 CEO succession episodes occurring between 1996 and 1998, and found that 96 (18%) of these successions involved an interim CEO. We leverage theory to debate the pros and cons of this practice, and empirically test the influence of this choice on subsequent firm financial performance and survival. We found that the use of an interim CEO was negatively associated with financial performance and survival after the permanent CEO finally took the job. Firms that used an interim CEO in cases of voluntary CEO succession were more prone to failure over a seven-year period relative to those that did not use an interim CEO.

SESSION 1077

**DIVERSIFICATION AND FIRM PERFORMANCE**

<b>TRACK F</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2

**Session Chair**      TBD

**Multidimensional Relatedness, Financial Performance, And The Diversification Discount: Industry-Specific Evidence**

Frithjof Pils, *Jacobs University Bremen*

Business relatedness is fundamental to the performance implications of diversification strategy. The construct of relatedness being

TUESDAY 17:00 - 18:15



multidimensional in nature, however, there is sporadic empirical evidence only on how different types of relatedness impact performance. Moreover, if synergies by means of scope economies is the economic justification for multi-business firms to exist, then some at least of the multi-business firms with the highest levels of relatedness should trade at a premium rather than at a discount. In this study, I test the separate and joint effects of multiple types of relatedness on corporate accounting- and market-based performance. I conduct industry-specific analyses for a number of 350 large manufacturing firms in seven primary industries over the period 1985-2006 and derive implications for corporate strategy theory and practice.

### The Heterogeneous Effects Of Diversification On Firm Value

Tyson Mackey, *Texas A&M University*

This paper examines why diversification creates value for some firms but does not create value for others. Using a Bayesian linear hierarchical model, firm-specific effects of diversification on firm performance are estimated as a function of firm attributes. The main finding of this paper is that firms are rational in their expectations about diversification's effect on firm value. Firms that are diversified are, on average, creating value from diversification while focused firms would not, on average, create value from diversifying. Related diversifiers, on average, have higher firm-specific value creation from diversification than unrelated diversifiers.

### When Do Firms Value The Whole Versus A Part? Acquisition Of Multi-Location Targets

Miguel Ramos, *University of Massachusetts Dartmouth*

Firms with presence in multiple locations are often acquired. I examine the conditions that make acquirers value the collective location characteristics of such multi-location targets versus a particular location when selecting them. I predict that, under conditions that make market-seeking acquisitions more likely, acquirers value aggregate geographic characteristics of multi-location targets such as their total market access and geographic dispersion. I also predict that, under conditions that make knowledge-seeking acquisitions more likely, acquirers may value and select a multi-location target because of its presence in a knowledge intensive location. I test these predictions by analyzing U.S. acquisitions activity from 2002 to 2004. This research contributes to strategy research by studying the influence of geography on acquisition activity while acknowledging firms' often complex geographic configurations.

### When Ownership Structure Influences Corporate Diversification Strategies

Denis Lacoste, *Groupe ESC-Toulouse*

Stéphanie Lavigne, *Groupe ESC-Toulouse*

Eric Rigamonti, *ESSCA*

This paper tries to show the influence of the share of capital held by managers, blockholders, and institutional investors on diversification strategies. The study focuses on the companies that make up the CAC 40 (the leading French stock market index). The results show that (i) companies in which managers hold a large share of the capital tend to undertake unrelated diversifications, (ii) companies in which blockholders are present pursue related diversification strategies, (iii) companies' diversification strategies are independent of the share of capital held by institutional investors. This research largely confirms, in another context and using a different methodology, the findings of the agency theory supporters and in a way disconfirms the results of the stewardship approach. The results concerning the negligible influence of

institutional investors add another voice to the debate about their influence on companies' scope of activities, and call for further research to better understand this phenomenon.

#### SESSION 1271

### COUNTRY BY COUNTRY: AN ASSESSMENT OF NON-MARKET INFLUENCES

<b>TRACK G</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 1

**Session Chair** Martin Kunc, *Universidad Adolfo Ibanez*

### Managing Corporate Reputation In Emerging Countries: A Comparative Case Study Of Two Chilean Firms

Martin Kunc, *Universidad Adolfo Ibanez*

Chile has grown in economic and societal aspects during the last 20 years due to sound macroeconomic policies and the return of democracy. These changes generated a new environment for doing business as advocacy groups have grown in influence supported by a more sophisticated news media system. In this paper, I provide a comparative case study of the evolution of the corporate reputation of two Chilean leaders in the market pulp manufacturing. One of them had problems with stakeholders after it started building a new huge market pulp mill. The second firm had its corporate reputation relatively intact even though it built simultaneously a market pulp mills as large as the other's company.

### Non-Market Influences On Market Strategies Of Russian Banks: State Representatives On Corporate Boards And Performance

Ilya Okhmatovskiy, *McGill University*

An important feature of many transition economies is persistent involvement of the state in governance of large corporations, even after their full or partial privatization. In this paper I consider benefits and constraints associated with the presence of state representatives on the boards of directors of Russian banks. Board seats provide state representatives with an opportunity to influence banks' strategies and I study how priorities of directors representing different state organizations affect growth and profitability of banks.

### Meeting The Environmental Challenges: Strategies Against Counterfeiters In China

Zheng Han, *International University-Bremen*

Chunli Zhao, *International University-Bremen*

Sven Voelpel, *International University-Bremen*

This paper develops a holistic anti-counterfeit strategy model, which helps companies to first understand different sources of threats within the unique Chinese environment, second to examine and improve their existing corporate strategies against counterfeit, and third to develop and introduce new effective approaches against counterfeit. The model includes five different strategic perspectives, i.e.: the marketing perspective, the channel perspective, the defensive perspective, the relationship perspective, and the surveillance perspective. Several cases are used to support discussion of each perspective and deduct managerial implications.

## Upgrading Natural Resource-Based Industries: The Role Of National Systems Of Innovations In Developing Countries

Martin Kunc, *Universidad Adolfo Ibanez*

Tomas Gabriel Bas, *Universidad Adolfo Ibanez*

While natural resource based industries are very efficient exploiting the natural endowments in developing countries and having an important participation in world markets (e.g., copper in Chile), most of them have not generated development in their societies. This paper attempts to answer the following question 'what is the role of the national system of innovations in the process of upgrading the cluster of firms around natural resource based industries?' using the Chilean copper mining industry as an example. We observed very low investment in research and development without a relevant impact in terms of upgrading local suppliers or generating new entrepreneurial activity even though the industry is booming with exports around \$17 billion (USD).

SESSION 1171

### HOLISTIC MODELS

<b>TRACK H</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4
<b>Facilitator</b>	Arvind Bhambri, <i>University of Southern California</i>	

## Strategic Heterogeneity And Firm Performance: A Co-evolutionary View

Giovanni Battista Dagnino, *University of Catania*

Maria Cristina Cinici, *University of Catania*

This paper suggests a co-evolutionary analysis of the relationship between heterogeneity and firm performance advocating a more dynamic view of strategic heterogeneity. Drawing on previous research in behavioral and evolutionary economics of heterogeneity and performance, we propose a conceptual framework that clarifies how the co-evolution of strategic heterogeneity and firm performance occurs over time. We theorize that heterogeneity and performance co-evolve through strategic interrelatedness, circular causality and feedforward processes. In addition, we detect two main levels of heterogeneity sources within and between firms, and advance taxonomy of conditions that epitomize the causal relationships between heterogeneity and performance. In the last section, we suggest a few speculative issues laying the groundwork for prospective research in strategy.

## Deploying Early Warning Signal Scanning And Data Monitoring To Enhance and Extend Scenario Investment Values: Enabling Scenarios To Become Processes

Rafael Ramirez, *University of Oxford*

Daniel Grönquist, *NormannPartners*

Riku Österman, *Nokia Corporation*

This paper relates environmental scanning and managerial discretion by comparing two systems that relate environmental change tracking to scenario practices. It uses a process-based view of strategy to analyse these.

## The Nature Of Strategy Evaluation: Existing Perceptions

Xiang Nong Song, *University of Warwick*

Abhijit Mandal, *University of Warwick*

In the light of contemporary event and the intriguing nature of strategy effectiveness, an underdeveloped area of strategic process research – strategy evaluation – calls for attention. We propose a paper that to echo such a need. It primarily focuses on reviewing the current state of literature as the rationale to throw up suggestions for future research directions. The initial major dimensions are concerned with the scope of strategy evaluation and the timing of strategy evaluation. Our preliminary analysis suggests certain secondary dimensions that may deliver more insights about the role of performance and the role of strategy in strategy evaluation.

## An End-To-End Process View Of Strategy Management: A Research Framework

Aylin Ates, *University of Strathclyde*

Umit Bititci, *University of Strathclyde*

Robert Van der Meer, *University of Strathclyde*

Jillian MacBryde, *Strathclyde University*

This study develops a research framework, which offers a coherent, holistic and explicit understanding of strategy process by means of tasks and contextual factors fitting together for successful outcomes. Current research suggests that context, process and content (outcome of strategy) views of strategy management are interrelated. However the current literature fails to articulate the links among them. By taking a process view of strategy management, this paper seeks to develop an end-to-end view of strategy management that captures these linkages. Through discussion of the existing literature, a draft process model is presented. The paper then reports on primary research including three exploratory case studies. The initial findings imply that broad model of business process theory can help us identify relationships amongst context, process and content views.

## Applying Systems Thinking To The Development Of A Strategy Formulation Model

Jimmy Brown, *Hewlett-Packard*

Strategy is about driving sustainable competitive advantage. Recently, however, there has been a realization that the current strategy paradigms do not always live up to their potential, and there have been calls for new approaches to these processes (Collis & Montgomery, 1995; Cummings & Angwin, 2004; Mintzberg, 1994). This proposal describes research that attempts to respond to those calls by applying a systems thinking lens to the current strategy ontologies in an effort to develop a new model that addresses some of the criticisms. The result was the Multi-Dimensional Strategy Model (MDSM) that defines how top performing organizations integrate information from diverse perspectives, and then make sense of those various kinds of data.

## Continuity In Change: Strategy Dynamics In Two Swedish Multinationals

Olof Brunninge, *Jönköping University*

Leif Melin, *Jönköping University*

Stability and change are central concepts in strategy research. However, while they are often depicted as a dichotomy in the literature. Empirical evidence shows that the two occur as a duality rather than two mutually exclusive opposites. This means that stability and change, though being seemingly contradictory are actually interwoven. We therefore propose using the concept of

continuity to investigate how stability and change can be combined in strategy processes. Strategic continuity implies that even while changes in strategy occur, the outcome of change has enough similarity with history to be recognized as its continuous follower. Two cases from multinational Swedish firms show how strategists can manage the interplay between stability and change in order to create changes that are perceived as continuous.

## SESSION 1065

**ALIGNMENT & TURBULENCE**

<b>TRACK H</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1

**Session Chair** Stéphane Girod, *University of Oxford*

### **Performance Implications Of Organizational Restructuring: The Moderating Effect Of Environmental Velocity And Multinationality**

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

In classic strategy and organization theories, periodic changes of formal corporate structure have been seen as important and positive for performance. But in a context of allegedly rising hypercompetitive environment, several scholars have cast doubts on restructuring benefits, especially for firms evolving in high velocity environments and for multinational enterprises. The value of restructuring is now contested, therefore. However, empirical research has not kept pace with the debate. Thus, on behalf of academic and practicing managers, we cannot yet predict whether organizational restructuring can make a positive difference, and when this is more or less likely to be the case. We explore these questions with a large-scale longitudinal study of the restructuring-economic performance relationships among the fifty largest American industrial firms between 1985 and 2004.

### **Friend Or Foe? Corporate Control And Strategic Decision-Making Speed At The Strategic Business Unit Level**

Maximilian Kownatzki, *Mercer Management Consulting*  
Christoph Lechner, *University of St Gallen*  
Jorge Walter, *Portland State University*

Our study combines both qualitative and quantitative approaches to develop a taxonomy of corporate control behavior and to examine how it affects strategic decision-making speed at the SBU-level. In particular, we analyze 40 interviews in five multi-business companies and a variety of secondary data sources, employing a grounded theory approach, to derive 9 mechanisms of corporate control. In a subsequent quantitative analysis, based on the repertory grid technique, we relate these corporate control mechanisms to the speed of strategic decision making. By explaining aggregated effects of corporate control behavior our results make corporate management processes more comprehensible and manageable.

### **Strategic Responses To Environmental Shifts: Building Strategic Change Capacity**

Patricia Klarner, *University of Geneva*  
Gilbert Probst, *University of Geneva*

In our study, we address the question of how organizations can anticipate, develop and implement a series of radical strategic changes over time in order to maintain congruence with their

shifting environments. We see the answer in an organization's strategic change capacity and, consequently, develop a conceptual model of this construct. A set of research propositions is presented that deals with the theoretically distilled antecedents of strategic change capacity as well as the latter's impact on corporate performance. Our study contributes to the existent findings on radical organizational changes by adding the upcoming literature approach on organizational change capacity. This will improve our understanding of how top management can successfully manage radical strategic changes in order to achieve sustained organizational effectiveness.

### **Strategic Alignment In The Call Center Industry: Empirical Findings From Four Developing Countries**

Moacir Oliveira Jr., *University of Sao Paulo*  
Chris Benner, *Pennsylvania State University*  
Paulo Gao, *University of Sao Paulo - USP*

The main purpose of this article was to analyze the strategic alignment in the call center industry in four developing countries (Brazil, India, Poland and South Africa) using bidirectional statistical tools (strategy defining internal procedures and vice-versa). For this a survey was carried out. The strategic alignment was not found in the industry as a whole in the countries. It seems that strategic alignment should not be possible to be identified in a complete sector. Additional mathematical tools were applied and find that it is possible to identify some cases among all cases in an industry. A proposed framework was structured improving analysis for strategic alignment and can be applied in other industries.

## SESSION 1104

### **INNOVATION EQUALS INTEGRATION: BEYOND EITHER INVENTION OR OPENESS, TOWARD AN INTEGRATED MODEL**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Panel Session</b>	<b>Room</b>	Nautilus 5

**Moderator**

Michael Lord, *Wake Forest University*

**Panelists**

Don DeBethizy, *Targacept Inc*  
Jeff Wager, *ArtisanPharma Inc*  
Carol Strohecker, *Center for Design Innovation*

This panel explores an emerging new global model for both corporate and entrepreneurial innovation – i.e., Innovation as Integration. Most conceptions and operationalizations of innovation continue to place undue emphasis on raw creativity and ideation, on simple invention and patents and stylized design, from whatever the source. Drawing on a rich collaborative research program, as well as on their diverse experience as innovation consultants, executives, and entrepreneurs, this panel instead focuses on how Integration is the primary factor and vital competence that distinguishes successful innovation. Innovation as Integration operates at three different, but all critical and mutually-reinforcing, levels of analysis: 1) component-product integration; 2) strategic-organizational integration; and 3) macro-market (ecological) integration. The emerging new model for innovation is neither 'closed' nor 'open', but Integrated.

SESSION 1088

**KNOWLEDGE FLOWS AND MNCs**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	TBD	

**Knowledge Transfer And Communities Of Practice: Dynamic Learning In MNCs**

Stephen B Tallman, *University of Richmond*

Knowledge acquisition and transfer within its network of subsidiaries and affiliates is the key source of competitive advantage of the MNC. The literature addressing this phenomenon describes a shift of focus from center-to-subsidiary knowledge movement to recognition of subsidiaries as sources of new knowledge. What is not clear is the mechanism of knowledge development and dissemination among subsidiaries. This paper proposes a model built on the concept of Communities of Practice as the key sources of know-how creation and of practice-based architectural knowledge as the key to absorptive capacity that conditions learning across organizational boundaries. It uses these concepts to derive a framework for knowledge absorption and dissemination throughout the MNC.

**Knowledge Flows Within Multinational Corporations: Explaining Subsidiary Isolation And Its Performance Implications**

Felipe Monteiro, *London Business School*  
 Niklas Arvidsson, *NormannPartners*  
 Julian Birkinshaw, *London Business School*

This paper provides some initial insight to the little-researched phenomenon of why some subsidiaries are isolated from knowledge transfer activities within the multinational corporation. Knowledge transfer is framed as a problemistic search process initiated by the recipient unit. We show that knowledge flows from units that are perceived to be highly capable to units that perceive themselves to be highly capable. Knowledge flows are also associated with existing levels of communication and reciprocity. Taken together, these findings suggest that knowledge transfers in MNCs typically occur between highly capable members of an in-crowd, while the isolated minority rarely, if ever, engage in knowledge sharing activities. Finally, we show that the isolated minority underperforms other subsidiaries, suggesting the possibility of a 'liability of internal isolation'.

**Organizing For Discontinuous Knowledge Flows: A New Perspective On The Management Of Knowledge And Innovation In MNCs**

Bjorn Ambos, *Vienna University of Economics & Business Administration*  
 Tina Claudia Ambos, *Vienna University of Economics & Business Administration*

Over the last two decades, a growing body of literature has turned to knowledge as an intriguing and powerful explanation of why some firms are able to build sustainable competitive advantages and others are not. However, by critically reviewing the literature, we came to the conclusion that three misconceptions are found consistently in contemporary knowledge management literature. The notion that knowledge flows continuously, that transfer is an undisputed aim in itself, and that all knowledge creation is the driver of value creation. We develop an organizational model of

discontinuous knowledge flows. The proposed model contributes to an understanding of the linkage between knowledge and innovation dynamics by re-embedding knowledge transfers within the firm in the larger context of structure and innovation.

**Knowledge Management Within MNE's Intranet: The Contingency Of Dyadic Organizational Factors For Knowledge Sharing**

Hsin-Mei Lin, *National Chinan University*  
 Chih-Pin Lin, *Aletheia University*  
 Heng-Yih Liu, *Yuan Ze University*

This study examines important contingencies that facilitate knowledge transferring within MNE's intra-network. Drawing on the organization perspective and knowledge management theories, we empirically explore major dyadic organizational factors that determine knowledge sharing in form of internalization, externalization, socialization, and combination (Nonaka, 1994) among peer subsidiaries. Using dyadic data from 26 subsidiaries within a MNEs headquartered in German and testing with MRQAP empirically, we argue that the similarity in organizational strategy and structure facilitate knowledge externalization, while the similarity in structure and management process are positively associated to internalization. Similarity in structure and technology strengthen the knowledge externalization, and similarity in strategy and culture facilitate socialization.

SESSION 1090

**KNOWLEDGE IMPACT**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 2
<b>Session Chair</b>	Aramburu Goya, <i>University of Deusto</i>	

**Does Knowledge Mediate The Relation Between The Environment And The Decision To Innovate Or Imitate?**

Ana Pérez-Luño, *Pablo De Olavide University-Seville*  
 Ramon Valle, *Pablo De Olavide University-Seville*  
 Johan Wiklund, *Jönköping University*

This paper describes the mediator role of knowledge (codifiability and complexity) between the environment (dynamism, sophistication, and hostility) and the decision to innovate or to imitate. We argue that innovation and imitation are the endpoints of a continuum, and that each is associated with different degrees of knowledge codifiability and complexity. Our results support this argument, reveal the influence of environmental dimensions on knowledge types, and on the decision of innovating and imitating, and provide a positive answer to the traditional question: 'Are innovators more profitable than imitators?' We tested our hypotheses with a survey of 238 firms from the most innovative Spanish industries using structural equation modeling.

**Knowledge Sharing And Innovation Performance: Empirical Evidence**

Josune Saenz, *Orkestra - The Institute of Competitiveness + Development*  
 Aramburu Goya, *University of Deusto*  
 Olga Rivera, *University of Deusto*

The aim of this paper is to analyze the degree of impact of knowledge sharing on innovation performance in the case of Spanish companies. Additionally, the following issues are addressed: is there

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any type of knowledge sharing (for instance, people-based versus IT-based) more effective than others in order to enhance innovation performance?; what is the impact of a management context which is in accordance with the 'middle-up-down' management model (Nonaka & Takeuchi, 1995; Nonaka, Toyama & Byosi re, 2003) on knowledge sharing?; are all types of knowledge sharing equally enhanced by such a management model? For the hypotheses of the research to be tested, structural equation modeling (SEM) based on partial least squares (PLS) has been used.

### Managing Innovation And Learning In Dynamic Environments: The Role Of Rapid Response Capabilities

Christoph Grimpe, *Centre for European Economic Research (ZEW)*

Wolfgang Sofka, *Centre for European Economic Research (ZEW)*

Spanish fashion retailer ZARA has been the prototype for a new kind of competitive strategy by beating its rivals through superior flexibility and speed to market with new products. We embed this organizational ability that we call 'rapid response capabilities' as a strategy to learn from the market and respond to it in the capability based view of the firm. We investigate their antecedents as a combination of absorptive capacities and/or a dynamic competitive environment. The hypotheses are tested for a comprehensive sample of 3,360 German companies. Our results show that rapid response capabilities are either built around exploiting existing absorptive capacities or exploring options given strong environmental pressures from the technological or demand side. Targeted strategy recommendations for developing such capabilities are developed.

### Systemic Approach To The Internationalization Of Firms: The Role Of Knowledge, Innovation, And Social Capital

Enzo Peruffo, *Luiss Guido Carli University*

Lucia Marchegiani, *Luiss Guido Carli University*

Luca Pirolo, *Luiss Guido Carli University*

Increasing competitive pressures in dispersed geographical contexts impel firms to continuously innovate, and to expand their boundaries to reach foreign markets. Nevertheless, the interrelations between innovation and internationalization are not clear, and a better understanding is required of the causal relation that drives the growth of firms. This paper focuses on the analysis of international firms' performances in terms of activities related to innovation, and its main drivers. Thus, internal and external types of knowledge, viewed as sources of innovation, are analyzed, as well as the firm's initiatives to exploit them. This feeds a Structural Equation Model to examine the causal relations between the drivers of the growth of international firms, with a particular emphasis on the mediation role of knowledge.

SESSION 1096

### STRATEGIC VALUE OF PATENTS

<b>TRACK I</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 3
<b>Session Chair</b>	Warren Miller, Beckmill Research	

### Value Appropriation As An Organizational Capability: The Case Of IP Protection Through Patents

Markus Reitzig, *London Business School*

Phanish Puranam, *London Business School*

We develop and test a theoretical framework that describes the organizational antecedents of value appropriation capabilities in the context of obtaining patent protection. We argue that firm-level differences in how intellectual property (IP) protection and IP generation activities are coordinated underlie differences in the ability to obtain rapid patent protection. Using a unique dataset that combines survey and patent (application) data, and employing advanced estimation methodology we show that firm level effects on the likelihood of obtaining a fast patent grant are significantly related to the patterns of specialization and co-ordination across functional areas such as R&D, business development and law that underlie IP generation and protection.

### The Option Value Of Patent Licenses

Maria Isabella Leone, *Luiss Guido Carli University*

Raffaele Oriani, *Luiss Guido Carli University*

The recent diffusion of markets for technology confirms firms' shift to more open models of innovation based on collaboration and external sourcing of technological knowledge. However, there still exist several factors hampering firms' technology exchange. Among others, there is the lack of reliable methods for valuing patents. Patent valuation is especially challenging primary because of the great uncertainty affecting their returns. As a consequence, the most recent and promising attempts in this research field have been developed within the real option theory, which recognizes the effect of uncertainty on patent value. The aim of this paper is to propose and empirically test a real option-based valuation model of licensed patents whose value, we argue, represents a good market-based proxy of patents value.

### Knowledge Network Evolution: Effects Of Exploration Into Unrelated Areas For Semiconductor Patents

Rafael Corredoira, *University of Pennsylvania*

Preeta Banerjee, *University of Illinois-Urbana Champaign*

This paper investigates the building of an industry knowledge network and how the type of exploration affects the innovation's breadth (number of citations) and depth (generality). The purpose of this paper is to test how patents that 1) utilize knowledge from new areas (spanning) or 2) combine knowledge from areas never utilized together (bridging), perform in terms of number of citations and generality and shape the evolution of technology. Among 8,913 patents issued in 1990-1994, bridging patents receive more citations and have higher generality. On the other hand, spanning patents receive fewer citations with no difference in generality. Interaction affects knowledge network building negatively. Finally, preliminary results indicate the bridging has a larger impact in opening new streams of innovations than spanning.

SESSION 1188

**INTERNATIONAL ENTREPRENEURSHIP**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b
<b>Facilitator</b>	Rui Baptista, <i>Technical University of Lisbon</i>	

**Capability And Resource Interactions Within International Entrepreneurship: Is There A Logic For International Sourcing?**

Carsten Zimmermann, *University of Cambridge*  
 Dieter Lange, *Capgemini Consulting*  
 Philipp Zimmermann, *Capgemini Consulting*

The 'strategic logic' for international sourcing of young enterprises has largely been neglected in the international management and entrepreneurship literatures. We ascertain the ways in which resource and capability constraints determine whether entrepreneurial firms engage in international sourcing, as distinguished from combined modes of internationalization. Primary data from over six hundred enterprises in the United Kingdom suggest that resource and capability constraints, and their combinations, are more crucial in downstream and combined modes of internationalization, than in determining upstream internationalization itself. Interview evidence sheds light on the most appropriate ways in which to interpret the econometric estimates and highlights a policy blind-spot.

**Mutual Enhancement Between Exploitation And Exploration: A Wealth Creation Process In Emerging Market Firms**

Hong Zhu, *Texas A&M University*  
 Duane Ireland, *Texas A&M University*

We integrate theories of strategic entrepreneurship, resource management, and exploitation and exploration to examine how emerging market firms lacking competitive advantages enter foreign markets to create value and maintain a successful presence over time. We highlight the importance of opportunities in the internationalization of emerging market firms. Our argument is that emerging market firms identify appropriate and valuable foreign market opportunities that can be exploited by managing limited resources and capabilities and create value in the process of doing so. Further, we investigate how emerging market firms balance opportunity exploitation and exploration to maintain success across time in foreign markets. Our work extends internationalization theory, suggesting that firms need not initially possess competitive advantages as the foundation for entering and maintaining success in foreign markets.

**Reviewing Scientific Study Of The Entrepreneurial Processes: The Case Of Two Emerging Markets**

Lilla Hortovanyi, *Corvinus University of Budapest*  
 Roland Szabo, *Corvinus University of Budapest*  
 Ilona Papp, *Széchenyi István University*  
 Jorge Merzthal Toranzo, *ESADE-ESAN*

Entrepreneurial behaviors are necessary for firms of all size to prosper and flourish in competitive environments. In order to strengthen theorizing on entrepreneurial activity we have addressed the question what are the appropriate research methods for a scientific study of the entrepreneurial process? After carefully reviewing previous studies we have designed such an empirical validation in which the previously ignored methodological

considerations are effectively embraced. We suggest a statistically more valid technique, the Multi-Dimensional Scaling (MDS). We believe that our study extend current theory and to make contributions to the corporate entrepreneurship literature in two ways. First, it suggests a new research methodology. Second, the comparison of two emerging markets – Peru and Hungary – opens up the measurement of strategy and entrepreneurship constructs.

**International New Venture Growth: The Institutional And The Network Embedness Of Opportunity Recognition**

Ana Elisa Iglesias, *Georgia State University*

Drawing on institutional and network theories, this study examines international new venture growth, focusing on how international entrepreneurs discover new opportunities in foreign markets where they are already operating. Although opportunity recognition research advocates that weak ties provide access to a broader array of information as compared to strong ties, entrepreneurs facing unknown institutional environments may favor spotting opportunities from strong ties as a means of avoiding uncertainty. This study explores how institutional knowledge, that is the extent to which entrepreneurs know the 'rules of the game' in a given country, influences how international entrepreneurs trade-off between flexibility from weak ties and safety from strong ties in discovering opportunities in foreign countries.

**Commercialization Strategies For High-Tech Start-Ups: The IP Based Business Model**

Simone Ferriani, *University of Bologna*  
 Elizabeth Garnsey, *University of Cambridge*  
 Gianni Lorenzoni, *Bologna University*  
 Ian Phillips, *ARM Ltd*

Because of their youth and size, technological start-ups usually have little experience in the markets for which their innovations are most appropriate, and do not have a clear business model to guide their strategic choices. For these firms, a key management challenge is therefore how to translate promising technologies into a stream of economic returns for their stakeholders, particularly when their management is linked to the company's business model and innovation process. The objective for this study is to gain a more detailed understanding of the capabilities through which technological start-ups capitalize on their intellectual property. To achieve these goal, we adopted an inductive research methodology based upon an in depth case study of ARM, the number one worldwide provider of semiconductor IP. Drawing insights from qualitative data collected through an extensive interview program as well as multiple secondary sources we extend the literature examining the effective management of technological innovations in new ventures. In particular, we highlight some of the critical resources and capabilities required to create, leverage and evolve a start-up IP-based business model in an uncertain environment.

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SESSION 1180

**ENTREPRENEURIAL NETWORKS**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	17:00 - 18:15 h
<b>Paper Session</b>	<b>Room</b>	Marina 4

**Session Chair** Tom Elfring, *Vrije University-Amsterdam*

### **A Study Of Networks, Entrepreneurship, And Performance: Examining Relational, Structural, And Brokerage Effects**

Curtis Moore, *Texas Christian University*  
 G Tyge Payne, *Texas Tech University*  
 Chad Autry, *Texas Christian University*

Drawing upon the theoretical concepts of network theory, transaction cost economics, and resource dependence theory, this paper aims to make a contribution to the understanding of how different strengths and types of network ties influence organizational performance. This study takes a project level of analysis to analyze how firms utilize multi-organizational networks to compete with other multi-organizational networks. Based on theoretical arguments and empirical findings, this study will utilize a large, longitudinal sample of construction firms to demonstrate the importance of social networks in a dynamic and fluid, multi-organizational context. In light of the findings, suggestions for structuring effective networks and enhancing collaborative interaction among participating organizations are given. Specifically, the discussion will focus on firms whose primary operations revolve around large contracted jobs.

### **Interorganizational Knowledge Networks And The Performance Of Entrepreneurial Firms**

Wouter Stam, *VU University Amsterdam*  
 Tom Elfring, *Vrije University-Amsterdam*

Drawing on knowledge-based and network theories, this study examined how the relatedness and heterogeneity of knowledge that is accessible through a start-up's intra-industry network ties are related to firm performance. To generate a better understanding of the conditions under which inter-organizational knowledge transfer occurs, this research also investigated the structural and relational network properties that strengthen the link between access to novel and heterogeneous knowledge and performance. We examine these relationships at two levels of analysis: 1) the human capital and external ties of the founding team; and 2) the knowledge resources and external collaborations of the firm. Hypotheses are tested using an original dataset of the complete network of informal and formal ties among 90 new ventures in the emerging open source software industry.

### **Firms And Networks: Co-evolution Of Alliance Portfolio, Strategy, And Firm Growth In Interdependent Markets**

Pinar Ozcan, *IESE Business School-University of Navarra*

Alliance portfolios are beneficial for firm performance, however research fails to show how alliance portfolios change over time, and interact with firm growth and performance. To address this gap, I conducted a multiple-case inductive study on how alliance portfolios co-evolve with firm growth and strategy. Through qualitative and quantitative methods, I traced the development of 6 entrepreneurial firms in the wireless gaming market for 2.5 years. The results show that based on the centrality of their portfolio, firms enter a virtuous or vicious cycle that further strengthens or weakens their portfolio. Moreover, I observed that firms that find

themselves in a virtuous cycle can use certain network strategies to further fuel the virtuous cycle. Potential contributions to alliance, network, and competitive dynamics literatures are discussed.

### **Entrepreneurial Networks: Mentor-Protégé Effects On New Venture Performance**

R. Scott Livengood, *University of Maryland*

Entrepreneurial actions (innovations) help to create new knowledge, but due to the tacit nature of this new knowledge, those working with the original entrepreneur should be at an advantage to learn about the innovation. This empirical paper examines the effects of the transfer of new knowledge created by entrepreneurial actions on employees who leave the entrepreneurial firm to create their own new ventures. Archival data is used to trace and compare the performance of firms created by co-workers ('protégés') of innovators ('mentors'). I use a social network lens to explore this mentor-protégé relationship (termed entrepreneurial networks), focusing on an understudied aspect of networks – the value of certain ties – and examine the relative performance of firms created by protégés after they leave the mentor firm.

#### **SMS BUSINESS MEETING**

	<b>Date</b>	Tuesday, Oct 16
	<b>Time</b>	18:30-19:00 h
<b>Business Meeting</b>	<b>Room</b>	Seabreeze
<b>President</b>	Michael Hitt, <i>Texas A&amp;M University</i>	

SESSION 1184

**GLOBALIZING CSSR**

<b>TRACK A</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Seabreeze
<b>Session Chair</b>	Michael Lenox, <i>Duke University</i>	

**Does The Market Respond To Institutional Endorsement Of Social Responsibility?**

Jonathan Doh, *Villanova University*  
 Shawn Howton, *Villanova University*  
 Shelly Howton, *Villanova University*

Drawing on institutional theory, we explore whether institutional endorsement (or repudiation) of corporate responsibility affects shareholder wealth. We test our hypotheses by assessing whether additions to and deletions from the Calvert Social Index affect market valuations of firms. We find that short-term firm valuation is unaffected by additions, but that deletions result in negative abnormal returns. We also find that firms that added to a social index have higher market-adjusted returns and more positive changes in operating performance in the year prior to the index change than their deleted peers and that the announcement day reaction to additions to and deletions from the index is inversely related to the amount of information asymmetry surrounding the event. We draw implications for firms non-market strategies.

**Private Environmental Activism And The Selection And Response Of Firm Targets**

Michael Lenox, *Duke University*  
 Charles Eesley, *Massachusetts Institute of Technology*

Environmental activists are increasingly resorting to private strategies such as boycotts and protests focused on changing individual firms' behavior. In this paper, we examine activists' use of such 'private politics' to engender firm compliance with activist objectives. We begin by developing a simple theoretical model of an activist campaign then we develop a series of propositions in response to these questions. We then derive from these propositions a set of empirical hypotheses based on a set of observable features of firms. Finally, we test our hypotheses using a unique dataset of environmental activist campaigns against firms in the U.S. from 1988-2003. This paper fills an important need in the literature as one of the first empirical attempts to examine the private political strategies of activists and has important implications for the burgeoning literatures on industry self-regulation and the non-market strategies of firms.

**Competing By Doing Good: Does Competition In The Product Market Originate More Responsible Corporations?**

Daniel Fernandez, *Saint Louis University*  
 Juan Santalo, *Institute of Empresa-Madrid*

We investigate the empirical link between Product Market Competition and Corporate Social Responsibility with a Panel data of U.S. companies during the period 1994-2005. We find that Product Market Competition affects positively the level of Corporate Social Responsibility. Our results are robust to the use of different proxies of Product Market Competition that control for endogeneity and for unobserved firm characteristics. Our findings also hold regardless of the subset of Corporate Social Responsibility measures we use in our empirical analysis. Our results suggest a strategic use of CSR in which firms use CSR strategies to differentiate when under the pressure of strong market competition

**Global Versus Local Legitimacy In Institutional Reform: Government Interventions In The Private Power Generation Projects**

Witold Henisz, *University of Pennsylvania*  
 Guy Holburn, *University of Western Ontario*  
 Bennet Zelner, *Duke University*

We build on neo-institutional theory to examine the temporal persistence of newly implemented privatization reforms in the infrastructure sector. While prior research on institutional change has emphasized factors underpinning the adoption of new institutions, we ask why institutional replacements are sometimes subsequently rejected. We argue that while global pressures for legitimacy can lead to initial adoption, this may conflict with local actors' ascription of moral legitimacy to the institutional replacement. We test our predictions using data on government interventions in private power generation projects in 60 countries that had previously adopted market-oriented institutional reforms. Using a novel methodology that allows us to create a fine-grained, time-varying measure of legitimacy, we find that the incidence of ex post intervention increases significantly when privatization reforms are deemed locally illegitimate and during times of local conflict.

SESSION 1194

**THE RICH TEXTURE OF NON-MARKET FORCES**

<b>TRACK A</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 1
<b>Session Chair</b>	Alfred Marcus, <i>University of Minnesota</i>	

**Strategy And The Informal Economy**

Paul Godfrey, *Brigham Young University*

Corporations are making great strides in reaching the world's poor through new and innovative products. Unless strategists focus on developing factor markets (labor and supplier bases) within the developing world, citizens will lack the basic income and skills to purchase products. This paper argues that strategic management theories should have much to add as corporations, government leaders, and academics search for ways to develop the informal economy within many developing countries.

**Rethinking Governments: How Much To Interfere?**

Johan Wallin, *Synocus Group*

Globalization and global warming are issues that lately have posed political decision makers with the oxymoron of business leaders telling them, that governments have to make more regulations, so that they as business leaders can act in the long term interest of the society. The ambition of this paper is to present reflections on the question of how much governments should interfere. The research to be conducted is in the form of action research, using the case of Finland as the basis for the discussion. The action research is complemented with comparative case studies of Ireland, New Zealand, South Korea, and Sweden.

**The Tension Between Market And Non-Market Strategies In The Internationalization Process**

Carlos Rufin, *Babson College*  
 Pedro Parada, *ESADE*

The coordination of market and non-market strategies for companies undergoing internationalization is not a given. For internationalizing utility companies, significant tension may arise between the local nature of regulation and the global

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competitive pressures affecting utility industries. Drawing on interviews with utility executives from Europe and North America, we inductively develop several hypotheses about the way in which internationalizing companies manage the tension between market and non-market strategies. Companies initially lack an explicit international non-market strategy, which leads to the rise of tensions over time between emergent market and non-market strategies; tensions may be resolved by conferring primacy to either of these strategies, but also through organizational changes. To manage relationships with public officials, companies develop centralized risk management capacities.

### Youth Bulges, Violent Conflict, And A Firm's Market And Non-Market Strategies

Alfred Marcus, *University of Minnesota*  
Mazhar Islam, *University of Minnesota*  
John Moloney, *Moody's Investors Service*

We examine violent conflict's determinants, scrutinizing the assertion that youth bulges are an important cause. With respect to strategic managerial implications we examine a paradox. On the one hand, youth bulges are associated with robust economies, which suggest investment. On the other hand, they are associated with violent conflict, which suggests excessive risk. Our study covers observations from 127 nations for 1997-2005 period. We find effects of population size, infant mortality, GDP, number of ethnic groups, prevalence of Muslims, and lawlessness as well as youth bulges are significantly related to conflicts. Instead of resolving all these issues, we raise them in the realm of strategic management scholarship. Specifically, we discuss implications of our findings on market and non-market strategies.

SESSION 1278

### EXTENDING OF VIEWS OF OWNERSHIP IN NON-MARKET CONTEXTS

<b>TRACK B</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4
<b>Facilitator</b>	Michael Lord, <i>Wake Forrest University</i>	

### Reevaluating The Privatization Process: An Analysis Of Argentine Oil Industry

Richard McGowan, *Boston College*  
John F Mahon, *University of Maine*

Governments are faced with the question whether to privatize or nationalize valuable assets. Recently, Venezuela decided to nationalize its oil assets. In 1993, President Menem of Argentina offered a landmark IPO for its oil company, Yacimientos Petroliferos Fiscales (YPF). The goal of this paper is to assess the benefits and limitations of privatization, using YPF as a case study. The paper will provide a brief history of YPF. A model to evaluate the privatization process will be developed to determine the economic and political factors involved in privatization. The effects that YPF's privatization had on the revenues that the Argentine government received from the Oil industry after privatization will be presented. Finally how Argentine's need for control and its need for revenue can be generalized.

### Non-Market Influences And The Threat Of Strategic Lock-In

Barnas Nothnagel, *Free University-Berlin*  
Jochen Koch, *Free University-Berlin*  
Martin Eisend, *Free University-Berlin*

In this paper we discuss how non-market factors affect a firm on its strategic and organizational level. Referring to path dependency theory, we investigate how particular feedback loops between non-market factors and a firm's initial resource allocation may entail an organizational process of ongoing specialization. This can lead to a strategic lock-in situation in case of future changes of the relevant non-market factors. We assume that: 1) a successful non-market strategy increases the likelihood of a closed feedback; 2) an organization is more likely to specialize in matching capabilities; and 3) the more an organization specializes (driven by non-market factors), the more it reduces its ability to react to future changes. Our preliminary empirical findings in the German hospital sector corroborate these assumptions.

### Performance Of Privatized Firms In A Competitive Market Environment: Too Good To Be True?

Kim-Chi Wakefield Trinh, *National University of Singapore*

This proposal draws on the frameworks of privatization and x-efficiency theories to examine a potential moderating effect between ownership structure and competitive environment on firm performance. Statistical analysis employs survey data of 153 privatized Vietnamese firms over a three-year period following privatization. Preliminary regression results confirm the effects of ownership structure and competitive market environment on firm performance. However, these effects vary by the number of years following privatization and the returns on assets of firms before privatization. For researchers, these results raise questions on how time and firm quality can potentially moderate the effects of ownership structure and competition on firm performance. For investors, these results raise questions on the timing of entry and exit of investments in high quality privatized firms.

### Ownership Forms Across Nations: Non-Market Influence Of National Culture, And Some Moderation By Law Enforcement

Subrata Chakrabarty, *Texas A&M University*  
Asghar Zardkoohi, *Texas A&M University*

National culture can be considered to be a non-market influence on the corporate ownership structures around the world, which at times is moderated by non-market law enforcement. As hypothesized, the national culture dimension of uncertainty avoidance is found with be correlated with anti-director rights and creditor rights. Also, the national culture dimension of power distance is found to be positively correlated with the ownership of the largest shareholders. Furthermore, the national culture dimension of individualism is positively correlated with the extent of widely held firms, and but negatively correlated the extent of family control. Finally, the national culture of masculinity is found to be positively correlated with the probability that a member of an ownership controlling family is also in a top management position.

### Ownership Forms And Market Valuation In Chinese Corporate Governance

Helen Wei Hu, *RMIT University*

Chinese literature concerning ownership structure has been characterised by mixed empirical findings about the impact of concentrated state ownership. Driven by the continued debate on

the efficiency of state ownership, this study investigates whether or not ownership forms affect market valuation of Chinese listed companies, Tobin's Q. A stratified random sample of 308 companies is examined and a significant difference between ownership forms and firm value is found. Results suggest that state ownership is less efficient than other ownership forms. Firms controlled directly or indirectly by the state often exhibit high ownership concentration and poor firm performance, whereas firms with legal-person ownership are less concentrated and able to achieve higher firm value.

SESSION 1146

**REALLY OPTIONAL? TIMING AND AGENCY ISSUES FROM A REAL OPTIONS PERSPECTIVE**

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 2
<b>Session Chair</b>	TBD	

**The Influence Of Governance Mechanisms On Growth Option Value**

Todd Alessandri, *Syracuse University*  
 Tony Tong, *State University of New York-Buffalo*

Growth option value is a key component of firm value. We focus on organizational mechanisms that influence growth option value. Growth option investments represent a potential agency conflict due to the uncertainty and discretionary nature associated with them. We argue that governance mechanisms will impact growth options investments, thereby influencing growth option value. It is hypothesized that incentive alignment and monitoring mechanisms will produce varying effects on growth option value. We examine these relationships using panel data for 370 firms from 1994-2001. In addition, we expect to examine the sensitivity of our findings, including testing the moderating effects of uncertainty to support an 'option' effect. Preliminary findings indicate stock option pay positively influences growth option value, while institutional ownership negatively impacts growth option value.

**Deferral And Growth Options Under Sequential Innovation**

Michael Leiblein, *Ohio State University*  
 Arvids Ziedonis, *University of Michigan*

This paper examines the application of real option theory to sequential investment decision-making. In an effort to contribute to the development of criteria that discriminate between investments that confer growth options from those that confer deferral options, we introduce a conceptual model that explains technological adoption as a sequence of embedded options. Upon the introduction of each successive technological generation, a firm may either defer investment and wait for the arrival of a future generation or invest immediately to obtain experience that provides a claim on adoption of subsequent generations. We propose and test whether deferral and growth option value is dependent on the magnitude, frequency, and uncertainty of inter-generational change, and the nature of rivalry.

**Agency As A Key Element Of The Real Options Strategy**

Tandy Dilworth, *University of Colorado*

Real options is in its infancy as a management approach to strategy, but research is starting to elucidate that a real options approach to investments allows firms flexibility and preferential

access to future opportunities (Bowman & Hurry, 1993; McGrath, 1997). This is especially true when uncertainty and irreversibility exist. Resolving this uncertainty motivates firms to take action to increase the chance of project success, thus real options have an element of agency. This study focuses on this agency as a key success factor when firms use an intentional real options approach. By using a case study, the propositions set forth are demonstrated, which is a step toward empirical investigation of the benefits or detriments of a real options strategy for corporations.

**When To Commit: Game-Theoretic Real Option Models And Their Application**

Hugh Courtney, *University of Maryland*  
 Jayanti Kar, *McKinsey & Company*

Game-theoretic real option models take into account both exogenous market uncertainty and endogenous competitive conduct uncertainty when determining the optimal timing of strategic commitment decisions. These models quantify the tradeoffs associated with making commitments today versus staging and/or postponing decisions to a later date. Nonetheless, the extant literature is bereft of forward-looking, prescriptive case studies that demonstrate how game-theoretic real option models can be developed and used in practice to guide real-world strategy choices. This paper seeks to fill this void by presenting two detailed case studies from the mining and petrochemicals industries in which such models were used to evaluate the timing of major commitment decisions.

SESSION 1080

**MERGERS & ACQUISITIONS**

<b>TRACK F</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 2b
<b>Facilitator</b>	TBD	

**Acquisition Versus Internal-Development As Entry Modes For New Business Development: The Dynamics Of Firm-Market Relevance**

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

This paper addresses a long-standing empirical puzzle in the relationship between entry mode and firm-market relatedness. By making the distinction between entries inside versus outside a firm's primary business domain, we help to resolve the ambiguity in prior work on choices of entry mode (acquisition versus internal development). By taking advantage of a longitudinal fine-grained data set, we also develop measures of relevance that capture the dynamics of firm-market relationship -- the degree of relevance, the change in degree of relevance, and the duration of relevance. For entries inside a firm's primary business domain, acquisitions are used to fill persistent gaps in the firm's product portfolio. For entries outside a firm's primary business domain, acquisitions are used to redeploy excess resources in exploring new trajectories.

**Who Leads And Who Follows In Merger Waves**

Gerry McNamara, *Michigan State University*  
 Jerayr Haleblan, *University of California-Riverside*  
 Bernadine Dykes, *Michigan State University*

We draw from the behavioral theory of the firm to develop arguments about which organizational characteristics are likely to influence whether a firm will act early or late in a merger wave

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as well as how the positioning in the wave influences acquisition behavior. Our findings suggest that both the type of search a firm is employing and firm size influence when an acquirer is likely to act in a wave. Additionally, we find that at what point an acquiring firm acts within a wave influences the types of acquisition actions they take. Specifically, we find that position in the wave influences the likelihood they will acquire a firm located near them, the type of financing they use, and their acquisition speed.

### Initial Public Offerings And The Acquisition Of Newly Public Firms

Roberto Ragozzino, *University of Illinois - Chicago*  
Jeffrey Reuer, *University of North Carolina*

Information asymmetries between buyers and sellers can create inefficiencies in M&A markets and prevent acquirers from gaining access to valuable resources and capabilities via acquisitions. Entrepreneurial firms face similar problems in raising external capital, due to the asymmetric information that separates them from prospective investors. In this paper, we bring together the strategy, financial economics, and entrepreneurship literatures and exploit the IPO context to examine the informational characteristics of newly public entrepreneurial firms. We construct hazard models that offer strong evidence that certain IPO characteristics signal the value of entrepreneurial firms and attract M&A suitors.

### Increasing M&A Success: The Influence Of Perspectives On Cooperation With Market And Non-Market Actors

Linda Walstra, *Strategy Academy*

Evidence shows that many M&A-ventures remain unsuccessful. Despite decades of extensive research into M&A-success factors, an incomplete understanding of the phenomenon still persists. This PhD-research adds a new success factor to the existing literature, namely the way in which merging companies value and exercise cooperation with both their market (e.g. buyers, suppliers) and non-market actors (e.g. political, economic actors). Preliminary results of this research, which will be finalized in March 2007, suggest that a divergence of perspectives between M&A-partners on cooperation with market and non-market actors negatively influences the performance of the combined entity.

### Knowledge Transfers In Mergers And Acquisitions: The Roles Of Fear Of Exploitation And Contamination

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

Knowledge transfers play an important role in the creation of synergies in mergers and acquisitions (M&As). In fact, acquisitions are often justified by accessing and creating new knowledge, because they provide an opportunity for learning. Yet, surprisingly little research has focused on the transfer of knowledge in the M&A context. To partly bridge this research gap, this paper aims to empirically test some propositions made in Empson's (2001) case studies of knowledge transfers in M&As: that the fear of being exploited or contaminated by the other party will have a profound negative effect on the transfer of knowledge in acquisitions. These hypotheses are tested on a sample of Finnish companies' acquisitions in 2001-2004, and they are largely supported by the empirical analyses.

### Predicting Market Exit On The Basis Of Market Entry Strategy

Valerie Claude-Gaudillat, *Audencia*  
Bertrand Quelin, *HEC-Paris*

While market entry has received considerable attention in the literature, few studies have established a relationship between market entry, market development, and market exit. In this paper, we build on the literature on entry strategies and knowledge building modes within a new market to predict a U-inverted relationship between the timing of entry and the timing of exit, i.e. early and late entrants will have the highest probability of exiting a new market. Market tenure should negatively affect market exit. We also predict a negative relationship between the knowledge accumulated through internal modes and the probability of exiting the market. The model is tested in the US online brokerage market. Implications for the literature on market entry and exit are discussed in the last section.

SESSION 1154

### STRATEGY RESTRUCTURING

TRACK F

Date Wednesday, Oct 17  
Time 08:30 - 9:45 h

Paper Session

Room Executive Center 2a

Session Chair Thomas Brush, *Purdue University*

### Shareholder Heterogeneity And Strategic Reorientation: Foreign Portfolio Investment And Domestic Relational Ownership In Japanese Industry

Asli Colpan, *Doshisha University*  
Toru Yoshikawa, *McMaster University*  
Takashi Hikino, *Kyoto University*

This research focuses on the dynamic relationships between shareholder characteristics and strategic choice in Japan's electronics industry during recent recession. Foreign portfolio shareholders represent market investors aiming at financial returns, while domestic institutional shareholding embodies relational investment whose primary objectives are strategic. Our statistical tests confirm that for strategic reorientations toward focusing and investment foreign owners exhibited consistent preference that is sensitive to the performance fluctuations of invested firms. Domestic investors by contrast valued their transactional and business interest over their portfolio return; hence they showed strong preference for diversified growth and capital commitment. Our findings suggest that heterogeneous owners with different investment goals demonstrate their distinct preferences, while the top management of the invested enterprises caters to the collective needs of the shareholders.

### Performance Feedback, Slack, And The Direction Of Diversification

Dinesh Iyer, *Ohio University*  
Thomas Brush, *Purdue University*

We propose to investigate the type of diversification a firm engages in. We focus on the effects of performance feedback and slack as informed by the behavioral theory of the firm in explaining the direction of diversification. We use a multinomial logit model to determine the likelihood of acquisitions among U.S. manufacturing firms from 1984 to 1996. Our preliminary results indicate that related acquisitions are largely explained by performance feedback, while unrelated acquisitions are explained more by the shift-in-focus of

attention between survival, aspirations, and slack. Problemistic search leads to related acquisitions for firms performing both above and below aspirations while unrelated acquisitions are more likely by firms performing above their aspirations. Also, firms do not seem to show characteristics of local and distant search when performing below aspirations.

### Corporate Governance And Strategy Formulation: Exploring The Effects Of Directors' Learning Experiences On Firms' Investment Strategy

Leonard Bierman, *Texas A&M University*  
 David Sirmon, *Texas A&M University*  
 Donald Fraser, *Texas A&M University*  
 Michael A. Hitt, *Texas A&M University*  
 Christopher Tuggle, *University of Missouri*  
 Babu G. Baradwaj, *Towson University*

Board of Directors (BoD) perform several functions within the firm. We focus on the BoD's strategy formulation function. We explore how board members' professional knowledge, and prior board learning (inter-industry and intra-industry) affect strategic decisions and actions, specifically focused on the aggressiveness of the firm's investment strategy. Using attention-based theory and learning theory, we hypothesize and find support for the positive effect of myopic learning experiences (other intra-industry board experience) on the aggressiveness of the firm investment strategy, while inter-industry and professional training in law reduce this investment aggressiveness. The results contribute to the growing body of literature relating BoD's with the performance of corporations and learning theory more generally. It also adds a new perspective to corporate governance research.

### New Entrant Strategy: Market Entry And Competition With An Arch-Incumbent

Terence Fan, *Singapore Management University*

By extending the extant literature from both corporate strategy and entrepreneurship, this paper proposes to examine the impact of market entry strategies of new industry entrants on their survival. By definition, new entrants do not share many contact points with incumbents, and are subject to aggressive retaliation at the outset. Recognizing that market structure presents both profit opportunities for and potential threats of competitive action against new industry entrants, this paper investigates how these conflicting influences combine to affect new entrant survival. Specific implications of extant perspectives on new entrants, such as those posed by multiple-market entries vis-à-vis an arch-incumbent, will be examined. Data on new entrants in the integrated and deregulated scheduled airline industry in the European Union will be used.

SESSION 1267

### NON-MARKET INFLUENCES ON THE IMPLEMENTATION OF CORPORATE LEVEL STRATEGY

TRACK F	Date	Wednesday, Oct 17
	Time	08:30 - 9:45 h
Paper Session	Room	Nautilus 2

Session Chair Kimberly Ellis, *Michigan State University*

### Who Boycotts Whom? Social Identities And Strategic Issues

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

Strategic managers need to understand which companies are likely to be boycotted by which stakeholder groups to better manage strategic issues facing their firms. We apply social identity theory to identify which groups are likely to boycott in general, as well as boycott specific firms. Overall, our analysis of 27,722 individual evaluations of 59 companies suggests social identities based on gender, race, age and socio-economic status influence boycotting behavior. Individuals are less likely to boycott companies about which they are knowledgeable and more likely to boycott companies subject to organized boycotts. Additionally, we find interactions between specific social identities and common boycott types associated with strategic issues. Our research suggests that social identity theory may provide insight into the mechanisms affecting boycott support.

### ★ Social Movements, Regulatory Politics, And Technology Evolution

Kerem Gurses, *IESE Business School-University of Navarra*

This case study of the evolution of technology in pay TV documents how creation of a social movement and the emergent technology's interaction with regulatory powers can influence the technological trajectory in an industry sector. I study how a social movement started by TV broadcasters limited the growth of an emerging technology, over the air pay TV, by its influence on the regulatory agency, but failed to thwart an alternative technology, cable TV, due to the initial lack of FCC jurisdiction in this new technology and the increasing positive public opinion. I argue that in highly regulated industries, social movements and regulatory politics are key to understand political causes of technology dominance.

### Staying The Corporate Social Performance Course Following Mergers And Acquisitions

Kimberly Ellis, *Michigan State University*  
 Margaret White, *Oklahoma State University*  
 Jill Hough, *University of Tulsa*

Trying to find consistent evidence about what leads to success in mergers and acquisitions (M&A) has proven daunting for strategy researchers. King, et al. (2004) concluded in their meta-analysis that previous research provides little insight into what factors enhance post-deal performance. Our paper takes a different view. Rather than looking at what enhances performance, we examine what conditions help a firm to "maintain" position in a critical strategic area-corporate social responsibility (CSP). The premise is that for many strategically important areas, M&As should focus on staying the course rather than value creation and improved performance. Our results indicate that in CSP, at least, the acquirer's rating is more important than the target's except when potential legal issues loom because of the target's CSP activities.

### Nonprofit Organizations As Nonmarket Producers: Their Strategic Options And Influence On Market Strategies

Edward Desmarais, *Salem State College*  
 Howard Brodsky, *CCA Global Partners*

Nonprofit organizations are quintessential nonmarket producers of goods and services. Nonprofit economic models rely extensively on third party payers (e.g., government, foundations, corporate and individual sponsors) to fund activities traditional markets do not address. Unlike traditional market exchanges, third party payers are not the customers. In the case of social services (e.g., homeless people), nonprofits are intermediaries between the payers and the recipients of the goods and services. Nonprofits are unique nonmarket organizations and have relationships, heretofore, not

addressed in the nonmarket literature. Through the lens of resource dependency, network, agency, stakeholder and political market theories, the paper examines nonprofit and nonmarket research streams to identify for-profit and nonprofit strategic options. These options have significant implications for nonprofit and for profit organizations' managers and society.

## SESSION 1132

**PROFITING FROM THE BOTTOM OF THE PYRAMID**

<b>TRACK G</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 4
<b>Session Chair</b>	TBD	

**Turnaround Process In South Africa: Breaking The Ice**

Alexander Falkenberg, *University of St Gallen*

Saleem Symalin, *University of St Gallen/Asia Research Centre*

South Africa has recently seen spectacular business failures such as Retail Apparel Group despite a generally positive market environment. To date, academic research has not investigated the turnaround process in South Africa. A Straussian grounded theory method based on 27 interviews with South African turnaround experts leads us to conclude that the turnaround process in South Africa is comprised of three phases: a 'recognition phase', a 'decline-stemming and negotiation phase' and a 'revitalisation and embedding phase'. We conclude from the structure of the turnaround process that early recognition systems on the management/Board level will have the highest impact in reducing failure rates in South Africa.

**Multinationals At The Bottom-Of-The-Pyramid: A Resource-Based Perspective On Cross-Sector Collaborations**

Edgar Hutte, *Bocconi University*

This study analyzes why and how multinationals collaborate with nonprofit and public organizations when introducing new products and services to the poor at the Bottom-of-the-Pyramid (BOP). Taking a resource-based perspective, the paper argues that multinationals form such cross-sector alliances to obtain resources and capabilities that are not internally available. This research intends to build new theory on cross-sector collaborations at the BOP and applies a multiple case study approach by analyzing several empirical cases of multinationals in a variety of industries around the world. As such, it does not only contribute to our theoretical and practical knowledge about doing business at the BOP and cross-sector alliances, but also extends the RBV tradition and research on strategic alliances.

## SESSION 1058

**PROACTIVE CHANGE**

<b>TRACK H</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Marina 3
<b>Session Chair</b>	William Judge, <i>Old Dominion University</i>	

**Middle Managers And Organizational Interpretation: Towards A Middle Range Theory**

Tammy E Beck, *University of Houston-Clear Lake*

Donde A Plowman, *University of Tennessee*

How organizations interpret events is seen increasingly as an important area of study in the strategic management literature,

yet most studies draw exclusively on the interpretations of top executives, with no consideration of the role that middle managers play in shaping organizational interpretations. In this paper we present a theoretical model of organizational interpretation that explains how interpretations of events—both market driven and non-market driven—differ by hierarchical level (vertically) and by stage of the interpretation process (horizontally). Cognitive psychology offers a theoretical framework for identifying how interpretations of the same event will likely be different for strategic and front-line managers, necessitating a translation or re-interpretation by middle managers. We offer propositions regarding the specific interpretation role for middle managers at each stage.

**Inside Greening: An Empirical Study Of Middle Managers' Role In Proactive Environmental Strategy**

Terry Porter, *University of Maine*

This paper reports on an empirical study of middle managers' role in realizing environmental strategy. While recent research has shown that an upstream, proactive approach to environmental strategy can lead to the 'win-win' outcome of improved environmental and financial performance (Hart, 1997; Porter & van der Linde, 1995), little is yet known about precisely how companies develop resources and capabilities for ongoing environmental improvement. This study takes a multilevel approach to better understand how middle managers' activities and attitudes affect bottom up environmental strategy. Sixty four facilities in three 'greening' companies were studied: multilevel regression results showed that middle managers do indeed make a significant difference to environmental strategy realization, and that unexpected multilevel patterns of influence varied from one organization to another.

**Triggering A Proactive Change When Nothing Goes Wrong: Process Of Building A Sense Of Urgency**

Sujin Han, *Korea University*

Eonsoo Kim, *Korea University*

Kyeng-Eun Kim, *Samil Pricewaterhouse Coopers Consulting*

A sense of urgency is prerequisite for any change, since it contributes to increasing readiness and decreasing resistances. However, most research assumes that internal or external crisis is present at the time of organizational change. We ask, 'If there is little incentive or crisis for a change, and the organization is producing steady performance, how is it possible to generate a sense of urgency resulting in proactive change?' We propose a process of model of building a sense of urgency and analyze the process in a comparative case study. We argue that, in order for a sense of urgency to be established, aspiration level and cognitive map of employees have to be changed simultaneously, which are influenced by top management's envisioning and routine disruption respectively.

**Sustaining Competitive Advantage Through Dynamic Adaptation**

Deepak Sethi, *Old Dominion University*

William Judge, *Old Dominion University*

Propensities of firms to cope with the continually changing environment vary widely, and firms that consistently adapt to such changes, better and quicker than rivals, sustain their competitive advantage. This study seeks to add to the dynamic capabilities literature by positing the notion of dynamic adaptation. We present a conceptual framework that can holistically view the sequencing, coordination, and orchestration of the numerous interlinked, intra-firm processes that impact their adaptation capability. We then illustrate the application of the framework through comprehensive

case studies of two large, diversified rival firms that have consistently exhibited widely varying dynamic adaptation capabilities, which thus affected their inter se competitive advantage.

SESSION 1086

**ABSORPTIVE CAPACITY**

<b>TRACK I</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	Paul Drnevich, <i>University of Alabama</i>	

**Using Communities Of Practice To Build Absorptive Capacity**

Chamu Sundaramurthy, *San Diego State University*  
Ann Welsh, *University of Cincinnati*

Although management scholars, particularly organization theorists and strategists have noted the value of communities of practice, none have outlined how specific attributes of these communities contribute systematically to the knowledge creation process. In this paper we describe attributes of communities of practice and examine how they can build learning meta-capabilities that enable firms to generate absorptive capacity a dynamic knowledge capability fundamental for sustained competitive advantage. More specifically, we demonstrate how the operational processes of communities of practice develop three learning meta-capabilities: receptivity, diffusion and creation. We offer a model depicting how peripheral contact between communities creates a dynamism facilitating knowledge flow and experimentation, leading to new resource configurations. Further, we identify how these meta-capabilities develop absorptive capacity in varying environmental and performance contexts.

**Knowledge Breadth Versus Knowledge Depth: Clarifying Competing Measures Of Absorptive Capacity**

Michael Withers, *University of Alabama*  
Paul Drnevich, *University of Alabama*  
John Burr, *Purdue University*

Absorptive capacity is a dynamic capability that may enable a firm to experience higher levels of innovation and performance. However, while recent research has made significant progress in attempting to clarify the construct, the literature continues to operationalize it through competing measurement approaches. Specifically, there appears to be an issue regarding whether, when, and under what circumstances absorptive capacity operationalizations refer to breadth of knowledge versus depth of knowledge. In this paper, we clarify this issue by discussing the competing operationalizations and empirically examining the conditions under which each conceptualization may be most effective. The paper's major contribution is to address this conflict in the literature and bring clarity to the boundary conditions and implications of the competing measures of absorptive capacity.

**Effects Of Absorptive Capacity And Procedural Justice On ICT Knowledge Transfer In The MNE**

Vernon Bacher, *University of Calgary*  
Alain Verbeke, *University of Calgary*

This paper tests empirically the effectiveness of information and communications technology (ICT) knowledge transfer and adoption in the multinational enterprise. The research supports the proposition that perceptions of procedural fairness determine such effectiveness, especially in cases of high tacit knowledge transfers,

and also observes that absorptive capacity has no significant effect. We collected data from senior ICT representatives from eighty-six Canadian subsidiaries of foreign owned firms that have recently experienced significant ICT transfers from abroad, mandated by the parent organization. The perceived success of the ICT knowledge transfer as well as the ICT adoption varied widely across these firms. Our findings suggest that in a situation of substantial knowledge tacitness, high levels of procedural fairness are critical to effective knowledge transfer and ICT adoption.

SESSION 1109

**STRATEGY PRACTICES**

<b>TRACK J</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b
<b>Facilitator</b>	Sari Stenfors, <i>Stanford University</i>	

**Managerial Practices In Professional Service Firms: A Strategic Approach**

Søren Henning Jensen, *Copenhagen Business School*  
Flemming Poulfelt, *Copenhagen Business School*  
Sascha Kraus, *University of Oldenburg*

Applying a resource based view this paper investigates managerial practices in professional service firms (PSFs) and how these practices create capabilities and strategies within the PSFs. The paper illustrates how PSFs through their managerial practices attract, utilize and develop knowledge resources and how this leads to the emerge of certain strategies constituted by either the resource input, the interaction with clients or the output to the clients. Based upon this analysis, it is shown that by using the concepts of managerial practices, we get a further understanding of how knowledge resources are being turned into competitive advantages. The paper also discusses the links between a resource-based view, capabilities, and managerial practices.

**Strategizing Capabilities: Conceptual And Empirical Insights From A Multi-Method Study**

Sotirios Paroutis, *Warwick Business School*

Studies suggest that the pace of change in organizations requires an emergent approach to strategy. It is also claimed that in dealing with these dynamic processes the roles of strategists are changing and so are their capabilities. However, our understanding of these capabilities remains scarce. Using interview and survey data from a multi-business firm, this paper reveals the capabilities required by strategists during the strategy process and discusses how these capabilities evolve over time. Findings indicate that strategists utilize three complementary sets of capabilities: technical, interaction, and meta-level. This study also demonstrates that strategists in complex organizations, like the multibusiness firm, utilize recursive ways of acting based on technical and analytical capabilities while at the same time developing adaptive activities based on meta-level skills.

**Mapping Strategic Issues Interpretations: How Executives Construe Critical Business Issues**

Robert Wright, *Hong Kong Polytechnic University*  
Chun Ming (Nicholas) Cheung, *Hong Kong Polytechnic University*

Strategic issues have important implications to organizational performance. More compelling is how these issues are interpreted by strategists during the work of strategizing. How they see, interpret and make sense of strategic issues provided the impetus

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for their strategic decisions and subsequent actions. We report on a preliminary study based on interviews with 15 General Managers of a publicly listed company about how well they are dealing with Critical Business Issues facing their organization. Employing a clinical psychological methodology, we were able to elicit senior executives' theories-in-use and identify the core perceptual dimensions framing their sensemaking of strategic issues. Implications to theory building and strategy-as-practice research are discussed.

### Strategy As Practice In A Late Modern World: From Micro To Macro

Yolanda Sarason, *Colorado State University*  
Anne Huff, *Technical University of Munich*

Strategy as a field of study is receiving increasing criticism. One attempt to refocus attention has coalesced around the idea of 'strategy as practice'. We argue that the inclusion of this more micro level influence should be broadened to consider the macro conditions of what is referred to as a 'late modern world' (Giddens, 1990; 1991). These conditions include: 1) increasingly blurred space/time boundaries; 2) greater use of disembedding mechanisms; and 3) increasing importance of reflexivity. Propositions are presented around the effects of late modernity on strategizing and organizational identity. We suggest that efforts to focus attention on strategy as practice at a micro level of analysis is more broadly applicable if it can be connected to insights into changes in the more macro environment.

### Making Sense of Strategic Tools Usefulness: When Theories-in-Use Determine the Usefulness of Theories

Robert Wright, *Hong Kong Polytechnic University*

How useful are the strategic tools we teach in business schools in helping practicing managers make better decisions? Managers enrolled in a masters program in a large applied university were required to carry out a strategic audit of a listed company using thirteen strategic tools taught throughout a capstone strategy course. Upon completion of the semester project, they were interviewed using a cognitive mapping methodology to determine how they made sense of the usefulness of each of the strategic tools in helping them make better decisions. Results provide a unique contribution to the strategic tools literature from a practice perspective by eliciting cognitive frames of managerial sensemaking about tools. Implications to business schools and strategy tools makers are addressed in light of these findings.

### Strategy Practice In A Diversified Global Food MNC

Kerrie O'Sullivan, *University Of Limerick*  
James Cunningham, *National University of Ireland-Galway*

A macro focus on the process of strategy by the popular strategy writers has led to a distinct lack of guidance in the strategy literature on how to become a strategist and what type of micro activities lead to successful strategising in organisations. This leads to the foundation of this paper, which examines the micro levels of strategy, by testing the integrated strategy practice model purported by Whittington (2002) which focuses on the gaps in the previous research in strategy, namely the workers, work, and tools of strategy or the strategy practitioners, strategy praxis and strategy practices. The primary focus of this paper is to examine the fundamental existence of the integrated strategy practice model through empirical examination of a Global Food MNC headquartered in Ireland.

SESSION 1187

## ENTREPRENEURSHIP THEORY

TRACK K	Date	Wednesday, Oct 17
	Time	08:30 - 9:45 h
<b>Common Ground Session</b>	Room	Marina 1
<b>Facilitator</b>	TBD	

### How Do Entrepreneurs Attract (High Valuation From) Outsiders?

Gary Dushnitsky, *University of Pennsylvania*

We investigate which actions entrepreneurs pursue to attract outsiders. Popular entrepreneurial actions include (a) Disclosure of the invention, and (b) a Contingent Payment Scheme offer (e.g., salary deferral, royalty-based license). We identify four stylized characteristics of entrepreneurial settings (information-asymmetries, weak invention protection, limited-wealth, and optimism), and explore their impact on entrepreneurial action. Using a parsimonious formal model, we answer the opening question and derive novel insights regarding entrepreneurs' choices and the idiosyncratic role of optimism.

### Contingency Modeling In Strategy: Use, Disuse, Or Misuse

Brian Boyd, *Arizona State University*  
Katalin Haynes, *Arizona State University*

Contingency models -- studying how the relationship between two variables are affected by a third or more variables -- are a core theme of strategic management. However, most empirical studies focus on simpler main effect models. This paper presents the results of a content analysis on the use of contingency models among articles published in SMJ between 1980 and 2005.

### Explaining Lobbying With The Competence-Based Theory Of The Firm

Martin Gersch, *Ruhr-University Bochum*  
Christian Goeke, *Ruhr-University Bochum*  
Joerg Freiling, *University of Bremen*

Extant work on lobbying primarily focuses on who is lobbied and strategies of exerting influence. More fundamentally, this proposal addresses the question of what drives firms to engage in lobbying activities at all. One intention is to further anchor this 'non-market phenomenon' in the scientific discourse of strategic management. Lobbying can be explained very well with competence theories' rationale, as especially path dependencies and resource/competence specificity cause organizational inertia and limited adaptability to changing environmental conditions. This is the common base for lobbying activities, since interfering in the evolution of such conditions is the aim of lobbying. The propositions made in this proposal were derived from fieldwork in the German healthcare sector in the context of its 2004 and 2006/2007 reforms.

### Competitive Behavior With Heterogeneous Firm Objectives: Entry And Exit Decisions Of Entrepreneurs And Professional Managers

Anthony Scime, *Purdue University*  
Govert Vroom, *Purdue University*  
Brian McCann, *Purdue University*

This paper studies how competitive behavior is impacted by heterogeneous firm objectives. We argue entrepreneurs are also motivated by non-market influences, the psychic enjoyment of owning a business, while professional managers are primarily driven

WEDNESDAY 8:30 - 9:45

by profit maximization. Using data on 895 markets in the Texas hotel industry from 1997 through 2005, we show how these different objectives influence the dynamics of entry and exit.

### **New Value Creation In The Resource-Based View: How Transaction Costs And Property Rights Shape Entrepreneurship**

Kirsten Foss, Copenhagen Business School  
Nicolai Foss, Copenhagen Business School

Resources hold a number of attributes (i.e., functionalities, characteristics, uses, services), some of which may not yet have been discovered by resource owners and entrepreneurs. Property rights are held over resource attributes. The value of resource attributes (and therefore overall resource value) is influenced by how well defined and enforced these rights are which in turn depends on transaction costs. Because they impact expected rewards, transaction costs and property rights influence which resource attributes will be discovered and exploited by entrepreneurs, that is, new value creation. Exploring the intersection of entrepreneurship, property rights, and experience yields new insights into the RBV analysis of the determinants of resource value and into the understanding of resource ownership and the boundaries of the firm.

SESSION 1170

### **LINKING THE ENTREPRENEUR TO NEW VENTURE PERFORMANCE**

<b>TRACK K</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	08:30 - 9:45 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1

**Session Chair** Jun Li, *University of New Hampshire*

### **Founding Team Characteristics, Environmental Uncertainty, And New Venture Creation: A Study Of Nascent Ventures**

Jun Li, *University of New Hampshire*  
Jianwen Liao, *Illinois Institute of Technology*

This paper examines nascent ventures at their gestation process. By integrating multiple theoretical perspectives, mainly the resource based view, upper echelons theory, and top management team process literature, our study attempts to explore the relationships between two important founding team characteristics – founding team heterogeneity and team compatibility and the likelihood of success/failure of venture creation, as well as the moderating roles of environmental uncertainty. Specifically, we posit that the greater the degree of heterogeneity and compatibility of a founding team, the greater the degree of likelihood of venture formation, especially under the uncertain environmental conditions. We test our hypotheses using a unique longitudinal dataset of Panel Study of Entrepreneurial Dynamics (PSED). The study contributes to literature of both new venture formation and new venture teams.

### **Firm-Centered Versus Self-Centered CEOs: A Longitudinal Study On the Influence Of Founder CEOs**

Rita Shea-Van Fossen, *Ramapo College of New Jersey*  
Helaine Korn, *City University of New York*

Research has shown that firms run by a founder CEO perform better financially and have lower CEO salaries than firms run by non-founders. A contrary view of founders has been seen in recent episodes of malfeasance by founder executives. To understand these competing views of founder CEO influence, this study uses the theories of agency

and stewardship to present a continuum of founder influence with endpoints based on the firm-centered and self-centered CEO. Changes in founder CEO attitudes and behaviors are investigated longitudinally with regards to compensation and administrative (agency) expenses. These differences are compared to firms run by non-founder CEOs using a matched sample of S&P 500 firms.

### **Firm-Level Entrepreneurship And Performance: A Meta-Analytic Investigation Of Moderators And Measures Of The Entrepreneurial Orientation Construct**

Justin Davis, *Ohio University*  
G Tyge Payne, *Texas Tech University*

Literature in the area of firm-level entrepreneurship has received an increasing amount of attention in recent years. The current study proposes a theoretical and empirical summary of research in this area, with primary emphasis placed on moderators of the Entrepreneurial Orientation (EO)-firm performance relationship and suggestions for improvements in the measurement of the EO construct. Empirical analyses focus on the dimensionality of the EO construct and the impact of environmental dynamism and hostility on the EO-performance relationship. Analyses will also offer a new methodological approach to the analysis of moderating variables in meta-analytic study, providing insight into the examination of study-level moderators (as opposed to the traditional analysis of study-characteristics). Suggestions for future research in this growing body of literature are provided.

### **Immigrant Entrepreneurs: Founding Team Composition And Its Effects On Eventual Firm Performance**

Anthony Sadler, *University of Wisconsin-Madison*

Today, immigrant-led enterprises are also found in an important sector of the economy – high technology – as immigration policy has been adjusted in order to attract highly skilled workers from other countries. As one of the early attempts in tackling the strategic process of immigrant-led start-ups in high technology, this study investigates: 1) how highly skilled foreign-born immigrant entrepreneurs assemble their founding teams and 2) how the structuring of the founding teams impact these firms' performance. Grounded in institutional and learning theories, I argue that differential institutional constraints on immigrants and non-immigrants lead to different founding team composition for immigrant entrepreneurs who start companies compared to non-immigrants who start companies. Specifically, immigrant entrepreneurs derive more functionally diverse founding teams and this leads to better firm performance.

SESSION 1198

### **NON-MARKET INFLUENCES ON THE CREATION AND PROTECTION OF IDEAS**

<b>TRACK A</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 4

**Facilitator** Alfred Marcus, *University of Minnesota*

### **The Effects Of Embeddedness On The Transaction Of Mutual Funds**

Chih-Pin Lin, *Aletheia University*  
Hsin-Mei Lin, *National Chinan University*  
Yuan-Ju Tseng, *Fuh Hwa Securities Investment Trust*

WEDNESDAY 8:30 - 9:45



To complement the deficiency of financial economics in explaining asset management market, this research constructs a strategic model for the sales of mutual funds in assets management market. We argue that investors perceive essential hazards in making decision to invest in mutual funds. To govern the transaction hazards and create transaction benefits, some social mechanisms must exist between investors and mutual funds, e.g. trust, information channel, and reciprocity. Relational embeddedness and structural embeddedness breed trust, align information channel, and inspire reciprocity and thus facilitate the transaction of mutual funds. Using data of 12,809 transactions between nonfinancial firms and mutual funds in Taiwan, we will test the effects of embeddedness on the likelihood of new transactions empirically. This research is not only essential to theory development of strategic management but also to management practice and financial market efficiency.

### A Cross-National Study Of Intellectual Property Right Laws And Firm Strategies A Science-Based Industry

Johann Peter Murmann, *AGSM - University of New South Wales*

A historical perspective on how firms acquire, leverage, and protect technological competencies in different markets reveals that it is far from obvious that extensive patenting by firms will lead to long-term competitive success. German and Swiss firms in the early years of the synthetic dye industry created technological competencies that were superior to their British and French counterparts precisely because they were initially not able to obtain patent monopolies in their home markets. Analyzing the history of the synthetic dye industry from 1857-1914 and other historical examples, the paper develops strategies for how firms can develop organizational capabilities for remaining competitive even after their patents expire.

### The Implications Of Increasing Market Scope In Technology Transfer Offices

Julie Feickert, *University of Utah*

Recently Technology Transfer Offices (TTO) have shifted from licensing technology only to large established firms and instead now also license technology to small firms and start-up firms. If these markets are sufficiently related, TTOs could potentially benefit from economies of scope in addition to increasing revenue, leveraging idle resources and the potential reputational benefits of promoting entrepreneurial activities. However, if the markets are not sufficiently related we would expect to see negative performance implications. This paper presents and tests hypotheses related to the level of resource efficiency and finds that for certain TTO resources, efficiency of use decreases as market scope increases.

### Academic Entrepreneurship In International Markets: The Challenge Of Italian University Incubators

Carmela Elita Schillaci, *University of Catania*

Marco Romano, *University of Catania*

Cristina M Longo, *University of Catania*

In the global economy the remarkable acceleration in scientific process and advances in the latest technologies have created new opportunities for academic entrepreneurship. Market globalization is leading a large number of governments to adopt competitiveness-enhancing policies that affect the country's industries productivity. In such context, academic entrepreneurship is a growing phenomenon. The aim of this study is to investigate the impact of university incubators programs on academic spin-offs internationalization. Our research question is focused on

the international services provided by university incubators to set and strengthen their spin-off competitiveness in entering into global markets. We reconstruct the most relevant initiatives made available by the Italian university incubators. We obtain some recommendations in practice encouraging academic entrepreneurs to leveraging international markets. The contribution goes into detail on 'close-ups' of the essential elements which co-determine the internationalization of academic spin-offs. Further empirical studies are required.

### Does Institutional Reform Of Intellectual Property Rights Lead To More FDI In Emerging Economies?

Theodore Khoury, *University of Texas-Dallas*

Mike Peng, *University of Texas-Dallas*

Does institutional reform in the area of strengthening intellectual property rights (IPRs) lead to more FDI in emerging economies? We address this crucial question, by leveraging the context of institutional change for IPR reform in 18 Latin American and Caribbean countries over a 14-year period (1990-2003). We use the adoption of a major international patent treaty, the Paris Convention on Industrial Property Rights, as a significant and uniform institutional change in IPRs. With this reform measure, we analyze the post-adoption rate of inbound FDI, while also considering the moderating effects of a nation's prospective market opportunity and innovation-based activities.

SESSION 1250

### THE FIRM IN THE WORLD

TRACK E

Date Wednesday, Oct 17

Time 10:15 - 11:30 h

Common Ground Session

Room Executive Center 2b

Facilitator

Yves Doz, INSEAD

### A Decision Model For The Global Sourcing Of Services

George Yip, *Capgemini Consulting*

This presentation will report on an in-depth study of the global sourcing of services. The decision model in our study has at its centre, 'Sourcing Options.' The essence of the model is that for a given service activity, an organisation needs to evaluate whether and how to source it globally. The sourcing options constitute a classic 3 x 3 of location (on-, near-, or off-shore) and ownership (in-house, joint venture, or third party). In addition, these sourcing options need to be combined with choices on the nature of management and coordination (e.g., loose or tight) to comprise the global sourcing mode. We test this model from data collected in interviews and surveys at several major multinational companies.

### Subsidiary Capabilities In An Era Of Regionalization

Alain Verbeke, *University of Calgary*

Wenlong Yuan, *University of Calgary*

We explore the effects of regional distance on the capabilities of multinational enterprise (MNE) subsidiaries, with an empirical application to 50 foreign subsidiaries operating in Canada. We conclude that the regional distance (or lack thereof) of an MNE parent to a host country affects the capabilities of its foreign subsidiaries. Specifically, American MNEs, which are insiders in the NAFTA zone, do face a liability of inter-regional foreignness as compared to outsider MNE subsidiaries, in this case EU firms with operations in Canada. However, such liability tends to diminish

over time, as subsidiaries from outsider MNEs engage in learning processes, and build up capabilities similar to those held by insider subsidiaries. Such dynamics varies for the various value chain activities considered.

### ★ Delegation Across Borders: The Case Of Multinational Hierarchies

Yue Zhou, *University of Michigan*

This study investigates the role of organization structure in accommodating firms' international diversification strategies. Based on data of organizational structure of U.S. multinational firms from 1993 to 2003, I find that, business units in countries with more skilled labor are delegated with more managerial responsibilities. On the other hand, units in countries with weaker institutions are delegated with less managerial responsibilities. Furthermore, weak institutions have a more pronounced negative impact on managerial autonomy for countries with more skilled labor. The results are consistent with theories that point to structure as a design tool to achieve better adaptation and control within multinational firms through delegation.

### Does Internationalization Interact With Product Diversity To Explain Differences In Performance?

Samia Belaounia, *Groupe ESC ROUEN*

In spite of the growing globalization of the customers' needs and the transactions, diversification is commonly defined in a sectorial way. How strongly does internationalization influence the relationship between product diversity and performance? To date, only a few empirical studies deal with such a question. From 2000 to 2004, the study of a sample composed of the CAC 40 groups shows that internationalization moderates the negative relationship between product - diversity and financial performance without being able to balance it. On the other hand, product - diversity does not appear to influence economic profitability. This may be due to the absence of technical synergies or by their weakness in the total operating synergies. As product diversity does not affect economic profitability, it would influence financial profitability through the risk premium required by the money lenders and cost of debt. The significant results obtained with the market-to-book ratio go in this direction.

### Individual And Organizational Determinants Of Innovation In Chile: A Multilevel Approach

Alvaro Espejo, *University of Adolfo Ibañez*  
Villena Marcelo, *University of Adolfo Ibañez*

This study uses multilevel techniques to analyze the effects of organizational and personal factors on innovative behaviors in Chilean organizations. We analyze the role of organizational factors, such as entrepreneurial culture, awareness of competition and of clients, value for innovation, decentralized decision-making and leadership style, and perceived organizational support, in the generation of innovative behaviors. We will also study how these factors moderate the relationship between innovative behaviors and individual factors, such as creative personality and citizenship behaviors. We are gathering data from at least ten organizations, with a minimum of 100 employees per organization. Preliminary results, with the first organization completed, support a direct effect of individual and organizational factors.

### Enabling Environments For The Chilean Agro-Industrial Development And Practices Of Strategic Management

Francisca Silva, *Catholic University-Chile*

The Chilean food processing industry has shown a high rate of expansion, becoming one of the most promising sectors in the

economy. This investigation explores the societal contexts that have allowed this development to take place, and the impact they have on competitive and corporate level strategies. Two aspects arose as the most critical: the open-market strategy followed by Chile, which had better enabled Chilean companies to access external markets during the last two decades, and the development of know-how related to food quality standards, demanded by foreign buyers and consumers, that has spread between food industries becoming a key element in enhancing competitiveness and making Chile one of the most reliable suppliers in the Region.

#### SESSION 1123

### DON'T DO TO ME WHAT I MAY DO TO YOU: IMITATION AND DETERRENCE

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 4
<b>Session Chair</b>	Sharon D. James, <i>Ohio State University</i>	

### Imitation Versus Substitution: Technological Competition And Defense Of Technological Innovations Against Imitation

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

In this paper we examine the influence of competition between technological innovations building on different knowledge on firms' propensity to deter imitation. While highlighting the link between the possession of inimitable resources and competitive advantage, prior research overlooked the tradeoff between imitation and substitution. When innovations of different types compete in a product category, imitation deterrence may induce rivals to create other types of innovations that can eventually replace the firm's innovation. We argue that such competition contributes to diminishing firms' incentives to deter imitation. We also argue that it contributes to reducing firms' incentives to deter the imitation of innovations drawing on new knowledge, which albeit being potentially more valuable are more strongly affected by this type of technological competition.

### Competition, Learning, Or Legitimacy: Understanding Imitation In Adoption Of Websites By Consumer Magazines

Daniel H Simon, *Cornell University*  
Marvin Lieberman, *University of California-Los Angeles*

When rivals adopt a new technology, a firm may imitate for several reasons: 1) the rival adopters pose a competitive threat; 2) the firm learns from rival adopters; and 3) rival adoption creates legitimacy pressures. We discriminate among these explanations using data on adoption of websites by consumer magazines during the early Internet era. The results provide evidence that magazines imitated rival adopters primarily because they learned from them. Our findings suggest the importance of learning-based imitation under conditions of substantial uncertainty.

### When Do Firms Voluntarily Disclose Strategic Information About R&D Projects?

Sharon D. James, *Ohio State University*

Some publicly traded firms face a dilemma in making R&D disclosures. By reducing investor uncertainty, greater disclosure can help to lower financing costs. However, disclosure can unintentionally increase imitation risk by making R&D projects

more transparent. This paper examines this 'paradox of disclosure' in a study of the conditions under which firms make voluntary R&D disclosures. Utilizing a random effects negative binomial model, I test this theory on a sample of 155 communications equipment and 165 pharmaceutical firms over the period 1991 to 2003. The results are consistent with the prediction that firms make greater R&D disclosures when the potential benefits outweigh the strategic costs. The findings suggest that keeping R&D projects secret may be a winning strategy for firms that face greater imitation risk.

### The Importance Of Imitation Lags: Expropriability And Innovation

Pia Hurmelinna-Laukkanen, *Lappeenranta University of Technology*

The potential of competitors to capture the essential knowledge of the firm and its possibilities to prevent it have an effect on the profit margins and incentives to invest in innovation. Therefore, examination of expropriability issues, the ability of non-inventing companies to extract information about innovation, is relevant in strategy research. These issues are approached in this study drawing propositions from prior research and theory. As a result, the relationship of appropriability and expropriability is clarified and basis for empirical studies is provided. Subsequently, this study contributes to understanding of strategic knowledge management and protection.

SESSION 1124

### ENTRY AND REACTION TO ENTRY

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 2

**Session Chair** Govert Vroom, *Purdue University*

### The Strategic Determinants Of Tardy Entry: Is Timeliness Next To Godliness?

Luca Berchicci, *Ecole Polytechnique Federale de Lausanne*  
Andrew King, *Dartmouth College*  
Christopher Tucci, *EPFL*

Previous research has considered extensively the causes and effects of market entry order and timing. It has neglected, however, the timeliness of such entry – the degree to which a firm delivered a new product on the date it had set for its release. In this article, we begin to fill the need for such research by evaluating some strategic explanations for why a firm might miss a scheduled entry date. We then test whether such tardy entry influences sales performance in the new market.

### Entry And Its Impact On Mutual Forbearance

Theodore Waldron, *University of Georgia*  
Gideon Markman, *University of Georgia*

Mutual forbearance theory explains that incumbents enjoy attractive profit margins by curtailing hostility. Barriers to entry support forbearing market conditions by warding off most, but not all potential entrants. The theory under-specifies how entrants exploit the tacit rules of engagement that characterize forbearing markets. This conceptual essay offers a framework to extend mutual forbearance theory. We explain that incumbents maintain mutual forbearance to keep margins elevated, but the motivation to preserve forbearance also limits their repertoire of actions against entrants. For instance, when incumbents strike at intruders they

stand to harm forbearing allies and thus jeopardize the state of forbearance. We theorize on how entrants penetrate forbearing markets, conjuncture on the consequence of entry to profit margins, and discuss the implications for mutual forbearance theory.

### Domino Theory In Strategic Management

Tomi Laamanen, *Helsinki University of Technology*  
Thomas Keil, *Helsinki University of Technology*  
Rita McGrath, *Columbia University*

In order to understand the dynamics of the creation of sustainable competitive advantage, we analyze the evolution of the software industry in the United States from 1980 to 2004. We examine the product-market strategies, acquisition and alliance strategies, and their combined long-term performance implications for the population of over 1400 software firms in the United States. Based on our analysis, we propose the concept of Domino Strategy that involves multiple coordinated strategic moves through which expanding firms utilize their strong positions in complementary segments to enter new segments and one by one and eliminate competition in them. We find that firms can create and leverage these complementarities either internally or through acquisitions and alliances. Our paper contributes to a novel complementarity-based perspective of diversification.

### Agglomeration Effects And Pricing Response To Entry

Brian McCann, *Purdue University*  
Govert Vroom, *Purdue University*

In contrast to the traditional approach of attempting to explain or demonstrate the how, when, where, and why of incumbents cutting price in the face of entry, we investigate whether firms may have an incentive to raise price in this situation. Drawing from agglomeration theory, which describes the benefit from co-locating with competitors, and using a unique data set of Texas hotels, we find that establishments price higher when facing entrants who are more likely to generate agglomeration externalities, namely larger and high-resource entrants. Moreover, we find that this association is stronger for establishments that have greater recent experience with entry.

SESSION 1141

### LINKING RESOURCES TO SUSTAINED PERFORMANCE

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 1

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

### Strategic Assets, Institutional Environments, And Film Performance: A United States-French Comparison

Allegre Hadida, *University of Cambridge*

This article combines the New Institutional Economics (NIE) and Resource-Based View (RBV) to explore the relative importance of strategic assets in explaining movie performance across institutional environments. A structural equation model is developed and tested in the USA and France from 1988 to 1997. Results reveal the mediating role of production budget and different hierarchies of assets in the two countries, with the influence on performance of lead actors' track record central in the USA and that of directors' track record core in France. This difference echoes discrepancies in the U.S. and French institutional environments, and points

to coherent systems of cinema production, consumption and evaluation in the two countries that NIE or RBV alone would not have revealed.

### The Role Of Resources And Capabilities In Value Appropriation

Niklas Hallberg, *Lund University*  
John Gibe, *Lund University*

The matter of who appropriates the economic value created by a firm's resources and capabilities has remained largely unresolved in strategic management. The aim of the paper is to highlight some of the shortcomings of established strategic management theory in explaining value appropriation, outline key examples of value appropriation mechanisms, and empirically illustrate the link between these mechanisms and specific firm-level resources and capabilities. Results show that particular resources and capabilities affect value appropriation through increased control, information, and switching costs. The results imply that commitment to resources and capabilities facilitating value appropriation through elevated control, information and switching costs can constitute an alternative avenue for firms to reach competitive advantage.

### The Concept And Empirical Measurement Of The Competitive Advantage Period: A Kolmogorov-Smirnov Approach

Andreas Bausch, *University of Jena*  
Thomas Fritz, *Jacobs University*

With this paper we aim at testing whether performance differences between firm are sustainable and if yes, at quantifying the competitive advantage period (CAP) – the number of subsequent years during which a firm can on average sustain a superior competitive position resulting in superior economic performance. Based on a sample of 3,208 firms from 64 industries (four-digit standard industry classification), we find on average a CAP of seven to eight years. This result confirms that in general a certain sustainability of competitive advantages is achieved. Nevertheless, it underlines at the same time that competitive processes seem to erode competitive advantages relatively fast. Furthermore, we show that both the length of the CAP and its variability differs strongly across industries. However, the length of the CAP is on industry level significantly influenced by the chosen performance measure.

### Strategic Alignment And Organizational Change: A Preliminary Test Of The V-P-C Framework

Thomas P. Moliterno, *University of South Carolina*  
Christopher Zatzick, *Simon Fraser University*

The Value, Price, and Cost (VPC) framework recently has been suggested as a theoretical lens through which to view and analyze sustained differences in firm-level performance. To date, this potentially valuable framework has received theoretical specification, and some limited empirical examination, but the model has not been validated through empirical analysis. In this paper, we report a study that uses the VPC framework to examine whether alignment between efficiency-oriented change and an organization's strategy results in greater performance returns to change. The findings of this study are informative regarding the change/performance relationship, and represent an early empirical application and validation of the VPC framework. As such, the study reported here suggests substantial directions for future research both applying and testing the VPC framework.

#### SESSION 1205

### INPUT (AND OUTPUT) FACTORS: ECONOMIC PERSPECTIVES

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Seabreeze
<b>Session Chair</b>	Paul Drnevich, <i>University of Alabama</i>	

### Why Firms Make Unilateral Investments Specific To Other Firms: The Case Of OEM Suppliers

Kang Min-Ping, *Shih Hsin University*  
Joseph T Mahoney, *University of Illinois-Urbana Champaign*  
Danchi Tan, *National Cheng-Chi University*

This research paper examines why and under what conditions a firm will make unilateral relationship-specific investments to their transaction partners. We test empirically our developed theory in the context of Taiwanese suppliers of original equipment manufacturers (OEMs). We suggest that firms are more likely to make unilateral relation-specific investments when (1) transactional hazards are mitigated and (2) the investment yields values for other transactions with the same partners and for third transaction parties.

### Resources, Capabilities, And Performance Heterogeneity

Paul Drnevich, *University of Alabama*  
Aldas Kriauciunas, *Purdue University*  
Mark Shanley, *University of Illinois-Chicago*  
Thomas Brush, *Purdue University*

A common issue in strategy research involves determining potential sources of inter-firm performance differences. Research on this issue predominately argues that competitive advantage is attributable to variation in resources and capabilities. However, this relationship is difficult to establish theoretically and support empirically. This study addresses that gap by theoretically establishing, and empirically examining how 'zero-order' ordinary and 'first-order' dynamic capabilities, and their heterogeneity, contribute to inter-firm performance differences. Results confirm that both ordinary and dynamic capabilities are associated with superior firm performance, but fail to support common presumptions of the necessity of heterogeneity. Therefore these findings question one core assumption of RBV, and may hold implications for related research. Thus, this study's major contribution is to address current conflicting arguments regarding capability heterogeneity versus commonality.

### Dancing With The Stars: The Interplay Between Strategy And Finance

Herbert Kimura, *Mackenzie Presbyterian University*  
Leonardo Basso, *Mackenzie Presbyterian University*  
Eduardo Kayo, *Mackenzie Presbyterian University*

Considering a possible alignment and an appropriate coordination between finance and strategy, we suggest a new perspective for analysis of competitive advantage and value creation: the assets and attitudes approach (AAA). We include resources and capabilities in the concept of assets and we incorporate aspects related to attitudes as relevant factors in the establishment of competitive advantage. The inclusion of attitudes as a mechanism linked to competitive advantage makes behavioral aspects as valuable as resources and capabilities in the study of strategy. Besides, regarding the financial theory, the discount rate of cash flows can become dependent not

only on the sensibility of the cash flows in relation to risk factors, but on the attitudes towards risk and on the assets such resources and capabilities.

## The Mechanics Of Substitution

Amit Jain, *INSEAD*

Karel Cool, *INSEAD*

This paper explores the concept of substitution. It first defines the concept from the lens of economics, marketing and strategy, and highlights differences. Second, it shows that factor side substitution is not independent of product market substitution. Factor price changes flow through and lead to substitution in product markets. Product substitution, in turn, has a reverse flow through effect on factor prices and demand. Development of this flow through concept shows that resource based competitive advantage in abstraction of product markets may not be sustainable, and vice versa. Both environmental and firm internal criteria, and their effects on one another need to be taken into consideration sustainable competitive advantage. Finally, the paper lists the key factors influencing the willingness of managers to engage in substitution.

SESSION 1275

## MODE OF EXPANSION AND VERTICAL SCOPE

<b>TRACK E</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Marina 3

Session Chair

## Performance Implications Of Dual Sourcing: Managing The Efficiency And Adaptability Trade-Off

Carmen Weigelt, *Rice University*

MB Sarkar, *University of Central Florida*

Although an integral part of firm strategy, dual sourcing has received little attention in the firm boundaries literature. This paper explores how dual sourcing impacts performance. We argue that a firm's level of outsourcing places it in the midst of a performance paradox wherein it faces a trade-off between increasing efficiency and losing adaptability in customer service. Our findings reflect this performance trade-off: initially outsourcing yields efficiency gains that, however, occur at a diminishing rate as outsourcing increases. In contrast, outsourcing hurts adaptability. This performance trade-off is, however, mitigated by a firm's market exploration. Our setting is outsourcing of information technology for Internet banking. Our data is both archival and based on two surveys conducted a year apart with the same U.S. banks.

## Buyer-Supplier And Supplier-Supplier Alliances: Do They Reinforce Or Undermine One Another?

Sergio Giovanetti Lazzarini, *IBMEC*

Danny Pimentel Claro, *Ibmec São Paulo*

Luiz Mesquita, *Arizona State University*

Research has emphasized the inter-organizational learning that occurs at the horizontal level and generates positive vertical alliance spillovers. Other researches propose instead a negative interplay: when crafting vertical alliances, for instance, buyers may inhibit the formation of horizontal alliances as a way to preserve their bargaining power vis-à-vis suppliers. We analyze whether the interaction between vertical and horizontal alliances depends on a particular contingency: uncertain technological change. We empirically test the hypotheses using survey data from the Brazilian

auto-parts industry. Our data reveal that the existence of vertical alliances inhibits the development of horizontal alliances, but only when technological uncertainty is relatively low. When components are subject to higher technological change, those two types of alliances do not seem to significantly affect one another.

## The Choice Among Acquisitions And Alliances Versus Internal Development: The Role Of Imitation And Experience

Valerie Moatti, *ESCP-EAP*

This paper examines how firms choose among acquisitions, alliances or internal development when they find it necessary to expand their activity within their own industry. We suggest that mergers & acquisitions and alliances formation are influenced by both internal and external factors. More precisely, we investigate the role of imitation and experience as distinct learning mechanisms, both separately and simultaneously. Using isomorphism theoretical background, we show that the choice of expansion mode is highly influenced by competitor moves. We confirmed most of our hypotheses empirically with a sample of 83 firms from the retail industry from 1984 through 2003. Our results also show that imitation mechanism differ whether we consider M&As or alliances.

## Resource-Based Explanations Of Make Or Ally Decisions: The Moderating Role Of Environmental Uncertainty

Werner Hoffmann, *Vienna University of Economics and Business Administration*

Kerstin Neumann, *Vienna University of Economics & Business Administration*

Gerhard Speckbacher, *Vienna University of Economics and Business Administration*

This paper argues that resource based theory complements the traditional propositions of TCE concerning boundary choices of firms in two ways. First, resource attributes are important to assess the value generating potential of 'make or cooperate' decisions and therefore their inclusion can significantly extend the explanatory power of models based exclusively on TCE variables. Second, we argue that the (moderating) effects of environmental uncertainty can be better understood using RBT while TCE highlights the effects of behavioral uncertainty. We test our hypotheses using a sample of 167 integration/ collaboration decisions by automotive suppliers.

SESSION 1158

## STRATEGIC ADAPTATION TO THE ENVIRONMENT

<b>TRACK F</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Common Ground Session</b>	<b>Room</b>	Marina 1

Facilitator TBD

## Struggling For Supremacy In Institutional Competition: How The United States Automobile Industry Re-Constructed Product Safety

Simona Giorgi, *Northwestern University*

Edward Zajac, *Northwestern University*

This study investigates the competitive interplay between external stakeholders and corporations in the context of product safety in the automobile industry. We show how entrepreneurs of the consumer movement deftly framed and established auto safety as a legitimate problem and gained political support. We then explain how the U.S. auto makers, despite initial setbacks

in promoting an alternative frame, subsequently succeeded in developing a repertoire of rhetorical and practical solutions that effectively 'normalized' and 'de-radicalized' the issue in the media and the political environment, transforming the problem into a technical issue that signaled business as usual. Our analysis of the re-construction of auto safety highlights that competition and strategy issues apply to firms' non-market environments, as well as their traditional business environment.

### Hysteresis And The Flexibility Of Multinationals In Reacting To Uncertainty

Shyam Kumar, *City University of New York*

We argue that compared to domestic firms, multinationals are likely to exhibit lower levels of hysteresis, and are likely to react more fluidly to changes in uncertainty. Multinationals can shift resources to other markets and scale back operations in the face of increased uncertainty. In contrast domestic firms do not have this flexibility, and may be constrained to maintain their scale of operations in order to cover fixed costs. As a result, multinationals may also be better positioned to capture upside gains while avoiding downside losses in a particular market when compared to domestic firms. Empirical results support these propositions.

### Shaping The Context For Organizational Learning: Corporate Alignment Initiatives, Environmental Munificence, And Firm Performance

Florian Hotz, *University of St Gallen*  
 Sebastian Raisch, *University of St Gallen*  
 Jörg Schläpfer, *University of St Gallen*

The paper highlights organizations' dynamic alignment moves that influence organizational learning processes, and their performance effects in different external contexts. Our conceptual argument posits that the success of exploration- or exploitation-oriented alignment activities depends on the intensity of change and is moderated by different levels of environmental munificence. In contrast to previous studies, we rely on a multi-layer conceptual model that incorporates concrete and manageable corporate alignment initiatives. We furthermore propose a quantitative and longitudinal field study to extend existing empirical studies' static and often narrow scope.

### Parallel Paths: How Top Executive Movement Shapes The Market Evolution Of Firms

Charles Williams, *Duke University*  
 Samina Karim, *Boston University*

This paper studies how the movement of executives between units and levels shapes the evolution of firms. To understand how the pattern of executive movement will shape market entry and exit, we develop a theoretical approach that combines an attention-based view of the firm with an evolutionary logic. We propose that horizontal movement of executives between business units will increase variation through recombination of information, managerial skills, and knowledge. We predict that increased variation in the firm will lead to subsequent innovative market entry. On the other hand, we predict that vertical movement of executives to and from the corporate level will strengthen a firm's selection environment and increase exit. We test these hypotheses on a sample of firms in the health and pharmaceutical industry.

### High Point Or Hobgoblin? Consistency And Performance In Organizations

Scott Rockart, *Duke University*  
 Will Mitchell, *Duke University*

Max Weber's argument that organizations benefit when they operate consistently and Robert Merton's counter-point that consistency

arises from organizational dysfunction create a fundamental tension in organization theory. Substantial research has examined related issues including the spread of bureaucracy, the adoption of specific organizational practices and how organizational change affects survival, but there has been surprisingly little research on the value or dysfunctional nature of ongoing consistency in following rules for decision making. This paper develops measures based on the definition of consistency as close adherence over time to a set of simple rules for conducting business. We explore the sources of consistency and test whether greater consistency is a beneficial high point in organizational development or reflects Emerson's notion of a 'hobgoblin of little minds.'

### The Dynamics Of Intended, Emergent And Realized Strategies In SMEs

Karl-Heinz Leitner, *ARC Systems Research GmbH*

The paper studies the nature of strategy process and its impact on firm performance using a longitudinal study of SMEs in Austria. In two surveys in 1995 and 2003 data on the strategic behavior and performance of the same group of 91 firms was gathered. In contrast to other studies the strategic making mode was not only assessed by a self-assessment of the managers but by the analysis of strategic content. Based on four competitive strategies, emergent and deliberate strategies were identified using criteria for intentions, formalization and activities in the corresponding field. The aim is to identify determinants for effective emergent and implemented strategy formation over the period observed considering a set of strategy process design factors.

### SESSION 1073 CEO COMPENSATION

<b>TRACK F</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 2a
<b>Session Chair</b>	Julian Lowe, <i>University of Ballarat</i>	

### Strategic Leadership, Performance, Industry Dynamics, And CEO Turnover

Julian Lowe, *University of Ballarat*  
 Lili Pi, *University of Ballarat*

This paper looks at the impact of entrepreneurial and corporate leadership styles on the performance of Chinese companies and the turnover of their CEOs. CEO turnover is determined by firm performance, corporate governance and their 'fit' with the strategy and organization of the business (Henderson et al. 2006). The research confirms the impact of industry type and performance on CEO tenure and identifies 'entrepreneurial' CEOs as an important sub-group who have to meet strict performance criteria

### Heterogeneity In Executive Compensation: Where You Work Versus Who You Are

Alison Mackey, *Texas A&M University*

Heterogeneity in executive compensation practices persists widely both within and between industries. Two broad explanations of the heterogeneity in executive compensation can be identified: (1) differences between firms—'where you work' and (2) differences between executives—'who you are'. Using a matched-longitudinal firm-executive dataset with over 1110 executives from S&P 1500 firms with measures for compensation, career and educational background as well as biographical information, the extent to which heterogeneity in executive compensation is due to 'where you work' versus 'who you are' is estimated. 'Where you work' is found to be more important than 'who you are' in determining

executive compensation differentials. Implications for this result are discussed.

### A Woman's Worth: Composition Of Compensation Packages For Male And Female Top Executives

Erika James, *University of Virginia*  
Peggy Lee, *Arizona State University*  
Christine Shropshire, *Arizona State University*

Do women executives receive the same pay as their male counterparts? What accounts for this difference? Has this wage-gap narrowed over time? While previous studies continue to show that a wage gap exists, there has been a lack of theoretical development to explain and parse out these persistent differences. We attempt to fill this gap by drawing from the extensive gender literature to develop hypotheses that are based on theories of comparable worth, human capital, and organizational context. Furthermore, we have constructed a unique dataset that includes all of the top executives of the top 1,000 largest firms in terms of revenues from 1990 to 2003. This panel dataset allows us to include contextual factors, as well as consider a temporal perspective on gender-based pay inequity.

### CEO Compensation After Refocusing: The Impact Of Refocusing Intensity And Contextual Factors

Seemantini Pathak, *Arizona State University*  
Robert Hoskisson, *Arizona State University*

Agency theory-based research has identified governance problems as an important theoretical antecedent to refocusing (also known as corporate restructuring). However, there has been little empirical investigation of how refocusing affects subsequent firm governance. This proposal using normative and behavioral agency theory suggests that as a firm reduces its scope (measured by firm divestiture intensity), firm risk gets shifted to top managers. We posit that refocusing firms, desirous of achieving strategy change and good performance, try to overcome managerial risk aversion by reducing the risk borne by CEOs, in part, through executive compensation. Additionally, we suggest that the relationship between divestiture intensity and CEO compensation is moderated by the composition of the board of directors, technological opportunity and type of post-refocusing diversification strategy.

SESSION 1215

### SENIOR MANAGEMENT CHALLENGES

<b>TRACK H</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Executive Center 3a
<b>Session Chair</b>	Hugh Courtney, <i>University of Maryland</i>	

### Transformational CEOs And Firm Performance: The Case In SMEs And Moderating Role Of CEOs' Positions

Yan Ling, *George Mason University*  
Zeki Simsek, *University of Connecticut*  
Michael Lubatkin, *University of Connecticut/EM Lyon*  
John Veiga, *University of Connecticut*

While empirical research focusing on large public organizations has been equivocal about whether transformational CEOs play an important role in affecting firm-level performance, our findings suggest that this equivocality may have more to do with the sample frame studied than with the strength of the theory per se. We argue that transformational CEOs' impact on firm performance is particularly salient in small- to medium-sized private firms (SMEs). Results based on 142 SMEs offered support for our prediction. At

the same time, we find that transformational CEOs' impact on the firm performance in SMEs was stronger when CEOs are the founders of the firm or are long tenured. All these findings demonstrate the importance of considering conditional variables when examining CEO leadership's impact on firm outcomes.

### Strategic Renewal: An Evolutionary Perspective

Patrick Gibbons, *University College Dublin*  
Patrick McEvoy, *University College Dublin*

This study examines the strategic renewal process in a bank over a thirty year period. Specifically it addresses how evolutionary processes influenced the management of key strategic initiatives over the period. It concludes by highlighting how senior managers can influence the evolutionary process within an organisation.

### Strategic Process: Organisational Innovation, Technical Innovation, And Renewal

Rafael Ramirez, *University of Oxford*  
Marc Thompson, *Oxford University*  
Eric Allen, *European Patent Office*  
Leo Roodhart, *Shell International*

This paper analyses with a process view of strategy the 10 year history of the gamechanger process in Shell - comparing it with similar processes in other organisations. It argues that the gamechanger process is an organisational innovation, not merely a means to produce technical innovations, and that organisational innovations enable the technical innovations upon which strategy renewal depends.

### Getting Inside Your Competitor's Head

Hugh Courtney, *University of Maryland*  
John Horn, *McKinsey & Company*  
Jayanti Kar, *McKinsey & Company*

Companies are often surprised by unforeseen competitor moves that undermine their own strategies. These competitor moves are hard to predict since firms are heterogeneous, endowed with different resources and capabilities and managed by decision-makers with different incentives and biases. Nonetheless, lessons from the resource-based view of the firm, agency theory, and behavioral economics can help companies better understand their heterogeneous competitors and the moves they are likely to make. Companies that embed these lessons in their competitive intelligence activities are more likely to 'get inside their competitors' heads' and avoid competitive surprises.

SESSION 1093

### CREATION OF KNOWLEDGE IN ORGANIZATIONS

<b>TRACK I</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Paper Session</b>	<b>Room</b>	Nautilus 2
<b>Session Chair</b>	Corey Phelps, <i>University of Washington</i>	

### Explorative-Exploitative Search And Knowledge Creation: A Contingency Perspective

Jatinder Sidhu, *Erasmus University-Rotterdam*

This paper examines how the technology environment moderates the impact of local exploitative and non-local explorative search on knowledge creation. It particularly argues that a firm's ability to produce valuable inventions is contingent on the extent to which temporal and experiential search entails proximal or distal knowledge elements given the technology life-cycle stage. The theoretical ideas are tested using time-series patent data from cross-sections of firms in the paint and semiconductor industries.

The empirical results by and large support the initial predictions. The findings highlight that it is not only imperative for firms to have an appropriate exploration-exploitation balance at a point in time, they also need to be adept at adjusting this balance longitudinally as a technology paradigm unfolds. I discuss the implications of this study for research and practice.

### Speed Of Socialization In Organizational Knowledge Creation: A Model And Preliminary Results

Georg Von Krogh, *ETH Zurich*  
Ikujiro Nonaka, *Hitotsubashi University*  
Zeynep Erden, *ETH Zurich*

Organizational knowledge creation theory explains the process of making available and amplifying knowledge created by individuals as well as crystallizing and connecting it to an organization's knowledge system. A research question concerns the speed with which knowledge is created in the organization. In the article we review some of the central elements in organizational knowledge creation theory, develop propositions on the factors that impact on socialization speed in knowledge creation in a group and on the relationship between socialization speed and the quality of tacit knowledge shared. As a last step we test the validity of the propositions, discuss implications for research and management practice.

### Learning From Start-Ups: Corporate Venture Capital And Exploratory Knowledge Creation

Anu Wadhwa, *EPFL*  
Corey Phelps, *University of Washington*  
Suresh Kotha, *University of Washington*

Corporate Venture Capital (CVC) -- minority equity investments by established companies in privately held start-ups -- has become an important strategic tool for large companies. Firms often pursue CVC investing as a way to learn about novel technologies. Although CVC is inherently exploratory and has been found to enhance investing firm innovation, research has not established when CVC investing results in exploratory innovations (i.e., innovations that embody relatively novel knowledge). We argue that three characteristics of an investing firm's portfolio of start-ups will enhance its creation of exploratory knowledge. Using longitudinal data on a panel of 36 telecommunications equipment manufacturers, we find that investing firms produce more exploratory knowledge when their portfolios include start-ups that are diverse, mature, and possess codified knowledge.

### Knowledge Creation In Alliance-Portfolios

Shalini Manrakhan, *University of Mauritius*  
Srilata Zaheer, *University of Minnesota*  
Akbar Zaheer, *University of Minnesota*

Researchers have posited that a portfolio of strategic alliances can enhance performance, but little is known about knowledge creation in the portfolio over and above the effect of dyadic relationships. We suggest that firm-specific knowledge (technological knowledge held by the firm unshared with its alliance portfolio) as well as portfolio-specific knowledge (the portfolio's knowledge that is not shared by the firm) will both positively influence knowledge creation in the focal firm. We test these hypotheses on a sample of 304 firms in the biotechnology and pharmaceutical industry, using patents as the dependent variable. We find firm-specific unique knowledge appears to be always beneficial, while there are limits to the extent that firms can benefit from portfolio-specific unique knowledge. We get ambiguous results for knowledge-bridging alliances.

SESSION 1108

## STRATEGIC PLANNING

<b>TRACK J</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	10:15 - 11:30 h
<b>Common Ground Session</b>	<b>Room</b>	Executive Center 3b
<b>Facilitator</b>	Sotirios Paroutis, <i>Warwick Business School</i>	

### Managerial Constraints: Aligning Strategic Planning And Environmental Awareness

Nicholas O'Regan, *Bristol Business School*  
Abby Ghobadian, *Henley Management College*  
Martin Sims, *University of Hertfordshire*  
David Gallea, *Brunel University*

The results of this study indicate that strategic planning in manufacturing SMEs is positively linked to overall corporate performance and that the degree of awareness of external environment threats is associated with the degree of overall emphasis on the strategic planning process. The findings suggest the need to align the degree of emphasis on strategic planning and environmental awareness. From a practitioner perspective, the analysis suggests that increased strategic focus improves performance and that increased environmental awareness at the strategic planning level will improve financial performance significantly. However diminishing returns appear to operate with regard to environmental awareness and firms should establish the point at further increases in environmental awareness do not lead to increased benefits.

### Real Political Options For The Public Affairs Consultant

Marcus Osborn, *R&R Partners*  
Richard Osborn, *Wayne State University*  
Margaret Smoller, *Wayne State University*

The purpose of this paper is to suggest how a government relations consultant can use real political options as a decision making tool to help clients analyze proposed public affairs actions. A real political option may be seen as a political, strategic or operational decision that creates the opportunity to make a subsequent beneficial choice followed by a political influence action to anticipate or respond to a change in public policy. For this opportunity to be 'in the money' the firm must (a) act on the new information and emergent events, and (b) determine that the subsequent action can have some beneficial effect for an issue in a 'policy window.'

### Scenario Planning Interventions In Organizations: The Causes Of Success And Failure

George Wright, *Durham University*

We demonstrate that analysis of the answers given by workshop participants in pre-intervention interviews can be helpful in determining the receptiveness of an organization to a subsequent scenario intervention. We theorise that strategic inertia - characterized by coping patterns of bolstering failing strategy, procrastination (over a strategic dilemma) and buck-passing (the responsibility for the dilemma's resolution), is the result of the psychological attenuation of the perceived level of environmental threat to the organisation, culminating in unconflicted adherence to the currently-followed strategy. We contend that the expression of such coping behavior is antithetical to a subsequent successful scenario exercise since, if the exercise fails to identify an unconflicted strategic alternative, the sharp focus of the scenarios on futures unfavourable to business-as-usual strategy will re-activate the cognitive stress-reduction mechanisms.



## Scenario-Based Decision Making And Cognitive Style: A Research Agenda

Maureen Meadows, *Open University*

Luis Alberto Franco, *University of Warwick*

In recent years, scenario planning approaches have enjoyed wide acceptance among practitioners and academics as decision support aids in the strategic decision making process. Recently, managerial cognition scholars have suggested that differences in group composition and cognitive styles will have an impact on the effectiveness of scenario-based decision making processes. This paper examines the potential role of cognitive style during the different stages of a scenario-based decision making process, proposes a research design to conduct a formal evaluation of such a process from a cognitive style perspective, and discusses its potential implications for the research and practice of scenario-based decision making processes.

## Factors Affecting The Use Of Contingency Planning By Business Strategists

Andrew Sangster, *Argosy University*

This study examines the use of contingency planning devices (and associated thought processes) in the formation and evolution of business strategies. It predicts a positive relationship between this type of strategizing, and the subject planner's perceived uncertainty about a competitor's initiatives and responses, mediated by the level of the perceived competitive threat. This perceived uncertainty is further hypothesized to be a positive function of the planner's experience with the competitor, and an inverse function of the planner's perception of the efficacy of shareholder wealth maximizing at the competitor. This study attempts to illuminate further the 'fogginess' effect of agency problems upon the process of business strategizing.

SESSION 1173

### UNIVERSITY ENTREPRENEURSHIP

TRACK K	Date	Wednesday, Oct 17
	Time	10:15 - 11:30 h
Paper Session	Room	Executive Center 1

Session Chair Anne Fuller, *Georgia Institute of Technology*

## My Star Is Not Your Star: Sources Of Value Creation In University-Firm Research Collaborations

Constanta Mindruta, *University of Illinois-Urbana Champaign*

University research-based technological opportunities are often created and exploited through joint corporate and academic entrepreneurship activities such as university-industry research collaborations. What determines a match between academic scientists and firms that seek to apply basic research for commercialization? To answer the question, this paper models firm-scientist alliance formation as an endogenous matching process driven by the synergy in knowledge-creation capabilities of the partners. The model is then applied to empirically investigate whether and when attributes such as knowledge breadth and depth, scientific and technological capabilities are complements or substitutes in knowledge creation. The paper contributes by specifying a theoretical framework which describes the formation of university-firm alliances. It also identifies the set of complementary capabilities required for a successful cross-boundary research alliance.

## Capabilities And Technological Change: The Role Of Science-Based Versus Business-Based Entrepreneurs In New Venture Performance

Alva Taylor, *Dartmouth College*

Miguel Angel Campo-Rembado, *Dartmouth College*

Drawing on the idea that capabilities are context specific to the competitive environment, this paper argues that entrepreneurial scientists and business entrepreneurs will react differently to venturing opportunities afforded by technological change. It also suggests that the value of capabilities of venture founders, and new ventures performance, will differ based on the technological change faced at venture entry. We show that talented entrepreneurial scientists are more likely to enter prior to a dramatic technological shift, and talented business entrepreneurs are less likely to enter. Ventures founded after a technological shift are worth more, but have lower success rates. Finally, we find opposing results of capabilities on venture value and performance.

## The Effect Of Faculty Founders On New Technology Venture Performance

Anne Fuller, *Georgia Institute of Technology*

This proposal is an exploratory analysis of the growing phenomena of U.S. academic entrepreneurship. Building on prior work demonstrating the embryonic state of science and engineering research that is licensed through the university (Jensen & Thursby 2001), we extend this framework to include university inventions commercialized by a new technology venture (NTV). We posit that the presence of faculty inventor patents and founders will be beneficial to the NTV. This supposition is tested with a uniquely constructed dataset representing a variety of university and industry settings. Preliminary results indicate faculty patents in the early stages of a new venture increase the likelihood the firm will stay independent and private. The presence of faculty founders however significantly increases the probability of acquisition by an incumbent firm.

## Building Legitimacy For Novel Technologies: The Case Of WARF And Human Embryonic Stem Cells

Sanjay Jain, *University of Wisconsin-Madison*

We highlight the role that institutional entrepreneurs play in building legitimacy for novel technologies. To illustrate this role, we carry out an in-depth study of the Wisconsin Alumni Research Foundation's (WARF) initiatives to support the emergence of human embryonic stem cell technology. Our narrative account reveals that institutional entrepreneurs often take on three sub-roles; that of protector, propagator and influencer of the nascent technology. We highlight how the underlying identity of the institutional entrepreneur, i.e. their private and societal interests, can influence how they engage in these roles, which in turn impact the trajectory of the technology. The implications of these findings for the literature on institutional entrepreneurship and the emergence/ evolution of new technologies are discussed.

SESSION 1806

**THE CURRENT STATE AND FUTURE DIRECTION OF NON-MARKET STRATEGY SCHOLARSHIP**

<b>TRACK A</b>	<b>Date</b>	Wednesday, Oct 17
	<b>Time</b>	11:45 - 12:45 h
<b>Panel Session</b>	<b>Room</b>	Grande Ballroom

**Moderator**

Michael Lenox, Duke University

**Panelists**

David Baron, Stanford University

David Vogel, University of California-Berkeley

Witold Henisz, University of Pennsylvania

Andrew King, Dartmouth College

Challenges arising from globalization, corporate scandals, and degradation of the natural environment, among others, have dramatized the strategic importance of issues often considered outside the traditional competitive domain. Increasingly, firms are recognizing that their "non-market" strategies to address these challenges are critical to their ability to create and sustain competitive success. In response to these trends, a rich academic literature has emerged on the topic of non-market strategy. This literature has intellectual roots stretching back decades and has been pioneered by scholars investigating business behavior in areas where markets are inchoate or simply do not exist. In this symposium, we will hear from leading scholars of non-market strategy. Each speaker will discuss the state of scholarship in their own areas of expertise and propose where scholarship should go in the future.



**David Baron** is the David S. and Ann M. Barlow Professor of Political Economy and Strategy in the Graduate School of Business, Emeritus, at Stanford University. He received a BS from the University of Michigan, an MBA from Harvard University, and a Doctorate in Business Administration from Indiana University. In 2005 he was

awarded an honorary doctorate degree by the Katholieke Universiteit Leuven. His principal research interests have been the theory of the firm, the economics of regulation, mechanism design and its applications, political economics, and nonmarket strategy. His current research focuses on political economics and strategy in the business environment.



**David Vogel** is Professor of Business and Political Science at the Haas School of Business, University of California, Berkeley, and holds the Solomon P. Lee Distinguished Professorship in Business Ethics. His research has focused on the politics of business, the comparative study of consumer and environmental

policy, trade and environment, business ethics, and corporate social responsibility. Vogel has been editor of the California Management Review since 1982. David Vogel received a BA in political science from the City College of New York and a Ph.D. in politics from Princeton University.



**Witold J. Henisz** is an Associate Professor of Management at the Wharton School, The University of Pennsylvania. He received his Ph.D. in Business and Public Policy from the Haas School of Business at University of California, Berkeley in 1998 and previously received a M.A. in International Relations from the

Johns Hopkins School of Advanced International Studies. His research examines the impact of political hazards on international investment strategy. He also is currently a principal in the risk management consultancy The Probity Group, which provides executives with insight into high-impact risks to business and government activity.



**Andrew A. King** is a Marvin Bower Fellow at the Harvard Business School and an Associate Professor at the Tuck School of Business. Prior to joining Tuck, he was a faculty member at the Stern School of Business at NYU. He has held visiting positions at both the University of Michigan and MIT.

He has authored numerous publications on technology strategy, environmental management, and industry self-regulation. Andrew King holds a PhD in management from the Massachusetts Institute of Technology, an MS in mechanical engineering from the University of California at Berkeley; and a BA in mechanical engineering from Brown University.



**Michael J. Lenox** is an Associate Professor of Business at the Fuqua School of Business, Duke University and holds a secondary appointment as Associate Professor of Environmental Policy at the Nicholas School of Environment, Duke University. He currently serves as the area coordinator for the newly formed Strategy

Area and is the faculty director and founder of Duke's new Corporate Sustainability Initiative. He received his Ph.D. in Technology Management and Policy from the Massachusetts Institute of Technology in 1999 and the degrees of Bachelor and Master of Science in Systems Engineering from the University of Virginia.

12:45 - 13.45

**LUNCHEON ON THE BAYVIEW LAWN**

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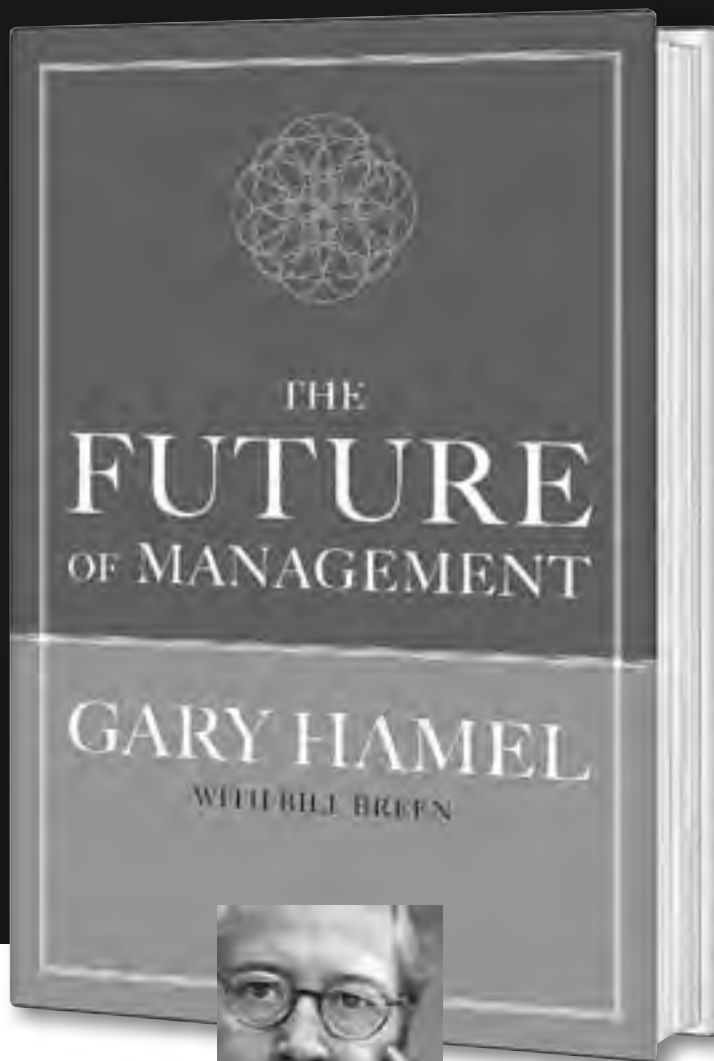
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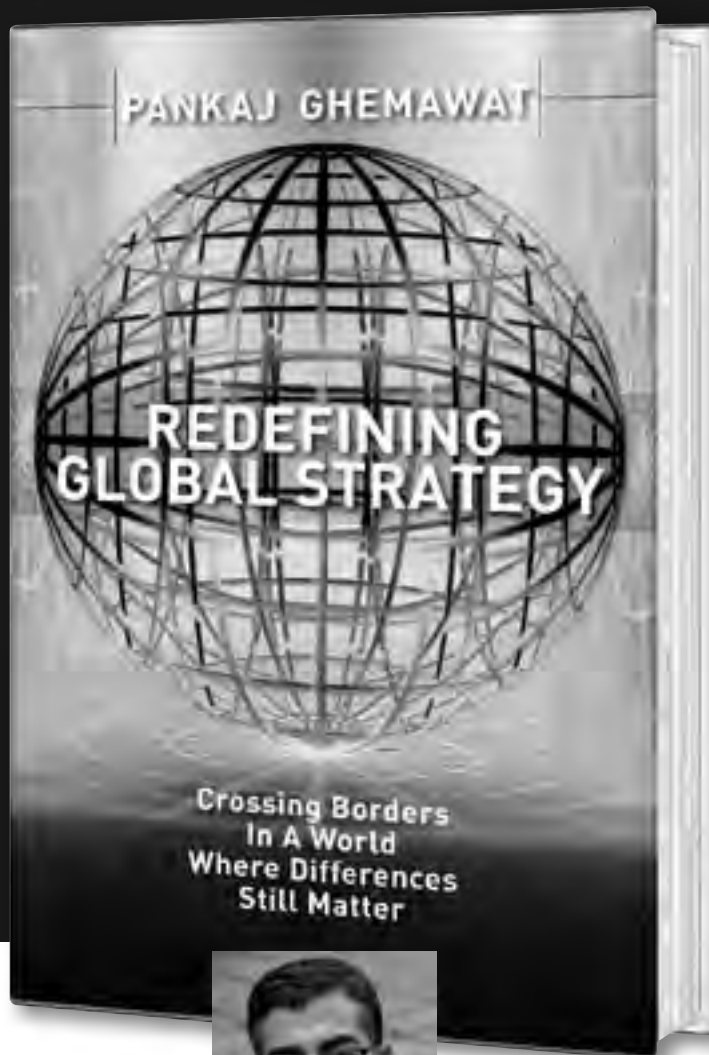
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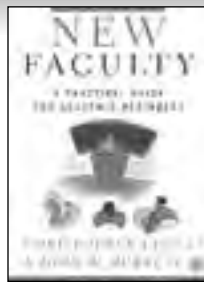
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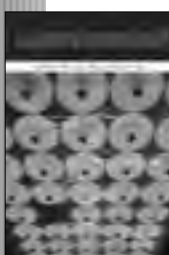
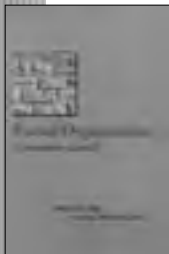
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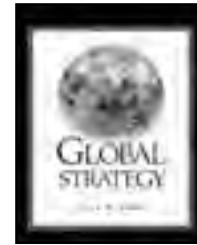


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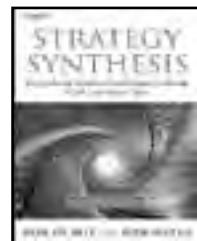
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