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Dear Conference Participants:

Welcome to Minneapolis! We are delighted you are joining us at the 39th Annual Conference of the Strategic Management Society. This year’s conference will attract 1,000 participants; we hope you will enjoy not only the conference, but also autumn in the U.S. Midwest.

We chose the theme “Out of the Spotlight Strategies” to highlight that many regions, industries, and companies – which operate out of the spotlight – have a tremendous impact on our economies and on society. As scholars and business professionals, we are better served if we have an appreciation for regions, industries, and companies beyond the handful that garner the bulk of media attention and public discourse. We expect that you will find many of the out of the spotlight issues engaging. In addition, we hope you have a chance to see the depth and breadth of the Minneapolis-St. Paul headquarters economy.

Our program reflects the collective efforts of many of you, and we would like to extend our thanks. In particular, we would like to thank the more than 1,000 SMS members who took the time to review the 1,127 conference submissions. As many of you know, the Interest Groups do the heavy lifting with respect to the program – and for this reason, we extend a special thanks to the Interest Group leadership. We also thank special track chairs Giada Di Stefano, Gwen Lee, and Brian Wu for putting together the programs for these tracks and organizing plenary sessions related to the special track themes. And, of course, the SMS staff and their hard work brings this all together – thank you.

We draw your attention to this year’s plenary sessions. The formal conference program will launch on Sunday afternoon with Mike Roman, CEO of 3M. Although 3M is a well-known company, “out of the spotlight” for many people is that one of those Ms stands for Minnesota (it was founded as Minnesota Mining and Manufacturing). Later that afternoon, our second plenary session will take a look at an uncomfortable subject – human trafficking. Vanessa Laird will lead a conversation with Marilyn Nelson and Natalie Volin Lehr about Carlson’s decision to bring this activity into the spotlight and how the travel and hospitality industries advance strategies and practices to tackle this problem.

On Monday, our first of three plenary sessions will include Dan Simpson leading a discussion with senior strategy executives from 3M, Ecolab, Target, and US Bank. Later that morning, CK Prahalad Award winner Jay Barney will speak, and Brian Wu will host a plenary about ecosystems with Guru Bandekar of JLG Industries and Ron Adner. Late Monday afternoon, Gwen Lee will lead a discussion of fostering robust and reliable research practices with Don Bergh, Rich Bettis, Brent Goldfarb, and Connie Helfat. The final plenary session of the conference on Tuesday morning will focus on secrecy, where Giada Di Stefano has convened Derek Harmon, Andy King, and Tomasz Obloj to lead the discussion. We hope you will engage with these topics and appreciate the insights offered by these executives and scholars.

Finally, we would like to draw your attention to Monday night’s social event. The event will be held at the Mill City Museum, situated on the banks of the Mississippi River at St. Anthony Falls. The museum is in the former Washburn Crosby Company Mill (a company that today you would know as General Mills). We invite you for good food, good drink, good conversation, and a chance to engage in the economic history of the region.

Warm regards,

Gregory R. Page  
J. Myles Shaver
Dear Conference Participant:

Welcome to the Strategic Management Society’s 39th Annual Conference in Minneapolis!

The Strategic Management Society (SMS) was formed to bring together the worlds of reflective practice and thoughtful scholarship, and we expect “Out of the Spotlight Strategies” to accomplish exactly that. This theme challenges us to explore that while certain industries, companies, and issues may receive the lion’s share of attention, companies and industries that operate out of the spotlight – in net – have greater economic and social impact on their communities.

Program Chairs J. Myles Shaver and Gregory R. Page have created a compelling program representing the worlds of scholarship and practice to advance our understanding of these critical questions. We are grateful for their leadership and particularly pleased with how their partnership in this conference demonstrates the benefits of strong connections among academics and business leaders. The importance of such collaboration was at the heart of SMS’s founding, and the SMS Board is working to enhance such engagement. We appreciated the feedback many of you shared in a survey earlier this year about engagement across “As, Bs, and Cs” (Academics, Business Practitioners, and Consultants), and more will follow soon about how we want to build on those ideas. In particular, we encourage you to participate in the 2020 SMS special conferences in Berkeley, California, and Hangzhou, China, both of which will highlight this important engagement and interaction.

In addition to recognizing the Program Chairs’ leadership, we also want to express our gratitude for the dedication and support of the track chairs, reviewers, Interest Group and Community leaders, and countless others whose efforts have made this conference possible.

The SMS is dependent on the engagement of volunteers not only for its annual conferences, but for the full breadth of activities that take place throughout the year. Through annual and special conferences, three peer-reviewed journals, research grants, awards, and networking and membership engagement programs, SMS strives to advance the field of strategic management and to serve as a critical resource for those engaged in its study and practice.

Looking ahead to 2020, we are excited about the programs and opportunities for our members, including the special conferences in Berkeley and Hangzhou and the next annual conference in London. Our Interest Groups and Communities have robust program plans for their members, and the next cohort of Strategy Research Foundation grant recipients will include scholars in the new Research in Strategic Management Program. And of course, the Strategic Management Journal, the Strategic Entrepreneurship Journal, and Global Strategy Journal continue to shape the direction of leading research in the field. We look forward to your involvement in these activities and in your suggestions for future programs.

Whether this is your first SMS Annual Conference or your 39th, we thank you for joining us and for engaging with your colleagues in challenging and enriching dialogues across workshops, competitive sessions, plenaries, extensions, and more. We hope you enjoy the conference and that you will join SMS for many more programs in the coming year.

Warm regards,

Javier Gimeno
Eileen McCarthy
### 2019 SMS BOARD OF DIRECTORS

#### Officers

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#### Directors-at-Large

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<td>George Stalk Jr</td>
<td>The Boston Consulting Group</td>
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<td>Yan Anthea Zhang</td>
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SUNDAY SMS 39th Annual Conference

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Ruth Aguilera
Northeastern University

Julian Birkinshaw
London Business School

Marvin Lieberman
University of California, LA

Sharon Matusik
University of Colorado, Boulder

Will Mitchell
University of Toronto
ABOUT THE STRATEGIC MANAGEMENT SOCIETY

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 focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world. The SMS is membership-based and was founded at an inaugural meeting in London in 1981. Today, it enjoys the support of over 3,000 members representing over 1,200 institutions and companies in over 80 countries. Our activities are made possible through the dedicated support from hundreds of individuals who take on a variety of responsibilities, volunteering their time and expertise.

CONFERENCES
The SMS holds several conferences throughout the year, broadening and developing the field of Strategic Management. Each conference explores a unique and current theme in the field and brings together leading scholars and experts from around the world. These conferences allow the opportunity for both young and senior scholars to present their research and receive feedback to develop this area of academia, as well as their careers. In addition to a competitive academic program of research presentations, we are also proud to host workshops along with our conferences to allow more in-depth discussion and research development for our scholars.

PUBLICATIONS
The SMS is partnered with Wiley for the publication of leading journals that have been vital tools for the benefit of researchers and practitioners in the field. The Strategic Management Journal (SMJ) has been the official journal of the SMS since its inception in 1980. This Class A journal is consistently rated one of the top publications in the management field. We also publish two quarterly journals, the Strategic Entrepreneurship Journal (SEJ) and the Global Strategy Journal (GSJ). As these journals grow, they continue to promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance.

RESEARCH FUNDING
The Strategy Research Foundation (SRF) of the SMS aims to cultivate and encourage scholars’ research in the field of strategic management. These SRF Programs are motivated by a belief that this area of study will benefit from an entity devoted to supporting research that advances its concepts, theory, and practice. Recipients of these grants are selected annually through a competitive review process. The current grant programs target students in the midst of their dissertation research and scholars working within organizations to connect research and practice in a more fundamental way.

SCHOLAR AWARDS AND HONORS
The SMS has developed awards and honors to recognize and honor those who have made significant contributions to the theory and practice of strategic management. Through these programs, the SMS distinguishes emerging scholars in the field, senior scholars that have left a lasting impact through their research or teaching, business leaders that have demonstrated strategic leadership and innovation, articles published that have notable impact in the field, and authors of outstanding academic work submitted to a conference. Each of these awards is targeted toward people and research that move the study of strategic management forward.

SMS INTEREST GROUPS AND COMMUNITIES (IG&C)
The primary purpose of the Interest Groups and Communities 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 IG&C recognizes a major, individual stream of practice and research interest, and aims to serve the needs of members with special interests in this area of work. During each Annual Conference, the IG&Cs each foster a competitive track of research proposals, as well as several issue-specific sessions and workshops to cultivate new research in the field.
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 Bettis & Derek Dean

2001 SAN FRANCISCO
Reinventing Strategic Management – Old Truths and New Insights
Program Co-Chairs: Richard Bettis & Derek Dean

2002 PARIS
Old Barriers Crumbling, New Barriers Rising
Program Co-Chairs: René Abate & Karel Cool

2003 BALTIMORE
Intersections: Strategy Across Conventional Boundaries
Program Co-Chairs: Rita Gunther McGrath & Bertrand G Shelton

2004 SAN JUAN
Strategic Balance: Driving Innovation And Maintaining Performance
Program Co-Chairs: Patricia Gorman Clifford & Steven Floyd

2005 ORLANDO
Strategic Management: Achievements And Opportunities
Program Co-Chairs: Irene Duhaime & Carl W Stern
Associate Chair: Javier Gimeno

2006 VIENNA
Strategy and Governance in a World of Institutional Change
Program Co-Chairs: Javier Gimeno & Jens Schaedler
Associate Chair: Peter Ring

2007 SAN DIEGO
The Challenges of Non-Market Influences on Market Strategies
Program Chair: Peter Ring
Associate Chair: Thomas Mellewigt

2008 COLOGNE
How Does Knowledge Matter?
Program Chairs: Thomas Mellewigt & Bolko von Oetinger

2009 WASHINGTON DC
Strategies in an Uncertain World
Program Chairs: Marjorie Lyles & Jeffrey Reuer

2010 ROME
Strategic Management at the Crossroads
Program Chairs: Giovanni Battista Dagnino, Rosario Faraci, Gianmario Verona, & Maurizio Zollo

2011 MIAMI
Strategies for a Multi-Polar World: National Institutions And Global Competition
Program Chair: Jose de la Torre
Associate Program Chair: Aya Chacar

2012 PRAGUE
Strategy in Transition
Program Co-Chairs: Björn Ambos, Igor Filatotchev, Ondrej Landa

2013 ATLANTA
Strategy and Sustainability
Program Co-Chairs: Pamela Barr & Frank T. Rothaermel

2014 MADRID
Strategies in a World of Networks
Program Chair: Africa Ariño
Associate Program Chairs: Alejandro Beltran and Pascual Berrone

2015 DENVER
Strategy Expanding: Making Sense of Shifting Field and Firm Boundaries
Program Chairs: Sharon Alvarez, Donald Bergh, & Sharon Matusik

2016 BERLIN
Strategies the Move the World
Program Chairs: Dodô zu Knyphausen-Aufsess, Michael Nippa, Ulrich Pidun, & Anja Tuschke

2017 HOUSTON
Unconventional Strategies for Emerging Complexity and Intensifying Diversity
Program Chairs: Laura B. Cardinal, C. Chet Miller, & Yan Anthea Zhang

2018 PARIS
Strategies in the Era of De-Globalization
Program Chairs: Rodolphe Durand, Ha Hoang, Andrew Shipilov
PAST SPECIAL CONFERENCES

2007 SHANGHAI, CHINA
Successful Strategies in Chinese Markets (Chinese Firms and Foreign MNCs) and International Markets (Chinese Firms)

2007 CATANIA, ITALY
New Frontiers in Entrepreneurship: Strategy, Governance and Evolution

2008 HYDERABAD, INDIA
Emerging India: Strategic Innovation in a Flat World

2010 LAPLAND, FINLAND
Intersections of Strategy Processes and Strategy Practices

2011 RIO DE JANEIRO, BRAZIL
Latin America's Burgeoning Strategic Role in Global Development

2011 SAN DIEGO, USA
CK Prahalad: Reaching Over Boundaries and Expanding Possibilities

2012 SINGAPORE
Globalisation Of Innovation Strategies: Novel Moves for a Global Game

2012 GUANGZHOU, CHINA
Competing and Cooperating in and for China

2013 LAKE GENEVA, SWITZERLAND
Strategizing Practices from the Outliers: Enabling “Big Bang” Innovations

2013 GLASGOW, SCOTLAND
Strategy in Complex Settings

2013 MOHALI, INDIA
Strategic Leadership: An Emerging Market Perspective

2014 TEL AVIV, ISRAEL
Startup and Restart Strategies

2014 COPENHAGEN, DENMARK
Micro-Foundations for Strategic Management Research: Embracing Individuals

2014 SYDNEY, AUSTRALIA
Strategic Management in the Asian Century: Dealing with Dynamism, Diversity and Development

2015 SANTIAGO, CHILE
From Local Voids to Local Goods: Can Institutions Promote Competitive Advantage?

2015 ST. GALLEN, SWITZERLAND
Rethinking Corporate Headquarters: Innovative Approaches for Managing the Multi-Divisional Firm

2016 ROME, ITALY
Strategy Challenges in the 21st Century: Innovation, Entrepreneurship and Coopetition

2016 HONG KONG
Contextualizing Strategic Management in Asia: Institutions, Innovation and Internationalization

2017 MILAN, ITALY
Strategic Human Capital, Management Practices and Performance

2017 BANFF, CANADA
Transforming Entrepreneurial Thinking into Dynamic Capabilities

2017 SAN JOSE, COSTA RICA
Collaborative Strategies: New Thinking about Alliances, Mergers, and Acquisitions

2018 SAO PAULO, BRAZIL
Strategizing New Growth Avenues in an Evolving Global Context

2018 OSLO, NORWAY
Sharing Strategies for the Connected World

2018 HYDERABAD, INDIA
Rethinking Corporate Strategy in the Age of Paradox

2019 LAS VEGAS, USA
From Isolation to Integration in the C-Suite: Consolidating our Gains in Strategic Leadership Research

2019 FRANKFURT, GERMANY
Hits and Misses: Strategic Decisions in an Uncertain World

Interested in organizing a special conference? We welcome ideas and expressions of interest from members who want to be involved in creating a special event that focuses on a specific topical area. These conferences are typically co-organized between the SMS, an Interest Group, and a group of local individuals or institutions. Contact us at sms@strategicmanagement.net for additional information.

Save the Date

Strategy in a Disruptive World
October 24–27, 2020

Program Chairs
Julian Birkinshaw
London Business School

Costas Markides
London Business School

LEARN MORE AT
london.strategicmanagement.net
CK PRAHALAD DISTINGUISHED SCHOLAR-PRACTITIONER AWARD

To honor the legacy of CK Prahalad this award was introduced in 2011. The award recognizes excellence in the application of theory and research in practice. This includes, but is not limited to, contributions to knowledge through the extraction of learning from practice; authored scholarly works that have substantially affected the practice of management; and the integration of research and practice. A scholar-practitioner who has used applied learning to influence how theory and research guide practice is honored with this award, with special attention given to individuals whose contributions have shaped the understanding of global strategic leadership.

2019 Recipient
Jay Barney, University of Utah

SMS EDUCATIONAL IMPACT AWARD

The Educational Impact Award recognizes excellence in contributing to the teaching mission in Strategic Management. It will be given annually to an individual who has made an exemplary contribution to quality and innovation in the teaching of strategic management, either through their teaching and mentoring activities or by empowering other teachers with innovations and high-quality teaching materials.

2019 Recipient
Jackson Nickerson, Washington University in St. Louis

SMS EMERGING SCHOLAR AWARD

Inaugurated in 2007, this award is presented 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. Recipients of this award are members of the SMS and are under the age of 40 with at least 5 years since his/her PhD, and have a record of publications and professional activity that has demonstrated their work to be significant within the strategic management field.

2019 Recipient
Oliver Schilke, University of Arizona

SMS SERVICE AWARD

The award is conferred in recognition of significant and enduring service that made an outstanding and distinguished contribution to the Strategic Management Society and its members. The recipient of this award has displayed exemplary dedication and is an asset to the organization.

2019 Recipient
Joan Enric Ricart, IESE Business School
In 1993, thirteen years after the Strategic Management Journal (SMJ) was launched, an annual best paper prize was established by co-sponsors Wiley and the Strategic Management Society to honor substantial work published in the SMJ. The award was renamed to its current title in 2007, honoring the contributions of Dan and Mary Lou Schendel to the SMJ. The prize is for a paper published five or more years prior to the award year. This delay allows time for the impact of papers to be assessed in terms of citations and influence in the field. 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 occur before their time and only become widely recognized as significant after other work is published.

2019 Recipient
Do Formal Contracts and Relational Governance Function as Substitutes or Complements?
Laura Poppo, University of Nebraska, Lincoln
Todd Zenger, University of Utah

SEJ BEST PAPER PRIZE

In 2014, seven years after the Strategic Entrepreneurship Journal (SEJ) was launched, an annual best paper prize was established by co-sponsors Wiley and the Strategic Management Society to honor substantial work published in the SEJ. The prize is for a paper published five or more years prior to the award year. This delay allows time for the impact of a paper to be assessed in terms of citations and influence in the field. 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 after other work is published.

2019 Recipient
Simultaneous Experimentation as a Learning Strategy: Business Model Development Under Uncertainty
Petra Andries, Ghent University
Koenraad Debackere, KU Leuven
Bart Van Looy, KU Leuven

GSJ BEST PAPER PRIZE

In 2017, the first annual Global Strategy Journal (GSJ) Best Paper Prize from the Strategic Management Society was presented. The award honors a paper published five years or more ago in the GSJ that has had a significant impact on our understanding of global strategy. This delay allows time for the impact of papers to be assessed in terms of citations and influence on teaching, research, and 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 occur before their time and only become widely recognized as significant after other work is published.

2019 Recipient
Acquisitions as Entrepreneurship: Asymmetries, Opportunities, and the Internationalization of Multinationals from Emerging Economies
Anoop Madhok, York University
Mohammad Keyhani, University of Calgary

SMS JOURNALS VIDEO ABSTRACT AWARD

The SMS Journals Video Abstract Award was established as a Media Innovations initiative in 2019 to promote the development of high-quality video abstracts for research published in SMS Journals. It is open to all authors of accepted articles in any of the three SMS journals that have submitted a video abstract to be included with their Article of Record. All journal abstracts can be found in playlists on the SMS YouTube channel.

2019 Recipients
Best Video Abstract Overall
Incubation of an Industry
Mahka Moeen, University of North Carolina at Chapel Hill
Rajshree Agarwal, University of Maryland
From Strategic Management Journal Article, “Incubation of an Industry: Heterogeneous Knowledge Bases and Modes of Value Capture”

Best Video Abstract of 2018
Pro Bono as a Human Capital Learning and Screening Mechanism
Vanessa Burbano, Columbia University
From Strategic Management Journal Article, “Pro Bono as a Human Capital Learning and Screening Mechanism: Evidence from Law Firms”

Award recipients will be recognized during the Tuesday Awards Luncheon. Learn more about the award programs and view past recipients by visiting awards.strategicmanagement.net.
Award recipients will be announced during the Tuesday Awards Luncheon. Learn more about the award programs and view past recipients by visiting awards.strategicmanagement.net.

★★ SMS BEST CONFERENCE PAPER PRIZE★★

The SMS first presented this prize in 1998 to honor the best paper presented at the SMS Annual Conference. Nominated authors are invited to submit a full version of their submitted proposal. The papers are reviewed, and 11 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 following 11 papers have been selected as finalists out of 56 nominated and submitted papers for this award. You will find these papers indicated throughout the program using the symbol above. The Best Paper, along with four honorable mentions, will be announced on Tuesday.

SUNDAY

TRACK B | SESSION 1480 | 15:15 - 16:30
Cognitive Framing and Capability Development at the Federal Bureau of Investigation
- Ryan Raffaelli, Harvard University
- Tiona Zuzul, University of Washington
- Ranjay Gulati, Harvard University
- Jan Rivkin, Harvard University

SUNDAY

TRACK F | SESSION 1450 | 15:15 - 16:30
Revisiting the Locus of Experience: A Study on Corporate Development Executives, Organizational Learning and M&A Performance
- Lisa Tang, University of Pennsylvania

SUNDAY

TRACK K | SESSION 1339 | 15:15 - 16:30
Why Do “Scientific” Entrepreneurs (Successfully) Take More Time to Act? Evidence from a Field Experiment
- Arnaldo Camuffo, Bocconi University
- Alfonso Gambardella, Bocconi University
- Chiara Spina, Bocconi University

MONDAY

TRACK L | SESSION 1526 | 11:00 - 12:15
- Thomaz Teodorovicz, Harvard University

MONDAY

TRACK M | SESSION 1391 | 11:00 - 12:15
Caught in the Revolving Door: Regulatory Capital and Capture as Determinants of Regulatory Outcomes
- Ivana Katic, Yale University
- Jerry Kim, Rutgers University

MONDAY

TRACK L | SESSION 1379 | 15:30 - 16:45
Machine Learning and Human Capital: Experimental Evidence on How Domain-Specific Expertise Can Mitigate Biased Predictions
- Prithviraj Choudhury, Harvard University

TUESDAY

TRACK A | SESSION 1502 | 08:00 - 09:15
Saying No to Organized Crime
- Alvaro Cuervo-Cazurra, Northeastern University
- Grazia D. Santangelo, Copenhagen Business School

TUESDAY

TRACK E | SESSION 1509 | 17:45 - 19:00
Nations within a Nation? Pandemic, Regional Heterogeneity, and MNC Share in an Emerging Economy
- Arzi Adbi, INSEAD
- Anant Mishra, University of Minnesota
- Chirantan Chatterjee, Indian Institute of Management Ahmedabad

TUESDAY

TRACK P | SESSION 1406 | 17:45 - 19:00
Peering through the Glass Door: The Cultural Attributes of “New” Forms of Organization
- Arianna Marchetti, INSEAD
- Phanish Puranam, INSEAD
SMS RESEARCH METHODS PAPER PRIZE

The SMS Research Methods Paper Prize recognizes a paper presented at the SMS Annual Conference for its sound research methods. The prize is given to a paper that either introduces a new or improved method or exemplifies an especially adept application of an already well-known method.

For its inaugural year, the papers nominated for the SMS Best Paper Prize were reviewed for this prize as well, and 6 finalists were selected. You will find these papers indicated throughout the program using the above symbol. The recipient of the Research Methods Paper Prize will be announced on Tuesday.

Award recipients will be announced during the Tuesday Awards Luncheon. Learn more about the award programs and view past recipients by visiting awards.strategicmanagement.net.
Award recipients will be announced during the Tuesday Awards Luncheon. Learn more about the award programs and view past recipients by visiting awards.strategicmanagement.net.

SMS BEST CONFERENCE PhD PAPER PRIZE

The SMS, with initial support from the consulting firm Booz Allen Hamilton, created this award in 2000 in recognition of a PhD candidate’s presentation of an outstanding paper at the SMS Annual Conference. The award is presented to papers where the primary authors of an accepted proposal for the conference are doctoral students. All qualifying authors were invited to submit a full version of their paper for consideration by a review committee.

The following 9 papers have been selected as finalists from 78 eligible and submitted papers for this award. You will find these papers indicated throughout the program using the symbol above. The five award recipients will be announced on Tuesday.

**SUNDAY**

**TRACK F | SESSION 1450 | 15:15 – 16:30**

Revisiting the Locus of Experience: A Study on Corporate Development Executives, Organizational Learning and M&A Performance

Lisa Tang, *University of Pennsylvania*

**TUESDAY**

**TRACK J | SESSION 1489 | 08:00 – 09:15**

The Role of Strategy Tools in Open Strategy: A Waltz with Deductive and Inductive Practices

Christina Wawarta, *University of Warwick*

Sotirios Paroutis, *University of Warwick*

**MONDAY**

**TRACK K | SESSION 1361 | 08:00 – 09:15**

The Consequences of Start-ups’ Organizational Structure

Saerom Lee, *University of Michigan*

**TUESDAY**

**TRACK M | SESSION 1390 | 08:00 – 09:15**

Corporate Philanthropy as a Strategic Tool for Advocacy

Haram Seo, *University of Minnesota*

**MONDAY**

**TRACK F | SESSION 1472 | 11:00 – 12:15**

Using Acquisitions to Achieve Optimal Distinctiveness: Navigating Multiplycate and Dynamic Audience Evaluations

Rui Yang, *University of California, Riverside*

**TUESDAY**

**TRACK P | SESSION 1412 | 14:30 – 15:45**

Decision-Making in the Digital Age: Performance Aspirations, Stakeholder Sentiment, and Firm Risk Taking

Steffen Nauhaus, *University of Geneva*

Sebastian Raisch, *University of Geneva*

**MONDAY**

**TRACK E | SESSION 1517 | 15:30 – 16:45**

A Theory of Competitive Expectations: How Music Theory Can Inform Competitive Intuitions and Progression

Eric Y. Lee, *University of Georgia*

John Busenbark, *University of Notre Dame*

**TUESDAY**

**TRACK L | SESSION 1382 | 16:15 – 17:30**

Where Does M&A Success Come From? Target-acquirer Cultural Fit and Performance Implications

Arianna Marchetti, *INSEAD*

**TUESDAY**

**TRACK E | SESSION 1513 | 08:00 – 09:15**

From Cluster Mass to Motion: The Temporal Dynamics of Industry Clusters and Technological Innovation

Min Jung Kim, *University of Minnesota*
**CONFERENCE ONSITE INFORMATION**

### Name Badges
Attendees, guests, and exhibitors must wear name badges at all times. Your name badge will be your ticket to meal functions, program sessions, and social events. Access to these functions will be denied if you do not have your name badge. If you misplace your badge or it is incorrect, visit the registration desk to complete a badge reprint form and get a replacement.

### Recommended Dress
Business casual attire is recommended for all conference sessions and events.

### Conference Meals
All meals listed in the conference schedule are included with conference registration.

Conference breakfasts and lunches will be hosted in the Grand Ballroom D on the Third Level. Conference coffee breaks will be hosted in the Prefunction space outside the Grand Ballroom on the Third Level. Coffee breaks at the 39th Annual Conference are sponsored by Carlson School of Management, University of Minnesota.

### Conference Venue
All of the conference sessions will be held at the Hilton Minneapolis (1001 Marquette Avenue South, Minneapolis, MN). Maps of the conference floors can be found below.

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

### Certificates of Attendance
If you require a certificate of attendance, please submit your request to sms@strategicmanagement.net after the conference has concluded.

### Materials Recycling
If you would like to recycle your name badge holder, lanyard, and/or program book, please visit the registration desk for assistance.

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**#SMS2019**
Follow @Strategic_Mgmt on Twitter and use #SMS2019 for live AC Minneapolis updates and conversations.

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**Wi-fi is available throughout conference meeting rooms:**

**NETWORK:** HILTON_MEETINGS  
**PASSWORD:** SMSAC39

**How to Connect:**
1. Choose wireless network HILTON_MEETINGS
2. Launch any Internet Browser
3. Enter password SMSAC39

Guest room wi-fi is not available in meeting rooms.

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**Conference Venue**
All of the conference sessions will be held at the Hilton Minneapolis (1001 Marquette Avenue South, Minneapolis, MN). Maps of the conference floors can be found below.
**EVENING EVENTS**

All social events are included with conference registration.

**Opening Reception**

We are pleased to announce the conference Opening Reception, sponsored by the David Eccles School of Business in honor of their award winning faculty: Jay Barney, winner of the 2019 CK Prahalad Scholar-Practitioner Award, and Todd Zenger, winner of the 2019 Dan and Mary Lou Schendel SMJ Best Paper Award (with Laura Poppo).

All conference participants are welcome to attend the Opening Reception, which takes place at the Hilton Minneapolis Symphony Ballroom on Saturday, October 19, from 19:00-21:00.

**First-Time Attendee Reception**

Those new to SMS conferences are invited to arrive 20 minutes prior to the Opening Reception for a new attendees meet-and-greet. Starting at 18:40, SMS leadership will welcome first-time participants in the Symphony Ballroom.

**Monday Night Event**

The SMS 39th Annual Conference Monday Night Event will be held at Mill City Museum at 19:00. Built within the ruins of the flagship mill of the Washburn-Crosby Co. (later General Mills), the museum features an eight-story Flour Tower ride, hands-on exhibits, and breathtaking views of the Minneapolis riverfront. The courtyard ruins provide a one-of-a-kind setting for attendees to enjoy locally sourced, Minnesota-inspired food and beverages.

The dress for this event is business casual, and conference name badges are required for transportation and entrance into the event. Please meet in the Hilton Minneapolis lobby (Ground Level) at 18:30. Buses will depart from 18:30 to 19:00 and then will shuttle between the Hilton and Mill City at regular intervals throughout the evening.

**Closing Reception**

Conference attendees are invited to say their farewells at the conference Closing Reception, to take place at the Hilton Minneapolis in Grand Ballroom D from 19:00-20:00 on Tuesday.

**NETWORKING OPPORTUNITIES**

In response to post-conference feedback that emphasized the importance of networking at SMS conferences, we are excited to offer additional networking activities during the SMS Annual Conference in Minneapolis. Please note that pre-registration was required for two of the below Networking Opportunities.

**Women’s Networking Breakfast**

On Monday, the first SMS Women’s Networking Breakfast will be an opportunity to engage in discussions with leading female scholars on a variety of career issues. The breakfast will be held in the general conference breakfast room (Grand Ballroom D) and is structured with table leaders facilitating conversations in a rotating roundtable format. Participants are encouraged to bring questions, stories, and their own experiences to share over breakfast. Pre-registration was required for participation.

**A-B-C Relevance Lunch Table Discussion**

In response to a membership survey conducted earlier this year, the SMS Board of Directors is seeking a deeper understanding of the connections across the communities of academics (As), business practitioners (Bs), and consultants (Cs) in SMS programs and the relevance of Bs and Cs to its members. Therefore, during lunch on Monday at designated tables in the general lunch room, table leaders will facilitate roundtable conversations to explore how SMS might move forward in this direction. Pre-registration was required for participation.

**Breakfast with an SMS Fellow**

On Tuesday, the SMS Fellows will be hosting breakfast roundtables to provide an opportunity to engage in discussions with leading scholars on a variety of research topics. In the conference breakfast room, there will be designated tables arranged by topic where SMS participants can join SMS Fellows in a scholarly discussion. All are welcome, but availability is very limited.
REGISTERED ATTENDEES DISTRIBUTION

The countries printed in blue indicate the geographical distribution of this year’s conference attendees. All data as of September 20, 2019.

1,969 unique authors submitted proposals for review to the competitive portion

1098 reviewers worked to make this conference possible

Our attendees are from 44 different countries

Our attendees represent over 408 institutions, companies and firms

829 of the conference attendees are 2019 members

1,282

994

Conference Attendees
Invited Authors

By Region
By Region

North America 61% 608 52% 661
Europe 27% 274 33% 423
Asia 8% 81 11% 142
Latin America 1% 16 2% 30
Australia/New Zealand >1% 7 1% 19
Middle East >1% 5 >1% 6
Africa >1% 3 >1% 1

Total number of competitive sessions

<table>
<thead>
<tr>
<th></th>
<th>Conference Attendees</th>
<th>Invited Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>95</td>
<td>52% 661</td>
</tr>
<tr>
<td>Common Ground</td>
<td>46</td>
<td>33% 423</td>
</tr>
<tr>
<td>Panel</td>
<td>9</td>
<td>11% 142</td>
</tr>
</tbody>
</table>

Total number of non-competitive sessions

<table>
<thead>
<tr>
<th></th>
<th>Conference Attendees</th>
<th>Invited Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Group</td>
<td>32</td>
<td>2% 30</td>
</tr>
<tr>
<td>Plenaries</td>
<td>6</td>
<td>1% 19</td>
</tr>
<tr>
<td>Workshops</td>
<td>15</td>
<td>&gt;1% 6</td>
</tr>
</tbody>
</table>

994

Minneapolis, MN | October 19–22, 2019
The individuals listed below worked with this year’s Program Chairs to select the proposals and compose the sessions for the different conference tracks, pre-conference workshops, and awards. We recognize and appreciate the tremendous amount of time and effort spent making this a successful event.

**Track Directors and IG&C Leadership**

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Jonathan Bundy  
Trevis Certo  
Guoli Chen  
Giovanni Battista Dagnino  
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The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following people who served as reviewers for the SMS 39th Annual Conference.

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A CONVERSATION WITH MIKE ROMAN OF 3M
Join us for a conversation on strategy and leadership with Mike Roman, CEO 3M, and Greg Page, former CEO Cargill, as they discuss the well-known global company’s “out of the spotlight” strategies.

SESSION 1545 | SUNDAY, OCTOBER 20 | 13:45 – 15:00 | GRAND BALLROOM ABC

ORGANIZATIONAL FIELD RESEARCH – LESSONS LEARNED AND RECOMMENDATIONS
This panel provides a platform for academics and researchers to share their experiences conducting field research, often in collaboration with executives and other practitioners. Lead by Markus Kreutzer, EBS University of Business and Law, and Jorge Walter, George Washington University, this group of experienced field researchers will share their expertise, lessons learned, and recommendations on topics including the selection of a research site, the identification of interested and qualified champions at the site, and questions on how to make contact, pitch research projects, and create win-wins without “selling out.” Panelists include Julian Birkinshaw, London Business School, Yves Doz, INSEAD, Ann Langley, HEC Montréal, Myles Shaver, University of Minnesota, and Richard Whittington, University of Oxford.

SESSION 1542 | SUNDAY, OCTOBER 20 | 15:15 – 16:30 | ROCHESTER

BRINGING HUMAN TRAFFICKING INTO THE SPOTLIGHT – IN ORDER TO COMBAT IT
In this plenary session, Marilyn Carlson Nelson and Natalie Volin Lehr of Carlson will discuss what motivated a global enterprise in the travel and hospitality industries to undertake strategies to combat human trafficking and what they learned about inter-sector collaboration in the process. Moderated by Vanessa Laird, University of Minnesota, Center for Integrative Leadership, they will also discuss the importance of communities continuing to find new strategies to confront human trafficking and the role companies can play going forward.

SESSION 1549 | SUNDAY, OCTOBER 20 | 17:00 – 18:00 | GRAND BALLROOM ABC

CHIEF STRATEGY OFFICER PANEL: THE CHANGING LANDSCAPE OF STRATEGY
This panel will discuss the changing nature of strategy, including how it has evolved in the last several decades, how might it change in the future, and potential ways the academic community can contribute to solving some of the more pressing challenges. Moderated by Dan Simpson, University of California, Berkeley, the panel features top Strategy Officers from 3M, Ecolab, U.S. Bancorp, and Target Corporation.

SESSION 1546 | MONDAY, OCTOBER 21 | 09:30 – 10:30 | GRAND BALLROOM ABC

REDEFINING ECOSYSTEMS: THE CASE OF THE CONSTRUCTION SECTOR
In this session, panelists Ron Adner, Dartmouth College, Guru Bandekar, JLG Industries, and Brian Wu, University of Michigan, will use the current transformation of the construction sector as an opportunity to examine: (a) the transformation of mature ecosystems; (b) the strategies and trade-offs that can arise in response to such changes; and (c) the management innovations required to effectively guide, exploit, and respond to these changes.

SESSION 1539 | MONDAY, OCTOBER 21 | 13:30 – 15:00 | GRAND BALLROOM ABC
## Conference Tracks and Sessions

### Conference Theme Tracks
- A — Strategic Management in “Out of the Spotlight” Contexts
- B — Secrecy and Strategy
- C — Fostering Robust and Reliable Research in Strategic Management

### Interest Group and Community Tracks
- E — Competitive Strategy
- F — Corporate Strategy
- G — Global Strategy
- H — Strategy Process
- I — Knowledge and Innovation
- J — Strategy Practice
- K — Entrepreneurship and Strategy
- L — Strategic Human Capital
- M — Stakeholder Strategy
- N — Cooperative Strategies
- O — Strategic Leadership and Governance
- P — Behavioral Strategy
- R — Research Methods Community
- T — Teaching Community

### Session Formats

**Common Ground Sessions**

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

- For the Minneapolis Conference, a total of 46 Common Ground sessions are planned; each will be 75 minutes.
- Each Common Ground session consists of up to 6 proposals. At least one author of each of the 5–6 proposals, a facilitator, and audience members are present. The facilitator is not an author of any of the proposals.
- The Common Ground sessions will be chaired and facilitated by known scholars in the session’s topic. It is the responsibility of these facilitators to allocate time among participants and lead a productive discussion.
- To ensure sufficient time for interaction, the facilitator will ask for an initial 3-4 minute summary presentation of a presenter’s study, focusing only on the main motivations and findings of the research. We want the time to be structured as a conversation (i.e., short interventions, highly interactive), not as a sequence of monologues.
- Projectors or PowerPoint presentations will not be used. Flipcharts or whiteboards will be available in each room to facilitate visual discussion. Authors are encouraged to make a one-page summary available for download or bring copies to the session.

**Paper Sessions**

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

- For the Minneapolis Conference, a total of 95 Paper sessions are planned; each will be 75 minutes.
- Each Paper Session consists of up to 4 proposals. At least one author of each of the 3-4 proposals, a session chair, and audience members are present. Typically, 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 an LCD projector available.
- Presenters were invited to upload their presentation handout and make it available for download to other conference attendees.

Please note that due to the printing timeline, the session data featured in this book is out-of-date as of September 20, 2019.

For the most updated version of the program session schedule, please use the conference app (see opposite page for details).
## SATURDAY, OCTOBER 19

<table>
<thead>
<tr>
<th>Time</th>
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<tr>
<td>09:00</td>
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<td>12:00</td>
<td>Workshop Lunch</td>
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<td>13:00</td>
<td>Afternoon Interest Group and Communities Workshops</td>
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<td>16:15</td>
<td>Meet the Editors Panel</td>
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<td>17:30</td>
<td>SMS Annual Business Meeting</td>
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<tr>
<td>18:40</td>
<td>Opening Reception, presented by David Eccles School of Business at the University of Utah</td>
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## SUNDAY, OCTOBER 20

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## MONDAY, OCTOBER 21

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<td>Paper / Common Ground / Panel Sessions</td>
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<td>Conference Lunch and ABC Relevance Table Discussion</td>
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<td>CK Prahalad Distinguished Scholar-Practitioner Award / Plenary Session</td>
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## TUESDAY, OCTOBER 22

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Access the conference program on iOS and Android devices using the **SMS Conferences app**. Visit your app store to download the app and build your schedule!
### Saturday, October 19, 2019

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### Sunday, October 20, 2019

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## TUESDAY, OCTOBER 22, 2019

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DOCTORAL WORKSHOP

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<td>Workshop</td>
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Session Organizers
Frank T. Rothaermel, Georgia Institute of Technology
Heli Wang, Singapore Management University

As pre-eminent PhD workshop for the SMS, it is intended for doctoral students at the early stage of their dissertation research. The workshop will be highly interactive and will include a variety of panels, practical sessions on developing dissertation proposals and launching academic careers, and a meet-the-editors session.

**This workshop is only available to attendees with an accepted application.

SRF WORKSHOP

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Session Organizers
Giada Di Stefano, Bocconi University
Tammy Madsen, Santa Clara University

One of the benefits of the Dissertation Research Grant Program is the opportunity for the first year grant recipients to participate in an interactive all-day workshop. The program for the day provides access to senior scholars to receive feedback on research, a meet-the-editors panel and advice on managing grant funding.

**This workshop is only available to the first year SRF Dissertation Research Grant Scholars.

Participation in workshops is included in Annual Conference registration. Walk-in participation for workshops without an application process is welcome, based on availability.
### Session 1551
**Your Tenure Package: How Do Letter Writers Read and Evaluate It?**

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**Session Organizers**
Seth Carnahan, Washington University in St. Louis  
Caroline Flammer, Boston University

Half Day Morning Workshop. No application required. This half-day workshop is intended to help assistant professors and late-stage doctoral candidates understand and prepare for the tenure letter process.

### Session 1552
**Stakeholders, Partnerships, and Competitive Advantage**

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**Session Organizers**
Aseem Kaul, University of Minnesota  
Jiao Luo, University of Minnesota  
Mary-Hunter McDonnell, University of Pennsylvania  
Ram Ranganathan, University of Texas at Austin

Half Day Morning Workshop. Application required. Theme: Track Strategic Management in Out of Spotlight Contexts and the Competitive Strategy, Cooperative Strategy, and Stakeholder Strategy Interest Groups are pleased to jointly offer this research-focused workshop. The workshop is open to all levels, while prioritizing advanced doctoral students and junior faculty.

### Session 1553
**Junior Faculty Professional Development Workshop**

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**Session Organizers**
Elisa Alvarez-Garrido, University of South Carolina  
Francesco Di Lorenzo, Copenhagen Business School  
Douglas Hannah, University of Texas at Austin  
Pinar Ozcan, Oxford University

Half Day Morning Workshop. Application required. Participants of this workshop will receive collective insights from a panel as well as receive feedback from Senior Scholars with broad expertise. Co-sponsored by the Knowledge & Innovation and Entrepreneurship & Strategy Interest Groups, this PDW will be particularly beneficial to junior faculty as they will be exposed to ideas, critical issues, and promising avenues of research.

### Session 1554
**Corporate Strategy Junior Faculty Professional Development Workshop**

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**Session Organizer**
Youtha Cuypers, NOVA University

Half Day Morning Workshop. Application required. The Corporate Strategy Interest Group is pleased to host this workshop for junior faculty. In the first part of the workshop, panelists will share their insights on how to develop a successful academic career and on research and publishing in top journals. In the second part of the workshop, participants will have the opportunity to receive feedback on their current work in progress from senior faculty, as well as provide their own feedback to their peers.

### Session 1555
**An Introduction to Necessary Condition Analysis (NCA) for Strategic Management Research**

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**Session Organizers**
Stefan Breet, Erasmus University Rotterdam  
Jan Dul, Erasmus University Rotterdam

Half Day Morning Workshop. No application required. This workshop will provide an introduction to Necessary Condition Analysis (NCA). NCA is an up-and-coming methodological approach that can be used to test whether a condition (X) is necessary for an outcome (Y). It provides a new perspective on existing phenomena and is complementary to the regression-based modeling of average effects that we usually apply.

### Session 1556
**Recent Advances and Opportunities in Computational Modeling in Strategy, Organizations and Entrepreneurship**

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**Session Organizers**
Martin Ganco, University of Wisconsin-Madison  
Hart Posen, University of Wisconsin-Madison

Half Day Morning Workshop. No application required. This session will bring together researchers who are at the cutting edge of applying computational modeling to questions relevant to organizational scholars. In particular, the workshop will focus on the process of developing and publishing studies using computational models.

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Participation in workshops is included in Annual Conference registration. Walk-in participation for workshops without an application process is welcome, based on availability.
SESSION 1557

USE OF “CASE METHODOLOGY” IN STRATEGY, ORGANIZATIONS, AND ENTREPRENEURSHIP RESEARCH

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Session Organizers
Sharon Alvarez, University of Pittsburgh
Ilgaz Arikan, Kent State University

Half Day Morning Workshop. Application required.

This workshop brings in new insights to explore the methodology, purpose, approaches, and structure of case methodology; and how this methodology enables in-depth studies and accomplishes what other methods cannot address. The list of topics covered in this workshop will be of interest to many scholars engaged in explaining the mechanisms and relationships in the case study methodology.

SESSION 1558

STRATEGIC MANAGEMENT IN “OUT OF THE SPOTLIGHT” CONTEXTS: THE CASE FOR TEACHING WITH CASES ON B CORPORATIONS

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Session Organizers
Erica Berte, Metropolitan State University
J. Kay Keels, Coastal Carolina University
Vijaya Narapareddy, University of Denver
Ning Su, University of Western Ontario

Half Day Morning Workshop. No application required.

Benefit Corporations (B Corps) have risen in popularity as a force for good. This trend is a direct consequence of organizations and their leaders embracing the concept of inclusive leadership, collaborative managerial practices, and making positive social and ecological impacts beyond shareholder wealth creation. In an age of declining resources and increasing calamities resulting in unprecedented devastation and loss of life linked to global warming, is it time for B-Schools to embrace new concepts and tools? Consistent with the conference theme and the Teaching Community’s interest in creating new and impactful learning experiences, in this PDW where leaders from the B Corp Community will interact with participants in a round-table setting to co-create unique pedagogical cases that participants can use in their classrooms. An added bonus of this workshop is that issues pertaining to teaching online with cases will be covered and participants will be offered the opportunity to join a group of scholars in the B-Corp Research and Teaching Initiative underway.

12:00 – 13:00
WORKSHOP LUNCH (SYMPHONY BALLROOM)

Participation in workshops is included in Annual Conference registration. Walk-in participation for workshops without an application process is welcome, based on availability.
### SESSION 1559
**GLOBAL STRATEGY PAPER DEVELOPMENT WORKSHOP**

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<td></td>
<td>Luis Dau, Northeastern University</td>
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<td>Rian Drogendijk, University of Groningen</td>
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<td>Birgitte Grogaard, BI Norwegian Business School</td>
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<td>Half Day Afternoon Workshop</td>
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<td>The purpose of this PDW is to provide scholars with developmental feedback on their current research papers in the field of global strategy. The PDW is open to all scholars, but preference will be given to doctoral students and early career academics.</td>
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### SESSION 1560
**ENTREPRENEURSHIP IN EMERGING ECONOMIES AND THE ROLE OF INDIGENOUS THEORY**

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<td></td>
<td>Shaker Zahra, University of Minnesota</td>
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<td>Half Day Afternoon Workshop</td>
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<td>This workshop deals with two critical questions using a set of panelists who are experts in both. The first topic is entrepreneurship in emerging economies. Emerging economies have become the hotbed of innovation and entrepreneurial activities. In the second part of the workshop, the focus will shift to role of indigenous theory in strategy.</td>
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### SESSION 1561
**PH.D. CANDIDATE & JUNIOR FACULTY PAPER DEVELOPMENT WORKSHOP**

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<td></td>
<td>Y Sekou Bermiss, University of Texas at Austin</td>
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<td>Joanna Campbell, University of Cincinnati</td>
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<td>Ryan Krause, Texas Christian University</td>
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<td>Michael Mannor, University of Notre Dame</td>
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<td>Matthew Semadeni, Arizona State University</td>
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<td>Georg Wernicke, HEC Paris</td>
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<td>Adam Wowak, University of Notre Dame</td>
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<td>Half Day Afternoon Workshop</td>
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<td>The workshop will begin with a paper development session offering participants the opportunity to discuss their work in small groups in a roundtable format. The paper development session will be followed by a panel of strategic leadership and governance scholars.</td>
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### SESSION 1562
**STRATEGIC HUMAN CAPITAL IG JUNIOR SCHOLAR MENTORING KICKOFF**

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<tr>
<td></td>
<td>Alia Crocker, Babson College</td>
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<td>Rebecca Kehoe, Cornell University</td>
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<td>Ulya Tsolmon, Washington University in St. Louis</td>
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<td>Half Day Afternoon Workshop</td>
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<td>This half-day mentorship workshop is intended as a kickoff for a junior scholar (pre-tenure faculty) mentoring initiative.</td>
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### SESSION 1563
**THE PROCESS OF PUBLISHING QUALITATIVE STRATEGY RESEARCH**

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<td></td>
<td>Patricia Klarner, WU Vienna</td>
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<td>Eric Knight, University of Sydney</td>
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<td>Pinar Ozcan, Oxford University</td>
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<td>Half Day Afternoon Workshop</td>
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<td>We will have three sequential panels, consisting of panels of editors and authors of recently published strategy process and strategy practice papers that represent a variety of content areas and methodologies.</td>
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### SESSION 1564
**THE INTERPLAY OF COMPETITION AND COOPERATION**

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<td></td>
<td>Victor Cui, University of Manitoba</td>
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<td>Andrew Shipilov, INSEAD</td>
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<td>Half Day Afternoon Workshop</td>
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<td>Responding to the rapidly increasing interest in the new area of strategic management, the interplay of competition and cooperation, this workshop brings together a panel of prominent scholars operating at the forefront of this field to provide collective insights on the development and future directions of this evolving field and to provide specific feedback to interested scholars on their current works in progress in this area.</td>
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Participation in workshops is included in Annual Conference registration. Walk-in participation for workshops without an application process is welcome, based on availability.
SESSION 1565
BIG DATA: THEORETICAL AND METHODOLOGICAL IMPLICATIONS FOR STRATEGY RESEARCH

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<td>Workshop</td>
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Session Organizers
Julien Clement, Stanford University
John Joseph, University of California, Irvine
Anita McGahan, University of Toronto
Sucheta Nadkarni, University of Cambridge
Zeki Simsek, Clemson University
Dashun Wang, Northwestern University

Half Day Afternoon Workshop. No application required.
The Behavioral Strategy Interest Group is pleased to offer a research-focused workshop, themed “Big Data: Theoretical and Methodological Implications for Strategy Research.” The workshop is open to all students and faculty.

Participation in workshops is included in Annual Conference registration. Walk-in participation for workshops without an application process is welcome, based on availability.
Panelists

Alvaro Cuervo-Cazurra, Northeastern University
Gary Dushnitsky, London Business School
Alfonso Gambardella, Bocconi University
Constance Helfat, Dartmouth College
Ram Mudambi, Temple University
Christoph Zott, IESE Business School

The panel will discuss the specific goals and objectives of the SMS journals, the concept of a family of journals, and the expectations of the SMS journals for potentially publishable papers. Open discussion will address the process of writing for publication in scholarly journals, the editorial policies of the SMS research outlets, and future directions for the dissemination of scholarly research through SMS.

ALVARO CUERVO-CAZURRA is Professor of Global Strategy at the D’Amore-McKim School of Business at Northeastern University. In his research, he analyzes three main topics: the internationalization of firms, with a special interest in emerging market multinationals; capability upgrading, particularly technological capabilities; and governance challenges, focusing on corruption in international business. His geographical area of expertise is Latin America. Professor Cuervo-Cazurra was elected a Fellow of the Academy of International Business Studies in 2016, and received an Honorary Doctorate from Copenhagen Business School in 2019.

GARY DUSHNITSKY is an Associate Professor of Strategy & Entrepreneurship and Academic Director of the Deloitte Institute of Innovation and Entrepreneurship at the London Business School. He also serves as a Senior Fellow at The Mack Center for Technological Innovation at The Wharton School (University of Pennsylvania). Gary Dushnitsky’s work focuses on the economics of entrepreneurship and innovation. He explores the shifting landscape of entrepreneurial finance, exploring such topics as corporate venture capital, crowdfunding, and angel investors. His research appeared in leading academic journals, including Strategic Management Journal, Organization Science, and Nature Biotechnology. He received several academic distinctions including the 2013 SMS Emerging Scholar Award, the 2009 Kauffmann Junior Faculty Fellowship, and several best dissertation prizes.

ALFONSO GAMBARDELLA is Professor of Corporate Management at Bocconi University. His research focuses on technology strategy. Along with publications in leading international journals, his book, Markets for Technology (with Ashish Arora and Andrea Fosfuri) is widely cited. He is a Fellow of the Strategic Management Society, served as Associate Editor of the Palgrave Encyclopedia of Strategic Management, and in 2015-16 was the Chair of the Business Policy and Strategy Division of the Academy of Management. He is Co-Editor of the Strategic Management Journal. He obtained his PhD from Stanford University.

CONSTANCE E. HELFAT is the J. Brian Quinn Professor in Technology and Strategy at the Tuck School of Business at Dartmouth. Constance Helfat’s research focuses on firm capabilities, including capabilities for technological innovation and firm adaptation and change. She also has conducted research on corporate executives, including women executives. Constance Helfat has published widely in leading academic journals, and has written and edited three academic books. She is a Fellow of the Strategic Management Society, received the Distinguished Scholar Award from the Technology and Innovation Management Division of the Academy of Management, serves as Co-Editor of the Strategic Management Journal and Associate Editor of the Palgrave Encyclopedia of Strategic Management, and is on the editorial board of other academic journals.

RAM MUDAMBI is Frank M. Speakman Professor of Strategy at Temple University’s Fox School of Business. Previously he taught at Case Western Reserve University, the University of Reading and the University of North Carolina – Chapel Hill and was a Visiting Professor at Bocconi University, Uppsala University and the University of Sydney. Ram Mudambi is a Fellow of the Academy of International Business, a Co-Editor of the Global Strategy Journal and a former Area Editor of the Journal of International Business Studies. He serves on numerous editorial boards, including the Asia Pacific Journal of Management, Management International Review, the Journal of World Business, Industry and Innovation and the Journal of International Management. He holds a Master’s degree from the London School of Economics and a Ph.D. from Cornell.

CHRISTOPH ZOTT is a Professor of Entrepreneurship at IESE Business School in Barcelona, where he is also the Director of the MRM and Ph.D. Programs. His current research and teaching interests center on business model innovation, design thinking, entrepreneurial leadership, and private equity. He has published on these and related topics in numerous top academic and practitioner outlets. Christoph Zott is a Co-Editor for the Strategic Entrepreneurship Journal and a member of the editorial board of the Strategic Management Journal. He has also served in various leadership roles for the Strategic Management Society and the Business Policy and Strategy division of the Academy of Management.
SESSION 1547

SMS ANNUAL BUSINESS MEETING

Date       Saturday, Oct 19
Time       17:30 – 18:30
Special Panel
            Room       Marquette 9

Session Leaders
Javier Gimeno, INSEAD
Tomi Laamanen, University of St. Gallen
Eileen McCarthy, Strategic Management Society

The annual meeting of SMS membership will be held in conjunction with the Society's annual conference, in accordance with bylaws. All members are welcome to attend. The Board President and Treasurer will report on the activities and finances of the organization; no matters will be presented for a vote at this meeting.

18:40 – 19:00
FIRST-TIME ATTENDEE RECEPTION (SYMPHONY BALLROOM)

19:00 – 21:00
OPENING RECEPTION (SYMPHONY BALLROOM)
Presented by David Eccles School of Business at the University of Utah
SESSION 1302
WHAT MAKES A DECISION STRATEGIC?

TRACK E  
Date  Sunday, Oct 20  
Time  08:00 – 09:15  
IG&C Sunday  
Room  Marquette 9

Session Chair  
Tomasz Obloj, HEC Paris

Panelists  
Richard Bettis, University of North Carolina at Chapel Hill  
Michael Leiblein, Ohio State University  
Anita McGahan, University of Toronto  
Todd Zenger, University of Utah

The growth and diversity of strategic management research raises important questions about the field’s identity. In response to the increasing breadth of topics addressed in the field, scholars have suggested the need for more topical focus, improved theoretical and empirical rigor, or additional integrative reviews. This panel addresses the question of “what makes a decision strategic?” Our goals are to emphasize the distinctive contributions of strategic management research and to help scholars with multiple-disciplinary or topical interests to connect with the field’s core questions and theories of resource allocation and strategic investment, competitive advantage, and firm boundaries.

SESSION 1306
SELLING INITIATIVES TO CORPORATE HEADQUARTERS WHEN OUT OF THE SPOTLIGHT

TRACK G  
Date  Sunday, Oct 20  
Time  08:00 – 09:15  
IG&C Sunday  
Room  Marquette 7

Session Chair  
Rian Drogendijk, University of Groningen

Panelists  
Kieran Conroy, Queen’s University Belfast  
Felipe Monteiro, INSEAD  
Ram Mudambi, Temple University

Strategic initiatives do not necessarily have their origin in the core of the multinational corporation (MNC). In fact, managers in units located outside of the core may be in a better position to take initiatives that lead to novel strategic directions for MNCs, because their local institutional and business environment may inspire to insights that are different from those current at headquarters (e.g. Ambos & Birkinshaw 2010, Bouquet & Birkinshaw 2008). But how to get Headquarters’ support for such novel initiatives? Issue Selling literature (Dutton & Ashford 1993) studies how middle managers communicate issues known to top management, so that they are understood and preferably receive approval or support. This has inspired some work on issue selling behavior by MNC subsidiaries (Conroy & Collins 2016; Dörrenbächer & Gammelgaard 2016; Ling, Floyd & Baldridge 2005). However, this panel addresses the question whether issue selling, or communicating initiatives to Headquarters, is indeed an available strategy for managers in units that are not in the spotlight. Out-of-the-spotlight subsidiaries are for example likely to run into bounded rationality or ethnocentrism of top management, which therefore does not recognize the value of strategic opportunities suggested by non-core subsidiaries (Birkinshaw and Ridderstrale 1999; Monteiro 2015). Further, subsidiaries will have to compete with the initiatives taken by other, possibly more powerful, units (Mudambi and Navarra 2004; Haq, Drogendijk & Blankenburg-Holm 2017). This panel discusses the state of our knowledge on issue selling by out of the spotlight subsidiaries in MNCs. It seeks to develop a research agenda that extends issue selling literature to the complex context of MNCs and their global environment.

SESSION 1309
METHODS FOR THEORIZING FROM PROCESS DATA

TRACK H/R  
Date  Sunday, Oct 20  
Time  08:00 – 09:15  
IG&C Sunday  
Room  Marquette 4

Session Chairs  
Asli Musaoglu Arikan, Kent State University  
Anna Brattström, Lund University

Panelists  
Ann Langley, HEC Montréal  
Margaret Luciano, Arizona State University  
Hart Posen, University of Wisconsin-Madison

This session seeks to encourage a discussion on process research, navigating the link between different types of process theory building efforts and different types of process data and analytical methods. Our panelists share a common interest in understanding how things emerge, change or terminate over time, but have approached this interest in different ways. Their combined experiences encompass a variety of data and methods, including in-depth qualitative analyses of interview and observational data; quantitative analysis of “big data” generated from text; and computer simulations. Our panelists will share their different experiences and together reflect on the benefits and tradeoffs that comes with different empirical approaches. We conclude by identifying promising avenues for empirical process research, stimulating a discussion about how to bridge from empirics to dynamic theory.
AI, FIRM STRATEGY, AND ORGANIZATION: COGNITIVE TECHNOLOGIES BEYOND THE HYPE

Session Chair
Frank Nagle, Harvard University
Nicolas van Zeebroeck, Free University of Brussels

Panelists
Jacques Bughin, McKinsey & Company
Chris Forman, Cornell University
Kristina McElheran, University of Toronto
Robert Seamans, New York University

Artificial intelligence (AI) has been claimed to be the next big wave of general-purpose technology that will radically transform businesses, industries, and work (e.g. Agrawal et al., 2018). At the core of AI is a set of algorithms that make predictions based on vast amounts of data, thereby enabling faster decisions and the automation of various cognitive tasks. Beyond the hype, the rise of cognitive and predictive technologies has a potential to change the configuration of work (by shifting tasks between human workers and machines) as well as decision-making processes (by providing real-time predictions to support human decisions and reduce uncertainties, or by automating decisions themselves). They may therefore become a source of competitive advantage and will almost surely affect the returns to specific organizational designs. Through a panel discussion with scholarly researchers and industry experts, the aim of this workshop will be to discuss the main ways in which AI may affect the organization and productivity of firms, identify the most important research questions raised by AI, and reflect on how the field of strategic management should evolve to incorporate the fast-evolving capabilities offered by machine learning into its theories and prescriptions.

OPENNESS VS. SECRECY: WHEN DO ORGANIZATIONS BENEFIT FROM BEING OPEN AND WHEN THEY DON’T

Session Chair
Julia Hautz, University of Innsbruck

Panelists
Julian Birkinshaw, London Business School
Giada Di Stefano, Bocconi University
Heraldo Sales Cavalcante, Ericsson
Christian Stadler, University of Warwick
Richard Whittington, University of Oxford

Strategy processes are becoming more open by increasing transparency and inclusion. This openness makes more strategic information available and enables more stakeholders to engage in strategic conversations. For many years, secrecy and opacity have been hallmarks of strategy work, seen as essential to achieve and protect competitive advantage. Openness, in contrast, requires companies to release at least some information. Despite many benefits, research has suggested dilemmas related to openness such as information overload, interpretation problems, unfulfilled expectations, or complexity. When should organizations share knowledge and when should they keep it hidden? Under which conditions is it beneficial for companies to be open and when should they opt for more secrecy? This panel session provides collective insights from a diverse panel of distinguished scholars and experienced practitioners operating at the forefront of these fields. They will discuss opportunities and challenges related to openness and share their expertise and experience. The panel will propose key research questions and opportunities for practice in the field of openness in strategizing with time allocated for Q&A.

ENTREPRENEURIAL STRATEGY AND INDUSTRY EMERGENCE: ADVANCES AND OPPORTUNITIES

Session Chair
Eric Knight, University of Sydney

Panelists
Shahzad Ansari, University of Cambridge
J.P. Eggers, New York University
Rahul Kapoor, University of Pennsylvania
Mahka Moeen, University of North Carolina at Chapel Hill
Pinar Ozcan, Oxford University

Entrepreneurial strategies are core to the process of industry emergence, and the resultant economic growth and social change. Yet, despite the growing research interest about this topic, the multi-faceted entrepreneurial strategies underpinning nascent industries are less studied. This panel seeks to discuss the role of entrepreneurial firms and strategies in advancing scientific and technological knowledge, understanding market demands, and shaping the institutional frameworks. We hope that this conversation inspires future research in this area.

STRATEGIC HUMAN CAPITAL COMPLEMENTARITIES

Session Chair
Gina Dokko, University of California, Davis

Panelists
Michael A. Hitt, Texas A&M University
Patrick Wright, University of South Carolina

This session examines strategic human capital complementarities from both the micro and macro perspectives. We have one expert from a more “micro” tradition and one expert from a more “macro” tradition. These experts have provided each other with a short reading list representing best current thought on human capital complementarities from their respective traditions. They will study these papers and then teach us what they learn about opportunities for integration between their respective traditions.
SESSION 1329
STAKEHOLDER THEORY PECHA KUCHA

TRACK M
Date  Sunday, Oct 20
Time  08:00 – 09:15
IG&C Sunday
Room  Marquette 8

Session Chairs
Jay Barney, University of Utah
Robert Phillips, York University

Panelists
Doug Bosse, University of Richmond
Jonathan Bundy, Arizona State University
Sinziana Dorobantu, New York University
Lite Nartey, University of South Carolina
Trey Sutton, University of Richmond

This session will highlight chapters from the recently released Cambridge Handbook of Stakeholder Theory co-edited by Jay Barney, Ed Freeman, Jeff Harrison, and Rob Phillips. Panelists will feature their chapters in Pecha Kucha style presentations (20 slides and 20 seconds per slide). Topics include the moral foundations of stakeholder theory, stakeholder perspectives in strategic management, behavioral and contextual views of stakeholder theory, and sketches of new and future research in stakeholder management. Afterwards, experts in the field will lead the audience in discussion. Join us for a riveting symposium on the future of stakeholder theory research.

SESSION 1320
FROM THE IVORY TOWER TO THE C-SUITE: A DISCUSSION WITH THOUGHT LEADERS ON HOW TO MAKE ACADEMIC RESEARCH MORE IMPACTFUL

TRACK O
Date  Sunday, Oct 20
Time  08:00 – 09:15
IG&C Sunday
Room  Conrad B

Session Chair
Aaron Hill, University of Florida

Panelists
Africa Ariño, IESE Business School
Sabina Saksena, Cytilife
George Stalk Jr, The Boston Consulting Group

At our spring Special Conference in Las Vegas we hosted a plenary session that asked a panel of CEOs to reflect on how academics can create more value for corporate leaders through research. In this follow-up session we extend this conversation by inviting Aaron Hill (moderator of the Las Vegas plenary session), Africa Ariño (incoming SMS president), Sabina Saksena (CEO Cytilife), and George Stalk (a leading thought leader at BCG) to engage in a discussion about how we can make our research and our institutions more impactful. In other fields, such as medicine and computer science, the connection between scholarly work and practice is seamless and fluid. The goal in this session will be to consider how our research questions, journals, and institutions can grow to have more relevance and impact.

SESSION 1326
DO WE HAVE A STRATEGY FOR BEHAVIORAL STRATEGY? STATE-OF-THE-FIELD AND FUTURE RESEARCH DIRECTIONS

TRACK P
Date  Sunday, Oct 20
Time  08:00 – 09:15
IG&C Sunday
Room  Marquette 3

Session Chair
Craig Crossland, University of Notre Dame

Panelists
Nicolai Foss, Bocconi University
Sucheta Nadkarni, University of Cambridge
William Ocasio, Northwestern University

Although the subfield of “behavioral strategy” has garnered widespread interest, there is a lack of clarity on the scope and boundaries of this academic subfield. For behavioral strategy field to thrive, it is important that a critical mass of scholars can agree on the meaning of behavioral strategy, and professionally identify with it. Without such consensus, behavioral strategy may become marginal as a subfield. In this session, panelists will discuss and debate the scope and meaning of the behavioral strategy field through three alternative conceptions. “Small tent” (direct transposition of the logic of behavioral economics to the field of strategic management), “midsize tent” (understanding the psychology of strategists) and “large tent” (consideration of any and all psychological, sociological, and political factors that influence strategic outcomes). The panelists will discuss the pros and cons of each conception of behavioral strategy and coherent research agenda by integrating the three perspectives.
SESSION 1319
LATEST AND GREATEST IN EMMPIRICAL METHODS: USE OF EXPERIMENTS IN STRATEGIC MANAGEMENT RESEARCH

TRACK E  
IG&C Sunday  
Date: Sunday, Oct 20  
Time: 09:30 – 10:45  
Room: Marquette 1

Session Chair  
Cedric Gutierrez, Bocconi University

Panelists  
Rajshree Agarwal, University of Maryland  
Giada Di Stefano, Bocconi University  
Alfonso Gambardella, Bocconi University  
Lamar Pierce, Washington University in St. Louis

The rise at which experimental studies are published in the field of strategy has steadily increased over the past few years. Still, experimental papers account for only a small fraction of strategy papers. Experiments can help scholars answer questions of strategic interest by allowing clear assessment of causality and precise measurement of the constructs of interest. At the same time, critics are skeptical about the extent to which this method can be used to address strategy questions and generate externally valid findings. The goal of this panel is to understand how strategy scholars can better leverage experiments. Building on their experience in this domain, panelists will discuss not only the promises but also the limitations to the use of laboratory and field experiments in our field, and how to overcome them.

SESSION 1318
WHEN AN INDUSTRY PEER IS STRUCK BY MISFORTUNE: GOOD OR BAD NEWS FOR OTHER FIRMS IN THE INDUSTRY?

TRACK F  
IG&C Sunday  
Date: Sunday, Oct 20  
Time: 09:30 – 10:45  
Room: Marquette 1

Session Chair  
Ivana Naumovska, INSEAD

Panelists  
Rodolphe Durand, HEC Paris  
Srikanth Paruchuri, Pennsylvania State University  
Joseph Porac, New York University  
Tieying Yu, Boston College

An industry peer’s misfortune (e.g. accusation of misconduct, stakeholder attack, environmental accident) can generate either positive or negative consequences for other firms in the industry. Research in organization theory has underscored the negative spillovers to other firms following an industry peer’s misfortune, which has been explained by stakeholders’ tendency to generalize the event to the whole industry category (contagion effect). In turn, research on competitive dynamics implies that events which harm the position of an industry peer can benefit firms that compete with that peer (competition effect). Understanding the consequences for firms following an industry peer’s misfortune call attention to the underlying mechanisms driving the contagion and competition effects, including firms’ reactions to the event. This session will showcase contemporary research and opportunities for future work on the topic, shedding new light on the implications and dynamics of intra-industry contagion and competition.

SESSION 1305
THE FUTURE OF GLOBAL STRATEGY

TRACK G  
IG&C Sunday  
Date: Sunday, Oct 20  
Time: 09:30 – 10:45  
Room: Marquette 7

Session Chairs  
Alvaro Cuervo-Cazurra, Northeastern University  
Torben Pedersen, Bocconi University

Panelists  
Jay Anand, Ohio State University  
Jay Barney, University of Utah  
Dan Li, Indiana University  
Gurneeta Vasudeva Singh, University of Minnesota

Global strategy as an area of research dates back to the pioneering work of Levitt in the 1960s, but received a boost with Bartlett and Ghoshal’s (1989). Rugman and Verbeke (2004) provided an important caveat with their regionalization perspective. There have been numerous new perspectives on global strategy proposed over the last decade. Many, like the regionalization perspective, have their roots in international business. These include the importance of language (Tenzer et al., 2014), the concept of added cultural distance (Hutzschenreuter et al., 2011), and the role of knowledge clusters (Cano-Kollmann, et al., 2016). The panel highlights important new directions for global strategy research, drawing on these trends as well as from the broader field of strategic management and management more generally.

SESSION 1310
ATTENTION, COGNITION, BEHAVIOR, AND STRATEGY PROCESS: STATE-OF-THE-SCIENCE AND CURRENT RESEARCH DIRECTIONS

TRACK H/P  
IG&C Sunday  
Date: Sunday, Oct 20  
Time: 09:30 – 10:45  
Room: Marquette 3

Session Chairs  
Maria Rita Micheli, IESEG School of Management  
Jeanine P. Porck, Oklahoma State University

Panelists  
Catherine Maritan, Syracuse University  
Sucheta Nadkarni, University of Cambridge  
William Ocasio, Northwestern University  
Timo Vuori, Aalto University

Managerial cognition and the attention-based view of the firm are prominent, interrelated perspectives, both in Behavioral Strategy and Strategy Process research. Several scholars have advanced, reformulated or built existing theories of strategy process based on social and cognitive psychology, while others developed behavioral theories of strategy process and practices. In this session, a panel of esteemed scholars from the Behavioral Strategy and Strategy Process fields will build on both their own research trajectories and objectives, discussing future research opportunities. The panel will answer questions like: What is the current landscape and what are the areas that require deeper attention? What are new and promising areas of inquiry? What are (productive) overlaps between these two strategic domains (strategy process and behavioral strategy)? This session is intended to discuss the state-of-the-science, provide collective insights from the intersection of these research fields and offer future research opportunities, with sufficient time allocated for Q&A.
SESSION 1323
RESOURCE ATTRACTION IN NEW VENTURES

TRACK K/N Date Sunday, Oct 20
Time 09:30 – 10:45
IG&C Sunday Room Marquette 5

Session Chairs
Daniel Forbes, University of Minnesota
Manuela Hoehn-Weiss, Oregon State University

Panelists
Gary Dushnitsky, London Business School
Melissa Graebner, University of Illinois at Urbana-Champaign
Ha Hoang, ESSEC Business School
Suresh Kotha, University of Washington

Understanding how new ventures attract resources from their environments is a key topic at the intersection of entrepreneurship and cooperative strategy. This session investigates the current state of research on resource attraction, access, and acquisition by new ventures. We will explore different types of resources that new ventures seek to attract (e.g., financial, human, technological) as well as alternative mechanisms by which ventures mobilize resources. A panel of influential scholars will discuss recent work in this realm as well as their perspectives on promising areas for further study. The panelists' presentations will be followed by a moderated discussion and open Q&A.

SESSION 1322
HUMAN CAPITAL VALUE CREATION AND CAPTURE

TRACK L Date Sunday, Oct 20
Time 09:30 – 10:45
IG&C Sunday Room Marquette 2

Session Chair
Y Sekou Bermiss, University of Texas at Austin

Panelists
Clint Chadwick, University of Kansas
Russell Coff, University of Wisconsin-Madison

This session examines human capital value creation and capture from both the micro and macro perspectives. We have one expert from a more "micro" tradition and one expert from a more "macro" tradition. These experts have provided each other with a short reading list representing best current thought on human capital value creation and capture from their respective traditions. They will study these papers and then teach us what they learn about opportunities for integration between their respective traditions.

SESSION 1331
STAKEHOLDER STRATEGY AND INSTITUTIONAL & ORGANIZATIONAL ECONOMICS

TRACK M Date Sunday, Oct 20
Time 09:30 – 10:45
IG&C Sunday Room Marquette 8

Session Chairs
Nan Jia, University of Southern California
Jiao Luo, University of Minnesota

Panelists
Janet Bercovitz, University of Colorado, Boulder
Aseem Kaul, University of Minnesota
Peter Klein, Baylor University
Brian Silverman, University of Toronto

Insights from institutional & organizational economics (IOE) have shed substantial light on strategy inquiries. In this panel, we will discuss the contribution of theories of IOE to strategy research, and the promise the IOE lens holds for further insights and contributions to strategy and stakeholder research.

SESSION 1324
BRAIN MATCHING WORKSHOP

TRACK N Date Sunday, Oct 20
Time 09:30 – 10:45
IG&C Sunday Room Conrad C

Session Chairs
Anne-Sophie Fernandez, University of Montpellier
Umit Ozmel, Purdue University

Starting or developing a research project can be challenging. For some projects, scholars may have a great research idea, but they might miss the data to go further. For other projects, scholars may have great data without knowing how to analyze it or what to look for. Additional skills or resources might be needed to continue a research project and co-authorship might be a good solution. In order to help scholars get in touch with colleagues who have complementary resources and skills, the Cooperative Strategy interest group organizes a research brain matching workshop to encourage idea generation and skill matching across generations of researchers (senior scholars, junior scholars and PhD students). In order to participate, please, take a survey to let us know what your expertise is and what you’d like to work on during the brain matching session (visit the online session schedule for survey link).
SESSION 1321
STUCK IN A RUT? REFLECTIONS ON 35 YEARS OF SUCCESS AND FAILURE IN THE STUDY OF EXECUTIVE INFLUENCE AND GOVERNANCE

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Session Chair
Michael Mannor, University of Notre Dame

Panelists
Sydney Finkelstein, Dartmouth College
Cuili Qian, University of Texas at Dallas
James Westphal, University of Michigan

In this session leading scholars will reflect on the big picture – where are we at in CEO influence and governance research, and where should we go from here. This will be a candid exploration of what has gone poorly over the last 35 years of research and which paths we should pivot away from, but also a look forward to which new directions show the most promise. In this session we will revisit Don Hambrick and Anthea Zhang’s reflections on the state of the field from their keynote addresses at our special conference in Las Vegas, and review some quantitative data on trends in our domain. The goal will be to understand the challenges we face, to recognize the limitations of our historical efforts, and to chart a roadmap for the future.

SESSION 1312
THEORY BUILDING WITH META-ANALYTIC STRUCTURAL EQUATION MODELING

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Session Chair
Donald Bergh, University of Denver

Panelists
Brian Boyd, City University of Hong Kong

Research methods are often viewed as a secondary component of theory building. This workshop will focus on using meta-analytic structural equation modeling (MASEM) to develop and extend theory. The first part of the session will cover foundation topics for designing a MASEM, including journal selection, data collection and coding issues, and analytic options. Design transparency will also be highlighted. The second portion will focus on the development of different causal arguments and horse race testing of competing perspectives. The latter portion is also relevant to re-analysis of previously published causal models. We will also briefly discuss the metaBUS database as a resource.

SESSION 1315
I WISH I HAD KNOWN THAT WHEN I STARTED TEACHING! TEACHING ADVICE FOR JUNIOR FACULTY

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Session Chairs
Sabine Baumann, Jade University of Applied Sciences
Charles Shadrer, Iowa State University

Panelists
Jill Brown, Bentley University
Alan Hoffman, Bentley University
Päivi Maijanen, LUT University
Candace TenBrink, University of Houston-Downtown

Junior faculty are typically overwhelmed when they first start teaching, because of the lack of respective training in graduate school. And even if they know about having solid course syllabi, organized lectures, engaging demonstrations, and equitable grading practices, there will always be surprises inside and outside of the classroom. Also, expectations for teaching quality have continuously increased through new teaching methods, increasing diversity, and new technologies. Besides the ‘how to teach’ junior faculty are also challenged by the ‘what to teach’. In addition, faculty success in higher education not only depends on teaching excellence, but also on publications in refereed journals, and administrative assignments. This session brings together experienced educators and program leaders who shed light on how to master the challenges of teaching.

10:45 – 11:15
COFFEE BREAK
SESSION 1303
THE INTERPLAY OF NON-MARKET AND COMPETITIVE STRATEGY: CREATING AND CAPTURING VALUE AT THE INTERFACE OF MARKET AND NON-MARKET ENVIRONMENTS

SESSION 1314
PERSPECTIVES ON STRATEGIC MANAGEMENT ONLINE EDUCATION: BEST PRACTICES, TRENDS, AND TECHNOLOGIES IN AN UNCERTAIN WORLD

SESSION 1301
THINKING AND DOING: TOWARD A BROADER METHODOLOGICAL REPERTOIRE FOR EXAMINING STRATEGIC PRACTICES AND BEHAVIORS

SESSION 1308
ORGANIZATIONAL LEARNING IN ENTREPRENEURIAL VENTURES

Minneapolis, MN | October 19–22, 2019
**SESSION 1317**  
**REVISITING CORPORATE ADVANTAGE: WHAT GE’S DOWNFALL MEANS FOR CORPORATE STRATEGY**

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**Session Chair**  
Yu Zhang, *China Europe International Business School*

**Panelists**  
Sea-Jin Chang, *National University of Singapore*  
Emilie Feldman, *University of Pennsylvania*  
Aseem Kaul, *University of Minnesota*  
Margarethe Wiersema, *University of California, Irvine*  
Todd Zenger, *University of Utah*

General Electric (GE) might be the most taught case on corporate strategy in business schools worldwide. However, the recent downfall of GE had led both academics and practitioners to re-think the pros and cons of corporate strategy and advantage. This panel session aims to call the reflection and discussion of leading scholars on this event, and its implication for corporate strategy research and practice, from angles such as resources and capabilities, organizational economics, institutions, financial market and professionals, and corporate governance.

**SESSION 1520**  
**BUILDING STRATEGIC HUMAN CAPITAL RESOURCES**

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**Session Chair**  
Anthony Nyberg, *University of South Carolina*

**Panelists**  
Jay Barney, *University of Utah*  
John Delery, *University of Arkansas*

This session examines the building of strategic human capital resources from both the micro and macro perspectives. We have one expert from a more "micro" tradition and one expert from a more "macro" tradition. These experts have provided each other with a short reading list representing best current thought on building strategic human capital resources from their respective traditions. They will study these papers and then teach us what they learn about opportunities for integration between their respective traditions.
SESSION 1307
INFORMAL INSTITUTIONS AND INTERNATIONAL BUSINESS

TRACK G
Date: Sunday, Oct 20
Time: 11:15 – 12:30
IG&C Sunday
Room: Marquette 7

Session Chair
Luis Dau, Northeastern University

Panelists
Kristin Brandl, University of Victoria
Aya Chacar, Florida International University
Ajit Gaur, Rutgers University
Tatiana Kostova, University of South Carolina
Dan Li, Indiana University

This panel is linked to the forthcoming special issue of Journal of International Business Studies on informal institutions and international business, with special issue editors Luis Dau, Northeastern University; Aya Chacar, Florida International University; Marjorie Lyles, Florida International University; and JT Li, Hong Kong University of Science and Technology. The session is provided to promote and encourage research on this important yet under-studied topic in the global strategy literature. Institutions are the “humanly devised constraints” or “the rules of the game in a society” (North, 1990: 3). The literature has paid much attention to formal institutions, or the written (codified) rules or constraints, such as laws, regulations, constitutions, contracts, property rights, and formal agreements. On the other hand, much less attention has been given to informal institutions or the typically unwritten (non-codified) but socially shared rules and constraints (Pejovich, 1999; Sartor & Beamish, 2014; Saurerwald & Peng, 2013). These informal institutions include common values, cognitions, beliefs, traditions, customs, sanctions, and norms of behavior that are often expected or taken for granted (North, 1990, 2005). In the advent of globalization, the international business literature has increasingly emphasized the importance of considering the institutional environment, instead of studying firm behavior in a vacuum (Eden, 2010; Kostova, 1997, Kostova et al., 2008; Li, 2013; Li & Qian, 2013). Still, a gap exists in our understanding of informal institutions, as formal institutions only provide part of the picture (North, 1990). This gap is particularly problematic in developing and emerging markets, where informal institutions may have a more prominent role, enabling and facilitating business transactions (Khanna & Palepu, 1997, 2000; Verbeke & Kano, 2013). Our panelists will explore some of the key areas on this topic, allowing time at the end for Q&A with the audience.

SESSION 1322
FOUNDATIONS INTERVIEW: A CONVERSATION WITH PROF. ASHISH ARORA

TRACK I
Date: Sunday, Oct 20
Time: 11:15 – 12:30
IG&C Sunday
Room: Marquette 5

Session Chair
Tobias Kretschmer, LMU Munich

Panelists
Ashish Arora, Duke University
Agnes Guenther, Copenhagen Business School
Maren Mickeler, LMU Munich

In this year’s edition of the Knowledge and Innovation Interest Group Foundations Scholar Interview we will interview Ashish Arora, Senior Associate Dean, Faculty and Rex D. Adams Professor at Duke’s Fuqua School of Business. Prof. Arora has contributed widely to the economics of technological change, including work on markets for technology and complementarities across internal and external knowledge-generating activities, and the interview will take the audience on a tour through Arora’s most influential contributions, but also his journey as a scholar of innovation and technology.

SESSION 1330
OUT-OF-THE-SPOTLIGHT STAKEHOLDER STRATEGIES

TRACK M
Date: Sunday, Oct 20
Time: 11:15 – 12:30
IG&C Sunday
Room: Marquette 8

Session Chair
Brayden King, Northwestern University

Panelists
Nan Jia, University of Southern California
Eun-Hee Kim, Fordham University
Mary-Hunter McDonnell, University of Pennsylvania
Haram Seo, University of Minnesota

Firms deploy out-of-the-spotlight or covert strategies often as a means of stakeholder management. These strategies can involve various tactics (e.g., social media, astroturf campaigns), partners (e.g., trade associations, ad hoc coalitions), and means (e.g., undisclosed campaign contributions, cooptation of social movements, charitable contributions, cause marketing). Due to their covert nature, these strategies are inherently difficult for scholars to examine and for practitioners to evaluate. This panel will discuss the various factors that can influence a firm’s decision about whether and how to engage in covert stakeholder management, how these factors associate with the heterogeneity of engagement in such strategies across firms and across issues (when such strategies are indeed observed), and the efficacy of these strategies for achieving firms’ market and non-market goals.

SESSION 1328
NEW LAMP POSTS: LEVERAGING NEW METHODS AND DATA SOURCES TO ASK BETTER QUESTIONS

TRACK O
Date: Sunday, Oct 20
Time: 11:15 – 12:30
IG&C Sunday
Room: Conrad B

Session Chair
Cynthia E Devers, Texas A&M University

Panelists
Timothy Hubbard, University of Notre Dame
Ryan Krause, Texas Christian University
Tessa Recendes, Pennsylvania State University

The old adage “though we lost our keys out in the dark, we search for them under the lamp post” often rings true in research on executive influence and governance. In this session we will spend time focusing on how new data and new methods can power novel research in strategic leadership and governance, offering potentially “new lamp posts” around which to search for insights. Rather than provide a how-to guide for these new approaches, the focus of this session will be a discussion on asking better questions – which old questions might be profitably re-examined with these new data and methods, and which new questions can we now pursue to reveal fresh discoveries.
SESSION 1545
WELCOME / A CONVERSATION WITH MIKE ROMAN OF 3M

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Session Moderator
Gregory R. Page, Former CEO Cargill, Inc

Speaker
Mike Roman, CEO, 3M

More than a century ago, 3M, then named Minnesota Mining and Manufacturing Company, started as a small-scale mining venture in Two Harbors, Minnesota. 3M is now a well-known global company with products that improve the daily lives of people around the world. However, many of the markets in which they compete, products they produce, and technologies they develop remain out of the spotlight. Join us for a conversation on strategy and leadership with Mike Roman, CEO, 3M and Greg Page, former CEO, Cargill.

GREGORY R. PAGE is retired Chairman and Chief Executive Officer of Cargill, Inc. He served as Executive Director of Cargill from September 2015 to August 2016, as Executive Chairman from December 2013 to September 2015, and as Chief Executive Officer from June 2007 to December 2013. He was elected to the Cargill Board of Directors in August 2000 and elected Chairman of the Board in September 2007. Page joined Cargill in 1974 as a trainee assigned to the Feed Division. Over the years, he held a number of positions in the United States and Singapore. Page worked with the start-up of a poultry processing operation in Thailand, the beef and pork processing operations of Cargill’s Excel subsidiary in Wichita, Kansas, and the Financial Markets Group in Minneapolis. Page serves as a member of the board of directors of Eaton Corporation, Deere & Company and 3M.

MIKE ROMAN is the chief executive officer of 3M, a $32 billion science-based company. He leads 91,000 employees who collaborate with customers to solve problems and improve lives in nearly 200 countries. The company shares and combines its 46 technology platforms to create differentiated solutions that it brings to market through five business groups: Industrial, Health Care, Safety and Graphics, Electronics and Energy, and Consumer. One-third of 3M’s sales come from products invented in the last five years, and the company has increased its dividend for each of the last 60 years. 3M has also been included on the Dow Jones Sustainability Index for 19 straight years, and is consistently recognized on Ethisphere’s list of the World’s Most Ethical Companies. In 2017 3M won the prestigious Catalyst Award for its commitment to diversity and inclusion; Mike is also a Catalyst Champion for Change, joining other CEOs who have pledged to accelerate inclusion in their organizations. Mike holds a master’s degree in Electrical Engineering from the University of Southern California, and a bachelor’s degree from the University of Minnesota. He’s a member of the University of Minnesota Foundation Board of Trustees.
Ecosystem Emergence: The Case of Electric Vehicle Ecosystem in India

Ravi Pandey, Indian Institute of Management Bangalore

Extant research on ecosystem has treated it as static and assumed away its existence but ecosystems emerge. I aspire to fill this gap in the literature by addressing ‘how’ question of ecosystem emergence. I have adopted grounded approach and chose the electric vehicle (EV) ecosystem in India as my empirical context. I have combined archival data of last 25 years and 30 semi-structured interviews to develop a narrative account of the ecosystem emergence. Despite a long history, the EV ecosystem in India is still emerging. The complexity and the messiness of the process is evident from the continued uncertainty related to market needs, technology standards, and policy environment. I found episodic increase is evident from the continued uncertainty related to market needs, India is still emerging. The complexity and the messiness of the process of the ecosystem emergence. Despite a long history, the EV ecosystem in India as my empirical context. I have combined archival data of last 25 years and 30 semi-structured interviews to develop a narrative account of emergence. I aspire to fill this gap in the literature by addressing ‘how’ question of ecosystem emergence. I have adopted grounded approach and chose the electric vehicle (EV) ecosystem in India as my empirical context. I have combined archival data of last 25 years and 30 semi-structured interviews to develop a narrative account of the ecosystem emergence. Despite a long history, the EV ecosystem in India is still emerging. The complexity and the messiness of the process is evident from the continued uncertainty related to market needs, technology standards, and policy environment. I found episodic increase in the entrepreneurial activities by variety of players in the nascent EV ecosystem.

Can Free Resources Create Economic Value? Crowd Contributors and Venture Capital Investment to Open-source Technologies

Wei Yang, George Mason University
Francisco Polidoro, University of Texas at Austin

Although open source innovation is becoming increasingly common in entrepreneurship, it is unclear how ventures can achieve economic growth with technologies disclosed and distributed for free. This study investigates this puzzle by focusing on the role of crowd collaborations in open source. We argue that, the crowd, while commonly regarded as free knowledge resources, functions as valuable market resources. Collaborations familiarize the crowd with ventures’ technologies, creating path-dependencies that lock in those external contributors, who are critical users in technology diffusion on the product market. The value of user base established through the crowd will affect venture capital investment, as the major indicator of ventures’ economic value. Analysis using data on 40,000 open source-based ventures on GitHub.com, under an instrumental variable design, supports our hypotheses.
Cognitive Framing and Capability Development at the Federal Bureau of Investigation
Ryan Raffaelli, Harvard University
Tiona Zuzul, University of Washington
Ranjay Gulati, Harvard University
Jan Rivkin, Harvard University
In this study, we examine how the United States’ Federal Bureau of Investigation (FBI) transformed itself after the 9/11 terrorist attacks. Drawing on 138 interviews within the FBI and 12 years of Congressional testimonies, we trace how the FBI changed from a “law enforcement agency,” focused on solving crimes after they occurred, to an “intelligence agency,” with capabilities enabling it to prevent attacks before they occurred. In so doing, we contribute to the literature on cognitive framing and strategic change. We propose that, by moving from outcome-based framing to process-based framing, leaders can help institutionalize the integration of new capabilities into an organization. Our unusual access to an organization traditionally shrouded in secrecy allows us to respond to the call for research on “out-of-the-spotlight” strategies.

When Is Transparency Strategic?
Bennett Chiles, Columbia University
Many firms attempt to wield “transparency” as a competitive weapon, to varying degrees of success; others take the opposite approach, adopting obfuscation tactics intentionally crafted to make information more difficult or confusing for stakeholders to process. In an effort to understand this heterogeneity, I propose a framework for understanding when transparency is optimal. This framework yields four primary propositions (and several secondary propositions) regarding the way in which information disclosure impacts firm performance. I complement this framework with case studies from four unique industry settings: hotels, automotive retailing, online ticket resale, and airlines. These cases illuminate key insights resulting from the framework, most notably the way in which a firm’s unique strategy and market position can influence its incentives to adopt transparency or, conversely, obfuscation.

Reconfiguration of Scale Free and Non-Scale Free Resources: Evidence from the U.S. Airline Industry
Jennifer Tae, Temple University
Min-Seok Pang, Temple University
How does resource configuration affect operational performance? We propose that this effect is conditional on whether or not the reconfigured resources are scale free. The performance implication will differ between an increase in the use of a scale-free resource and an increase in the flexibility of non-scale free resources. We also contend that resource reconfiguration of a focal firm has an opposite effect on performance of its competitors. The empirical context is the U.S. airline industry, where major firms have reconfigured their resources and how they are leveraged following horizontal acquisitions. This study can highlight the importance of the characteristics of resources in understanding the implications of resource reconfiguration and that its effect goes beyond acquirers and targets to competitors.

Unique Resource Pricing in Strategic Factor Markets
Ipek Koparan, Oklahoma State University
Ilgaz Arikan, Kent State University
In strategic factor markets (SFMs) literature, a focal resource’s ‘value to firm’ is assumed to be a function of the synergistic relations between the resource and the existing resources. This implies that pricing conundrum is implicitly substituted with valuation. However, if the focal resource is unique to the firm that it has not been utilized in the organizational systems before, forming price expectations would not include valuation within complementary resource bundles because the firm has no priors about the productive value of the resource to the firm. We conducted an experiment that isolates pricing from valuation under the existence of complementarities. We focus on micro-mechanisms underlying unique pricing including similarity between existing and prior experiences, the order of experience and wealth differentials among SFM actors.

Post-millennial Conversations in the Study of Competitive Advantage: Decline of the Major Research Streams
Craig Armstrong, University of Alabama
Paul Drnevich, University of Alabama
One of the central questions in strategic management research involves the sources and sustainability of competitive advantage. However, the conversations on this prominent topic, and our core theories that underlie them, may be waning. We conduct a citation analysis of over 1,100 articles appearing in top management journals from 2000-2015 to identify the major theoretical perspectives that comprise our “conversations” in competitive advantage. Factor analysis of the co-citation patterns revealed seven major “conversations” that have dominated our top journals. Overall, we find that research on competitive advantage has been declining since 2000, remains fragmented, and the odds of competitive advantage research being published after a lengthy review process are significantly unlikely in all but one journal depending on which conversation is being addressed.

Strategic Groups and Significant Clustering
Charles Carroll, University of Groningen
Howard Thomas, Singapore Management University
Strategic groups research has been criticized for using cluster analysis without significance testing. Instead, the structure-performance link became the litmus test for the existence of distinct strategic groups. Unfortunately, the concept of strategic groups became distorted to fit this validity test, and the findings are still equivocal. Fortunately, significance tests for cluster analysis are now available in popular packages. We capitalize on the availability of these tests to develop a new theory of strategic groups, which in return is used to improve the significance tests. This integrated solution appears to resolve long-standing mismatch between strategic groups theory and methods.
Revisiting the Locus of Experience: A Study on Corporate Development Executives, Organizational Learning and M&A Performance

Lisa Tang, University of Pennsylvania

Understanding how firms develop M&A capability and achieve superior M&A performance is a question of significant concern to managers and scholars. In this paper, I reconceptualize experience as a multi-dimensional construct, and introduce an important but previously unexamined group of actors in the M&A process, the corporate development executives in charge of inorganic growth in firms. Using a novel hand-collected dataset on the heads of corporate development in S&P 500 technology companies, I find an inverted-U relationship between their prior acquisition experience and M&A performance, as well as boundary conditions of low firm experience and high CEO experience. These findings refine our existing notions of how, when and what experience impact M&A outcomes, and contribute to dialogues in corporate strategy, organizational learning and dynamic capabilities.

Composition of Acquisition Sequences: The Effects of Different Types of Acquisition Patterns on Acquirer Performance

Tomi Laamanen, University of St. Gallen
Alexander Zimmermann, University of Liechtenstein
Di Bian, University of St. Gallen

While research has shown that variability in the rhythm of an acquisition sequence is negatively related to acquirer performance, we do not know whether this also applies to variability in the types of (explorative and exploitative) acquisitions in such a sequence. Based on a panel study of 153 active acquirers over 25 years, we corroborate prior research, which has shown that combining exploration and exploitation within an individual acquisition is not suited to improve acquirer performance. However, we also found evidence that other compositions of explorative and exploitative acquisition sequences are related either positively or in a U-shaped manner to acquirer performance. As a whole, our findings contribute to an improved understanding on the effectiveness of acquisition sequences to contribute to both exploration and exploitation.

Strategic Alignment in Acquisitions to Create Value: Exploration, Exploitation, and Dynamic Managerial Capability

David Sirmon, University of Washington
Michael A. Hitt, Texas A&M University
Steve Lim, Texas Christian University

Utilizing the unique purchase price allocation data acquirers discloses SEC 10-K filings right after an acquisition, we test hypotheses regarding how a target’s complementary offerings, here exploratory or exploitative capabilities, creates value. Importantly, however, we note that not all combinations of complementarity are equal in creating value. Moreover, we show acquirers dynamic managerial capabilities differentially “unlock” the potential value of all forms of complementarity.

Taking Stock: Category-Based Expectations and Surprises in IPOs’ Pricing

Matteo Prato, University of Lugano
Gokhan Ertug, Singapore Management University
Ilya Cuypers, Singapore Management University

In this study we propose a dynamic framework that sheds light on the cyclical nature and evolution of category currency in financial markets in the context of IPOs. First, we argue that if the currency of the industry in which the IPO is classified is high, the IPO firm’s performance will be higher than if the currency of the category in which the IPO firm is classified is low. Second, we propose that if the IPO firm’s initial return exceeds (falls short of) the expectations that were formed on the basis of the performance of the peer firms in its category, we expect that the valence of the category will be revised upwards (downwards).

External Advisor Selection in M&A

Alexander Wallot, University of St. Gallen
Xena Welch Guerra, University of St. Gallen

Despite the ubiquity of external advisors in the M&A market, we know little about how firms select M&A advisors. In this study, we explore firms’ advisor selection in M&A deals. Drawing on literature on cognitive simplification and reference points, we argue that both perceived functional demands of the focal deal as well as firms’ historical and social reference points influence the selection of M&A advisors. Examining the different types of advisors that assist firms in the M&A process, we analyze the selection of 1,420 financial-, legal-, and PR advisor firms in 2,580 deals between 2009 and 2017. Our findings largely support our hypotheses.

Inter-organizational Relationships and Acquisition Likelihood: Evidence from High Technology Firms

Huma Javaid, University of Bath
Panos Desyllas, University of Bath
Orietta Marsili, University of Bath

We explore the influence of inter-organizational relationships of firms, namely, corporate venture capital investments and strategic alliances, on the likelihood of being acquired. A longitudinal investigation of 2,302 acquired and non-acquired firms in the high-technology sector of the U.K., during the period 2008 – 2016, reveals a significantly positive relationship between the two types of inter-organizational relationships examined and the acquisition likelihood. Further, as predicted, this relationship is stronger for start-up firms. However, contrary to our expectations, affiliation with high reputation partners weakens the effect of inter-organizational relationships on the acquisition likelihood. Taken together, these findings are consistent with the view that inter-organizational relationships are taken by acquirers as signals of firm quality when seeking acquisition targets – particularly when their information disadvantage is greater.
Knowledge Governance: A Multilevel Analysis of Knowledge Adoption in MNCs

Angels Dasi, University of Valencia
Sverre Tomassen, BI Norwegian Business School
Ragnhild Kvalshaugen, BI Norwegian Business School

In an attempt to promote knowledge adoption, MNCs deploy mechanisms directed to different levels and with different expected outcomes. By using a multilevel approach, this paper investigates the interaction effects of integration mechanisms at the unit level and knowledge governance mechanisms at the individual level on knowledge adoption. Important contributions to the knowledge management literature are recognized. First, it creates a microfoundation for the unit-level literature of knowledge adoption. It also provides a more comprehensive explanation of knowledge adoption. Further, the integration mechanisms are studied at a disaggregated level of departments allowing for variation in the applied integration mechanism inside the MNC, and lastly, the proposed hypotheses are tested in a multilevel model with different informants at the unit and individual level.

The More the Merrier? The Effect of Drafting Export Knowledge in Exporting Firms

Eliane Choquette, Aarhus University
Ingo Kleindienst, Aarhus University
Miriam Flickinger, Aarhus University

This study investigates the effect of hiring managers with export experience on firms’ export growth and therefore extends our understanding of the role of knowledge derived from other sources than the firms’ own experience. Using arguments from absorptive capacity theory, we suggest that this effect may depend on the recruiting firm’s prior export experience. Early findings from a sample of Danish exporters support this claim, and show that the effect of hiring managers with export experience depends on the breadth of a firm’s export portfolio, measured by the number of markets a firm is exporting to. Conversely, the depth of the recruiting firm’s export experience, measured by the number of years a firm has been exporting, does not play a role in this context.

Learning from Exporting: Roles of Local Knowledge Pool and Absorptive Capacity

Yuchen Zhang, Tulane University
Nianchen Han, University of Colorado, Boulder

Drawing from the recombinatory view of innovation, we argue for a complementarity between learning from exporting and learning from local knowledge pools, suggesting a positive interaction effect between the two sources of learning on firm innovation. We further argue that firms’ absorptive capacity facilitates learning from exporting and also strengthens the effect of complementarity on innovation. Using a novel panel dataset linking China’s census firms to these firms’ innovation outcomes, we find that exporting firms with access to greater local knowledge pools indeed create more product and technological innovation. In addition, firms with higher absorptive capacity benefit more from learning by exporting, and the innovation impacts of the complementarity between international and local knowledge sources are also more pronounced for such firms.

Manage the Benefits and Liabilities of Offshoring Innovation on Firm Innovativeness

Tung Min Hung, Rutgers University
Yi-Ju Lo, Yuan Ze University

The effect of offshoring innovation on firm innovativeness remains unclear. To bridge this gap, we explore the sole and joint effects of two appropriation mechanisms – a corporate-wide offshoring strategy and high captive operations – on the relationship between offshoring innovation and firm innovativeness. As a corporate-wide offshoring strategy holds the orchestration advantage and a captive operation retains the ownership advantage, each mechanism strengthens the impact of offshoring innovation on firm innovativeness. Nonetheless, a corporate-wide offshoring strategy can only address the global liabilities of coordinating multiple units while captive governance operations can only tackle the local liabilities of absorbing localized knowledge. We argue that the joint adoption of both mechanisms exerts a greater impact of offshoring innovation on firm innovativeness than does either one mechanism.

Political First-Mover Advantage Step in Post-conflict Environments

Grazia D. Santangelo, Copenhagen Business School
Caroline Witte, Copenhagen Business School

We study time to entry in post-conflict countries by multinational enterprises (MNEs). Based on institutional theory and the political economy literature, we argue that the MNE’s home country development finance aid to a post-conflict country increases the speed at which the MNE enters in the recipient country because it enables the firm to acquire a first-mover advantage through political mechanisms. We also argue that firms originating from high-income donor countries are less likely to gain a political first mover advantage through development finance aid than their developing countries peers because conditions high-income donor countries impose to recipient countries are perceived negatively by the new political and business class in the recipient country. We test our arguments on greenfield investments over the period 2002-2018.

Non-Market Strategy as an Outgrowth of Organizational Identity, Image, and Institutional Alignment

Mirozkhidjon Abdurakhmonov, University of Nebraska, Lincoln
Michael Cummings, University of Arkansas

The use of non-market strategy, efforts to use regulators or policy to achieve competitive advantage – has been primarily conceptualized as a response to demands of the institutional environment. These institutional demands no doubt have a direct effect on firms’ strategic actions. However, we argue that an organization’s identity – the way organizational members’ view of themselves and image – the way organizational members believe others view the organization – can also act as important determinants of such choices. Building on the organizational identity literature, we describe how the (mis)alignment of organizational identity and image with the CPA institutional environment may influence how firms seek competitive advantage through non-market action. We develop a four-part typology that suggests a firm’s optimal methods of CPA engagement.
Electoral Outcomes and Managerial Perceptions of the Business Environment
Parasuram Balasubramanian, Washington University in St. Louis
In an era of populist electoral victories and de-globalization, how do managers’ expectations and view of the business environment change during an electoral cycle? This study attempts to address this question by exploiting an electoral cycle within a cross-sectional survey. Using the Indian parliamentary election of 2014 as exogenous variation within a World Bank Survey, we find that a decisive electoral outcome has an effect on managerial perceptions of the business environment, measured through perceptions of corruption and tax administration. Initial results suggest that managerial perceptions of the business environment reflect that of their region’s voting choices, and smaller firms on average have higher expectations from a new government. However, the electoral outcome on average does not appear to influence managerial perceptions of business environment.

Environmental Institutional Arbitrage: The Role of Non-market Capabilities
Anne Jacqueminet, Bocconi University
Joao Albino-Pimentel, University of South Carolina
Recent research in strategic management suggests that some MNEs tend to engage in institutional arbitrage in the environmental context. In this paper, we investigate what types of firms are more likely to resort to such arbitrage. We converge with previous work that firms’ industries and market capabilities matter, and propose that their non-market capabilities do too. Additionally, these capabilities should be seen as bundles, with firms displaying different sets of capabilities that can alternatively favor arbitrage. Our analysis allows us to identify different configurations of capabilities associated with environmental institutional arbitrage, in which non-market capabilities play a central role.

SESSION 1345
DIGITIZATION AND STRATEGY

TRACK I/L

Date: Sunday, Oct 20
Time: 15:15 – 16:30

Paper
Room: Marquette 5

Session Chair: Prithwiraj Choudhury, Harvard University

Digital Sampling, Copyright Assertion and Creative Reuse
Timothy Simcoe, Boston University
Jeremy Watson, University of Minnesota
Digital sampling recombines excerpts from previously recorded music as part of a new work. Although the status of sampling under copyright law has been highly contested, most artists in the United States have sought permissions to sample prior work since the 1991 Grand Upright Music, Ltd v. Warner Bros. Records Inc. decision. This paper examines the enforcement strategies of two prominent copyright assertion entities that emerged following Grand Upright, and the changing patterns of reuse that emerged during the transition from free to rights protected sampling. We explore similarities between patent and copyright assertion strategies, and show that enforceability was associated with a decline in recombination, but also a greater dispersion in the distribution of sampled work, leading to a "long tail" of sampled music.

Drivers of AI Adoption at the Individual and Firm Levels: Examining the Legal Industry
Beverly Rich, University of Southern California
Roshni Raveendran, University of Virginia
Kyle J. Mayer, University of Southern California
We investigate the link between individual and firm level technology adoption and innovation in the context of the legal industry using proprietary data from a large supplier of AI contracting software. Using a mixed methods approach including archival data, a randomized controlled field experiment, qualitative data, and a customer survey we triangulate between data sets and test the proposed mechanisms that impact adoption of AI products at the individual level, and theorize how this will impact firm-wide and industry-wide adoption. In doing so, we add to the burgeoning literature on AI and seek to unpack the uncertainty that hinders AI adoption at the micro level, proposing that AI is unique from other technology in its functionality, purpose, and capabilities.

How Leading Incumbents Successfully React to Digitization in Music
Paola Zanella, IE Business School
Paola Cillo, Bocconi University
Gianmario Verona, Bocconi University
By devaluing physical distribution, digitization poses a challenge to adaptation for leading incumbents. Focusing on supply and demand in the music industry, we explore how digitization affects leading incumbents’ innovations. Examining the 2012 introduction of streaming sales in the U.S. Billboard singles chart, we find that, in the streaming channel, demand is more heterogeneous and fewer leading incumbents enter the charts. Analyzing data on 8,184 new releases, we find that leading companies’ innovation strategies change depending on information the chart provides and that these firms can sustain sales by (1) leveraging innovations related to emergent artists and (2) diversifying into more genres. These findings shed light on effective strategies when facing a change that fosters more exploration in the market.

Work from Anywhere: Autonomy, Coordination, and Learning Effects at the United States Patent Office
Prithviraj Choudhury, Harvard University
Cirrus Foroughi, Harvard University
Barbara Larson, Northeastern University
While employees might prefer work arrangements that offer greater autonomy, such as work from anywhere (WFA) policies, there are possible negative productivity effects of WFA, due to a lack of learning from co-located peers and increased coordination costs. We study the effects of WFA on productivity at the United States Patent and Trademark Office and exploit a natural experiment in which the implementation of WFA was driven by negotiations between managers and the union of patent examiners, leading to exogeneity in the timing of individual examiners’ transition to WFA. We report a positive, highly significant effect of WFA on overall output, roughly corresponding to a 3.9% increase in output. We also provide evidence related to mechanisms: learning from geographic peers and coordination using IT tools.
Session Chair: Christopher Law, University of North Carolina at Chapel Hill

**Learning from Failure: Exploring Differences in Governance Structures**

Christopher Law, University of North Carolina at Chapel Hill
Isin Guler, University of North Carolina at Chapel Hill
Atul Nerkar, University of North Carolina at Chapel Hill

Failure is a frequent outcome of commercial pursuits. Recognizing failure presents an opportunity to learn and improve. The feedback mechanism accompanying failure is very different for inventors operating independently in a market versus inventors working within a hierarchical firm. Understanding how feedback from failure differs in these contexts will help strategy scholars understand the strengths of different methods of organizing for innovation.

**Learning in Entrepreneurial Ecosystems: An Empirical Examination of Google Play Application Developers**

Mehdi Samimi, Iowa State University
Andreas Schwab, Iowa State University
Masoud Nosrati, Iowa State University

This study extends organizational learning theory to the context of highly dynamic entrepreneurial ecosystems to identify whether and how the unique characteristics of this context represent contingency factors that limit or invalidate the applicability of findings in more stable learning environments. Related hypotheses are tested using data from software development projects that released smartphone applications on the Google Play platform in 2016. Results show that accumulated prior innovative project experience has a non-linear J-shaped relationship on future innovative project performance. The heterogeneity of accumulated experience moderates related learning effects and these effects differ across types of software developers. Overall, this study provides more fine-grained insights into how learning unfolds in increasingly prevalent dynamic settings, such as project-based innovative entrepreneurial ecosystems.

**Learning from Whom and from What? How Performance Feedback Affects the Diffusion of New Practices**

Duy-Tuan (Thomas) Ngo, University of Wisconsin-Madison
Laura Zajar, Northwestern University

While technical and social performance expectations are often assumed to explain why new practices diffuse across firms, the role of realized performance outcomes and performance feedback loops are rarely analyzed. In this study, we suggest that performance feedback provides the basis for experiential and vicarious learning among firms over time, such that the expected level of practice implementation over time will be the result (in part) of the intermittent performance evidence that emerges after practice implementation has taken initial root. We test our hypotheses in the context of a major U.S. educational policy initiative known as No Child Left Behind (NCLB) from its inception in 2003 to its end as an identifiable policy in 2015.

**Understanding the Role of Emotion and Status that Govern the User Evolution in Online Communities**

Vaibhav Krishna, ETH Zurich
Yash Raj Shrestha, ETH Zurich
Georg von Krogh, ETH Zurich

Advancement in digital technologies has facilitated proliferation of online communities where individuals interact, collaborate, create and share knowledge on a common virtual platform irrespective of their location. Success of these communities depend on members who actively contribute high quality knowledge. This paper aims to extend understanding on how evolution of expertise takes place in online communities. We investigate the role of linguistic factors and its association to expertise evolution. Moreover, we also investigate the interaction effect of status and reputation on expertise evolution. We employ machine learning based algorithmic induction to answer our questions. Results indicate that experts tend to use less of negative emotions and take wider range of roles and move up in status hierarchy from early period of interactions in the community.

**DYANMICS OF PRACTICE INNOVATION AND INSTITUTIONALIZATION IN STRATEGY MAKING**

**Do Practitioners Really Need Academics? Patterns of Management Innovations Development through Scholar-Practitioner Interactions**

Guillaume Carton, ISG
Stephanie Dameron, Paris-Dauphine University

This study seeks to understand how management innovations develop through interactions between academics and practitioners. We build on a typology of academic-practitioner interactions to carry on a crisp-set QCA analysis of 12 management innovations that have successfully been institutionalized. We find four patterns of the developmental management innovation process, namely the case-modeling cooperations, the experiment-focused interfaces, the generative concentric networks and the ambidextrous entrepreneur. We discuss these results.

**The Effects of Meta-Organization Affiliation on a Firm’s Innovation: Evidence from the U.S. Healthcare Industry**

Jongsoo Kim, Hong Kong Baptist University

Does meta-organization (MO) membership spur innovation? Despite growing scholarly interest in MOs as a type interorganizational transaction, few studies have empirically provided empirical explanations of the effect of MO membership on an organization’s competitive advantage. We investigate how affiliation with a specific MO may hurt a firm’s innovation. Main argument is that, since there would be institutional pressure for emphasizing similarities among members to sustain the membership, organizational members’ motivation to pursue distinctiveness would be stifled. Drawing upon optimal distinctiveness theory and panel data from the U.S. healthcare industry during 2009-2015, we found a positive relationship between a member being exogenously discharged from the MO and that member’s new technology investment. Moreover, we found that the firm’s boundary spanning activities would strengthen the relationship.
The Micro-foundations of Organizational Ambidexterity: Functional Flexibility in Dynamic Environments

Renee Rotmans, University of Amsterdam

Organizational ambidexterity is widely acknowledged to be critical for a firm's success and survival. Yet, how firms achieve organizational ambidexterity is still not well understood. In particular, we lack a clear understanding of the micro-foundations of organizational ambidexterity in highly dynamic environments. We argue that reinforcing integrative thinking in ambidextrous organizations requires flexibility that should be located at the individual-level. We, therefore, develop the argument that functional flexibility, i.e., strategic skill flexibility and employee empowerment serve as micro-foundations of organizational ambidexterity in dynamic environments. We test our hypotheses using survey data from over 564 firms operating in the Port of Rotterdam. Our findings reveal that in dynamic environments, the interplay between strategic skill flexibility and employee empowerment nurtures micro-foundational sources of organizational ambidexterity.

Historical Embeddedness of Strategic Practices: Managerialization in a State-owned Utility

Eero Aalto, Aalto University
Zeirim Cheung, Aalto University

In this article, we focus on the social and historical embeddedness of strategic practices. Particularly, we study institutionalization of novel practices in strategy-making with a historical study of Telecom Finland from 1981 to 1998. Our study is based on extensive archival dataset consisting of more than 54,000 pages of digitized primary sources structured in a relational database. With our study, we extend our understanding of contextual embeddedness of strategic practices, and temporality in institutionalization of practices.

SESSION 1339
ENTREPRENEURIAL EXPERIMENTATION

TRACK K
Date Sunday, Oct 20
Time 15:15 – 16:30

Paper
Room Marquette 8

Session Chair: Robert Bremner, Stanford University

Experimentation, Learning, and Appropriability in Early-Stage Ventures
Andrea Contigiani, Ohio State University

This study examines the tension between learning and appropriability in the experimentation process of early-stage ventures. I argue that, when formal intellectual property is weak, the learning benefit of experimentation may be offset by its imitation risk. I test this argument on a hand-collected dataset of 1200+ US-based software ventures, exploiting the ‘software release life cycle’ terminology to measure experimentation and the US Supreme Court ruling ‘Alice Corp v CLS Bank International’ as a negative shock to patent protection. Following the ruling, the affected ventures experiment less but enter the market earlier. This pattern is moderated by learning incentives and competition. The evidence confirms that the learning-propriability tension plays a central role in entrepreneurship and suggests boundary conditions for the use of experimentation.

Experimentation, Bottlenecks, and Organizational Form: Innovation and Growth in the Nascent Drone Industry

Robert Bremner, Stanford University
Kathleen Eisenhardt, Stanford University

This paper explores the innovation process in ventures in nascent markets. Grounded in a comparative case study of two civilian drone ventures, we contribute an emergent theoretical framework that contrasts innovation within a firm versus community-based organizational form. A core insight is that firms are unexpectedly flexible—i.e., benefit from a broad repertoire of learning and problem-solving processes applied across innovation bottlenecks. We also emphasize problem-finding (not just problem-solving) and unpack how types of learning (e.g., parallel and serial experimentation) and problem-solving strategies (e.g., hybrid problem-solving for novel, complex problems) work. We also contribute to entrepreneurial strategy with a precise conceptualization of bottlenecks. Overall, our emergent framework describes how bottlenecks, innovation process, and organizational form jointly shape innovation and growth of ventures in nascent markets.

Don’t Play with My Game: Experimentation, Market Performance, and the Dual Role of User Communities

Robert Bremner, Stanford University

Experimentation is critical to success in uncertain and dynamic settings. However, there is little consensus on how ventures can experiment effectively—i.e., to reduce market uncertainty and maximize performance. Based on a longitudinal analysis of new product development in the PC gaming industry, I explore the tradeoffs inherent in one approach to experimentation: commercializing early prototypes directly in the market (“online” experimentation). I show how the dynamics in user communities, which emerge as a natural consequence of online experimentation, can effectively—i.e., to reduce market uncertainty and maximize performance. Specifically, I find that exposure to a large community of users appears to enhance the impact of experimentation, but ventures may become trapped if the community is highly engaged.

Why Do “Scientific” Entrepreneurs (Successfully) Take More Time to Act? Evidence from a Field Experiment

Alfonso Gambardella, Bocconi University
Arnaldo Camuffo, Bocconi University
Chiara Spina, Bocconi University

This study examines the impact of a scientific approach to decision-making on early-stage entrepreneurial firms. We argue that if entrepreneurs formulate their problems clearly, develop theories about the implications of their actions, and test these theories, they can make better decisions. Specifically, our theory predicts that “scientific” entrepreneurs: (i) exit earlier rather than later; (ii) pivot earlier; (iii) start earning revenues later. We test these predictions by embedding a field experiment in a pre-accelerator program, and treat entrepreneurial teams by training them on how to use a scientific approach to business development. The control group receives the same type of training, but is not taught to use the scientific approach. Our results are consistent with our predictions.
Board Member Experience and the Performance of New Ventures
Tatevik Harutyunyan, Norwegian School of Economics
Bram Timmermans, Norwegian School of Economics
Lars Frederiksen, Aarhus University
We explore to what extent and under what industry specificities the experiences of board directors in new ventures are related to the venture's growth. The importance of directors in new ventures is mainly attributed to their resource provision function, as they are strategic decision-makers who carry relevant human and social capital and potentially able to affect the survival and growth of new ventures that often lack resources, legitimacy and established social ties. The findings indicate that particularly sales growth positively relates to industry and board experiences of these board members. Further analyses and findings point at the relevance and need of certain types of experiences of board directors depending on the type of uncertainty new ventures face.

CEO Entrepreneurial Orientation and Firm Competitive Repertoire Complexity
Joel Andrus, University of Missouri
Richard Scoresby, Ball State University
David Sullivan, Texas A&M University
While prior competitive dynamics research has largely focused on advantage-seeking behaviors by firms in an attempt to achieve competitive advantage, less consideration has been given to how entrepreneurial or opportunity-seeking behaviors and attitudes by firms and their leaders impact important firm outcomes. In this study, we examine how a CEO's entrepreneurial orientation (EO) can change a firm's competitive behavior. Specifically, we look at how CEO EO influences competitive repertoire complexity. Using a sample of 307 firms from 2000-2015, we find that CEO EO has an important impact on firm competitive repertoire complexity and that this relationship is moderated by industry dynamism. Our study has implications for both competitive dynamics and EO research.

Entrepreneur—a Jockey or a Horse Owner?
Elena Kulchina, North Carolina State University
Pernille Gjerlov-Juel, Aalborg University
Up until recently, entrepreneurship scholars have largely believed that founders always run their ventures personally. Yet it is not clear why this should be the case. Entrepreneurs are often criticized for placing personal motives ahead of financial returns. Whether founders are optimal managers for their firms strongly depends on whether their decision to manage a firm is driven by expected non-pecuniary benefits of management or by more strategic considerations. In our paper, we use fine-grained data on entrepreneurs in Denmark to examine what motivates them to operate their firms personally as opposed to hiring a manager. We find that while non-pecuniary motives play a role in the founders' decision to operate their firms personally, opportunity cost of owner-management and relevant prior experience are equally important.

Cooperation in the Public and Private Interest: Assessing Endogenous Capabilities
Eric C. Mota, Baylor University
Peter Klein, Baylor University
The increasing cooperation between for-profit firms, social and political actors to address social issues infuses new capabilities in the public sector. Research largely identifies capabilities associated with performance outcomes—which directly impact the quality, cost and reach of public services—but overlooks capabilities that emerge during the process of collaboration. Although capabilities that arise within collaborative processes are often opaque or difficult to understand, they are unceasing sources of value creation. We examine the endogenous emergence of capabilities in an ethnographic assessment of the health care industry between January 2017 and January 2019. We interact with a broad set of stakeholders to describe when and how endogenous capabilities emerge, and when they are more or less likely to serve the public interest.

Gender, Information Access, and Returns to Having Able Peers
Hyeun Jung Lee, University of Maryland
Peers exert critical influence on others’ outcomes especially when the role of information is critical for attainment. Because able peers tend to possess more information and knowledge, having able peers allow for higher chances of performance improvement. In this study, I investigate an important boundary condition to the relationship between peer ability and focal performance: access to peer information. I argue that women tend to face greater difficulties accessing able peer’s information within organizations, which lowers returns from having able peers. I predict that returns to having able peers improve more for women when barriers to information access is minimized. I test my predictions in the context of sell-side security analysts using archival data as well as hand-collected information on analyst gender.

The Importance of Gender Congruence in Corporate Social Responsibility: Field Experimental Evidence of Applicant Interest
Vanessa Burbano, Columbia University
Mabel Abraham, Columbia University
We examine how the gender composition of company leadership making CSR claims contributes to shaping the applicant pool. Specifically, since social responsibility is perceived to be female-typed, we examine whether congruence between an organization’s claims and the gender composition of leadership affect whether prospective employees apply for jobs. Addressing this research question poses a challenge: it is necessary to observe not only those who do apply to a job, but also the risk pool of those would could have applied. We address this challenge using a unique field experimental design and find that congruence between firm leadership gender composition and social responsibility is a key predictor of whether prospective applicants apply for an otherwise identical job vacancy.
**Mutual Fund Management Fees: Are There Gender Disparities in the Price of Individuals’ Services?**

Shoshana Schwartz, University of Pennsylvania

Are there gender disparities in how men and women price their services? I examine how men and women charge for their services in a male-dominated, stereotypically masculine industry. Specifically, I explore gender disparities in the price of individuals’ services in the mutual fund industry, by examining whether there are gender disparities in the management fees charged by mutual fund managers. I examine to what extent any gender differences in management fees are explained by men and women having different performance histories and managing different types of funds, versus to what extent men and women who are otherwise-equivalent still charge different management fees on average.

**Single or Joint Ticket to Ride? A Firm-Level View on Divorce**

Tunde Cserpes, Aarhus University

Michael S. Dahl, Aarhus University

Olav Sorensen, Yale University

This paper investigates how various sources of instability originating at work affect the stability of marriage. We propose that organizational characteristics of employer types anchor basic qualities of organizations that shape employee experience and isolate this structural effect from individuals’ selection choices. We find that workers of entrepreneurial ventures have the highest divorce hazards, even after using an instrumental variables strategy and accounting for the heterogeneity in individual propensities to seek out different types of employers. We also show that career alignment with respect to employer type can offset the negative mechanisms entrepreneurial environments facilitate and has a ‘cementing quality’: couples both working for an entrepreneurial venture have the lowest divorce rates. Our findings contribute to the strategic human capital, entrepreneurship, and careers literatures.

**Strategic Mobilization of Shareholder Activists on ESG Issues**

Kevin Chuah, London Business School

This study advances a strategic view of social movement mobilization, using evidence from shareholder activism on environmental, social, and governance issues. Successfully settling disputes between activists and firms is contingent upon the interaction of three factors: (1) the number of activists mobilized, (2) the composition of activist coalitions in terms of activists’ identities, and (3) the favorability of the corporate opportunity structure for activism. I find that shareholder activists are more likely to be successful when investors belonging to the “radical flank” mobilize their mainstream counterparts. I also find that while an unfavorable corporate opportunity structure—proxied by firms’ engagement in lobbying activities—inhibits successful activism, mobilization helps overcome these challenges. These findings emphasize the strategic choices available to activists regarding whether and with whom they mobilize.

**The Fuzzy Logic of Social Activists: Configurations of the Corporate Opportunity Structure for Social Activism**

François Neville, McMaster University

Prior research on the corporate opportunity structure for social activism has yet to consider the possibility that social activists are likely to perceive and evaluate the attractiveness of firms as viable targets holistically—that is, as complex configurations (i.e., prototypes) of characteristics, rather than as lists of independent factors. I use fuzzy set qualitative comparative analysis (fsQCA) to investigate the combinations of corporations’ features that exist within a sample of 202 S&P 500 firms, which lead to some firms being more highly targeted than others. From this analysis, I develop an initial typology of different corporate opportunity structures and thus, offer a mid-range theory of the corporate opportunity structure for social activism.

**The Impact of Social Activism on Corporate Nonmarket Performance**

Adam Fremeth, University of Western Ontario

Guy Holburn, University of Western Ontario

Alessandro Piazza, Rice University

In this paper, we theorize about nonmarket performance outcomes in contentious environments. More specifically, we posit that firms that are targeted by protests due to their involvement in stigmatized activities should experience worse nonmarket performance outcomes. We find support for this idea through a study of electric utilities that were involved in nuclear power generation in the United States between 1970 and 1995, using the approval of increased rates of return (ROR) by public utilities’ commissions (PUC) as a dependent variable. We also find this effect to be especially strong: 1) when there is ideological alignment between activists and regulatory bodies or between activists and the state’s legislative and executive bodies; 2) when the extent of involvement of the firm in controversial activities is greater.
An Inductive Examination of Corporate Accelerator Programs and Traditional Venturing Programs of Parent Firms

Sandip Basu, City University of New York
Romi Kher, City University of New York
Shu Yang, City University of New York

Corporate Accelerator Programs (CAPs) are relatively new organizational forms launched by established firms. Not much is known on how CAPs can add value to parent firms, especially when these firms have traditional corporate venturing programs. We sought to address this question through an inductive design involving semi-structured interviews with senior managers of five CAPs. Our sample CAPs employed three processes to remain distinct from corporate venturing programs: focused partner profiles, active nature of partnerships, and mainstream employee involvement. Further, CAPs tried to integrate with the venturing programs through two processes: sharing of partnership opportunities and facilitation of entrepreneurial interest. Our results demonstrate that CAPs influence organizational ambidexterity of their parent firms in a different and complementary way than do other venturing programs.

Unpacking the Drivers for Resource Access within Ecosystems

Andreas Reiter, University of St. Gallen

Which factors influence firms’ collaboration behavior within ecosystems? This is an important question, given that ecosystems become increasingly influential. The RBV and related theories have focused mainly on owned resources, but do not explain how resource decisions are made when the perspective changes from "within the firm" to "across the ecosystem". This study applies a resource dependence perspective to identify the factors that drive the degree of openness of interfaces, and to devise and test a model that explains the occurrence of different types of openness. I propose that firms’ decision to grant resource access to complementors may be explained by interdependencies and uncertainty. I discuss implications for resource management and for theories of organization and open innovation as well as insights for management practice.

When Old ‘Whales’ Meet New ‘Dolphins’: Towards a Coopetitive Model of Non-equal Tensions in an Industry-led Corporate Start-up Accelerator

Cristobal Garcia-Herrera, Imperial College London
Erkko Autio, Imperial College London

Using the double lens of incumbents and new ventures, operating in an industry-led accelerator set up to facilitate proactive adaptation to technological discontinuities, this paper explores: the tensions that arise in incumbent – new venture relationships where the latter threaten to disrupt established relationships within the industry supply chain; and the dynamics that may either enable or inhibit the ability of firms to respond to ambiguous competitive threats. The paper develops an inductive model to theorize about these coopetitive tensions and novel mechanisms to respond in industrial acceleration contexts. Our research setting is a revelatory port maritime complex where we conducted longitudinal theoretically sampled multiple case studies of both new ventures and incumbents in the maritime, logistics, transport, energy and refinery sectors.

Proprietary Rights and the Market for Technology: Evidence from the Invalidated Gene Patents

Sina Khoshoskhan, Boston University

The markets for technology expand the strategy space for innovators, enabling them to consider technology licensing as a potential source of revenue. The extant literature on technology markets highlights the importance of intellectual property (IP) rights for the functioning of these markets. However, the empirical evidence on the role that IP rights play in facilitating the functioning of technology markets is limited. To address this gap, this study employs a difference-in-difference framework to estimate the causal impact of the sudden invalidation of gene patents on technology licensing. I find the invalidation of gene patents to have a strong, persistent, and negative impact on the technology licensing rates of the affected organizations. I also provide evidence of the heterogeneity of this impact across different therapeutic markets.

How to Succeed in Multi-partner Coopetition Projects for Innovation? Evidence from Galileo

Audrey Rouyre, Université de Montpellier
Anne-Sophie Fernandez, University of Montpellier

Firms ally with multiple competitors to develop innovation projects. However, by doing so, firms face high levels of risks of opportunism and plunder. If these tensions are not managed, the common innovation project could fail and the competitiveness of the firms could be damaged. Managing multi-partner coopetition projects seems then highly critical. The question is thus, how to manage multi-partner coopetition projects for innovation? To answer this question, we studied one of the most fascinating innovation projects of the space industry: Galileo (the European satellite positioning system). Our research confirms the critical role of the management of innovation projects between several competitors. The implementation of the right project structure seems essential for the success of multi-partner coopetition projects for innovation.

Power Asymmetry’s Moderation Effect on the Relationship Between Variety and Product Development in Multipartner Alliances

Tamara Oukes, University of Twente
Aard Groen, University of Groningen
Peter Geurts, University of Twente
Ariane Raesfeld, University of Twente

Although power asymmetry exists in almost all multipartner alliances, little is known about its effects. Therefore, we investigate power asymmetry’s moderation effects on the relationship between functional, organisational and industry variety and new product development in multipartner alliances using a database of 409 government-funded alliances with multiple partners. We find that functional and organisational variety’s impacts on new product development success are amplified if power asymmetry is high. We also show that high industry variety increases the likelihood that a multipartner alliance will result in new product development success as well as failure if power asymmetry is low. These results suggest that to get a clear understanding of variety’s benefits and costs in multipartner alliances, researchers and business managers should always consider power asymmetry.
Fat Cats Hanging out in Packs: Peer Compensation Communities and CEO Pay

Tsvetomira Bilgili, Kansas State University
Hansin Bilgili, Kansas State University
Alan Ellstrand, University of Arkansas

Peer compensation benchmarking is a common practice used by U.S. public firms in setting CEO pay. These nominations form a nexus of relationships whose properties can be comprehensively analyzed through the use of network theoretic concepts and methods. To understand the underlying social structure of the peer compensation network, we develop theory and conduct a meso-level network analysis that explores the community-structure of the peer compensation network. Our hypotheses outline our predictions about the similarities within and variation between communities with respect to the attributes of community members. We also investigate whether firms occupying bridging positions across communities contribute to change in CEO pay levels of firms located in these communities.

Compensation Consultants and CEO Favoritism

Shelby Gai, Northwestern University
Edward J. Zajac, Northwestern University
Dan Zhang, Oslo Metropolitan University

Given increased research on the influential role of compensation consulting (CC) firms in setting CEO compensation, we address the question of whether and when CC firms will engage in CEO favoritism, as evidenced by excess CEO compensation. Specifically, we suggest that differences in CEO/Board power within prospective client firms will make third-party service providers differentially attractive to client firms. We also predict that client firms with more powerful CEOs will be more likely to hire CC firms that have exhibited a history of CEO favoritism. Additionally, we address the consequences of such hiring choices in terms of subsequent CC behaviors, and examine the implications of an initial and ongoing client/CC firm misalignment. We test our hypotheses using an original dataset consisting of over 1500 firms from 2007-2011.

CEO Identity and CEOs' Reaction to Media Disapproval of Their Compensation

Steffen Brenner, Copenhagen Business School
Georg Wernicke, HEC Paris

Building on the social-cognitive lens, we hypothesize that CEOs respond to disapproval of their compensation in the news media by lobbying for comparatively lower annual pay increases if they hold salient identities tied to these identities tend to activate moral cognitive frames and hence raises the salience of the moral aspects of the decision. We test our hypotheses with two tests on two samples. First, we use a comprehensive data-set of hand-collected biographic data of CEO identities, pay and media data. Second, we use an experimental survey study on a sample of CEOs and directors. Both tests provide supportive evidence for our hypotheses.

The Road to Pay Inequity is Paved with Good Intentions: Gender Gap in Equity-Based Awards

Felice Klein, Boise State University
Ryan Hammond, Tertius Iungens
Ryan Stice-Lusvardi, Stanford University

Using novel compensation data from two technology organizations that have been recognized as leaders for their gender equality efforts, we show that even when organizations are taking active steps to reduce gender inequality, pay gaps between female and male employees continue to exist. Specifically, we find that although non-significant or comparatively small gender differences exist for more conventional forms of employee compensation, such as base pay and performance-based awards (bonuses, commission), significant gender gaps exist for equity-based awards (stock and option grants). Our study thus is the first in-depth investigation to document within-job pay inequality for employee equity-based awards. We further begin to tease apart the reasons a gender pay gap exists through qualitative interviews and subsequent empirical tests.

Algorithms and Their Impact on Decision-Making Performance: Experimental Evidence from the Pharmaceutical Industry

Sebastian Krakowski, University of Geneva
Darek Haftor, Uppsala University
Johannes Luger, Copenhagen Business School
Natallia Pashkevich, Södertörn University
Sebastian Raisch, University of Geneva

This paper reports the results of a field experiment designed to investigate the dynamics of humans-algorithm collaboration in organizational decision making. We study the performance outcomes of providing groups of sales managers with alternative versions of an algorithm-based sales support system. Surprisingly, we find that standardized algorithms – which are clearly superior in terms of functionality and information processing when compared to the control group’s legacy system – show a negative treatment effect on managers’ sales performance. Conversely, an algorithm adapted to sales managers’ cognitive styles indicate a positive treatment effect. We further explore the role of human experience and find evidence implying a human-algorithm interaction effect. Collectively, our results suggest intriguing complementarities in human and machine information processing when dealing with complex organizational decision-making.

When Algorithms Take Over: Who Uses Robo Advisory for Investment Decisions?

Anke Schulz, University of Munich
Anja Tuschke, LMU Munich
Alexander Ilgen, Deutsche Bank AG
Matthias Weiß, Deutsche Bank AG

Technological advance has recently enabled algorithm-based digital transformation to spread to new cost-intensive service areas, in which clients face high personal risk. The digital expert service robo advisory in banking, which offers private clients algorithm-based support on their investment decisions, is such an example. Its success however depends on how far clients can overcome strong negative perceptions towards algorithm-based digital services. Based on behavioral decision-making and the motivation–opportunity–ability framework, we explore the role of clients’ qualification for other investment services, investment skills and their history with the focal bank in driving their robo advisory decision. Using data from 2017 and 2018 on over 10,000 clients from a leading German bank as well as expert interviews, we find in particular investment skills to matter.
Do Heuristics Solve the Healthcare Cost Dilemma? Experimental Evidence
Daniela Baglieri, University of Messina
Maria Cristina Cinici, University of Messina
Massimo Finocchiaro Castro, Mediterranean University of Reggio Calabria

Drawing from ecological rationality theory and healthcare management literature, the object of this paper is to analyse to what extent physicians rely on heuristics to make clinical decisions. For this purpose, we conduct several experiments to identify the effect of organizational performance and malpractice liability on the provision of physicians’ medical services. Our behavioural data show that introducing organizational performance vs malpractice liability pressures lead physicians to use differently “take the best” heuristics and to choose a different amount of medical services. Our findings contribute to open up the black box physicians use to make decisions. They also bear relevant implications for health policy as well.

Navigating in Business Ecosystems: The Identification of Ecosystem Patterns
Laura Schlecht, EBS Business School
Sabrina Schneider, University of Kassel

Business ecosystems have emerged as an increasingly popular mode of inter-firm collaborations, in which several actors – each with a unique business model – jointly create value and share the captured value. While prior business model research offers in-depth insights into potential business model patterns, our business ecosystem understanding is still in an infant stage. This study attempts to fill this gap by identifying business ecosystem patterns through a systematic analysis of existing business ecosystems. We expect these patterns to add transparency to the still fuzzy business ecosystem understanding and to help reduce the complexity associated with business ecosystems. This allows us to contribute to the emerging stream of ecosystem strategy literature and to equip managers with a toolset to engage in business ecosystems.

Organizational Field Research – Lessons Learned and Recommendations
Session Leaders
Markus Kreutzer, EBS University of Business and Law
Jorge Walter, George Washington University

Panelists
Julian Birkinshaw, London Business School
Yves Doz, INSEAD
Ann Langley, HEC Montréal
J Myles Shaver, University of Minnesota
Richard Whittington, University of Oxford

This panel provides a platform for academics and researchers to share their experiences conducting field research, often in collaboration with executives and other practitioners. More specifically, we have put together a panel of experienced field researchers who will share their expertise, lessons learned, and recommendations on topics including the selection of a research site, the identification of interested and qualified champions at the site, questions on how to make contact, pitch research projects, and create win-wins without “selling out” (i.e., balancing practical interest/relevance with academic rigor). The panelists will discuss their views on how to conduct meaningful field research, how novel techniques and IT-enabled opportunities could be leveraged to conduct field research, how to prepare research reports for the research site, and how to frame findings for publication in academic outlets.

COFFEE BREAK (GRAND BALLROOM FOYER)
SESSION 1549
BRINGING HUMAN TRAFFICKING INTO THE SPOTLIGHT—IN ORDER TO COMBAT IT

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**Bringing Human Trafficking into the Spotlight—In Order to Combat It**

**Session Leader**
Vanessa Laird, University of Minnesota, Center for Integrative Leadership

**Panelists**
Marilyn Carlson Nelson, Former CEO, Carlson
Natalie Volin Lehr, Senior Director, Corporate Affairs, Carlson

Human trafficking is a serious social issue because of the human toll it takes on thousands of individuals around the world. Effective approaches require collaboration among business, government and the non-profit sector. In this plenary, we will discuss what motivated Carlson – a global enterprise in the travel and hospitality industries – to undertake strategies to combat human trafficking and what they learned about inter-sector collaboration in the process. We will also discuss the concerns that companies might face if they decide to take a stance on such important social issues and the motivations for companies to share their best practices to confront social issues – even if it means sharing with competitors. We also wish to discuss the importance for communities to continue to find new strategies to confront human trafficking and the role that companies can play going forward.

**VANESSA LAIRD** is the Executive Director of the University of Minnesota’s Center for Integrative Leadership, which focuses on research, learning and gatherings to foster shared leadership for public good across business, government and non-profit organizations. Vanessa is a member of the graduate faculty at the Humphrey School and the affiliate faculty at University of Minnesota Law School and previously served on the Faculty of Laws of the University of Sheffield. Her current teaching includes cross-sectoral leadership, health privacy regulation and healthcare fraud and abuse law. In addition to her academic work, Vanessa has extensive legal practice experience in the private and public sectors.

**MARILYN CARLSON NELSON** is former chair and chief executive officer of Carlson, a global travel company. Marilyn served as co-chair of the World Economic Forum, chair of the National Women’s Business Council and chair of the U.S. Travel and Tourism Advisory Board. Forbes named her one of “The World’s 100 Most Powerful Women.” U.S. News and World Report called her one of “America’s Best Leaders.” Under Marilyn’s leadership, Carlson became the first global travel and hospitality company in North America to sign the international Code of Conduct to protect children from sexual exploitation in the travel industry. She and Carlson were recently honored by the White House for pioneering work to combat human trafficking.

**NATALIE VOLIN LEHR** is an attorney with extensive experience in government affairs, political campaigns, public policy, corporate philanthropy, and community relations. Deeply invested in the anti-human trafficking movement, Natalie helps lead Carlson’s anti-trafficking work and co-chairs the company’s Global Anti-Trafficking Task Force. She also serves on the board of ECPAT USA, the leading policy organization in the U.S. focused on ending the sexual exploitation of children and co-chairs ECPAT International’s Independent Expert Group on Child Protection in Travel and Tourism. In her role as the Senior Director of Corporate Affairs for Carlson, Natalie is responsible for the company’s government relations, corporate giving, and grantmaking functions.
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SESSION 1529
ENTREPRENEURSHIP IN EMERGING REGIONS

TRACK A
Parallel Panel

Session Chairs
Brian Silverman, University of Toronto
Brian Wu, University of Michigan

Panelists
Aseem Kaul, University of Minnesota
Lizhi Liu, Georgetown University

This past decade has seen tremendous technological, organizational and business model innovations in emerging economies. These innovations range from new forms of organizing and scaling growth ventures, leapfrogging of mature economies in some technological niches, new opportunities in consolidating fragmented markets and creating new market niches, new ways of organizing social entrepreneurship, to a new social ecology of entrepreneurs. Focusing on emerging economy entrepreneurship allows us to use new phenomenon and new data sources as test-beds for new theoretical development (see Strategic Entrepreneurship Journal Special issue on Entrepreneurship in Emerging Economies). This panel consists of a set of leading scholars presenting their perspectives about research opportunities regarding entrepreneurship in emerging economies.

SESSION 1486
HOW METHODS CAN FOSTER ROBUST AND RELIABLE RESEARCH

TRACK C/R

Session Chair: Asda Chintakananda, National Institute of Development Administration

The Contribution of Historical Explanation to Strategic Management
Sandeep Pillai, Bocconi University
David Kirsch, University of Maryland

Even though strategy scholars often admit that ‘History Matters’, there is limited understanding of how scholars can engage with history to produce knowledge that is generally recognized as contributing to the broader field of strategic management. The purpose of this paper is to – review the surge of recent literature at the intersection of history and management, categorize how these emerging approaches view the underlying problem of historical explanation, and propose a set of methodological guidelines for the successful use of historical methods for purposes of explanation in Strategy and related fields of management research. Further, we propose a framework that describes the four types of research that incorporate effective use of historical explanation in strategy research.

Developing Strategy and Organizations Theory through Analytic Models
Douglas Hannah, University of Texas at Austin

Analytic (mathematical) models are a powerful approach to develop theory, but are under-utilized in the strategy and organizations fields. Our goal is to improve strategy and organizations research by clarifying when, and how to use analytic models to develop and refine theory. First, we contribute a roadmap that provides insight into understanding and evaluating analytic models, increasing their rigor, and expanding their relevance and influence. Second, we contribute by positioning analytic modeling relative to other theory-development methods such as econometric methods, case studies, simulation, and verbal theory. Here we clarify the specific strengths and weaknesses of theory-development with analytic models. Overall, our goal is to foster robust and reliable theory-building by clarifying the role, evaluation, and implementation of a powerful research method.

Revisiting the Substitution Effects of Alternative Governance Mechanisms: A Replication of Rediker and Seth’s Study
Jinyuan Li, Hong Kong University of Science and Technology
Jingyuan He, Hong Kong University of Science and Technology

The notion that alternative corporate governance mechanisms should be regarded as a bundle or system has had remarkable theoretical and empirical implications for corporate governance research. In this paper, we further entangled the interactive relationship between corporate governance mechanisms by carrying out a stepwise replication and extension of one foundational study by Rediker and Seth in 1995. A narrow-form replication confirmed the original study’s findings of substitution relationship between board monitoring and other mechanisms in the configuration of corporate governance system. Whereas further extensions using different empirical designs revealed that the substitution effects might be spurious because of other confounding factors. In this paper we clarify the specific strengths and weaknesses of theory-development with analytic models. Overall, our goal is to foster robust and reliable theory-building by clarifying the role, evaluation, and implementation of a powerful research method.

Towards More Useful Conceptualizations and Measures of Firm Performance: How Strategy Can Effectively Move Forward
Cyrus Parks, University of Houston
C. Chet Miller, University of Houston

The central focus of the field of strategic management involves explaining firm performance. Despite its centrality, there is little consensus regarding what performance means or how it should be assessed. In published studies, there usually is no explicit definition of performance given in the theory development, with a generic reflective approach most often being implicitly used. In empirical work, researchers often use only a single indicator of performance (most often ROA) with little justification or assessment of validity. Our research is designed to directly compare three conceptual approaches to performance (separate constructs, reflective construct, and formative construct). Directly comparing these approaches has never been done in a controlled empirical environment but doing so could provide very meaningful direction for future research.
**DYNAMIC CAPABILITIES AND COMPETITIVE DYNAMICS**

**TRACK E**

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**Session Facilitator:** Jan-Michael Ross, Imperial College London

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**'Delayed Forbearance': Multipoint Contact and Mutual Forbearance in Inaugural and Subsequent Actions**

Tuofu Jin, Australian National University
Alex Eapen, Australian National University

Recent work in multimarket competition asks whether mutual forbearance applies uniformly to all competitive actions. For example, scholars argue that mutual forbearance occurs in exploitation, but not exploration-based actions. We study how mutual forbearance also differs across inaugural and subsequent competitive actions. The difference between the two lies in the identity of the initiator – inaugural actions are by firms new to the market domain, while subsequent ones are by incumbents. We argue that mutual forbearance has delayed onset for subsequent actions. Testing our predictions on product-segment entries of carmakers in the US, we find inverted-U effects of multisegment contact on both inaugural and subsequent segment entries. However, consistent with ‘delayed forbearance’, the inflection of the curve is higher for subsequent than for inaugural entries.

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**Drivers of Intra-Industry Competitive Effects: Investors’ Reaction to Data Breaches**

Amy Ingram, Clemson University
Dinesh Hasija, Augusta University

Burgeoning attention has been given to the negative effects intra-industry competitors experience when a peer firm experiences a negative event, yet surprisingly scant attention has been given to peer firms potentially benefiting from another firm’s loss, and therefore experience a competitive rather than contagion effect. This study explores a common yet underexplored phenomenon, data breach, to examine when a competitive rather than contagion effect might occur and factors that moderate that effect. We leverage modern portfolio theory to explain our findings that industry peers experience benefits when an industry member experiences a data breach from internal sources rather than external. Further, we find that similarity in industry risk profiles magnifies this competitive effect.

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**Dynamic Capability and Firm Scale**

Johannes K Schmalz, University of Reading

Recent scholarship in economics provides compelling evidence that there is a relatively small number of firms in the upper tail of the global firm size distribution that is able to extract increasingly large markups. In this light, I take issue with the view that the dynamic capability to “seize” potentially profitable opportunities were allocated to firms independent of their size. Through an in-depth multiple case study of two incumbent firms in the global financial services industry, I induct a theoretical framework that explains how operating at the top of the global firm size distribution affects firms’ dynamic capability to seize potentially profitable opportunities. My study contributes to dynamic capability theory building by explicating an indirect relationship between enterprise-level sensing and seizing, mediated by firm scale.

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**Category Spanning and the Consequences for Competition: Airbnb’s Diverse Effects on the Real Estate Market**

Katia Meggiorin, New York University
Caterina Moschieri, IE Business School

This study examines categorical spanning into emerging categories – i.e., the exploitation of a category’s resources by actors who belong to an established category, but also claim membership into proximate, emergent category – and its effects on competition. We argue that when a category’s ambiguity allows actors to enter the emergent category in a concealed way, the barriers of a category’s boundaries erode, shaping the competitive dynamics in both the established and the emergent category. With a unique eight-year longitudinal dataset of Airbnb data and Zillow Research’s real estate data, we find that two dimensions of the ambiguity of the sharing economy category (fuzziness and regulatory leniency) differently increase competition for housing. This study contributes to the growing attention on categories as competitive barriers.

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**Acquisition Motives and Communication Strategy**

Tao Han, Tilburg University
Xavier Martin, Tilburg University

This paper examines the strategic use of conference calls in M&A announcements. Synthesizing literature on inter-organizational imitation and competitive dynamics, we theorize that acquirers will adopt different information disclosure strategies, depending on the motive of the acquisitions. Firms undertaking efficiency-driven acquisitions are less likely to hold conference calls detailing the acquisition, and if they do, they are more likely to use vague language. This makes the communication less informative for rivals and serves to inhibit imitation. In contrast, for market-power-driven acquisitions, firms are more likely to have conference calls and to use less vague language in the calls, to facilitate information processing and thus encourage imitative behavior by rivals. We test these ideas using a sample of U.S. acquisitions from 2002 to 2017.

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**A Tale of Two Jurisdictions: Intellectual Property Rights and the International Commercialization of Innovations**

Martin Hetu, HEC Paris
Denisa Mindruta, HEC Paris

The paper investigates the impact of the invalidation of intellectual property rights (IPR) covering a specific technological domain on the commercialization of innovations at the international level. We predict that the invalidation of IPR should lead to a decrease in the commercialization of new technologies in the affected jurisdiction relative to unaffected jurisdictions. Moreover, we expect the weakening of the appropriability environment to hold different implications for incumbents, diversifying entrants and startups. Our empirical design relies on an exogenous shock in the appropriability regime of the United States genomics industry and the relative stability of the appropriability regime in the European Union. Our paper contributes to the literatures on technology commercialization strategy, international business and the role of IPR in innovation.
Withdrawal or Wait-and-See? Technological and Industrial Influences on Sequential Decision Making of Corporate Venture Capital

Lang Shi, Peking University
Changqi Wu, Peking University
Yue Yuan, Peking University

In this study, we examine technological and industrial influences on the corporate venture capital’s (CVC) decision of withdrawing from a portfolio company. At firm-level, the role of CVC’s failure tolerance in decision making process is investigated. As a result, we find that with higher technological uncertainty in the portfolio company’s industry, CVC is less likely to withdraw from the focal deal. Industry popularity is negatively related with CVC withdrawal, and it also strengthens the effects of technological uncertainty on CVC withdrawal. When considering the effect of CVC’s failure tolerance, the findings suggest that failure tolerance strengthens the negative relationship between technological uncertainty and CVC withdrawal. Also, the negative relationship between industry popularity and CVC withdrawal is stronger when CVC is more failure-tolerant.

Economies of Scope and Optimal Due Diligence in Corporate Acquisitions

Jeffrey Reuer, University of Colorado, Boulder
Arkadiy Sakhartov, University of Illinois at Urbana-Champaign

We develop a theory of due diligence in corporate acquisitions. Using a formal model, we situate due diligence in the context of prospective economies of scope, which are often sought by acquirers but about which acquirers are incompletely informed. Relatedness, the key determinant of economies of scope, and ambiguity, the key determinant of incomplete information, are used to formally derive the optimal due diligence effort and the returns to acquirers that result from that effort. Our theoretical predictions revisit the conventional wisdom that corporate acquirers cannot be too diligent or implicit assumption that such efforts are exogenous. The predictions can be tested in future research on acquisitions, and they may also guide corporate acquirers on the optimal allocation of their research effort in acquisition deals.

The Strategic Choice Between Resource Redeployment and Divestiture

Emilie Feldman, University of Pennsylvania
Arkadiy Sakhartov, University of Illinois at Urbana-Champaign

This study investigates the factors that lead managers to choose resource redeployment over divestiture as a mode of exit, and vice versa. Using a formal model, this study establishes that time, the relative and absolute performance of a firm’s businesses, and implementation costs all shape the choice between redeployment and divestiture. The model also derives a series of results that show that disregarding one of these two exit options as a strategic alternative to the other may lead to misspecifications of empirical models that seek to predict the likelihood of redeployment, divestiture, or exit overall. Overall, this work contributes to the corporate strategy literature by uniting two streams of research that have largely remained disparate, yet whose insights have significant implications for each other.

Managing in Middle Earth: Global Intermediary Actors (GIAs) and the ‘Corporate Experiment’

Kieran Conroy, Queen’s University Belfast
Johanna Clancy, NUI Galway
David Collings, Dublin City University

This study incorporates an agency theory perspective to conceptualise the micro-level implications of CHQ disaggregation. We utilised a qualitative research design, with data collected through semi-structured interviews across multiple case studies. A major contribution lies in identifying the emergence of intermediary level HQs at the individual level in the form of what we call global intermediary actors (GIAs). We find that GIAs are charged with carrying out corporate mandates while based remotely in local subsidiaries, increasing the scope of their responsibilities. In this capacity, GIAs are faced with the need to develop higher levels of bandwidth in order to process increasing flows of knowledge. We identify four dimensions of bandwidth that GIAs need to manage in adjusting to and enacting their corporate mandates.

How to Get into the Spotlight: Headquarters Attention and the Use of ‘Voice’ by Subsidiaries

Rian Droegendijk, University of Groningen
Hammad ul Haq, University of Groningen
Desirée Blankenburg Holm, Uppsala University

Literature suggests that subsidiaries without high weight can use their voice for attracting attention from headquarters. However, according to the Attention Based View top managers are less likely to recognize and value information that is unknown or new to them. This challenges the assumption that voice is a proper instrument for subsidiaries who feel that they are out of the spotlight, to communicate and get attention from headquarters for new initiatives. Our study, based on survey data among 151 subsidiaries, finds that structural attention from headquarters in the past, or having been engaged as an active partner of headquarters in procedural and communication channels, explains communication moves of subsidiaries better than other forms of previous headquarters attention.

Do Businesses Using More Real Options Reasoning Survive Longer?

Stephen Zhang, University of Sydney
Asghar Afshar Jahanshahi, Pontifical Catholic University of Peru

The fundamental premise of real options theory in strategy is that businesses can benefit by practicing real options reasoning (RO), yet several scholars have challenged this premise theoretically and empirically, and to date we still own little evidence to the premise. We test what extent real options reasoning predicts the odds of firm survival. Using a configuration perspective, we reveal that real options reasoning is positively predictive of organizational survival overall. However, the survival implications of real options reasoning depend on the innovation orientation of the businesses. This paper contributes to the fundamental issues on the effectiveness of real options reasoning in strategy.
Managing Tensions in a Multinational Hybrid Organization: A New Perspective on Headquarters-Subsidiary Relationships

Tina Ambos, University of Geneva
Sebastian Fuchs, University of Geneva
Alexander Zimmermann, University of Liechtenstein

Multinational hybrid organizations (MHO) face two interconnected categories of tensions, relating to their social and commercial as well as local and global logic. As we know little about how such different types of tensions can be simultaneously managed, we conducted an inductive qualitative study of four headquarters-subsidiary relationships in a Latin American MHO. Our study develops a model showing the interplay of different tensions and the management approaches to address them. This allows us to contribute to the literatures on headquarters-subsidiary relationships and hybrid organizations by providing an organizing framework for subsidiary roles in the MHO.

Does Subsidiary Autonomy Lead to Product Innovation? A Differentiated Fit Perspective

Daniel Andrews, Florida International University

Prior research highlights decision-making autonomy as a key structural arrangement conducive to product innovation by foreign subsidiaries of multinational enterprises (MNEs). Using a differentiated fit perspective, we argue that autonomy may foster product innovation only in certain institutional contexts and when deployed with complementary knowledge generating mechanisms. We show that autonomy is associated with product innovation when the subsidiary generates knowledge internally, but for subsidiaries operating in host countries institutionally proximal to the home country, innovation can also be achieved when decision-making is controlled more by the MNE alongside the external sourcing of knowledge in the host country. Our study advances a more nuanced, contextualized theory of the outcomes of subsidiary autonomy, and demonstrates that subsidiaries can innovate without autonomy in certain contextual settings.

The Liability of Foreignness or the Categorical Imperative? The Effects of Foreignness in Film Exports

Jie Yang, SUNY Polytechnic Institute

This study addresses a theoretical dilemma regarding how foreignness of a product affects its economic outcomes outside the home country. The liability of foreignness argument from international business (IB) field predicts negative effects of foreignness on a film's overall performance, while the categorical imperative logic from organization theories (OTs) predicts a U-shaped relationship. I argue that neither perspectives accurately reflect the reality an organization faces in an unfamiliar setting, due to their invalid empirical evidence and untenable assumptions. I plan to use a novel dataset in which cultural products—feature films—are distributed in North America to test my hypotheses that foreignness of a film is non-monotonously and left-skewedly related to its box office. Merging IB with OT literature, this study contributes to scholarly understanding of foreignness.

Alike but Unlike: Peer Firms’ IPO Delisting and the Spillovers of Legitimacy Loss

Stephanie Wang, Indiana University
Yinuo Tang, University of Hong Kong
Juan Bu, Indiana University

Recent works have documented how one firm’s legitimacy loss may spread to other firms through similarity-based negative spillovers. We complement this line of research by proposing the coexistence of contagion and substitution effects. From the social judgment lens, we propose that while category-based judgments of stakeholders can yield a similarity-based contagion effect, feature-based judgments can identify a similarity-based substitution effect. Utilizing delisting by foreign firms as a natural laboratory, we found that a foreign firm's delisting negatively affects investors' and media's valuation of other stay-listed foreign firms from the same country (the contagion effect), but positively affected investors' valuation of other stay-listed foreign firms followed by the same analysts (the substitution effect). We also theorize the moderating effect of host-country anti-globalization sentiments in the process.

Mechanisms of Overcoming Distance in International Business: An Exploratory Study of Firms from a Post-transition Economy

Mariola Ciszewska-Mlinaric, Kozmoinski University
Piotr Wojcik, Kozmoinski University
Piotr Trzeczki, Pozna University of Economics and Business
Krzysztof Oblój, Kozmoinski University

The concept of distance, along its various dimensions and antecedents of its perception by managers, has played an important role in international business theory and research. It has been argued that both objective and psychic distance have an effect on managerial choices related to foreign markets and their performance outcomes. However, despite this abundance of research, far less attention has been paid to the mechanisms of overcoming distance. In order to categorize these mechanisms, we conducted an exploratory study of firms at early stages of their international operations. Apart from identifying distance-overcoming mechanisms and specific instruments which constitute them, our findings also pertain to the antecedents of using particular mechanisms, as well as the dimensions of distance which they address.

Charting New Territory: Towards an Integrative Institutional Distance Framework

Johann Fortwengel, King's College London
Philipp Kern, Loughborough University
Liudmyla Svystunova, Loughborough University
Gerhard Schnyder, Loughborough University
Tony Edwards, Loughborough University

We propose that existing notions of institutional distance should be expanded to better take into account recent advances in configurational approaches in comparative management research. To this end, we develop a framework of institutional distance that takes ‘difference in kind’ (Jackson and Deeg, 2008). Specifically, we argue that institutional distance at the macro-level can be captured using two dimensions: similarity-dissimilarity and equivalence–non-equivalence between institutional configurations. We further theorize that at the micro-level institutional distance can be described as compatibility or incompatibility from the perspective of a particular firm. By integrating firm-level variables into thinking on distance in kind we advance extant understanding of the varying role of institutional distance for MNEs and moves beyond normative assumptions of seeing distance necessarily as a problem.
Hatching the Platform Ecosystem: Mobilizing Complementors by Creating Social Foci

Tommy Pan Fang, Harvard University
Andy Wu, Harvard University
David Clough, University of British Columbia

Software platforms create value for their users by cultivating an ecosystem of complementary products and services. Existing explanations for how firms attract complementors to a nascent ecosystem prioritize economic mechanisms such as subsidies to platform joiners. By comparison, social mechanisms are overlooked. In this paper, we examine a specific strategy that firms use to cultivate relationships with potential complementors: sponsorship of software development hackathons. We conceptualize hackathons as social foci that orient potential complementors towards the platform and towards each other. We analyze a novel dataset of 1,302 software developers participating in 167 hackathons sponsored by 30 platform firms. We find that hackathons act as a locus for social learning that supports the diffusion of platform adoption, over and above the effect of economic subsidies.

The Impact of Platform Venture Capital Investments on the Introduction and Withdrawal of Complementary Products

Joey van Angeren, VU Amsterdam
Arvind Karunakaran, McGill University

How do platform venture capital investments—platform provider firms’ minority equity investments in complementor firms—affect product introductions and withdrawals in their ecosystem? We argue that the answer depends on how complementors interpret the investment. Because platform providers have an informational advantage over complementors, which is common knowledge, complementors are more likely to view investments as an opportunity rather than a threat, and will therefore be more likely to introduce and less likely to withdraw products following an investment. Evidence for this argument comes from the Salesforce.com’s platform. We also show that the inclination to introduce products is weaker for complementors with greater niche experience, and that especially complementors with wider product scopes refrain from product withdrawals. We refine our insights through interviews with complementors.

Pioneering Digital Platforms: The Effect of Firm Characteristics and Platform Configuration Strategies on Firm Survival

Audra Wormald, University of Maryland
Rajshree Agarwal, University of Maryland
Serguey Braguinsky, University of Maryland

Pioneering new industries has always been fraught with challenges and an increasingly digital and global economy requires pioneers to develop platforms and ecosystems rather than single, autonomous innovations. We reexamine received wisdom that pioneering firms are more likely to internally integrate value chain activities, and that diversifying entrants have a performance advantage over startups by examining the census of pioneers in the mobile money platform industry. Triangulating across rich quantitative and qualitative data using multiple methodologies, we find pioneers—diversifying entrants and startups alike—showed great diversity in integration of value chain activities, and in platform governance structures. In contrast to received literature, we show pioneers who created closed governance structures by relying on external integrative capabilities were the most likely to succeed.

Missing the Forest for the Tree: Short-termism & Technological Influence of US Firms

Rafael Corredoira, Ohio State University
Rachelle Sampson, University of Maryland

Short-termism influences corporate investment; however, the effects of rising short-termism on innovative output are unclear. In the face of declining R&D productivity, we explore the impact of rising short-term pressures on the nature of R&D outputs by public firms. We build on new measures of short-termism, capturing investor and firm time horizons, and technological influence, which captures breakthrough characteristics of firm’s inventions. Our data covers financial and patent data for US public firms for 1980-2009. We find evidence of lower technological influence (i.e., fewer breakthrough inventions) for firms with shorter time horizons. Thus, short-term pressures on firms appear to change the nature of the R&D output, with implications for both firm performance and US economic growth.

Should I Stay or Should I Go? Relative Distance and Growth of Innovative New Ventures

Sheryl Winston Smith, BI Norwegian Business School

The ecosystem of investors, human capital, and existing businesses fundamentally shapes the growth potential of new ventures. We ask: How important is relative distance between a new startup and different sources of early funding in reaching growth milestones? We leverage differences in geographic reach of accelerators and angel groups using novel microdata on a matched sample of 737 startups. We find that having a diverse mixture of startups and funding sources impacts subsequent VC investment and hiring outcomes. Whether a startup hails from the same or distant region as the funder plays a large role in the early development of startups. This effect is amplified for startups in accelerators relative to those with angel group funding.

David vs. Goliath: How Online Platform Network Structure and Contents Change Industry Power Dynamics

Jamie Seoeyeon Song, INSEAD
Martin Gargiulo, INSEAD

Social media platforms have transformed how organizations interact with their suppliers, customers, and employees, which has big implications for the power distribution and competitive relationships among the existing organizations. Using Twitter networks and contents on eBooks that are sold on Amazon.com, this paper studies how the established players and peripheral players in the U.S. publishing industry benefit differentially from Twitter conversations. Established players such as the Big Five publishers gain advantage from network contents that appeal to the public while marginal players such as indie publishers benefit from network structure that fosters community cohesion. Our results find different strategies with which respective players can gain dominance and show how the basis of social movement for the marginal players lies on successfully mobilizing communities.
Firms’ Tempered Radicalism in Global Entry and Scaling of Electric Vehicle Technology
Sunasir Dutta, University of Minnesota
Gurneeta Vasudeva Singh, University of Minnesota
Firms attempting to challenge the status quo with insurgent technologies often have to look to global expansion as a default means of gaining scale in research and production. We find that successful entrant firms in such domains are best described as “tempered radicals”. They are “tempered” in entering global markets that already have a higher established base in the radical technology instead of breaking new ground from scratch, and entrant firms end up being the ones with greater experience in working with the gateway/hybrid version of the technology. Although tempered, such entrants ultimately are radical in their actions, such as by switching away from the hybrid versions to the radical version of the technology as they gain more experience in a country market, post-entry.

Micro-foundations of Sensing and Seizing: The Role of Managerial Attention to FinTech by Financial institutions
Anindya Ghosh, Tilburg University
Thomas Klüeter, IESE Business School
Why some incumbent firms are able to adapt to new technologies is often attributed to superior dynamic capabilities of sensing and seizing, which facilitate identification and pursuit of new technological opportunities under high uncertainty. The micro-foundations of these capabilities is managerial attention, which we argue is driven by competitors’ strategic actions in emerging technology. We distinguish between legacy and new competitors enabled by emerging technologies and suggest that managerial attention is likely to stem from legacy and not new rival moves. We further explore the role of managerial attention in driving organizational actions in form of internal and external resource investments. Our setting is the Financial Service industry in which FinTech represents an emerging technology holding both opportunities and threats for incumbent firms.

Organization Structure and Evidential Value in Oncology Trials
Parasuram Balasubramanian, Washington University in St. Louis
Trey Cummings, Tulane University
Lamar Pierce, Washington University in St. Louis
Medical research organizations differ in their opportunity and incentive to commit misconduct. Our strong prior is that firms with a profit incentive (for-profit firms) and greater opportunity (e.g. lack of appropriate data controls) are more likely to commit misconduct. We aggregate results from 699 oncology phase 2 clinical trials and investigate the underlying evidential value of the p-curve across key organizational forms. Surprisingly, we find that clinical trials sponsored by for-profit firms and greater opportunity (e.g. lack of appropriate data controls) are likely to commit misconduct.

Mingtao Xu, Purdue University
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Learning by Selling: An Emotion-based Model of Organizational Learning
Suvi-Tuuli Helin, Aalto University
Timo Vuori, Aalto University
This paper examines organizational learning in a strategy consulting agency. Learning was distributed between two hierarchical groups: senior managers generated learning opportunities by selling novel projects, which junior consultants executed. Continuous learning was enabled by a hierarchical distribution of emotions: managers protected their confidence to sell projects by limiting their exposure to information that pointed to their weaknesses, and juniors were able to learn continuously by engaging in situational practices to avoid shame proactively. A cognitive perspective would predict that practices that expose individuals to more information about the factors influencing their performance benefit learning, but our emotional perspective suggests that such practices can undermine learning because they reduce the confidence necessary to enact the actual experiences that generate learning.

Shining the Spotlight on What’s Not There: A Research Agenda for Strategy Absence
Peet Venter, University of South Africa
Strategy absence occurs when a strategy is expected but does not exist. This conceptual paper explored the notion of strategy absence in more depth, with the purpose of developing a framework to guide future research on this topic. An exploration of the very sparse literature on the topic, and drawing on previous research and anecdotal evidence, led to the conclusion that strategy absence is still an interesting (if largely neglected) line of enquiry in strategy. The paper proposes a framework for future research that includes absence as a transient phenomenon, absence as failure, absence as a choice, and absence as a political ploy, and an increased focus on microfoundational and longitudinal process research as methodology.

Spotlighting Strategy Practices in Partnerships and Peering Inside the Black Box of Autonomous Strategic Action
Alistair Bowden, Northumbria University
Malgorzata Ciesielska, Northumbria University
Autonomous strategic action (Mirabeau et al., 2018) leads to emergent strategy when practices of strategy articulation are enacted successfully, and to ephemeral strategy when they are. But where does autonomous strategic action emerge from? This paper proposes that two sets of practices, present in all organizations but exacerbated in cross-sector partnerships, constitute autonomous strategic action. First, different groups of people draw upon their shared sets of sociomaterial practices as they go about their day-to-day work. Conflict occurs when different groups of people define strategic problems differently and/or form different strategic solutions. Second, people then draw upon a set of practices to respond to conflict: to try to develop a shared sense of the problem, agree viable solutions, and progressively negotiate a strategic way forward.

A House Divided: Legislative Competition and Business Dynamism in the United States
Manav Raj, New York University
Previous research has studied political competition and found that higher levels of political competition has positive effects for firms and markets. However, this literature largely defines political competition using measures that consider the selection of policy makers. I draw a distinction between previous measures of political competition and legislative competition, defined as competition within legislative bodies between already-elected policy-makers. Using data on state legislature composition in the United States and a difference-in-differences identification strategy, I find that legislative competition leads to increased exit by young firms, overall firm exit, and the firm exit-to-entry ratio. I link increased legislative competition to decreased patenting activity and present a plausible mechanism. The findings emphasize the influence of the political environment and legislative competition to the market and firms.

The Economic Impact of Federal R&D Investment in Small Businesses
Lauren Lanahan, University of Oregon
Amol Joshi, Oregon State University
Evan Johnson, University of North Carolina at Chapel Hill
Small businesses produce a disproportionate amount of jobs. To support this outsized role, governments allocate research and development (R&D) funds to promote growth. This study examines the impact of federal R&D on economic outcomes, particularly employment. We construct a novel counterfactual by identifying ventures that intend to seek government support. We identify matched pairs along a rich set of firm-level observables and find robust evidence that the program decreases government support. We identify matched pairs along a rich set of firm-level observables and find robust evidence that the program decreases government support. These negative effects are stronger for firms with an upstream research orientation and greater access to external partners and resources.

The Effects of Government Matching R&D Funding on Startups’ Financial Performance and Innovation
Sukwoong Choi, KAIST
Yong Suk Lee, Stanford University
Taekyun Kim, KAIST
Wonjoon Kim, KAIST
Governments have recently provided significant R&D funding for startups that are major sources of innovation. However, critics argue these efforts to boost entrepreneurship have failed due to bad designs and implementation. To overcome this failure, the Korean government introduced a unique matching R&D subsidy program for startups in which the government provides a substantial amount of matching R&D fund to the awardees of private VCs. We examine the effects of a government matching R&D subsidy to startups’ subsequent investment and innovation. Using a regression discontinuity, we find that startups funded by TIPS obtain more patents and subsequent investments than startups not supported by the program. It implies the effectiveness of this program can be increased by imposing the recipient selection system to the private sector.
The Impact of Intergovernmental Organizations on Formal and Informal Entrepreneurship

Elizabeth Moore, Northeastern University
Luis Dau, Northeastern University
Kristin Brandl, University of Victoria

We introduce the novel concept of institutional schism, as the misalignment of national and supranational institutions, to examine the impact of inter-governmental organizations (IGOs) on formal and informal entrepreneurship. Building on regime and institutional theory, we propose that participation in intergovernmental organizations can create institutional schisms within countries, which can alter the levels of formal and informal entrepreneurship. However, we propose those schisms are comparably minimal in least-developed and highly-developed countries, while they are particularly severe in emerging markets. We examine these arguments on a panel of 272 country-year observations across 68 countries and 12 years.

Immigrant Entrepreneurship: How do Institutional Environments Impact Creation and Success of New Ventures?

Punit Arora, City University of New York
Priya Nagaraj, William Paterson University
Marta Bengoa, City University of New York

According to the Census Bureau, the number of immigrants in the US is 13.5% of the total population, and those immigrants start more than a quarter of the businesses in the country. Still, there are spatial differences across US States that affect both the rate of innovation and job creation. In this paper, we analyze the impact of home and host country’s institutional environments on immigrants’ ability to establish and succeed at entrepreneurship across US states. The results of this study will inform immigration policy on how to understand and augment the contributions of immigrant entrepreneurs to enhance the positive spillovers coming from innovation and business creation. It will also inform small businesses on better negotiating their formal and informal institutional environment.

Entrepreneurship Blind Spots: Why Global Economic Growth Leaves Western Cities Behind

Per Bylund, Oklahoma State University
Mark Packard, University of Nevada, Reno

Global poverty and inequality are decreasing at rapid pace, but, at the same time, economically developed countries face inequality as certain areas seem unaffected by innovations and growth and are, thus, left behind when society experiences overall growing prosperity. We develop a model that explains these entrepreneurial ‘blind spots’ as having both economic (endogenous, within-economy) causes, through the structural balance or imbalance between types of entrepreneurship on levels that interact, and political causes, which include the curse of capital (lock-in effects from previous investments) and regulations. The theoretical arguments we develop offer scholars and policy makers insights into how we might begin to solve some of the ‘grand challenges’ of urban life.

How Business Model Innovation Emerges in New Ventures

Youngbin Joo, University of Leeds

Grounded in an in-depth longitudinal multiple-case study, our analysis reveals three practices that help explain how founders shape business model innovation in their ventures: industry-spanning search, complex system thinking style, and powerful centralized decision-making. Three corresponding yet opposing founder practices are present in cases with low business model innovation. When interpreted through the lens of imprinting, our findings reveal how founders achieve novelty imprinting. Our emergent theoretical framework affirms the possibility of novelty imprinting and so explains a puzzle: the coexistence of imprint stability and novel structure. It also delineates the nature of cognitive imprinting and explains how cognitive imprints reinforce structural imprints in the context of business model innovation, thus expanding the scope of imprinting and business model research.

The Nexus Between Opportunities, Entrepreneurs, and Business Model Design

Chiu-Yi Hwang, National Chiao Tung University
Kuan-Yun Ting, National Chiao Tung University

The goal of this paper is to illustrate the interactions between opportunities, entrepreneurs, and business model design before and after start-up. We conducted a case study with six ventures in the Fintech industry to empirically show that the motives of entrepreneurs to target particular opportunities influence not only their opportunity evaluation but the likelihood of them to develop business models with particular themes. We contribute to the entrepreneurship literatures by extending the understanding of the impact of entrepreneurs on the entrepreneurship process from pre founding to the post founding phase. In addition, we contribute to innovation literature by brining entrepreneurial cognition into consideration in business model design.
Platformification of Banking: Strategy and Challenges of Challenger Versus Incumbent Banks in the U.K.

Pinar Ozcan, Oxford University
Markos Zachariadis, University of Warwick
Dize Dinckol, University of Warwick

This paper explores what advantages and challenges new players versus incumbents face in creating / transitioning to a platform business model in a regulated, data sensitive industry, in the context of U.K. retail banking. Through semi-structured interviews and observations during the 16 months before and 12 months after the introduction of open banking regulation, which triggered new entry by digital banks into the industry, we observed the platform formation attempts and challenges of established and new players in the industry. Our findings highlight the limitations of platform strategies and dynamics in highly-regulated, data sensitive industries and provide a nuanced view of platform emergence and industry transformation with attention to organizational context, interorganizational conflicts, and the regulatory environment.

SESSION 1361
ENTREPRENEURIAL TEAMS

TRACK K/L  |  Date  |  Monday, Oct 21
Paper  |  Time  |  08:00 – 09:15
Room  |  Marquette 9

Session Chair: Hart Posen, University of Wisconsin-Madison

Coworking: Working Alone, Together

Travis Howell, University of North Carolina at Chapel Hill
Chris Bingham, University of North Carolina at Chapel Hill

In the past decade, coworking spaces have emerged as a new and promising phenomenon within entrepreneurship. Due to its prevalence, popularity, and potential for disruptive change, coworking is increasingly relevant to theory, practice, and policy in entrepreneurship, yet its implications are largely unstudied given the rapid rise of the phenomenon. Overall, more data and analysis is needed to inform owners, policy makers, and entrepreneurs regarding the effects of coworking. In this paper, I address this gap. Specifically, I explore whether coworking “works”, or in other words, whether (and how) it adds value for entrepreneurs.

How Everyday Conversation Influences Relationship Conflict in New Venture Teams

Anna Brattström, Lund University

This study surfaces novel mechanisms through which everyday conversation influences conflict processes in new venture teams, challenging the assumption that affective, relationship conflict ultimately leads to detrimental outcomes. The findings are based on rich data, encompassing interviews, videotaped observations, and online chat conversations from three new venture teams over six months. I reframe the role of negative affect in conflict: from a matter of intensity and valance to a matter of relativity and temporality. I show how everyday conversation enables new venture teams to experience negative affect without being overwhelmed by it, and how such teams can productively settle affective relationship conflict, instead of avoiding or suppressing it. The insights contribute to an understanding of how new venture teams work together, beyond their compositional characteristics.

Organizational Design, Overconfidence, and Learning in Entrepreneurial Teams

John Chen, University of Florida
Daniel Ethelber, Washington University in St. Louis
Hart Posen, University of Wisconsin-Madison
Ming zhu Wang, Washington University in St. Louis

Startups are commonly founded by teams rather than single individuals. We develop a computational model that examines performance among alternative decision-making structures in entrepreneurial teams seeking to exploit an opportunity of unknown quality, learn prior to and following entry, and are potentially subject to confidence biases. We find that the optimal decision structure depends on what is known ex ante about the members’ biases. Structures in which all team members must agree (equal partnerships) are advantageous when members initially over-estimate the likelihood of success, or have accurate initial beliefs but update them too slowly (are over-precise). When estimation and precision biases are ambiguous ex ante, equal partnerships perform poorly relative to a structure in which one agent can buy out the others following pre-entry learning.

The Consequences of Start-ups’ Organizational Structure

Saerom Lee, University of Michigan

How start-ups design their organizational structure is an important question that every entrepreneur must answer but that has received little attention in the literature. To address this gap, I first conduct an exploratory analysis, which indicates that start-ups vary significantly in terms of hierarchy (i.e., the number of supervisory levels). To explain this variation, I then assess the question of how a start-up’s hierarchy influences its performance in terms of commercial and creative success. I examine this question by analyzing a unique dataset of 6,234 start-ups in the video game industry. The results indicate that hierarchy imposes a trade-off between commercial and creative success. The results also shed light on how start-ups’ organizational structure may emerge to compensate for the employees’ cognitive and social structures.

SESSION 1369
STRATEGIC HIRING AND REHIRING

TRACK L  |  Date  |  Monday, Oct 21
Common Ground  |  Time  |  08:00 – 09:15
Room  |  Board Room 3

Session Facilitator: Y Sekou Bermoss, University of Texas at Austin

Boomerangs and Multiple Movers in Knowledge Intensive Contexts: A Comparison of Post-Hiring Productivity

Yeongsu Kim, University of Massachusetts, Amherst
John Mawdsley, HEC Paris
Rhett Brymer, University of Cincinnati
Robert Leonard, Miami University

Prior studies reveal that the post-hiring performance of new employees is often conditional by a number of individual and firm level factors. We extend this research by advancing the logic that the post-hiring productivity of a knowledge-worker is dependent on the career pattern of that worker. Specifically, we theorize and find that there are critical differences in the post-hiring knowledge output of boomerang employees (workers who return to a former employer) and multiple movers (“job hoppers”). We also show an important moderating effect on post-hiring productivity from knowledge overlap between the new employee and incumbent employees in the new employer. Our study contributes to the literatures on employee mobility and careers.
Human Capital Mobility: Examining the Case of Returning Employees
John Delery, University of Arkansas
Dorothea Roumpi, Pennsylvania State University
Samantha Conroy, Colorado State University
Nina Gupta, University of Arkansas
A significant portion of new hires nowadays involves returning employees. Extant research mainly focuses on the reasons why individuals decide to return to their former employers as well as their performance. Given that there is still potential that returning employees’ new tenure could be short-lived, as they have already quit once, the purpose of this study is to explore their tenure patterns. Using data for approximately 10,000 truck drivers who were hired by the same organization during 2017, we investigate the probability of survival for different groups of drivers. The trucking industry is a particularly interesting context to study the phenomenon of returning employees given the unique labor market where drivers are highly sought after and incur very low or even positive switching costs.

You Can’t Go Home Again: Performance Assistance from and Toward Boomerang Employees
Thorsten Grohsjean, Bocconi University
Gina Dokko, University of California, Davis
Philip Yang, Tuebingen University
Understanding the portability of performance is critical in a world of boundaryless careers and unstable employment. While previous research has focused on human and social capital as key factors in determining how well performance translates across firm boundaries, less attention has been paid toward psychological factors that influence the outcomes of mobility between employers. We study boomerangs, i.e. individuals who return to a former employer, to focus on how identity affects the behavior of both returnees and incumbent former colleagues. We find that boomerangs are more likely to assist their former colleagues than new colleagues. By contrast, former colleagues are less likely to assist the boomerang, and the negative effect is exacerbated when the boomerang is a better performer than the former colleague.

Salary Disclosure and Hiring: Evidence from a Two-Sided Audit Study
Bo Cowgill, Columbia University
Laura Gee, Tufts University
Amanda Agan, Rutgers University
How does banning firms from seeking applicants’ wage histories affect employment and salary offers? We implement a field experiment in which recruiters evaluate job applications under randomly assigned salary disclosure conditions. When disclosure is banned, recruiters in our experiment offer candidates lower overall salary offers. This behavior is driven by lower beliefs about lower outside offers, lower candidate reservation wages and lower candidate quality. Although the ban increases overall equality across candidates, we find mixed results about the gender wage gap. Disclosure increases male salaries more than female salaries, although this may only affect workers who are hired. Disclosure also improves female callback rates, without affecting men’s. The overall effect of bans on the gender wage gap hinges on how we assess greater female representation.

Benefits of Enemies: How Competitors Signal Job Candidate Quality
Kira Choi, London Business School
The strategy literature has depicted the relationship between competing firms in the labor market as a zero-sum one. We suggest that competitors may not always be a threat that makes focal firms suffer, but something that they can use to their advantage in the context of hiring. Comparing recruitment outcomes of different types of referrals on an online hiring platform, we argue that referrals from competing firms serve as a signal of the job candidate’s quality. Specifically, we hypothesize that firm are more likely to extend interview invitations and job offers if candidates are referred by competing firms as opposed to non-competing firms. We find partial support for our prediction and carry out additional analyses to better understand the role of competitors in this context.

Dynamic Succession Theory
Ormonde Cragun, University of Minnesota, Duluth
Drawing on dynamic capabilities and human capital resource theory, we introduce dynamic succession theory to explain the mechanisms driving succession planning decisions and results. We also, introduce dynamic succession capability as an antecedent to dynamic managerial capabilities. Dynamic succession theory’s premise is the succession process is a reinforcing loop within the dynamic capability hierarchy that is linked together by human capital, social capital, and managerial cognition; and, the reinforcing loop is modified by intervention from the board of directors, CEO, or the top management team. While dynamic capabilities suggest organizations have the capability to build, integrate, and reconfigure organizational resources and competencies, no clear link with succession has been made. Therefore, we explore their theoretical foundations and integrate them to assist future succession research.

Are Financially Transparent Firms Environmentally Transparent Too? Sustainability Materiality and Its Impact on Idiosyncratic Volatility
Eun-Hee Kim, Fordham University
Mingying Cheng, Fordham University
Corporate environmental disclosure presents a challenge for firms because it can significantly influence firm performance by shaping stakeholders’ view of the firms. Moreover, environmental sustainability is a complex concept with many dimensions. In this paper, we employ the notion of sustainability materiality and explore whether financially transparent firms reveal more material environmental information and how material disclosure changes idiosyncratic volatility. Making use of recent developments in the U.S.—XBRL in financial disclosure and SASB materiality in environmental disclosures—we find that financially transparent firms are generally more environmentally transparent; yet, this relationship is attenuated by reputational risks and magnified by favorable content. We further show that material environmental disclosure increases idiosyncratic volatility, which could potentially dampen incentives to reveal material environmental information.
Firms can satisfy the needs of controlling families who need to achieve interests. By disclosing less socioemotional wealth-sensitive information, firms require greater information transparency to maximize their financial disclosure. Specifically, firms can adopt a balanced approach to voluntarily disclose the firm’s exposure to climate risks. Using data for U.S. companies from the Carbon Disclosure Project, we show that shareholder proposals—through the submission of shareholder pressure—increases the voluntary disclosure of climate change risks. Moreover, environmental shareholder activism is particularly effective if it is initiated by institutional investors (i.e., investors who have more “power”), and even more so if it is initiated by long-term and green institutional investors (i.e., investors whose request has more “legitimacy”). Finally, we find that companies that voluntarily disclose climate change risks following environmental shareholder activism achieve a higher valuation. Overall, these findings indicate that active shareholders can elicit greater climate risk disclosure and hereby improve corporate governance.

Why Firms Abandon Third-Party Certifications? The Quest to Uncover an Understudied Phenomenon

Ivan Montiel, City University of New York
Elena Vidal, City University of New York
Remy Balarezo, University of Piura
Petra Christmann, Rutgers University

Third-party certifications, certifications granted after passing independent third party audits, allow firms to signal good behavior to stakeholders on different issues such as safety, quality, or environmental sustainability. Determinants of third-party certification have been widely analyzed. However, despite evidence indicating that some firms abandon certifications, our understanding of decertification determinants is minimal. Because reliable quantitative data on decertification is not available, we take an exploratory qualitative approach that combines primary and secondary data sources to identify determinants of decertification. We propose a conceptual framework of decertification determinants that combines firm characteristics—symbolic versus substantive adoption—and certification characteristics—life-cycle stage. We call for more data transparency so future studies can empirically test and validate our proposed framework.

Improving Corporate Governance: Shareholder Activism and the Voluntary Disclosure of Climate Risks

Kira Fabrizio, Boston University
Caroline Flammer, Boston University
Michael Toffel, Harvard University
Kala Viswanathan, Harvard University

This paper examines whether shareholder activism induces management to voluntarily disclose the firm’s exposure to climate risks. Using data for U.S. companies from the Carbon Disclosure Project, we show that shareholder proposals—increases the voluntary disclosure of climate change risks. Moreover, environmental shareholder activism is particularly effective if it is initiated by institutional investors (i.e., investors who have more “power”), and even more so if it is initiated by long-term and green institutional investors (i.e., investors whose request has more “legitimacy”). Finally, we find that companies that voluntarily disclose climate change risks following environmental shareholder activism achieve a higher valuation. Overall, these findings indicate that active shareholders can elicit greater climate risk disclosure and hereby improve corporate governance.

Controlling and Minority Shareholders Meeting Halfway? Evidence from Family Firms’ Voluntary Information Disclosure on FDI

Qian Gu, Georgia State University
Stephanie Wang, Indiana University
Tao Bai, Xi’an Jiaotong-Liverpool University

How firms respond to diverging demands between controlling and minority shareholders remains inadequately understood. Utilizing family firms’ newly established FDI as a natural laboratory, we propose that firms can reconcile these shareholder pressures by strategizing their voluntary information disclosure. Specifically, firms can adopt a balanced approach by adjusting the amount of information disclosure and the contents of information disclosed. By increasing the amount of information disclosure, firms can satisfy the needs of minority shareholders who require greater information transparency to maximize their financial interests. By disclosing less socioemotional wealth-sensitive information, firms can satisfy the needs of controlling families who need to achieve their nonpecuniary agenda. Such a balance, however, can be tilted when formal or informal host-country institutions are more favorable to family firms.

How Do a Firm’s Acquisitions Affect the Performance of Its Alliance Partners?

Binh Minh Truong, BI Norwegian Business School
Dovev Lavie, Bocconi University
Randi Lunnan, BI Norwegian Business School

How do a firm’s acquisitions affect the value that its partners capture from their joint alliances? Drawing from the resource-based view, resource dependence theory and network research, we develop a framework that elucidates how the value that the firm’s partners derive from their alliances with the firm changes following acquisitions. Our theory underscores contingencies relating to the business relatedness between the partners and the firm’s acquisition target, suggesting that business similarity can undermine the partner’s ability to capture value from its alliance, whereas business complementarity can enhance that value. We further suggest that this value depends on the nature of relationships in the firm-partner-target triad. Our study offers new insights on value creation and capture in alliances and guides empirical research on this phenomenon.

The Need for Speed: Firm Speed and the Decision to Go Alone Versus Partner

Ashton Hawk, University of Colorado, Boulder
Jeffrey Reuer, University of Colorado, Boulder
Andrew Garofolo, University of Colorado, Boulder

Firms may partner to go faster. This study empirically examines the role of intrinsic speed capabilities, which refer to the ability to execute investment projects faster than competitors, in corporations’ choice of alliances versus the alternative of autonomous project development. Our basic premise is that firms lacking intrinsic speed capabilities (i.e., slow firms) are more likely to turn to alliances to supplement their capability deficiency and attempt to partner with fast firms. However, we expect that the ability of slow firms to partner with fast firms hinges on the possession of complementary supporting assets. We test and find empirical evidence supporting these ideas using data from the global liquefied natural gas (LNG) industry.

Organizational Structure Matters: R&D Centralization and Alliance Governance

Kun Zhang, University of Colorado, Boulder
Sandip Bisui, University of Colorado, Boulder
Harsha Tadikonda, University of Colorado, Boulder

Alliance research have shown that firms must encompass a stringent governance structure in order to prevent knowledge spillover and misappropriation. We bridge current streams of corporate and cooperative research to explore the interplay between organizational structure of R&D and the design and governance of alliances. We propose that, in an R&D alliance between a client firm and an R&D firm, the client firm’s internal structure of R&D plays an important role in the alliance design in terms of scope and interdependence of alliance activities. Using non-equity alliances data from bio-pharmaceutical industry, we find that firms with centralized R&D engage in alliances with broader scope and higher interdependence. We also propose several extensions of this research.
Sources and Consequences of Value Chain Configuration: Evidence from the Global Biopharmaceutical Industry

Navid Asgari, Fordham University
Will Mitchell, University of Toronto

In order to understand the sources and consequences of value chain configurations we examine two interrelated issues. First, we examine how firms configure their value chains by choosing where along the industry value chain they operate and how they organize the value chain transactions. Using conventional fixed-effect and group-based trajectory models, we uncover the average pattern of 319 firms in the global biopharmaceutical industry between 1973 and 2015. Second, we use the results of the first stage of our analysis to understand the innovative and financial consequences of firms’ value chain configuration.

SESSION 1458

BOARD STRUCTURE AND NETWORKS

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Board Leadership Structure and Financial Performance: A Meta-Analytic Replication with 20 Years of New Data

Ryan Krause, Texas Christian University
John Busenbark, University of Notre Dame
Chao Chen, Texas Christian University

More than 20 years ago, Dalton et al. (1998) meta-analyzed the relationship between board leadership structure and firm performance, only to conclude there is no substantive association between the two constructs. The nature of board leadership has evolved dramatically over the past two decades, however, and scholars have devoted considerably more attention to its connection with firm performance than ever before. The purpose of our research is to replicate and re-examine Dalton and colleagues’ meta-analysis with studies published in the 20 years following their original investigation. We replicate their original method and extend their analyses using meta-analytic techniques developed since their study was published. Our results reaffirm Dalton and colleagues’ conclusion that no meaningful relationship exists between CEO duality and performance.

The Diffusion of the Lead Independent Director Position through Board Interlocks

Chi Hon Li, Texas A&M University
Michael Withers, Texas A&M University

The lead independent director position has been recognized as an important governance practice. Prior studies have shown that board interlocks can be important mechanisms for the diffusion of such practices. In this study, we extend the research on lead independent director and the theory of board receptivity to diffusion by examining the likelihood of adopting the lead independent director position when interlocked with firms which have implemented this practice. We also focus on CEO tenure as a moderator to facilitate this adoption. Studying the directorate network of 528 firms from 2002 to 2012, the preliminary result shows that the firms interlocked to firms with lead independent directors are more likely to appoint this practice, and CEO tenure strengthens this relationship.

Acquirers’ Board Interlocks Behind Mergers and Acquisitions

Joyce Wang, University of Texas at Dallas
Mike Peng, University of Texas at Dallas

This paper extends research on the strategic implications of boards of directors to those of board interlocks, which are considered either as sources of relational capital stemming from interfirm ties or as sources of inefficiencies due to directors’ multiple directorships. This implies that board interlocks may positively or negatively affect firm strategies. We reconcile the diverging views towards board interlocks. Investigating how firms grow via mergers and acquisitions, we find that acquirers with more board interlocks are associated with more acquisition announcements (opportunity identification), but with a lower likelihood of acquisition completion (opportunity realization). In addition, we explore two contingencies: (1) interlocking directorship composition and (2) CEO-board power dynamics. Overall, our findings highlight a balanced view towards the strategic implications of board interlocks.

How the Majority Voting Rule Matters: Evidence from Firm Value and Risk-taking

Zhonghui Wang, California State University San Bernardino

We explore whether the majority voting rule has a significant impact on firm value and risk-taking. Drawing from agency theory analysis, we predict that the majority voting rule has positive impacts on firm value. Taking the perspective of prospect theory, we expect a firm to take more risks after adopting the majority voting rule because directors would perceive the adoption of the majority voting rule as a loss in reference to the plurality rule and consequently become more risk seeking. Initial investigations of S&P 1,500 firms between 2007 and 2017 confirm our key theoretical predictions.

SESSION 1460

CSR & IDEOLOGY

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Choosing Who to (Not) Harm: CEO Political Orientation and Corporate Social Irresponsible

Livia Markoczky, University of Texas at Dallas
Kalin Kolev, Marquette University
Cuili Qian, University of Texas at Dallas

Prior research provides evidence that CEO political orientation is an important predictor of firms’ corporate social activities. Yet, we still know little about the role of political orientation on corporate social irresponsibility (CSI). Utilizing political psychology research, we theorize that liberal CEOs prioritize the interests of shareholders over those of stakeholders. Our findings indicate that by refraining from CSI towards stakeholders, liberal CEOs are likely to internalize the social and environment cost of corporate actions as a cost to shareholders as opposed to making other stakeholders bear this cost in the form of negative externalities. In addition, we show that CEO incentive compensation could alleviate liberal CEOs’ tendency to impose costs on shareholders.
CEO-Board Political Ideology Fit and Corporate Social Responsibility: A Relational Perspective

Jason DeBode, Missouri State University
Corey Fox, Texas State University

Much research has focused on understanding heterogeneity in firms’ Corporate Social Responsibility (CSR) activities. Recent work focuses on the impact of the firm’s executives, finding CEOs’ political ideology impacts their firm’s CSR activities (Chin, Hambrick, & Trevino, 2013). While consistent with the belief that CEOs impact a firm’s strategic decision making, existing work largely excludes the Board, with whom the CEO must work to ensure conformity with the firm’s strategic objectives (Eisenhardt, 1989). In this proposal, we advance this literature by considering how CEO-Board political ideology fit influences a firm’s CSR activities. Preliminary pairwise-correlation results indicate this form of fit can increase both CSR Strengths (for more liberally-oriented coalitions) and CSR Concerns (for more conservative-oriented coalitions). Next steps and implications complete our proposal.

Corporate Leaders’ Values and the 2030 Agenda for Sustainable Development

Lisanne Juliette Vetert, Erasmus University Rotterdam
Harry Commandeur, Erasmus University Rotterdam
Henk Volberda, University of Amsterdam

This paper studies the influence of social class and political orientation of Dutch board directors on identification with the United Nations Sustainable Development Goals (SDGs). Social class relates to one’s position in society, with the associated opportunities and experiences affecting one’s worldview. Political orientation is a manifestation of underlying values, as it considers how one wants society to be and often considers how this should be achieved. A survey will be held among Dutch board directors that measures social class, political orientation, and identification with the SDGs. This research contributes to the existing literature by being the first to jointly study social class and political orientation, by studying political orientation in a multi-party context outside of the U.S., and by researching the SDGs specifically.

The Effect of CEO Values on Corporate Social Performance Under Pressure from Capital Markets

Marne Arthaud-Day, Kansas State University
James Bloodgood, Kansas State University
Hansin Bilgili, Kansas State University
Tsvetomira Bilgili, Kansas State University
Alan Ellstrand, University of Arkansas

While research on idiosyncratic CEO characteristics, such as personality, has flourished in recent years, research on CEO values has remained an under-developed area of inquiry in upper echelons research. This represents an important omission, for implementing strategies congruent with their value orientations is one of the key means by which CEOs can leave a lasting impact on their firms. In this study, we propose to conduct a content analysis of CEO letters to shareholders to measure CEO values and examine their influence on corporate social performance. Drawing on the managerial discretion literature, we propose that some CEO values are more susceptible to pressure exerted by negative financial analyst coverage. Our research offers new insights into the question of when CEOs values may be compromised.

The CEO Effect on Corporate Social Performance

Miha Sajko, University of Antwerp
Georg Wernicke, HEC Paris

How large is the CEO effect on corporate social performance (CSP)? To answer this question, we apply the “CEO in context” (CIC) variance partitioning technique to the two most widely used CSP datasets, namely KLD and Asset4. We find that firms and CEOs explain about 30 percent of total variance and that, when different subcategories of CSP are estimated individually or on a sample of exogenous CEO transitions, the estimate of the CEO effect is remarkably stable. The CIC technique is unique in terms of how the contribution of CEOs is distinguished from that of industries or firms. We therefore also provide estimates of the CEO effect on CSP from other commonly used techniques.

Hidden In Plain View: Managerial Obfuscation, External Monitoring, and Their Effects on CSR

Didier Cossin, IMD
Stephen Smulowitz, IMD – International Institute for Management Development
Hongze Lu, IMD

While research has grown on organizational impression management (OIM), less explored are the second order effects of OIM. More specifically, important stakeholders should respond to attempts to influence them, and this should affect important firm outcomes. Here, we examine how the response of one important stakeholder, security analysts, in response to one type of OIM, obfuscation (or “burying”) in public disclosures, will affect an important firm outcome. Paradoxically, we show that an ostensibly negative OIM practice can actually improve corporate social responsibility (CSR) by eliciting greater external monitoring, thereby reducing agency costs. We also provide robust empirical support for our conclusions, mitigating potential endogeneity concerns.

SESSION 1414
BEHAVIORAL PERSPECTIVES ON RISK

TRACK P
Date Monday, Oct 21
Time 08:00 – 09:15
Room Conrad D

Session Chair: Cedric Gutierrez, Bocconi University

Inspiration or Aspiration? Mission Specification and Firm Strategic Risk-Taking

Renfai Gao, University of Melbourne
Xiaogang He, Shanghai University of Finance and Economics
Zhengyu Li, Shanghai University of Finance and Economics

Organizational goals play a central role in driving strategic decision-making. However, extant research mostly examines situational and backwards-looking aspirational goals, while long-term-oriented and forward-looking inspirational goals, such as firm missions, remain unexplored. To shed light on the implications of inspirational goals for decision-making, we conceptualize mission specification and theorize how mission specification shapes firm strategic risk-taking. We further examine the interactions between mission specification and performance feedback to explore how firms balance their inspirational and aspirational goals. Finally, we identify managerial ownership and analyst coverage as two boundary conditions that moderate the linkage between mission specification and strategic risk-taking. This study enhances our understanding of organizational goals by demonstrating how inspirational goals drive strategic decision-making and how inspirational and aspirational goals interactively shape firm strategy.
When the Going Gets Risky: How Climate Risk Perception and Attitude Affect Sustainable Practices
Lucrezia Nava, ESADE – Ramon Llull University
Jorge Chiapetti, State University of Santa Cruz
Rui Barbosa da Rocha, State University of Santa Cruz
Maja Tampe, ESADE Ramon Llull University
Implementing more sustainable agricultural practices represents a potential mitigation strategy against the risk of extreme climate events. We contribute to the debate around the effect of climate risk perception on sustainable practices by shedding light on the role of individual attitude towards risk in this relationship. Through a mixed-methods study using a large amount of data on cocoa producers in Brazil, we found that sustainable practices represent a viable climate risk mitigation strategy, and therefore are implemented particularly by risk averse producers. However, when climate risk is perceived as high, producers are less likely to engage in sustainable practices, because the highly perceived risk reduces the ability to respond. In this context, risk-seekers can better cope with the related anxiety and engage in mitigation strategies.

A Model of Divestiture Decisions with Shifting Focus of Attention
Veronica Roberta Cappelli, HEC Paris
Rahul Anand, HEC Paris
Cedric Gutierrez, Bocconi University
In this paper, we provide an as-if model of divestiture decisions which incorporates the behavioral tenet that a firm may vary its risk appetite as its attention moves from aspirations to survival level. We develop a parsimonious decision theoretic extension to the seminal work of March and Shapira that features the existence of an endogenous threat level, thus formalizing and adding to the behavioral foundations of the concept of threat-rigidity. Furthermore, using data on divestments of publicly listed firms in the European Union between 2001 and 2016, we put our theoretical model to the test and obtain insights upon its external validity and calibrate its structural parameters. We find that our model provides a good fit for the non-uniform divestment pattern observed in secondary data.

Recidivism on Wall Street
Pooria Assadi, California State University Sacramento
I investigate the patterns of repeat organizational misconduct in the U.S. securities industry by addressing whether misconduct by Wall Street firms increases or decreases with their past misconduct. I particularly analyze information on instances of misconduct, measured by firms’ arbitration losses to their clients, across 648 brokerage firms during 1990-2004. I find that misconduct increases with the number of past misconduct and decreases with the time that has elapsed since last misconduct. I also find that the positive relationship between past and future misconduct is weakened the longer is the time that has elapsed since last misconduct. These findings on the dynamics of recidivism have implications for academics, law makers, regulators, and executives in better understanding the causes of misconduct and inhibiting its recurrence.
The fundamental principles of business strategy—understanding external forces, identifying a defensible position, developing a competitive advantage that’s driven by unique capabilities—haven’t changed much in several decades. But the world of today is remarkably different from the world that existed when many of the gurus in the field did their seminal work. For instance:

(i) The boundaries of the firm are much less clear (components of the value chain are more distributed);
(ii) The boundaries of a market are less clear (even with recent trade tensions, markets are increasingly becoming interconnected ecosystems);
(iii) Customers and consumers are more aggressive in demanding shared value capture;
(iv) Shareholders and the government have taken on greater roles in corporate governance;
(v) Opportunities (and threats) offered by digital technologies are profound;
(vi) The rate of change cross all dimensions is accelerating.

This panel will discuss the changing nature of strategy, including how it has evolved in the last several decades, how might it change in the future, and potential ways the academic community can contribute to solving some of the more pressing challenges.
Breaking News: The Causal Effect of Media Attention on the Growth of Terror Organizations

Yuan Tian, Northwestern University
Yang Yang, Northwestern University
Adam Pah, Northwestern University
Brian Uzzi, Northwestern University

Terror organizations are proliferating and growing in lethality worldwide. To combat the proliferation of terror organizations calls for insights from organizational research. Drawing on the insight from entrepreneurship and strategy research that emphasizes the effect of media attention on the development of nascent organizations, we study whether media attention to terrorist attacks has inadvertently fueled the growth of terrorist organizations. We use algorithmically collected new data on media attention and an instrumental variable regression to identify the causal effect of media coverage. We find terror groups whose past attacks garner more media attention are significantly more active in the future, ceteris paribus, as media attention influences the resources that terrorist groups can deploy. Our analysis approach is readily generalizable to other organizational contexts.

In the Shadow of the Valley: Private Equity Firms’ Increased Prominence in High-tech Acquisitions

Paul Nary, University of Pennsylvania

Why and how do PE firms engage in technology acquisitions, and how do they create and capture value in these transactions? In this proposal, I show initial evidence that not only are PE firms engaging in an increasing number of technology buyouts, they are also seemingly behaving in distinct ways from both corporate acquirers, as well as PE firms in industries other than high-tech. Descriptive analysis presented in this proposal offers several avenues for scholarly investigation. I contribute to the literature that investigates technology acquisitions, as well as the literature stream that analyzes the role and behavior of PE acquirers in public and private markets and the potential advantages and disadvantages of PE ownership as a distinct form of governance from that of corporate ownership.

Away from the Crowd? Specialization of VC Investments in the Equity Crowdfunding Era

Yuan Shi, Cornell University

How does equity crowdfunding affect venture capital firms’ investment decisions? VCs may be attracted to the new market opportunities identified by crowdfunding investors and thus diversify their investments. VCs may also seek to differentiate from the crowd by positioning as dedicated experts, and thus become more specialized in their investments. I test these competing explanations by examining VC investments following the legalization of equity-based crowdfunding in more than twenty states during 2009-2017. I find that VCs make more specialized investments after the crowdfunding policy shocks in their home states, but the effect is attenuated when VCs and crowdfunding investors share similar investment focus. Mechanism tests show that specialization is driven by a crowding-out effect, while diversification is explained by a lead-in effect.

Death of Louisville: Institutional Entrepreneurship through Embedded Agency and Field Configuring Events

Brooke Lahneman, Montana State University
Jennifer Irwin, Lycoming College
Anne Parmigiani, University of Oregon

This study builds theory regarding institutional entrepreneurship by incumbent actors in the context of a mature industry. Mature industries are typically highly-institutionalized environments in which institutional entrepreneurship by embedded, powerful organizational actors should be rare. Our findings suggest that a combination of mechanisms specific to powerful actors in a mature industry environment would contribute to institutional entrepreneurship in this context. Specifically, we find that the embeddedness of incumbents is vital in their use of relational ties and institutional knowledge to generate a field configuring event that instigates field-level change.

Redeployment of Resources through Entrepreneurship: The Case of Crop Replacement

Doug Miller, Rutgers University
Ximena Rueda Fajardo, University of Los Andes

To generate insights on resource redeployment in corporations, we develop a set of comparative case studies of how small enterprises shift from one business to another. The context is crop replacement: when smallholders must stop production of an agricultural product because it is illegal (e.g., coca) or harms the environment. Domestic governments, foreign governments, NGOs, corporations, and social organizations have attempted numerous approaches to crop replacement, usually without much success. Using archival and interview sources, we describe several cases of crop replacement in Colombia and Peru, which vary in terms of prominent actors, the licit or illicit nature of the original crop, market configuration, and government approach. From this analysis, we propose operationalizations of constructs and testable hypotheses for resource redeployment more generally.

Too Dangerous to be an Entrepreneur – Warzone Entrepreneurs’ Exit Intention

Stephen Zhang, University of Sydney
Andreas Rauch, University of Sydney
Asghar Afshar Jahanshahi, Pontifical Catholic University of Peru

Warzone environments need entrepreneurship to sustain basic socioeconomic functions and the livelihood of the community. Meanwhile, these dangerous environments also trigger entrepreneurs’ intention to exit these critical businesses. Little is known about what drives some entrepreneurs but not others to exit warzone environments. We theorize the role of human agency using social learning theory to explain exit intentions in a warzone environment. We test our model using two longitudinal studies of 114 entrepreneurs registered in Afghan business databases and 156 female entrepreneurs unregistered in any databases in Afghanistan. Our findings reveal that perceived danger interacts with locus of control to predict entrepreneurs’ intention to exit their businesses facing danger.
SESSION 1518

THEORY IN STRATEGY RESEARCH: NEW CHALLENGES AND OPPORTUNITIES

TRACK E

Parallel Panel

Session Chair
Kyle J. Mayer, University of Southern California

Panelists
Rajshree Agarwal, University of Maryland
Ashish Arora, Duke University
Jay Barney, University of Utah
Alfonso Gambardella, Bocconi University
Samina Karim, Northeastern University

While our field has a strong empirical foundation to understand variation in firm performance, theory development is still an an important element of the discipline of strategic management. There are many ways to make a theoretical contribution. The intent of this panel is to discuss theory development in the field of strategic management and the different ways that it can occur. While theory can be developed in papers that are solely focused on this task, it can also be developed in conjunction with empirical analysis. We will explore different ways that scholars can develop theory, including theory that arises from empirical analysis.

SESSION 1472

SOCIOCIAL PERSPECTIVES ON CORPORATE STRATEGY

TRACK F

Paper

Session Chair: Rui Yang, University of California, Riverside

Filling Market Institutional Underdevelopment: Institutional Substitution and Strategic Fit on Foreign Firm Performance
Chao Niu, Chinese University of Hong Kong
Qian Gu, Georgia State University
Christine Chan, University of Hong Kong

How do foreign firms facilitate performance by filling market institutional underdevelopment in emerging markets? While extant studies have examined the roles of strategic responses in over-coming market deficiencies, our study, drawing on institution-based view of firms, examine the roles of nonmarket institutions—political and social institutions, and firm’s strategic fit between ownership portfolios and such nonmarket institutions in substituting for the negative impacts of market institutional underdevelopment on foreign firm performance. Our study find that the negative effect of underdeveloped market institutions on foreign firm performance becomes weaker when the development level of political and social institutions is higher; such substitutive effects will become respectively larger for foreign firms with higher ownership diversity, government ownership, and central government ownership.

Using Acquisitions to Achieve Optimal Distinctiveness: Navigating Multiplicate and Dynamic Audience Evaluations
Rui Yang, University of California, Riverside

Drawing on optimal distinctiveness theory, we argue that acquisitions create value and generate positive market reactions when they help a firm achieve a strategically balanced position, which is neither too close to (over-conforming) nor too distant from (over-deviating) industry norms. In examining the dynamic process through which acquirers navigate the evolving industry norms adopted by multiplicate audiences, we hypothesize the market is more prone to value balance-enhancing acquisitions under conditions in which the combined firm has a clear product identity and the evaluation norm is consistent and stable. Using data on acquisitions in the U.S. commercial banking industry, we find support for our hypotheses.

When in Rome: The Illegitimacy Discount, Diversification, and the Diffusion of Contested Practices
Tuhin Chaturvedi, Tulane University
Cameron Verhaal, Tulane University

Research in finance and corporate strategy has long argued for and against a diversification discount (whether diversification creates or destroys firm value). Similarly, research in organization theory has identified an illegitimacy discount – being associated with different market categories can confuse consumers as to a firm’s true identity. We build on this work and investigate the degree to which the diffusion of a contested practice (diversification through acquisition) influences a firm’s acquisition and divestiture decisions, and the subsequent discounts that result. Specifically, we find that as the number of diversifying acquisitions increase, the smaller the illegitimacy discount for firms who make subsequent acquisitions. Interestingly, we also find that the beneficial effects of divestiture actually turn negative the more this contested practice diffuses through a market.

External Governance Mechanisms for Managing Primary Health Clinics: Effect on Social Performance
Anicet Fangwa, HEC Paris
Mariève Huysentruyt, HEC Paris
Bertrand Quelin, HEC Paris

Primary health care clinics commonly struggle to achieve greater productivity because of a lack of regulations, local legal systems, insufficient financial capabilities, and managerial difficulties. Specifically, due to their nonprofit status, most primary health care clinics are barred from using traditional internal corporate governance mechanisms. Public stakeholders and donors can impose external monitoring. Therefore, it is difficult to improve their social performance. To test our theory, we examine 500 primary health clinics in the Democratic Republic of Congo. Our study contributes to that health centers conforming to expectations of the external governance rating system will increase social performance. The managerial score is significantly correlated with social performance. Our work sheds light on some promising research directions on social goods, governance and social performance.
Brexit and Uncertainty: Exploring the Onset of a De-Globalization Process
Elisa Alvarez-Garrido, University of South Carolina
After decades of increasing globalization, the United Kingdom is the first major economy to raise borders, providing international business and strategy scholars with a unique opportunity to study the recent de-globalization process. I delve into the sources of uncertainty Brexit creates, and explore how the actors in the startup ecosystems in the UK and in the EU analyze the (lack of) information available, and make decisions under these conditions of uncertainty. I conduct interviews with venture capitalists and experts in finance in the UK, France, and Spain. I find that even at Brexit’s onset there is heightened uncertainty regarding the factors of production in the ecosystem, and that actors with a more global strategy are in a better position than those with more local strategy.

Relational Trust and Competence Trust with Financial Intermediaries: An Examination of Environmental Contingencies as Moderators
Shih-chi Chiu, University of Houston
Seemantini Pathak, University of Missouri, St. Louis
Interorganizational trust may be competence-based or relational(goodwill)-based. Using the context of interactions between divesting firms and their investment banks, we examine how these two types of trust interact to influence post-divestiture performance for the client firm. Additionally, we study how the relationship between these two types of trust changes under different environmental conditions. We provide some initial evidence regarding the strategic implications of different types of trust that divesting firms may hold towards their investment banks, and how they interact with environmental conditions.

The Impact of Political Instability and Political Unrest on Country Risk: Evidence from Credit-Rating Agencies
Paul Vaaler, University of Minnesota
Miguel Ramos, University of Texas at El Paso
The political context is a multifaceted dimension of country risk that warrants further exploration. A country’s economic growth can remain high despite high political instability. Moreover, evidence also shows that some firms can be highly resilient to political risk. Because firms often inform their strategic expansion decisions by relying on outside experts, who are particularly valuable in unstable institutional environments, we explore the impact of political instability and political unrest on country risk ratings from major credit-rating agencies from 1998 to 2012. We expect these distinct facets of political risk to have a different impact on country risk due to the different underlying mechanisms and the ability of firms to cope with them. Preliminary results support this prediction.

Does Frequent Bribery Help Firm Sales? New Products and New Venture in Transition Economies
Hyun Ju Jung, KAIST
Seung-Hyun Lee, University of Texas at Dallas
We examine the antecedents and consequences of frequent bribery. By focusing on the frequency of bribery between rent-seeking government officials and vulnerable firms under the relationships of asymmetric resource dependency, we study more nuanced effects of bribery on innovating firms and new venture firms. We find that firms that introduce new products bribe more frequently than other firms. The positive effect is greater for new venture firms. The frequency of bribery, in return, has a negative effect on firm sales growth. However, when new venture firms introduce new products, the negative effect decreases. We find broad support from analyses of BEEPS data that cover 27 countries in Eastern Europe from 2002 to 2014.

The Dual Effects of Institutional Distance on International Patent Litigation
Bongsoo Kim, Korea University
Eonsoo Kim, Korea University
Deepak Somaya, University of Illinois at Urbana-Champaign
This study investigates the implications of institutional distance on international intellectual property disputes through its dual impacts on liability of foreignness and home country imprinting. Specifically, we examine the effects of legal and cultural distances on foreign plaintiffs’ likelihood of engaging in patent litigation in the U. S., and the moderating effects of company strategies that may reduce these impacts of institutional distance. The empirical results suggest that cultural distance decreases the likelihood that foreign firms will file patent lawsuits, whereas legal distance has the opposite effect. Host country stock market listing mitigates these impacts of cultural and legal distance on foreign firms’ IP litigiousness, but the acquisition of domestic firms has no such moderating effect.

Moving Beyond the Internationalization-Performance Relationship: Emerging Complexity, Institutional Asymmetries, and Regional Dyads
Abhijit Sengupta, University of Kent
Mehmet Demirbag, University of Essex
Keith Glaister, University of Leeds
This paper examines the role played by the home country and the home region in the relationship between regionalization and performance. We explore the heterogeneity in the impact of expansion in specific supra-national regions of the world and show that there are significant differences in how MNE operations within each impact firm performance, and this heterogeneity can be linked to the MNE’s home region and country. Further, the returns from regional operations are positively associated with greater levels of asymmetry in economic institutions between the home and the host regions. Our analysis uncovers a complex set of uni-directional dyadic relationships between different supra-national regions, which shows that the internationalization-performance relationship is a multifaceted phenomenon.
Our results provide the implication that firms may have a longer-term
observe that the relationship between the number of chairman's sons and
of a chairman of a FOBG increases the FOBG's CSR activities. Moreover, we
owned business groups (FOBGs), we find that the larger number of sons
context of sibling competition toward the CEO succession in family-
researchers have examined CSR for dishonorable conduct ex post, few
Firms undertake corporate social responsibility (CSR) activities to
Dong Shin Kim,
Young Hoon Jung,
Responsibility
Sibling Competition Behind Corporate Social
Offerings for Likely Blood from War of Succession:
Firms undertake corporate social responsibility (CSR) activities to
reduce the negative impact of the firms' dishonorable conduct. While
researchers have examined CSR for dishonorable conduct ex post, few
have investigated CSR for dishonorable conduct ex ante. Using a unique
context of sibling competition toward the CEO succession in family-
owned business groups (FOBGs), we find that the larger number of sons
of a chairman of a FOBG increases the FOBG's CSR activities. Moreover, we
observe that the relationship between the number of chairman's sons and
the CSR activities varies with the number of executive sons, the marriage
ties of chairman's family to privileged classes, and age of the chairman.
Our results provide the implication that firms may have a longer-term
motivation to carry CSR than expected.

Dynamic Entrepreneurial Capabilities: Strategizing Activities and Actors in Family Firms Launching New Businesses
Imran Nazir, Jönköping University
Leif Melin, Jönköping University
Still research on strategizing activities and practices in the family business context is scant. At the same time there is suggested that entrepreneurial capabilities could be a useful concept to advance the study of strategizing in family firms, and especially venturing in particular. In this paper we explore how family firm actors build entrepreneurial capabilities through strategizing activities to support their corporate venturing activities. We pay particular attention to the role of family owners/founders as core strategic actors emphasizing the importance of their resources to envision and mobilize activities needed to build these capabilities. Based on two case studies we found that entrepreneurial capabilities of performing activities for opportunity refinement, resource mobilization and customer orientation are needed to successfully launch, create and sustain new ventures.

Inventor Mobility, Team Technological Diversity, and Innovation
Melody Chang, Yale University
Knowledge-intensive organizations offer premium wages to source talents externally. But how can a firm create an environment where these hires can successfully carry over their innovative capability? Building on the innovation and learning literatures, I argue that the two approaches for organizing teams—within-team diversity and across-team diversity—differently impact an inventor's innovative learning capacity. Analyzing U.S. patent data, I find that an inventor's performance enhances when there exists a high level of within-team diversity and a low level of across-team diversity, accounting for her performance at the prior firm. This study offers insights for managers by addressing an important R&D team design question that has implications for the economics of hiring, and also for employees who consider moving to a different firm.

Researcher Mobility and Knowledge Recombination through New Collaboration
Yea Hee Ko, University of Wisconsin-Madison
Russell Coff, University of Wisconsin-Madison
Contributing to the learning-by-hiring literature, this study examines antecedents of new collaborations between the new hire and incumbents at the hiring organizations after the mobility event. While prior work highlights potential benefits of hiring on organizational learning, individual knowledge can be hard to transfer, integrate, and recombine. Gains may not materialize without interpersonal collaboration. This study develops an integrated framework to explain how new collaboration is driven by knowledge relatedness, social ties and the capacity to collaborate. We draw on 14 years of conference data in the field of Management. The data set contains uniquely rich information on scholars' research, allowing us to identify collaborations and glean individual and organizational expertise.
The Zika Virus’ Gendered Effect on Inventor Collaborations
Keith Pennington, University of Minnesota
Sohyun Park, University of Minnesota
The social context of knowledge workers affects their search processes for collaborators, and is strategically relevant because collaborations can determine the direction of innovation and knowledge transfer. Exploiting the disproportionate disease burden on women of the Zika virus outbreak in Florida, we investigate how the changes in social context affect collaborations among inventors. We explore this question with a framework based on epidemiology studies in public health, where flight and sequestration behaviors are observed in response to a disease outbreak. We use a differences-in-differences approach comparing female to male inventors on patent applications before and after the outbreak and examine their collaborations. Preliminary results are consistent with sequestration behavior of women, resulting in different collaboration patterns after the disease outbreak.

New Money, New Friends: Can Innovation Communities Be Contracted?
Elizabeth Embry, University of Colorado, Boulder
Janet Bercovitz, University of Colorado, Boulder
This project, "New Money, New Friends," investigates how philanthropic funders of academic research can influence the behavior of academic scientists involved in disease-related research through novel contract requirements. Specifically, we examine the contractual variation in the specification of community requirements, that is the required sharing of knowledge and resources between funded researchers. We evaluate whether and how such community terms influence collaboration network formation and persistence. We have identified two categories of disease-related philanthropic foundations, those that emphasize community in their funding contracts and those that do not – the more traditional grant-giving foundations. We examine the variation in collaboration behavior across researchers funded by these two type of foundations through a difference in difference model.

The Role of Institutional Interactions in Developing Innovation Strategies and Capabilities of Firms
Qiang Wu, Aston University
Qile He, Coventry University
Abby Ghobadian, University of Reading
Nicholas O’Regan, Aston University
How do firms develop innovation strategies and capabilities during fundamental institutional transitions? To answer this question, this paper develops a theoretical framework that combines both strategy-based and dynamic capability-based perspectives. A longitudinal multiple case study of China’s telecommunications industry was conducted to verify the framework. This study offers an integrated perspective to investigate the complex and dynamic institutional interactions through which firms develop their own strategies for innovation capabilities. The comparative setting of the study between different company ownership structures – and private companies – identifies the strategic importance of corporate governance structure and entrepreneurial decisions in shaping innovation strategies and capabilities of firms. The finding suggests that firms’ sustained competitive advantage in institutional transitions depends on the dynamic alignment of their innovation capabilities.

The Effects of Interlocking Directorates on the Performance of Green Innovating Firms
Guido Berends, University of Groningen
Jordi Surroca, University of Groningen
Bjoern Mitzinneck, University of Groningen
Green innovation has been widely recognized as a key factor for deriving financial performance today. Yet, research only showed slightly positive effects of green innovation, at best. One reason provided by scholars is that sometimes the firm does not valorize and commercialize these innovations. In this study, we propose that the network created by interlocking directorates can help firms profit from their green innovations. Specifically, we propose that outside directors’ affiliations with firms in the knowledge intensive business services, top innovating firms and environmental non-governmental organizations can provide green innovating firms with resources and knowledge necessary to successfully commercialize their innovations.

Foreign Equity, Exporting and Firm Innovation: An Emerging Market Perspective
Zixu Liu, Tsinghua University
Jianghua Zhou, Beijing Normal University
Jizhen Li, Tsinghua University
This study aims to understand how different types of global engagement influence firms’ innovation, and also intends to explore the boundary condition of the above-mentioned relationship. We use 3-year panel data from the National High-growth Firms in High-tech Zones Database to test our hypotheses. Our finding shows that foreign equity has an inverted U-shaped effect on firm innovation, while exporting positively affects innovation. State ownership positively moderates the effects of exporting on firm innovation, and innovation capability positively moderates the effects of foreign equity on firm innovation. Our study provides an integrated framework for analyzing different influence mechanisms of the two types of global engagement. We also construct a contingency model by confirming that firms’ institutional origins and capabilities greatly moderate firms’ international innovation process.
Appropriability Strategies and Policy Support: Evidence from a Representative Sample of Italian Young Innovative Companies
Alessandra Colombelli, Polytechnic University of Turin
Luca Grilli, Polytechnic University of Milan
Tommaso Minola, University of Bergamo
Boris Mrkajic, Polytechnic University of Milan

Innovative entrepreneurship is at the heart of economic development and one fundamental engine of dynamic efficiency in all modern economic systems. However, we observe – especially in Europe – a languishing in the capacity to foster creative destruction dynamics and to create young innovative companies (YICs), capable to establish themselves as leaders in markets or become successful innovators. Our paper investigates whether and to what extent are YICs able to utilize different policy measures to protect their innovation. The econometric analysis benefits from a comprehensive policy measure recently introduced in Italy and is based on more than 1,600 Italian YICs. Results show that financial policy measures are associated to both formal and informal instruments, while labour policy measures are only related to the former instruments.

SESSION 1360
PARTNERSHIPS, SERVICES, AND NEW FIRM SURVIVAL

Penny for Your Thoughts?: How Nascent Ventures Solicit and Integrate Strategic Advice from External Advisors
Andrea Caldwell, University of Texas at Austin
Y Sekou Bermiss, University of Texas at Austin

To improve prospects of survival and growth, nascent ventures must establish a distinctive set of interdependent activities to create and capture value. Throughout the process of strategy formation, founders plan and conceptualize how key strategic activities align, and take action to further refine strategy. However, we lack a clear understanding of how this process is shaped by external advisors, who play a central role in the development of nascent ventures. Utilizing an inductive, multiple case study of five ventures participating in an accelerator program, we find evidence that the impact of external advice on venture strategy formation is largely shaped by a founder’s approach toward building an external advice network. We also track changes to strategy (e.g., customer, product) and how founders account for them.

Surviving the Fuzzy Front End: Startup Survival in India and the U.S.
Raja Roy, New Jersey Institute of Technology
Shanthi Gopalakrishnan, New Jersey Institute of Technology
X Zhang, New Jersey Institute of Technology
Cesar Bandera, New Jersey Institute of Technology

We explore how entrepreneurs’ access to social network and degree of involvement in the venture affect an entrepreneurial firm’s ability to survive the fuzzy front end in India and the U.S. We find that an entrepreneur’s access to social networks helps the nascent firm survive the fuzzy front end. The effect is significantly greater for the U.S. firms than for Indian firms. We also find that while startups of self-employed entrepreneurs are more likely to survive the fuzzy front end in India, startups of entrepreneurs who are employed full-time elsewhere are more likely to survive in the U.S.

Economies before Scale: Survival and Performance of Young Plants in the Age of Cloud Computing
Kristina McElheran, University of Toronto
Wang Jin, MIT

Young firms are central to productivity and job growth, yet they fail at high rates. Recent advances in how firms access information technology (IT) – in particular, cloud computing – have dramatically lowered the costs of learning about productivity-enhancing IT. Using detailed Census Bureau data from 2006 to 2014, we explore whether this technological change has altered young-firm dynamics in the U.S. manufacturing sector. We find that young plants enjoy a roughly 5% lower annual failure rate on average due to IT services expenditure, while traditional IT capital investment increases the chance of failure. Conditional on survival, young plants exhibit much higher productivity from recent advances in IT services than do older plants. Mechanism tests support technology-driven shocks to learning in this understudied sector.

SESSION 1365
ENTREPRENEURIAL LEARNING AND OPPORTUNITY IDENTIFICATION

Entrepreneurial Positioning on the Opportunity Landscape: Evidence from Mobile Application Developers
Amy Zhao-Ding, INSEAD

This paper examines patterns of entrepreneurial positioning by new entrants and incumbents in the opportunity landscape. Oportunity landscape is conceptualized to capture market spaces where the landscape is not prestated but evolving, which is common in entrepreneurial settings. We develop and test theory about entrepreneurial positioning in opportunity landscape that highlights the role of experiential and vicarious learning in opportunity discovery. Specifically, we hypothesize that entrepreneurial firms engage in intelligent vicarious learning rather than blind imitation in the absence of experience, and that experience helps enhance the abstraction of the opportunity landscape. We test our theory using fine-grained data on mobile application developers in the US Apple Store ecosystem. The paper contributes to the literatures on opportunity discovery in entrepreneurship, organizational learning and competitive positioning.
Strategies for the Disrupted
Anita McGahan, University of Toronto
Richard Saouma, Michigan State University
Robert Wuebker, University of Utah

This paper develops a formal model of disruptive competition, integrating a longstanding literature on disruptive processes with emerging insights from value theory. The model conceptualizes disruptive competition as a battle for transaction partners fought between value networks with competing architectures. We incorporate a feature that ties buyer willingness to pay to each architecture's accumulated resources, generating strong incumbency effects. We then explore the implications for entry and for post-entry competition, leveraging value capture theory to investigate how an entrant with limited resources becomes an existential threat to a resource-rich incumbent, despite the advantages conferred on the incumbent. The model reveals three basic—and perhaps not immediately obvious—strategies for incumbents to successfully navigate the threat of disruptive competition and position the firm for future growth.

Industry Makes a Difference: Structural Holes an Intra-And Inter-industry Networks and Opportunity Recognition Capability
Jingyu Li, Chinese University of Hong Kong
Haifeng Wang, Shanghai International Studies University

Identifying and pursuing business opportunities is crucial for a company's performance and strategic renewal. This makes the study of the sources of these opportunities important. Integrating the entrepreneurship and social network perspectives, we view structural holes as a key antecedent to established firms' opportunity recognition. We propose that the type of networks in which these firms participate affect the relationship between structural holes and their opportunity recognition. Using a unique Chinese database, our results show that structural holes have positive effects on opportunity recognition in a company's intra-industry networks, whereas they have the opposite effect in inter-industry networks. Market logics and state logics significantly moderate these relationships. We add to research on role of institutions in entrepreneurship, institutional logics, and opportunity recognition in established companies.

Knowledge-focused HRM: Enhancing Organizational Knowledge-based Performance
Tatiana Andreeva, Maynooth University
Tatiana Garanina, University of Vaasa
Margaret White, Oklahoma State University

Addressing recent discussions on the role of HRM for knowledge-based performance, we put forward a concept of knowledge-focused HRM as a set of HR practices that are specifically focused on enhancing knowledge processes in an organization. Building on knowledge governance and strategic HRM literatures, we theorize why a customized approach to HRM is needed to enhance knowledge-based performance, what could be the content of knowledge-focused HR practices and what underlying principles turn them into a knowledge-focused HR system. We further theorize that such a system of knowledge-focused HR practices has a potential to have both positive and negative interaction effects among them. We have explored the proposed theoretical relationships using a sample of 240 Russian manufacturing firms.

Replicating Success with Hollywood Sequels: A Role-Based Assessment of Team Member Changes
Jamal Shamsie, Michigan State University
Da Huo, Dalian University of Technology
Andrew Yu, University of Melbourne
Danny Miller, HEC Montréal
Donald Conlon, Michigan State University

There have been few studies of replication, although it has been used by firms across a growing number of industries. In order to replicate the success of a prior offering, firms usually try to reassemble teams that had worked on its development. However, it may not always be possible to bring back all of the members that occupied core roles on the previous project. In this paper, we focus on the core roles within a team that is developing a sequel in the Hollywood film industry. We use this context to show that the negative effects of the change in a member playing a certain role can be minimized by the composition of the individuals in the other roles.

Ranking and Employee Performance, Evidence from a Field Experiment in Retail
Bing Su, University of Utah
Jason Snyder, University of California, Los Angeles

Employee performance rankings are a common management practice. Theoretically, the field is divided about whether public ranking causes negative social comparison costs that exceed the benefits. Empirically, there have been mixed evidence as to whether performance ranking works to improve firm performance. In our three-month control field experiment started in July 2018, in collaboration with one of the largest home furnishing retail chain in North America, involving over 1,000 full time sales associates, we test the impact of performance rankings on employee performance. Our empirical findings show three important results: rank feedback leads to performance increases on the incentivized task. Second, the effect of rank feedback is heterogeneous across agents. Third, there are negative spillover effects to other tasks.

Win Now or Later? Organizational Slack and Strategic Orientation: The Case of Major League Baseball
Junho Cheon, Korea University

This paper investigates the relationship between organizational slack and firm's strategic orientation. I classified organizational slack into financial and human slack, while firm's strategic orientation consists of short-term, long-term, and ambidextrous orientation. This study is empirically tested by the sample of Major League Baseball (MLB). The results proved that (1) firms with financial slack tend to choose long-term strategic orientation, (2) firms with human slack tend to choose short-term strategic orientation, and (3) firms with financial slack tend to choose ambidextrous strategic orientation over one-handed strategic orientation. However, the relationship between human slack and ambidextrous strategic orientation was not proven empirically.
Outcomes
Capital and Capture as Determinants of Regulatory
Analysis to identify institutional and project characteristics that moderate
India where a firm bid aggressively to win the project and subsequently
We illustrate this through a detailed case study of an airport project in
Governments
government), with the expectation that they can influence government
we argue that firms are also opportunistic in their interactions with the
A central idea in the literature on political risk is that governments

Firms in Infrastructure Projects
Political Risk Reversal: Hold-up of Governments by
Firms in Infrastructure Projects
Srividya Jandhyala, ESSEC Business School
Himanshu Bhatt, Santa Clara University

Why interview? The classic HR theory commonly views interviewing as a resource in assessing the fit between employers and candidates to improve the efficacy of filling a vacancy. However, employers and candidates alike often complain about the taxing nature of interviewing. Additionally, employers sometimes interview without having a vacancy and candidates interview without needing a job. By specifying how employers and candidates may instead be propelled by strategic motivations when interviewing, apart from traditionally presumed assessment for fit, our theory and taxonomy provide a more complete account of why employers and candidates interview and help reinterpret previously held mere irrationality or poor judgement in this realm.

SESSION 1391
REGULATORY RISK AND UNCERTAINTY

★ Caught in the Revolving Door: Regulatory Capital and Capture as Determinants of Regulatory Outcomes
Ivana Katic, Yale University
Jerry Kim, Rutgers University
How does the revolving door between regulatory agencies and firms affect firm regulatory outcomes? This paper examines two potential mechanisms—1) regulatory capture, and 2) regulatory capital (i.e. combination of expertise and social capital), which may lead to improved regulatory outcomes for firms with revolving doors. We also consider the differential improvements of firm regulatory outcomes, stemming from revolving doors formed directly (through direct hiring of former regulators) versus indirectly (through hiring former regulators as lobbyists). Within the context of agribiotechnology and its main regulator, the United States Department of Agriculture, we find that firms receive better regulatory outcomes after their direct revolver hires transition to the firm, as well as from their indirect revolver hires pre-transition, consistent with both regulatory capital and capture mechanisms.

Political Risk Reversal: Hold-up of Governments by Firms in Infrastructure Projects
Srividya Jandhyala, ESSEC Business School
Vikram Bhargava, Santa Clara University

A central idea in the literature on political risk is that governments opportunistically appropriate returns from firms’ investments. In contrast, we argue that firms are also opportunistic in their interactions with the State. Firms take initially disadvantageous position (vis-à-vis the host government), with the expectation that they can influence government actions ex-post to obtain more favorable investment terms. Governments are subject to hold-up because of switching costs and temporal specificity. We illustrate this through a detailed case study of an airport project in India where a firm bid aggressively to win the project and subsequently garnered advantageous terms in post-bid renegotiations. We extend the analysis to identify institutional and project characteristics that moderate the effectiveness of aggressive bidding in generating ex-post gains for the firm.

The Price of Regulatory Risk: Evidence from Private Solar Power Generation in India
Obinna Chinewubeze, ESSEC Business School
Srividya Jandhyala, ESSEC Business School

Political actors have credibility problems; firms anticipate that these actors can change investment policies ex-post in order to achieve political gains but undermine firm profitability. However, political actors signal credibility by delegating decision-making to an independent agency – the regulator. Using data from India’s solar energy sector, we investigate the extent to which firms view delegation to regulators as a solution to the credible commitment problem they face when dealing with political actors. Our preliminary results suggest that in contracting with the state to sell privately produced electricity, the characteristics of regulators play an important role: firms accept lower tariffs in jurisdictions with independent and capable regulators, but charge higher tariffs in jurisdictions with weaker regulators. Our results suggest a moderating role of firm experience.

Responding to Regulatory Uncertainty: Government Agency Signalling and Greenhouse Gas Emissions
Eun-Hee Kim, Fordham University
Yue Maggie Zhou, University of Michigan

Anticipating and mitigating the impact of regulatory changes are important tasks for firms; yet, this can be challenging when firms face constantly evolving and ambiguous policies such as those regarding climate change and when regulatory implementation is uncertain. We approach this issue by bringing government agencies center stage. We propose that agencies’ concern over resources motivates them to signal implementation intentions to political principals who support the policy goals in an effort to reduce uncertainty surrounding future budgets. We argue that firms will respond to these signals by altering strategy and reducing carbon emissions. We further show that the effect of resource dependency on agency signaling is moderated by pressures from local agency stakeholders and by the agency’s capacity to implement the policy.

SESSION 1447
MAKING ALLIANCES WORK

★ Enhancement of Alliance Capabilities through the Activation of Knowledge Management
Hiroshi Yasuda, Aoyama Gakuin University

The purpose of this study is to analyze the organizational capabilities that lead strategic alliances to success, namely the alliance capabilities. The study aims to find what mechanisms are required to activate knowledge management and enhance alliance capabilities. Mechanisms are classified into four, which are functions, tools, processes and external networks, and the study analyzes how each mechanism influences the alliance capabilities, using the data gained from a survey of 1,369 managers. The analysis finds that tools and processes strongly activate knowledge management, thereby leading to the enhancement of alliance capabilities, while the effects of functions and external networks are limited. It is also revealed that the accumulation of alliance experience advances alliance capabilities; however, it mitigates the influence of knowledge management on alliance capabilities.
Informal Governance Frames & Exchange Conflict: 
A Field Experiment in Ghanian Farming Cooperatives

Angeline Shanz, York University
Libby Weber, University of California, Irvine
Geoffrey Kistruck, York University
Robert Lount, Ohio State University

Recent work suggests formal governance frames impact exchange conflict. In contrast, while informal governance is predicted to reduce exchange conflict and can be differentially framed, the impact of informal governance frames on exchange conflict has not yet been examined. We conduct a field experiment in rural Ghana to understand how exchange norm frames impact incidence of conflict within farming cooperatives. We find that repeated exposure to a prevention-framed song leads to fewer incidences of conflict than a promotion-framed song. Additionally, a laboratory experiment shows that prevention focus is induced by prior exposure to high levels of conflict, suggesting that strong contextual factors can induce regulatory focus. Together, these findings indicate that strong contextual factors and regulatory fit must be considered to mitigate exchange conflict.

Problem Complexity and Collaborative Distance: 
A Multi-level Framework for Understanding Effective Collaborations

Leif Lundmark, University of Nebraska Omaha
Erin Pleggenkuhle-Miles, University of Nebraska Omaha
Ginamari Ligon, University of Nebraska Omaha
Douglas Derrick, University of Nebraska Omaha

How are collaborations structured and what determines the appropriate type of safeguards? Drawing from the international management and organizational economics literature, we develop a nascent framework informing how to both structure and safeguard collaborations. Specifically, we propose a new theoretical construct, collaborative distance, to capture the degree of similarity by which organizations across separate levels of analysis. We argue collaborative distance and problem complexity represent two key drivers in the design of collaborations; with problem complexity informing the appropriate structure or governance and collaborative distance informing the desired level of safeguards. A consideration of collaborative distance provides valuable insights into the formation and management of strategic alliances. An initial analysis of 14 case studies provide preliminary support for this model.

Resource Asymmetry, Institutional Heterogeneity and 
Institutional Distance in the Multi-party Alliance

Rachel Pacheco, University of Pennsylvania

Multi-party alliances face a tradeoff regarding heterogeneity. Institutional heterogeneity increases transaction costs, yet differences are necessary as alliances enter an uncertain or distant environment. I suggest a dimension not extensively explored in the MPA - resource asymmetry - can mitigate the effects of institutional heterogeneity and distance. Using an analysis of 892 alliances, I found that heterogeneous alliances benefit from resource asymmetry, due to the ability of the lead firm to make clear a way of operating. I found that multi-party alliances that are institutionally far from their host country also benefit from resource asymmetry, but only when the lead firm is institutionally close to the host country, suggesting that deference matters only when the lead partner understands the foreign institutional context.

Problem-Formulation in Inter-firm Projects

Nuno Oliveira, Tilburg University

Prior strategy research presents ample discussions of strategies of problem-solving. However, research has paid little attention to the process of problem-formulation that is required before solving ill-structured and complex problems between firms. To address this shortcoming, we present a longitudinal, comparative case analysis of two subsequent building projects, and involving the same leading firms and managers. The findings show that value-in-use and value-in-transaction operate as two precipitating factors of problem-formulation. Moreover, this study unravels how guardrails – such as contracts – render problematic for problem-formulation. Our findings converge towards a preliminary process of problem-formation between firms that also extends the literature on cooperative strategies and value creation.

The Interplay of Multiple Uncertainty Factors 
On Alliance Governance Choices: A Policy-capturing Study

Ann-Kathrin Herfeld, WU Vienna
Werner Hoffmann, WU Vienna
Sarah Maria Bruehs, Free University of Berlin
Thomas Mellewigt, Free University of Berlin

An extensive body of literature has studied factors that influence alliance governance type decisions such as partner-specific, alliance-specific or environmental aspects including types of uncertainty. However, the interplay of multiple uncertainty factors on the choice between equity (i.e. joint ventures, minority equity) and non-equity alliances has not yet been researched. In our study, we investigate the interaction effect of behavioral uncertainty, demand uncertainty and technological uncertainty on the governance choice between joint ventures, minority equity or non-equity alliances. Using a policy-capturing method, we examine how managers choose an alliance governance form when exposed to two of the three aforementioned uncertainty factors. We argue thereby that each governance form is suitable to moderate two hazards simultaneously.

CEO VALUES AND OTHER CHARACTERISTICS

Track O
Date Monday, Oct 21
Time 11:00 – 12:15
Common Ground
Room Marquette 2

Session Facilitator: Cynthia E Devers, Texas A&M University

Always Aspiring: Effects of CEO Immigrant Status and 
Organizational Aspiration Levels on Strategic Change

Elle Hyunjung Yoon, University of Georgia
Robert Campbell, University of Nebraska, Lincoln
Scott Graffin, University of Georgia
Seung-Hwan Jeong, Georgia State University

Research on organizational aspiration levels has focused on the consequences of exceeding or falling short of the aspiration levels and tends to treat executives as a homogenous group who react similarly to the performance relative to aspirations. Drawing on upper echelons theory and behavioral theory of the firm, we shift the focus of this literature toward how individual differences of executives–CEO immigrant status–may influence their reactions to the relative performance. As immigrant status shapes one’s aspirations, we argue that CEOs with immigrant background may react more sensitively to the relative performance and influence the likelihood of implementing strategic change. Using U.S. Census data, we test the moderating mechanism of CEO immigrant status on the relationship between the relative performance and strategic change.
**Searching for the Best Value: The Role of Ideology in Adoption of Job Displacing Technology**

Daniel Wilde, *The Wharton School, University of Pennsylvania*
Mary-Hunter McDonnell, *University of Pennsylvania*

A large body of recent work demonstrates that executives tend to prefer strategies that align with their ideological preferences. However, critical strategic decisions often require complex trade-offs between values, presenting what we call “ideological dilemmas.” It is unclear how ideology affects executive decision-making in the face of such complex ideological dilemmas. We propose a top-down process through which ideological dilemmas are resolved with reference to the institutional environment. Specifically, we propose that prevailing institutional pressures operate as cues—or ideological triggers—that activate particular values and determine the relative salience of different ideological attributes in the decision-making process. We test our theory using a unique, self-constructed panel that tracks retailers’ historical adoption of a now-prevalent job-displacing technology: the automated check-out system.

**Flying High: The Effect of Organizational Status on CEO Perquisites**

Matias Kalm, *Tilburg University*

This study explores the determinants of CEO perquisites, i.e., nonmonetary benefits not directly related to the CEOs’ duties. While the current CEO perquisite literature has focused on understanding the economic determinants of CEO perquisites, we examine the social-psychological determinants. Specifically, we propose that organizational status is associated with CEO perquisites. Status literature suggests that high-status organizations derive benefits from status and status signals, while agency theory proposes that perquisites are a way for CEOs to extract private rents. Therefore, we posit that higher status organizations are more likely than lower status organizations to provide CEO perquisites, such as mandating their CEOs to conduct their personal travel with a corporate aircraft. The theory and findings of this study contribute to status and executive compensation literature.

**Grounding the CEO: External Corporate Governance Mechanisms and the Removal of Access to Corporate Jet**

Orhun Guldiken, *Florida International University*
Mirko Benischke, *Erasmus University Rotterdam*

We rely on the corporate reputation literature to theorize that pressure coming from external corporate governance mechanisms could potentially impose reputational threat for firms and that firms that are under such pressure will proactively attempt to mitigate the potential reputational threat by signaling strategic change through removing the most lavish perk available to the CEO – the CEO’s access to the corporate jet for personal use. Empirical results from a longitudinal sample of S&P 500 firms from 2006 to 2013 largely support our theory. Our study not only responds to recent calls to study external corporate governance mechanisms and the strategic management discipline but also extends prior agency research on external corporate governance mechanisms by examining their influence on executive perks.

**CEO Ideology and Investor Reactions to Alliance Announcements**

Srikanth Paruchuri, *Pennsylvania State University*
Razvan Lungeanu, *Northeastern University*

We couple findings in the political ideology literature with insights from research on inter-firm alliances to propose that CEO values on the conservative-liberal political ideology spectrum acts as an interpretative frame that guides the reaction of investors in the context of ambiguous or novel situations such as alliance announcements. We test our hypotheses on a sample of alliance announcement made by S&P 500 firms from 2004 to 2014. We find that CEO political liberalism is positively associated with investor reaction to alliance announcement for upstream alliances and for firms that have more prior alliance experience. The findings from this analysis have implications for research on investor reaction to alliance announcements.

**SESSION 1404**

**PROBLEMISTIC SEARCH**

**Track P**

**Date** Monday, Oct 21

**Time** 11:00 – 12:15

**Paper**

**Room** Conrad A

**Session Chair:** Martin Ganco, *University of Wisconsin-Madison*

**A Cognitive Model of Problematic Search**

Thomas Keil, *University of Zurich*
Maciej Workiewicz, *ESSEC Business School*

One of the central ideas in the Behavioral Theory of the Firm is that when organizations’ performance falls below aspirations, a search for solutions is triggered. However, the empirical results on this triggering effect have been mixed. We argue that these mixed results stem from the fact that the problemistic model has been deployed to task environments which differ from those in which the theory was originally applied. Using a computational model we explore the boundary conditions of the original model of problemistic search and propose an approach that can eliminate the original model's shortcomings. The updated model can not only explain prior mixed results but also leads to specific predictions under what conditions search will occur and in which direction will it proceed.

**How Experience Shapes Problematic Search**

Joseph J. Cabral, *Louisiana State University*
Dinesh Iyer, *Rutgers University*
Jonathan O’Brien, *University of Nebraska*

The Behavioral Theory of the Firm literature has examined problematic search extensively, but we know relatively little about the boundary conditions of experience induced search bias and what makes firms more versus less likely to use prior search methods when facing a performance decline. We examine the influence of experience on firm search and explore how persistence in search is contingent upon both cognitive and structural attributes of the organization. We provide evidence that diversified firms and firms with experience investing in multiple activities are less prone to persistence in search technique. In addition, extreme poor performance is also associated with less persistence. Counter-intuitively, rather than encouraging experimentation, we provide evidence that both available and absorbed slack reinforce the status quo in search technique.

**Solution Search and Search-system Search in a Problem-solving System**

Sangyun Kim, *University of Wisconsin-Madison*
Martin Ganco, *University of Wisconsin-Madison*

We propose that optimization and complexification of a system pose an inherent tension for problem-solving organizations, although both are necessary. This tension particularly manifests when the information complexity is high. It has been argued that complex organizational structures can be beneficial when the environmental complexity is high. However, our results based on neural networks powered modeling suggest that firms can develop suboptimal organizational structures in such conditions, failing to capture the benefits of structural complexity.
Neither More Nor Less: Responsiveness to Performance Feedback and Subsequent Performance
Michal Jirásek, Masaryk University
In spite of certain contradictory findings and missing details on the process itself, performance feedback literature can largely explain why and when the organization prefers change or rigidity. While understanding organizational behavior has enormous value, we are still unsure of its performance consequences. This research aims to contribute to answering the question of the relationship between responsiveness to performance feedback (intensity with which organization reacts to a given performance feedback message) and subsequent performance. Using data from U.S. manufacturing firms, the findings support the inverted U shape relationship between responsiveness and performance and the notion that less responsiveness is ceteris paribus preferred to equivalently more responsiveness.

Microfoundations of Foresight Capability in Organizations: Role of Integrative Methods and Instrumental Leadership
Krishna Kumar Balaraman, Indian Institute of Technology Madras
Rangaraja Sundarraj, Indian Institute of Technology Madras
Organizational foresight comprises of an organization’s ability to anticipate, visualize, and plan for alternate futures, and includes the ability to sense future trends and patterns before they fully emerge. Employees of organizations exhibit individual level foresight capability in sensing opportunities and in making strategic choices. This research investigates the role of organizational integrative mechanisms and immediate supervisory leadership in aggregating employee foresight – the foresight of individual employees at the organizational level. Based on theoretical grounding and a mixed method approach, involving 3 studies (case interviews and surveys), this research studies the effect of integrative methods and instrumental leadership. PLS-based structural equation modeling (SEM) using data from a multilevel (manager-team) survey indicates significant mediating effects, thus, furthering the understanding of microfoundations of foresight capability development.

SESSION 1416
THE SOCIAL CONTEXT OF LEARNING

Seniority-contingent Learning From Others’ Failures Within Organizations: Evidence from Microdata on Heart Surgeons
Sunkee Lee, Carnegie Mellon University
Jisoo Park, Carnegie Mellon University
Linda Argote, Carnegie Mellon University
Organizational learning research has shown that individuals learn from others’ failures. However, do individuals learn equally from all others in an organization? We argue that individuals pay different levels of attention to different individuals’ failures and thus learn more from the failures of those whom they attend. We hypothesize that individuals will pay more attention to and thus learn more from organizational seniors’ failures rather than peers’ or juniors’ failures. We expect that this relationship will be positively moderated by the status of the individual causing the failures and negatively moderated by the (lack of available) attention span of the learning individual. We test these ideas using data on 336 cardiac surgeons performing heart surgeries in 127 Californian hospitals from 2003 to 2014.

The Collective Formation of Expectations
Timo Ehrig, Max Planck Institute for Mathematics in the Sciences
Louis Kaufman, University of Illinois at Chicago
We propose a model of how financial expectations for novel opportunities are formed in a collective. The model captures a psychologically plausible reasoning process of decision-makers who are exposed to a debate in which competing interpretational possibilities, based on different cognitive representations, of a novel opportunity are advocated. Our model generalizes the model of collective interpretation proposed by Gavetti and Warglien. Extending beyond prior work, our model captures the actual semantic structure of a debate by allowing for directed connections in a network of reasons. We can investigate under which conditions new information propagates through the belief system of a collective. In other words, our model allows studying which statements and arguments are particularly influential in the expectation formation of collectives.

A Binned Scatterplot is Worth a Hundred Regressions: Diffusing a Tool to Make Research Better
Evan Starr, University of Maryland
Brent Goldfarb, University of Maryland
We seek to diffuse a graphical tool, binned scatterplots, which we argue can dramatically improve the quality and speed of research in strategic management. In contrast to the current practice of showing predicted values, binned scatterplots graph the non-parametric relationship between two variables, either unconditionally or conditional on a set of controls, allowing researchers to quickly detect the shape of that relationship, examine outliers, and assess any distributional issues. Binned scatterplots are tightly linked to least squares estimates and are easily created for different subgroups for interaction analyses. We propose that the adoption of binned scatterplots will lead to richer theories, better hypothesis testing and factual analyses, while increasing the credibility of strategic management research.

Standing on the Computations of Nerds: Building Methods Like Building Theory
Jason Kiley, Oklahoma State University
Reproducibility is an increasing concern in strategic management research, like in many other fields. As our methods and data complexity have increased, our norms of documenting methods are less informative than in the past. Also, our reliance on commercial databases makes some solutions from other fields less feasible. We suggest that expressing our methods in code can help us overcome documentation and data access barriers to reproducibility, while also enhancing researcher productivity. Following the example of open-source software to avoid imposing a skill burden on researchers in general, we suggest incentivizing an open, shared code infrastructure that reduces duplicated effort, increases transparency, and improves rigor.
Comparing Internal Replication and Cross Validation as Approaches to Address the Reproducibility Crisis
Florian Ellsaesser, Frankfurt School of Finance and Management
Markus Fitza, Frankfurt School of Finance and Management
Eric WK Tsang, University of Texas at Dallas
In this paper we unpack the idea of cross validation and focus on the mechanism of why cross validation is effective: it tests a model by how well it predicts on an unseen data set, only allowing for one single hypothesis and takes into account how stable the hypothesized relationship is throughout the data set. Using a Compustat dataset as well as a simulated ground truth, we compare cross validation to traditional model fitting and to narrow replication in terms of ensuring that research results reproduce.

Can a Leopard Successfully Change Its Spots? A Bayesian Analysis of Firms’ Strategic Change
Mark Hansen, Brigham Young University
Jeffrey Dotson, Brigham Young University
Jacob West, Brigham Young University
This paper examines changes in the strategic actions taken by firms over time. Specifically, we look at 1) whether firms change their set of strategic actions over time, and 2) if those changes lead to positive economic performance. We use a dataset that includes detailed information about the strategic actions and economic performance of 48 firms over a 30-plus year time horizon. We identify strategic changes that took place within the administration of a CEO and those that took place between CEOs. The Bayesian analysis used here allows us to examine strategic actions while accounting for industry, firm, and CEO effects.

SESSION 1468
TEACHING AND BUSINESS PRACTICE

TRACK T
Date Monday, Oct 21
Time 11:00 – 12:15
Paper
Room Conrad D
Session Chair: Joakim Netz, Jönköping University

MBA Students’ Perception on Strategy Teaching: Challenges and Lessons from U.K. and Russia
Yulia Aray, Graduate School of Management, SPbU
Olga Verkhovskaya, St. Petersburg State University
Tatiana Klemina, St. Petersburg State University
Ioannis Christodoulou, University of Westminster
The purpose of the paper is to identify the compatibility of the Strategy course syllabus and the Russian and U.K. managers’ perception of the sources of competitive advantage. This would permit an understanding of the need for changes in the relevant syllabus courses and teaching methods. During the empirical study a survey of the students of the Executive MBA program (in the leading business schools in Russia and U.K.) has been conducted. The results of the analysis indicate that requirements and expectations of the managers towards Strategy course content as well as instruments of seizing and capturing competitive advantage differ in various contexts.

Adjusting Expectations as an Out of the Spotlight Strategy for Addressing Student Feedback
Natalya Vinokurova, University of Pennsylvania
Lisa Warshaw, Management Communication Consulting
Student feedback provides the instructor with an opportunity to improve teaching skills. Taking advantage of this opportunity requires a nuanced understanding of the feedback—a task made challenging by the ambiguous nature of the information presented. A careful analysis of this information is necessary to avoid both overreacting and underreacting to student feedback. This paper offers a systematic approach to analyzing student feedback. Specifically, we suggest that student feedback can reflect a mismatch between the instructor’s expectations of the students and the students’ expectations of the course. We argue that one often overlooked venue for remedying this disconnect is by adjusting the student expectations. We illustrate our approach with an analysis of five common student comments.

A Critical Approach to Managerial Prescriptions in Strategy Scholarship
Joakim Netz, Jönköping University
Svante Schriber, Stockholm Business School
There is a continued debate about the relevance of managerial prescriptions in peer-reviewed publications. It is clear that managerial prescriptions require construction in the research-practice relationship for relevance, but its development into cumulative knowledge remains neglected and thus less clear for research and education. Our paper introduces an approach to managerial prescriptions that synthesizes their content into knowledge and analyzes its usefulness in research-practice relationships. We argue that prescriptive knowledge fruitfully can be explored in relation to real-life organizations e.g. in MBA teaching, where critical thinking can reveal theoretical consistency and boundary conditions. The argument is also supported by an illustrative case study of a research program on strategic management (dynamic capabilities). In conclusion, seemingly “useless” prescriptions in peer-reviewed articles can be surprisingly useful.

Corporate Governance in the #MeToo Era: A Short, In-class Case
Norman T Sheehan, University of Saskatchewan
Harassment by individuals in the workplace has long been an important human resource issue. However, with rise of the #MeToo movement, and the many scandals that prompted it, workplace harassment has risen to the board level. Despite its recent rise, little has been written to date on the role that boards of directors, and governance in general, should play to reduce the potential for employee harassment in the workplace. This short, in-class case fills this gap by reviewing the board’s role to address employee workplace harassment. The case has two take-aways: 1) Boards have the ultimate responsibility to ensure the safety of their employees, including protecting employees from harassment. 2) To make students aware of potential avenues for help if they are harassed at work.
SESSION 1539
CK PRAHALAD AWARD / PLENARY SESSION ON REDEFINING ECOSYSTEMS: THE CASE OF THE CONSTRUCTION SECTOR

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CK Prahalad Award / Plenary Session on Redefining Ecosystems: The Case of the Construction Sector

Session Leader
Jay Barney, University of Utah

Panelists
Ron Adner, Dartmouth College
Guru Bandekar, JLG Industries
Brian Wu, University of Michigan

We are excited to recognize Jay Barney as the 2019 CK Prahalad Distinguished Scholar-Practitioner Award recipient! Following a short video, Jay will discuss policy implications of resource-based theory before introducing Brian Wu and the plenary on "Redefining Ecosystems: The Case of the Construction Sector."

An ecosystem perspective requires that we zoom out from traditional value chains and industries to consider value creation in a broader multi-lateral context. How might this shift in perspective affect our view of evolution and strategic change? In this session we will use the current transformation of the construction sector as an opportunity to examine (a) the transformation of mature ecosystems; (b) the strategies and tradeoffs that can arise in response to such changes; and (c) the management innovations required to effectively guide, exploit, and respond to these changes.

RON ADNER is the Nathaniel D’1906 and Martha E. Leverone Memorial Professor of Business Administration at the Tuck School of Business at Dartmouth College. His research explores the relationship between firms, their demand environments, and their broader innovation ecosystems. His award winning book, The Wide Lens: What Successful Innovators See that Others Miss, has been heralded as a path-breaking guide to successful innovation in an interdependent world. He has held editorial and board positions at the Academy of Management Review, Management Science, the Strategic Management Journal, and Strategy Science. He is a keynote speaker, consultant, and advisor to companies around the world.

GURU BANDEKAR works for Oshkosh’s Access Equipment segment, JLG Industries, Inc. Mr. Bandekar is the Vice President, Global Engineering, Product Development and Management. Mr. Bandekar has responsibility for all aspects of global engineering, product development and management areas. Most recently, Mr. Bandekar served as Vice President, Global Procurement and Supply Chain at JLG industries, and Vice President, Engineering for McNeilus. Prior to joining Oshkosh’s team, Mr. Bandekar worked at Boston Scientific Corporation, a leading medical device company, in various engineering and finance roles. Mr. Bandekar received his bachelor's degree in mechanical engineering from B.A. Technological University in India, and a master's degree in industrial and mechanical engineering from the University of Toledo and an MBA in finance from the University of Minnesota.

JAY BARNEY is a Presidential Professor of Strategic Management and Pierre Lassonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, Ohio State University. His research focuses on how firms can gain and sustain competitive advantages. He has been an associate editor for the Journal of Management, a senior editor for Organization Science, a co-editor at the Strategic Entrepreneurship Journal, and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the U.S. and Europe. Jay Barney is an SMS Fellow as well as a Fellow of the Academy of Management.

XUN (BRIAN) WU is an Associate Professor of Strategy (with tenure) and Michael R. and Mary Kay Hallman Fellow at the Ross School of Business at the University of Michigan. He received his B.S. from Tsinghua University in China, M.Sc. from National University of Singapore, and Ph.D. from the Wharton School at the University of Pennsylvania. His research examines the role of firm capabilities in influencing the dynamics of corporate scope and the evolution of industries. His research has been published or is forthcoming in top scholarly journals including Management Science, Organization Science, and Strategic Management Journal. He serves as an Associate Editor for Strategic Management Journal.

15:00 – 15:30
COFFEE BREAK & SRF PRESENTATIONS (GRAND BALLROOM FOYER)
SESSION 1498
CORPORATE SOCIAL RESPONSIBILITY

To Give and Give Not: Corporate Philanthropy, Government Aid, and Political Polarization
Aseem Kaul, University of Minnesota
Jiao Luo, University of Minnesota
In this proposal, we examine the distributional consequences of corporate philanthropy. We argue that the strategic nature of corporate philanthropy means that corporate donations will go disproportionately to the more economically influential sections of society who constitute key stakeholders for for-profit firms. Private provision to these influential communities will tend to crowd out government transfers, however, with this reduction in government aid affecting even those communities that do not directly benefit from corporate philanthropy. As a result, corporate philanthropy will have a socio-politically polarizing effect. We test and find support for our arguments by examining corporate foundation giving in the US from 2003 to 2010. In particular, we show that increasing differences in corporate donations are associated with increasing political differences.

Will Orphan Drug Acts Help or Hurt Incumbents?
Mina Lee, Xavier University
Madeline Teed, Xavier University
Ho Wook Shin, Bowling Green State University
An orphan disease is defined as a disease that affects fewer than 200,000 people in the United States. Due to the small market for orphan diseases, biopharmaceutical firms do not have incentives to develop cures or treatments for these diseases. To address this issue, the U.S. Congress has passed a series of Orphan Drug Acts. According to industrial organization economics, the Orphan Drug Acts would reduce the entry barrier for the biopharmaceutical industry. We argue that the Orphan Drug Acts are good news for the biopharmaceutical industry, as they enhance the performance of incumbents. We also assert that these positive effects on incumbents would be positively moderated with market capability, R&D capability, and market power in the distribution channel of the incumbents.

Strategic Implications of Corruption Control: Sustainable Resource Management vs. Social Performance
Leyla Orudzheva, Texas A&M University- Central Texas
Manjula Salimath, University of North Texas
Robert Pavur, University of North Texas
The strategic implications of corporate corruption control have either been investigated outside the firm (e.g. FDI inflows) or inside the firm (e.g. profitability). Extant research has generally addressed these implications separately, treating them as distinct phenomena, and without exploring questions at their intersection. From a strategic standpoint, however, corruption control can be leveraged to benefit the firm both internally as well as externally. Further, it raises questions about strategic tradeoffs that are inherent in these choices. Using a cross logged design which offers clarity regarding causal effects, we examine the implications of corruption control on multinational companies: sustainable resource management and social performance. Results confirm causal directionality and support hypotheses regarding the effect of corruption control on resource management and social performance.

SESSION 1479
SECRECY AND INNOVATION

IP Risks as a Deterrent for Foreign R&D Investments: R&D Linkage Strategy, Tacitness, and Complexity
Jinhyuck Park, Maastricht University
Rene Belderbos, KU Leuven
MNEs are confronted with weak (legal) protection of intellectual property rights (IPR) in emerging economies discouraging R&D investments. We demonstrate that this influence is highly heterogeneous. The deterring effect of IP threats is weakened if the firm adopts an active IP strategy based on cross-country R&D linkages and the more complex the technology domain of the MNE. The deterring effect is amplified the more the technology domain involves tacit knowledge and the stronger the MNE’s technological capabilities relative to technological capabilities in the host country. Our inferences are based on an analysis of the R&D location choices for almost 1,800 cross-border R&D investments by 120 leading MNEs in more than 100 potential host countries, 2003-2014.

Where Does Trade Secrecy Hinder Innovation? Assessing the Role of Geographic Connectivity
Andrea Contigiani, Ohio State University
Marco Testoni, University of California, Los Angeles
The role of cross-firm mobility in innovation has been the center of a long debate in the strategy literature. We take a novel approach to this problem by arguing that mobility is determined by barriers both within an area and across areas. To account for both frictions to mobility, we estimate the joint effect of trade secrecy regulation and geographic connectivity on firm-level innovation. More precisely, we examine how a city’s geographic connectivity moderates the relationship between trade secrecy and innovation. We run the analysis using a novel longitudinal dataset of all US-based public firms in period 1980-2010, combining information about financials, patents, trade secrecy regulation, and geographic distance. We are currently assembling the data, so this proposal does not contain empirical results.

Signing to Signal: Examining Factors Behind Progressive Corporate Activism
Anna McKeen, Northwestern University
Brayden King, Northwestern University
In an increasingly tumultuous political climate, norms of activism in the United States have been uprooted. This paper examines the recent rise in progressive corporate political and social activism. Specifically, it focuses on participation in letter campaigns related to legislative proposals regarding climate change, human rights, and immigration. The drive behind organizations’ participation in cause-related letter campaigns is analyzed based on three areas of organizational theory. Each area addresses strategic concerns related to a different aspect of the organization: its (1) internal values, (2) reputation, and (3) institutional expectations. Results show industry behavior to be the strongest predictor of letter-campaign participation. This paper serves to demonstrate shifts in societal expectations and organizations’ strategic approaches to address those changes.
The Emergence of Technology Frames in Blockchain Projects: Adversarial Governance of Obscure Stakeholders

Chetan Chawla, North Central College

In this exploratory research I theorize how technology frames emerge in new industries going through the era of ferment in which diverse individual frames have not yet coalesced into collective frames. The emergent grounded theory model from a theoretical sampling of blockchain projects suggests that these frames are not only catalyzed by shortcomings in existing technology solutions, but also by shortcomings in other blockchain projects. In spite of this competitive dialectic between different projects, they all seek to provide adversarial governance to obscure stakeholders demonstrating a tenuous relationship with trust that exemplifies this new form of governance.

Do Corporate Contributions Spur Innovative Activity in Online Crowdsourced Goods? Evidence from the Linux Kernel

Do Yoon Kim, Boston College
Mike Teodorescu, Boston College

A significant part of the digital economy is built upon digital public goods such as open source software. Despite our understanding of corporate incentives to open up and contribute to such goods, the impact of corporate activities on the innovations by others in the project has been understudied. In this paper, we utilize the emergence of the Android operating system to study how increased corporate contributions to the Linux Kernel affected the direction of innovation in the open source community. We test our hypotheses using detailed data on firm level contributions of software files, and the function calls between the files to measure follow on innovation.

MANAGERS, INDIVIDUAL KNOWLEDGE, AND CAPABILITIES

SESSION 1517

Track and Date: Track E, Monday, Oct 21

Common Ground, Room: Marquette 2

Session Facilitator: Mahka Moeen, University of North Carolina at Chapel Hill

Employee Perceptions of Dynamic Capabilities and Work Outcomes: A Transactional Stress Model

Stav Fainshmidt, Florida International University
Amir Pezeshkan, University of Baltimore
Lance Frazier, Creighton University
Marc Weinstein, Florida International University

An implicit assumption of prior dynamic capabilities research is that top managers enact changes to the resource base and firm-level consequences ensue. However, because capabilities entail collective and coordinated effort by organization members, the outcomes of dynamic capabilities may be shaped by the ways in which employees construe systematic change. Drawing from the transactional stress model, we conceptualize change routines underlining dynamic capabilities as employee stressors and argue that employees who have higher trust in their firm’s top management construe change routines as challenge stressors, thus leading to increased engagement, change-oriented behaviors, and lower emotional fatigue. Conversely, employees who have lower trust in their firm’s top management construe change routines as hindrance stressors, thus leading to reduced engagement, fewer change-oriented behaviors, and increased emotional fatigue.
A Market-based Explanation for Firm Diversity: The Role of Indirect Client Ties
John Mawdsley, HEC Paris
Lionel Paolilla, University of Cambridge

Extant research explains how diversity at senior organizational levels can affect organization outcomes. However, we currently know little about how firms may use diversity as a form of competitive action. We propose and test a market-based theory for when and why firms increase their diversity at the senior level. In the context of knowledge-based-professional-services, our main proposition is that an increase in female board representation in a focal firm’s potential clients provides cues to the market and triggers the firm to subsequently increase their own female representation at senior levels. Thus, we examine the role of indirect client ties on firm diversity, which is novel to the literature. We also develop a number of moderating hypotheses that we predict attenuate the diversity effect.

A Theory of Competitive Expectations: How Music Theory Can Inform Competitive Intuitions and Progression
Eric Y. Lee, University of Georgia
John Busenbark, University of Notre Dame

Despite the prominence of ‘awareness’ in competitive dynamics research, scholars tend to assume managers are either familiar with their rivals’ competitive actions through clear signals or become so after an event occurs. We question the extent to which this comprehensively captures how managers develop expectations about rivals’ actions, particularly because of the emerging literature on the role of intuition in managerial expectations. We seek to remedy this problematic assumption by developing theory about competitive expectations that explains how managers’ gut feelings can help them anticipate rivals’ actions before they occur. Building off music theory, we theorize that managers interpret competitive cues and create expectations based off progressions of those cues. We further theorize that managers respond to competitive actions differently when the moves deviate from expectations.

SESSION 1474
CORPORATE DEVELOPMENT AND DECISION MAKING

Balancing! Combining! Or Both? Revisiting the Ambidexterity Hypothesis Using Polynomial Regression and Response Surface Modeling
Seung-Hwan Jeong, Georgia State University
Youngtak Kim, University of Georgia
Son Lam, University of Georgia

The organizational ambidexterity literature is mired in a debate about the most basic questions: what does it mean for company to be ambidextrous and does it actually improve firm performance (i.e., the “ambidexterity hypothesis”)? This impasse, we argue, is largely attributable to the fragmentation along two competing perspectives: ‘balancing’ versus ‘combining’. We seek to integrate the balancing and combining views theoretically or empirically, specifically through polynomial regression and response surface modeling. This approach allows us to incorporate both views simultaneously and map out the complex relationship between exploration, exploitation, and firm performance on a three-dimensional surface. We also conduct Monte Carlo simulations that examines the accuracy and consistency of a polynomial model against the various approaches popular in the literature.

Round Number Bidding as an M&A Strategy
Tingyu Du, University of California, Los Angeles
Marvin Lieberman, University of California, Los Angeles

Round number initial offers are pervasive in many bargaining situations. We examine the prevalence and outcome of such offers in the market for merger and acquisition targets. We find that the practice of making initial offers at round transaction values is associated with the following outcomes: (1) shorter contest duration, (2) lower probability of encountering challenging bids, (3) lower likelihood of completing the deal, and (4) lower announcement return. Our results suggest that round numbers are chosen strategically as a signal by impatient bidders who are willing to take a slight drive-up of price to secure a timely purchase and prevent competing bidders from entering the game.

Activist Hedge Fund Board Representation and its Impact on Corporate Strategy
Albert Ahn, University of California, Irvine

Activist hedge funds have been increasingly successful at gaining board representation in firms they target. Yet, we know little as to whether activist hedge fund appointed directors can influence these firms. I propose that activist hedge fund appointed directors will be able to influence the corporate strategy of firms that they target. Specifically, I investigate and find that activist hedge fund board representation in target firms is more likely to lead to divestitures and acquisitions than target firms without activist hedge fund board representation. This paper contributes to understanding activist hedge funds and the role they play in influencing the corporate strategy of firms in which they gain board representation.

The Suits or the Swashbucklers? A Meta-analytic Comparison of Independent and Corporate Venture Capital
Peiyuan Huang, University of Pittsburgh
Ravi Madhavan, University of Pittsburgh

Venture capital (VC) is a critical resource for startups which usually face severe resource constraints and uncertain prospects. However, with independent venture capital (IVC) and corporate venture capital (CVC) as two very different forms of venture capital, there has been debate on their relative performance. We apply the meta-regression method to quantitatively synthesize the effects of IVC and CVC performance respectively. Based on the characteristics of the funded startups, VC investors and the institutional environment, our analysis also considers the conditions that enhance or hinder the performance of the above two VC forms. We use a matched sample of IVC and CVC studies to tease out the selection effects in the corresponding VC performance outcomes.

Diversification Performance under Uncertainty: Fungible Non-scale Free Resources vs. Market Mechanisms
Alicia Barroso, University Carlos III of Madrid
Marco Giarratana, IE Business School
Samira Dias dos Reis, Carlos III University of Madrid

Fungibility of resources has played an important role in the diversification literature based on the resource–based view theory. Since Penrose’s seminal contribution, the mainstream view has linked the profitability of diversification with the firms’ ability to create excess capacity in resource through learning. This paper investigates the role of fungibility, learning and redeployability of internal resources to explain the performance of diversified production companies in the Brazilian film industry from 1995 to 2017. The results support a positive effect of diversification as uncertainty increases, and this effect is higher if a firm diversified by using internal fungible resources. However, the learning effect of focal resources has a positive effect on the performance of diversification driven by the use of market mechanisms without internal fungible resources.
Business Model Portfolio Configurations and Firm Performance: A Qualitative Comparative Analysis in the Airline Industry  
Philipp Buss, WU Vienna  
Nina Hampl, University of Klagenfurt  
Werner Hoffmann, WU Vienna

Recently, scholars have shifted their attention to studying a firm’s simultaneous operation of multiple BMs, i.e. investigating the emergence of and interactions between two or more distinct BMs in a firm. Still, empirical studies in this context are rare, especially when it comes to the evaluation of the impact of different BM portfolio configurations on firm performance. We conduct a qualitative comparative analysis (QCA) to study successful (and unsuccessful) configurations of BM portfolios (over time) in the global airline industry. Over the time, we observe nine different successful configurations of airline carriers’ BM portfolios. Moreover, we observe that none of these successful configurations feature the no-frills BM and mostly require its absence.

SESSION 1436  
GLOBAL STRATEGY IN THE AGE OF SKEPTICISM OF GLOBALIZATION

TRACK G  
Date: Monday, Oct 21  
Time: 15:30 – 16:45

Parallel Panel

Session Chair  
Alvaro Cuervo-Cazurra, Northeastern University

Panelists  
Yves Doz, INSEAD  
Ajai Gaur, Rutgers University  
Stephen Tallman, University of Richmond

In this panel we propose to analyze the impact of recent skepticism on globalization on the global strategies of firms. What initially were fringe movements of skeptics of globalization that emerged vocally at the end of the 1990s and early 2000s, have become influential movements that altered government policy in the 2010s. This skepticism of globalization presents interesting challenges to our current understanding of global strategy. Skepticism creates a new source of uncertainty not only from the government but also from citizens on the ability of multinationals to operate across countries. Managers of multinationals are facing a need to justify the benefits that their companies bring to each country. We will explore these ideas in a conversation among the panelists and the audience.

SESSION 1388  
WORKING ON PROCESS MODELS

TRACK H  
Date: Monday, Oct 21  
Time: 15:30 – 16:45

Common Ground: Richard Whittington, University of Oxford

The Pitch for Formulating Strategies: A Socio-cognitive Model of Creative Problem Solving  
Hilary Schloemer, Arkansas State University  
Laura Poppo, University of Nebraska, Lincoln  
Yan Huang, University of Kansas

We build a socio-cognitive model of strategic formulation in which individuals work within a group to generate ideas in an effort to provide new solutions to current strategic initiatives. We extend the theoretical literature on problem solving (search, knowledge sharing, and the use of heuristics to guide selection and development of the best solution) to consider the role of creativity. In addition, because individuals are not necessarily motivated to prioritize and focus on top-down strategic planning assignments, we examine identity, a unique meso-level construct, that connects individual self-concept as connected and belonging to a larger group. By examining the dynamics of member identification at two nested levels we then analyze when and at what level cohesiveness and cooperation are helpful or counterproductive.

Owned, Iterative, and Unowned Processes: Extending the Dynamic Capabilities Framework  
Ajit Nayak, University of Southampton

Research on dynamic capabilities has established the importance and significance of processes. Yet, the dominant mode of theorizing process is one that privileges deliberate over emergent. In this paper, I develop a strategy process approach to dynamic capabilities which theorizes process as deliberate and emergent. Drawing on an eight-year longitudinal study of sensing, seizing and developing new capabilities by a large US multinational firm in India, I identified emergent processes which have significant effects on the deliberate processes. My findings reveal the importance of iterative and unowned emergent processes and extend the dynamic capabilities framework by developing a deliberate-emergent process model.

Becoming a Different Defense Agency: Dynamic Capabilities as a Planning Process  
Joakim Netz, Jönköping University

Using the extended case method, informed by dynamic capability theory and data from fieldwork and documentation, I examine the relationship between deliberate and emergent planning in a defense agency that reoriented its task from being internationally focused toward a domestic presence during 2014-2017. I find that tensions arise over changes in the deliberate planning activities because of their interaction with emergent planning activities of a strategic initiative. A comparative analysis of sequences and time unveiled a mechanism of intention, tension, and interaction. I develop a process model of this mechanism that explains why an organizational reorientation can be reinforced despite complicated financials and contradictions in the strategic planning of organizational reorientations, adding “stewarding” as a novel aspect of managerial agency in dynamic capabilities.

Outsmarting the Paradox: Managing Hybrid Projects within a Multinational Company  
Nicola Dragonetti, IAE Paris

How do companies minimise the dangers and maximise the advantages of hybridity? Although several papers have pointed out the paradox inscribed into hybridity, managerial solutions are still scarce. This paper attempts to provide some initial answers, looking at 42 hybrid initiatives within the same multinational enterprise. Through qualitative comparative analysis (QCA), I examine the initiatives’ structural and strategic arrangements, to highlight pathways to maximise impact on financial performance.

Managing CSR Initiatives to Maximize Business Impact: Inside the Black Box of CSR Strategy  
Nicola Dragonetti, IAE Paris  
Frédéric Dalsace, HEC Paris

We propose to move beyond the debate on the relationship between corporate social responsibility and financial performance, and to look instead at how companies can harness CSR for business impact. To do that, we suggest to look at individual initiatives, rather than treat CSR as a single, unitary project. Through a multi-phase study of a large multinational company operating in the food & beverage industry, we propose that “impact” should be decomposed into tangible, indirect and transformational impact. We further explore some determinants of income, and establish the importance of fit of the initiatives with the dominant stakeholder, the need for executive involvement, the merits of a balanced approach between social and business actions and the relevance of multiple mechanisms to transfer lessons learned.
Strategic Initiatives and Multi-level Goals: A Team Process Perspective
Erim Ergene, Bryant University
Steven Floyd, University of Massachusetts, Amherst

Strategic initiatives are temporary group undertakings intending to add or renew organizational capabilities. Taking on forms of projects for new product development, capital investment, or operational efficiency, strategic initiatives are developed within the intraorganizational ecology. As such, their development is susceptible to a variety of goals at the individual, departmental, organizational and initiative levels. However, research on strategic initiatives does not take a holistic perspective and either assumes the initiative team to be a cohesive whole or reduces goal heterogeneity to proxy variables. In this paper, our objective is to understand the impact of multi-level goals for strategic initiatives. We take a configurational approach to classify goals at different levels and explore how multi-level goals could be handled for performance through team processes.

SESSION 1430
NETWORKS AND INNOVATION

TRACK I

Date Monday, Oct 21
Time 15:30 – 16:45

Paper
Room Conrad B

Session Chair: Claudio Panico, Bocconi University

Horizontal vs. Vertical Collaboration: Re-visiting the Relationship Between Alliance Network and Innovation
Jie Wu, University of Macau
Xinze Zhang, University of Macau

This study decomposes alliance networks into horizontal and vertical networks using the value chain, and argues that the inherent attributes of these two networks bring about different network effects for firm innovation. Specifically, we argue that the collaborative nature of a vertical network with buyers and suppliers facilitates central firms to increase its innovation, while undermining brokerage firms’ ability to manipulate resources for innovation. In contrast, the competitive nature of a horizontal network with similar firms in the industry makes central firms in this network a target of possible attacks from surrounding network partners, hurting its innovation, whereas enabling brokerage firms in this network to better arbitrage resources for innovation. We further examine the moderating effects of institutional development on the above relationships.

Knowledge Networks with Strategic Agents: Linking Local Decisions and Global Structure
Claudio Panico, Bocconi University
Manuel Gomez Solorzano, Tilburg University

The structural view of knowledge networks assumes frictionless knowledge flows over network paths but frictions among actors composing a network are pervasive. While frictions have mostly remained out of the spotlight, they may well account for fundamental underlying mechanisms shaping these networks. We bring frictions into the center stage and model situations where knowledge flows dyadically and imperfectly over network ties connecting agents, and we do so by incorporating both behavioral and structural network components. The behavioral component refers to how agents choose positions and establish ties. The structural component refers to network characteristics that emerge from agents’ behavior. Our initial findings could inform the design of simulations in artificial settings and allow us to gain a deeper understanding of network evolution and knowledge dynamics.

Risky Investments and Collaboration Networks
Yeon Jin Kim, Seoul National University

This study examines the role of collaboration networks in a corporate actor’s risk-taking behavior. The paper provides an alternative explanation on the conflicting results that persist in the subject of the organization’s status and the firm’s risky behavior. The paper proposes that a firm’s social relations, as information samples of the external environment, form a distinctive decision environment for a firm to verify the success of an innovation. Thus, a firm whose relational structure provides diverse opportunities for demographically marginalized inventors to enter valuable network positions. We also theorize that the impact of new foci depends on preexisting network structure. In networks where individuals from marginalized groups are highly concentrated in peripheral positions, the benefits of new foci for individuals from marginalized groups may be minimal. To evaluate these ideas, we mapped inventor networks in 389 regions across the United States over 22 years. We then collected novel data on the regional introduction of new social foci—Patent and Trademark Depository Libraries (PTDLs). We provide evidence from inferential models on the association between PTDL introduction and women inventors’ network disadvantage.

Understanding the Dynamics of Disadvantage in Social Networks: Patent Libraries and Peripheral Inventors
Russell Funk, University of Minnesota
Maxim Sytch, Northwestern University
Pyung Nahm, University of Minnesota

This study argues that by disrupting established relationships and tie formation patterns, the introduction of new social foci may create opportunities for demographically marginalized inventors to enter valuable network positions. We also theorize that the impact of new foci depends on preexisting network structure. In networks where individuals from marginalized groups are highly concentrated in peripheral positions, the benefits of new foci for individuals from marginalized groups may be minimal. To evaluate these ideas, we mapped inventor networks in 389 regions across the United States over 22 years. We then collected novel data on the regional introduction of new social foci—Patent and Trademark Depository Libraries (PTDLs). We provide evidence from inferential models on the association between PTDL introduction and women inventors’ network disadvantage.

SESSION 1348
ENTREPRENEURIAL COGNITION, ORIENTATION, AND DECISION MAKING

TRACK K

Date Monday, Oct 21
Time 15:30 – 16:45

Common Ground
Room Board Room 3

Session Facilitator: Rhonda Reger, University of Missouri

Neuroentrepreneurship, Personality, and Entrepreneurial Process Orientation
David Jorgensen, University of Memphis
Frances Fabian, University of Memphis
Joshua Groves, Utah Valley University
Paul Dishman, Utah Valley University

A wide body of research has examined the characteristics of entrepreneurs, though for several decades personality as a component was contested due to assertions that personality was not useful in understanding entrepreneurship. Recently, however there has been a resurgence of inquiry into how personality does, in fact, provide value in the study of the field. To address this concern, we introduce the new construct of entrepreneurial process orientation (EPO) and propose studying how this construct, while it possesses the potential to encompass several facets of personality, can be initially understood using the five factor model of personality. We seek to study how ensuring fit between EPO and entrepreneurial process helps ensure proper levels of cognitive workload and engagement, which we will assess using neuroentrepreneurship.
Knowledge Transfer in Entrepreneurship: A Lay Theory Perspective

Daniel Forbes, University of Minnesota

In this paper I develop a theoretically-grounded approach to the challenges of research-based knowledge transfer in entrepreneurship. I begin by discussing the population of “entrepreneurial practitioners”, and I focus on the largest subset of this population, potential entrepreneurs. For help in understanding how potential entrepreneurs make decisions, I turn to social psychological research on “lay theories”, or the knowledge structures held by lay people, as opposed to scientists. Research on lay theories is useful for understanding issues of knowledge transfer, I contend, because it can aid in identifying specific, widely-held, consequential beliefs that conflict with research-based knowledge. Building on this approach, I explain how certain lay beliefs can affect entrepreneurial behavior, and I consider the implications of these ideas for research and practice.

Visionary, Passionate, and Coachable: A Contingency Model of Visionary Entrepreneurship in Early-stage Fundraising

Hadi Faqhi, Michigan State University
He Gao, Michigan State University
Kevin Miceli, Michigan State University

Does being a visionary entrepreneur always attract potential investors as conventional wisdom suggests? We present an integrative contingency model that links visionary entrepreneurship to investors’ early-stage assessment. We explore both the positive and negative ramifications of being a visionary entrepreneur and suggest an inverted U-shape relationship with the willingness of angel investors to invest. Our proposal also suggests that this curvilinear relationship is stronger among passionate entrepreneurs and weaker among coachable entrepreneurs, highlighting the need for visionary entrepreneurs to manage competing demands to show passion while remaining open to advice and feedback.

How Managers’ Proactive Orientations and Attitudes Relate to SMEs’ Adoption of Environmental Practice

Beverly Tyler, North Carolina State University
Brooke Lahneman, Montana State University
Daniele Cerrato, Catholic University of the Sacred Heart
Karim Beukel, University of Copenhagen
Allan Discua Cruz, Lancaster University
Nathalie Spielmann, NEOMA Business School
Marco Minciuollo, Catholic University of the Sacred Heart

SME research has not considered how managers’ proactive orientations are related to SMEs’ adoption of environmental practices or how SME managers’ attitudes toward sustainability moderates the relationship between managers’ proactiveness and adoption of environmental practices. We combine the upper echelons and entrepreneurial orientation literature to hypothesize that the more proactive SME managers are, the more likely they are to focus their attention on opportunities related to sustainability and adopt environmental practices. We also posit that attitudes toward environmental practices negatively moderate this relationship. We test our hypotheses with survey data from the wine industry across four countries and find support for our hypotheses, contributing to a richer understanding of the effects managers’ proactiveness and attitudes toward sustainability on environmental practice adoption in SMEs.

Signal Fitness and Verifiability, Divergence of Investor Opinions, and IPO Underpricing

Sayan Sarkar, London Business School

Most past studies on investor response to information fundraising certain to average level of investor opinions. However, there is very limited knowledge on what might cause investors to converge or diverge in their opinions. The question is important because it is divergence among opening-day investors that drive IPO underpricing levels. I adopt a screening theory perspective and postulate that higher divergence will be precipitated by lower levels of signal fitness and signal verifiability as evident from IPO prospectus content. I find support for my predictions. In addition, I demonstrate how investor sensitivity to signals is contingent on uncertainty in the environment and about managers’ motives. The study enriches the knowledge of micro-foundations of resource-acquisition strategy, investor response to signal, and IPOs.

Gerontocracy, CEO Entrepreneurial Orientation and Firm Performance

James Davis, Utah State University
Mathew Allen, Babson College
Cassidy Creek, Oklahoma State University

With increased life expectancy, family business leaders are getting older and can be expected to stay longer in their role, a phenomenon called gerontocracy. This research examines how product and market entrepreneurial orientation of senior leaders affect firm performance. We find a significant interaction between age and entrepreneurial orientation. We also find that senior leaders are more oriented towards market than product innovation and that senior leaders with strong entrepreneurial orientation outperform younger leaders.

Navigating Uncertainty: A Psycho-Physiological Exploration of Entrepreneurial Judgment

Leif Lundmark, University of Nebraska Omaha
Erin Pleeggenkuleh-Miles, University of Nebraska Omaha
Joel Elson, University of Nebraska Omaha

Change and uncertainty are ubiquitous in today’s competitive landscape (e.g., D’Aveni et al., 2010) requiring would be entrepreneurs to make decisions with incomplete and imperfect information (Knight, 1921). As such, this research explores the important question of entrepreneurial judgement, how entrepreneurs perceive and ultimately act on an opportunity. Leveraging eye tracking and galvanic skin response technologies, we build on Packard, Clark, and Klein’s (2017) uncertainty typology and the effectuation literature to explore the cognitive processes driving entrepreneurial judgement. This research represents an initial step in addressing several research questions including: what cognitive processes are evidenced (e.g., effectuation, causation), what factors predict their emergence (e.g., entrepreneurial experience, need for cognition), which cognitive processes are most beneficial, and can patterns of cognition be learned.

Entrepreneurial Finance and Organization under Knightian Uncertainty

Peter Klein, Baylor University
Samuele Murtinu, University of Groningen

Under Knightian uncertainty entrepreneurs cannot fully articulate and communicate their beliefs about the future. And yet, many entrepreneurial ventures are externally funded. We develop a framework linking characteristics of entrepreneurial projects such as novelty, complexity, specificity, and tacitness to financing arrangements. We argue that projects with high potential for value creation are particularly difficult to fund externally because of frictions caused by novelty and ambiguity aversion, tacit knowledge, and moral hazard. However, entrepreneurs and financiers can adopt signaling and contracting strategies to overcome such challenges. We describe these strategies and explain the circumstances under which each strategy is likely to be chosen.
Political Uncertainty and Venture Capital Investment: A Real Options Perspective
Jing Deng, University of Colorado, Boulder
We investigate the effect of political uncertainty on venture capital (VC) investment from a real options perspective. We propose that political uncertainty causes uncertainty in the future value of startups, thereby impacting VC investment decisions. VCs are likely to defer or stage investments more when faced with high levels of political uncertainty. However, the effect is likely to be contingent upon the degree of investment irreversibility. Using a novel news-based measure of political uncertainty, we test our hypotheses with a large sample of U.S. VC investment deals between 1985 to 2018. Results strongly support our predictions. The study contributes to research on VC investment under uncertainty by bringing the impact of political uncertainty into light.

Transaction Cost Economics, Asset Value Uncertainty, and Entrepreneurship
Ryan Angus, West Virginia University
Lyda Bigelow, University of Utah
Amit Pazgal, Rice University
Prior TCE work describes the effects of asset specificity and different types of uncertainty on governance choice. However, this work has yet to consider the effects of uncertainty about the value of the asset to be created on governance choice. This paper develops a theoretical framework to extend TCE to entrepreneurial settings, where transactions must often be entered into under conditions of asset value uncertainty. This framework is tested using an experimental research design conducted in the context of the Google Play app store and is analyzed using hierarchical Bayesian methods. The paper identifies the conditions under which entrepreneurs prefer high-powered incentives (equity stakes and royalties) over low-powered incentives (wages) and when they prefer high-powered hierarchical incentives (equity stakes) over high-powered market incentives (royalties).

Employee Turnover As A Performance Enhancing Strategy: How Firm Context Matters
Yassine Lamrani Abou Elassad, Erasmus University Rotterdam
Ghahzar Zavosh, HEC Montréal
The strategic implications of turnover on firm performance have been so far quite fragmented across studies and literatures. We aim to bridge this gap by advancing a theory for the contexts underlying the turnover effect, and by building an agent-based simulation model illustrating turnover as a “substitutable” exploration mechanism. We identify the three main perspectives explaining today’s turnover effect in the turnover literature, and theorize that the patterns of employee turnover on firm performance can be delineated through four key determinants. The results of our simulation succeed in unifying the existing theories and empirical findings; and help define new venues for future empirical research exploring the moderating effect of firm’s context and exploration mix on the turnover-performance relationship.

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SESSION 1377
MOBILITY AND TURNOVER

Employee Turnover As A Performance Enhancing Strategy: How Firm Context Matters
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Twittering Lawyers: Social Media Activity as a Resource for Knowledge Workers in Human Capital-Intensive Firms
Hye Joon Park, Pennsylvania State University
Forrest Briscoe, Pennsylvania State University
As social media have proliferated, this social technology has also become important in the workplace. Despite the growth, whether activities in the social media space actually contribute to human capital or social capital, and thus impact individuals’ career outcomes, is still unclear. In the context of U.S. law firms, we theorize whether and how lawyers’ social resources created by social media activities affect their career outcomes. We first suggest that the amount of attention from social media users constitutes a social-capital resource for knowledge workers, with the potential to influence inter-firm mobility. We also posit that the knowledge worker’s network connections are more critical social-capital resource for high-status lawyers. In addition, the social-capital resource impact is likely to depend on the contents of lawyers’ posts.

Extreme Imprints: Human Capital, Mobility, and Entrepreneurship of Veterans in the Workforce
Daniel Peat, University of Cincinnati
Rhett Brymer, University of Cincinnati
Curtis Wesley, University of Houston
Military veterans often transition to the civilian workforce, and comprise a disproportionately high percentage of executives, entrepreneurs, and managers in many industrialized countries. Despite their prominence as sources of human capital, we know little about how veterans behave in and impact civilian organizations. Using imprinting theory to explain the bundles of attributes common to veterans, we build theory that suggests that veterans (relative to non-veterans) have codified leadership expectations, follow rules tempered by ethics, are reliably adaptable, have brittle and isolated mental states, pursue higher life purpose in work, and are resolute decision makers. These attributes create meaningful differences in how veterans lead firms, create new ventures, and are mobile between firms.

Effects of Managerial Mobility on Subordinates’ Career Outcomes
Mineo Baek, University of Pennsylvania
Matthew Bidwell, University of Pennsylvania
JR Keller, Cornell University
Despite great managerial influence on subordinates, not much is known about how managers’ moves across jobs shape subordinates’ career outcomes. Using eight years of personnel data of employees working in the US offices of a Fortune 500 healthcare company, we show how managerial mobility shapes subordinates’ financial rewards and promotion prospects, through changes in managers’ job tenure and the duration of manager-subordinate relationship. We find that manager job tenure is negatively associated with subordinates’ within-group promotion; the duration of manager-subordinate relationship is positively associated with subordinates’ rewards and within-group promotion yet negatively with cross-group promotion. Putting together, the effects of managerial mobility are negative for subordinates’ rewards but positive for promotion, especially for cross-group promotion. This paper contributes to managerial influence and career interdependence literature.

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SESSION 1379

GENERALISTS, SPECIALISTS, AND HUMAN CAPITAL PERFORMANCE

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Session Chair: Prithwiraj Choudhury, Harvard University

Specialists, Generalists and Team Performance: Evidence from Random Assignment in e-Sports
Kenny Ching, Worcester Polytechnic Institute
Enrico Forti, University College London
Evan Rawley, University of Minnesota

We study how team composition influences performance, focusing on how familiarity amongst teammates shifts the returns to specialist and generalist teams in contexts where team members coordinate interdependent activities extremopharaneously. We test our assumptions and hypothesis in the context of e-sports, where individuals choose their level of specialization endogenously, and are randomly assigned to five-person teams. After analysing nearly 8 & million matches, we find a strong specialist effect: specialists win more often, specialist teams outperform generalist teams, and teams tend to improve as they add specialists. Notably for the theory we advance, the main effects are magnified when teammates have played together more often in the past, suggesting that familiarity is a substitute for generalist skills, and that specialization and familiarity are complements.

Knowledge Dimensions and Promotions: Specialists, Generalists and T-shaped Individuals
Shinjinee Chattopadhyay, University of Illinois at Urbana-Champaign
Shinjae Won, University of Illinois at Urbana-Champaign

In this paper, we add to the specialist vs. generalist debate by highlighting the importance of knowledge characteristics that can differentially shape outcomes for specialists and generalists. We suggest that a generalist advantage exists when an inventor possesses (1) additional signals (e.g., productivity) that can attest to her skills and (2) knowledge that have more potential to benefit the firm from recombination activities. Moreover, we find that specialists with wider breadth of knowledge (the “T-shape” inventors) are particularly rewarded within the managerial track, given the importance of coordinating knowledge across teams of specialist scientists. We test this idea using a new, hand-collected database on the invention history of scientists and their career trajectories in the pharmaceutical industry.

Session 1395

STAKEHOLDER ALIGNMENT

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Session Facilitator: Rodolphe Durand, HEC Paris

How Community Alignment Affects Bank Survival: Institutional Legacies and Resource Dependence
Jaemin Lee, Imperial College London
Ji-Yub Kim, INSEAD
Henrich R. Greve, INSEAD

Despite an increasing interest in the interaction between firms and communities, we know little about how firms strategically align themselves to local communities, and when they benefit from such practices. Based on research on resource dependence and institutional legacies, we propose that companies can attempt strategically by adjusting key organizational elements, and fulfilling the community's social needs. The benefits of such efforts offset the added costs, particularly at times of financial crisis, through mutual dependency with the community. An analysis of U.S. commercial banks shows that banks with stronger organizational and social community alignment are less likely to fail, especially during banking crises.

Profiting From Lack of Cohesion: Bank Profitability in Fractured Communities
Stephen Smulowitz, IMD – International Institute for Management Development
Horacio Rousseau, Florida State University

While prior research emphasizes how firms embedded in cohesive communities should be more profitable, many intermediary organizations such as banks and micro-credit institutions seem to thrive in “fractured” communities, characterized by high poverty, unskilled labor, income inequality and racial diversity. To explain this paradox, we develop theory on how such fractured communities offer untapped opportunities for firms. We test this using a panel dataset from 6323 U.S. banks for the period 2006-2013. Supporting our hypotheses, we find that banks operating in fractured communities are more profitable, and that this effect is stronger for more diversified banks. However, community banks, which rely to a greater extent on local relationships, kinship and trust, benefit to a lower degree from fractured communities.

Stronger Together? How Groups Matter for the Salience of Secondary Stakeholders
Alison E. Holm, Copenhagen Business School
Larissa Rabbiosi, Copenhagen Business School

Corporations are increasingly pressured to engage in dialogue with secondary stakeholders, such as non-governmental organizations and local communities. While extant research has identified what secondary stakeholder characteristics may facilitate corporate engagement, it looks primarily at dyadic firm-stakeholder relationships. In particular, limited work has examined how the salience of secondary stakeholders may be influenced by other secondary stakeholders. In this paper, we investigate whether and how a secondary stakeholder group matters for the salience of a focal stakeholder. We do so by examining complaints corporate irresponsible conduct submitted between 2000 and 2018. We propose that a secondary stakeholder acting together with other secondary stakeholders will be more effective in fostering corporate engagement, moderated by the external visibility and the expertise of secondary stakeholders.
How Sustainability Crept Out of Black Box: The Case of Evangelical Lutheran Church of Finland
Timo Santalainen, Aalto University
Irene Erkko, Espoo-lahti Church
This paper describes how sustainability thinking crept out of the black box into the spotlight by the power and persistence of outlier activists in the Evangelical Lutheran Church of Finland. Even though church by no means is regarded as a usual suspect for learning innovative strategizing practices, our study suggests valuable lessons on the strategic impact of a growing cadre of internal and external activists. Discussion, even arguing, on linkage of sustainability with core values of church organization boosted energy and insight needed for defining an ambitious strategic intent of church to become a trailblazer in society in sustainability thinking and actions. Over a period of three decades the activists developed numerous independent strategic initiatives that gradually brought sustainability into an integral part of mainframe strategic agenda.

When Does Competitive Advantage Lead to Firm Performance? The Role of Stakeholder Strategies
Ye He, University of Victoria
Raveendra Chittoor, University of Victoria
Does competitive advantage always lead to superior firm performance? Even though this taken-for-granted hypothesis is under scrutiny given the critical influence of stakeholders, little empirical work has examined this question. We address this question by examining the interrelationships between business and stakeholder strategies as well as their joint impact on firm performance. Integrating stakeholder theory and competitive strategy literature, we argue that stakeholder strategies might reinforce or impair the generic competitive advantages, depending on the combinations of different stakeholder and business strategies. Our findings suggest that differentiation advantage produces higher levels of performance when a firm simultaneously adopts an integrative stakeholder strategy, whereas there is an opposite effect when firms pursue a cost leadership advantage.

SESSION 1443
COLLABORATIONS IN CONTEXT

TRACK N | Date: Monday, Oct 21
Time: 15:30 – 16:45

Paper | Room: Marquette 7
Session Chair: Olga Bruyaka, West Virginia University

The Role of Institutions and Culture in the Formation of Corporate Elites
Remzi Gozubuyuk, Sabanci University
Carl Joachim Kock, IE Business School
We analyze how country-level institutional and cultural factors affect whether corporate elites form and propagate around expressive ties (providing social values such as trust) or instrumental ties (providing information on capabilities or performance potential). We propose that elites recruit new members based on homophily and trust and thus rely more on expressive ties but that institutions such as democratic norms or the rule of law and cultural factors such as individualism and low power distance may change their behavior towards relying more on instrumental ties. We propose to test our theory in the corporate elite of the European interlocking board director network, as well as the corporate religious elite of the network of shariah scholars in Islamic Finance.

Stick Together or Break Apart: Unplanned Alliance Dissolution in Light of Adverse Events
Olga Bruyaka, West Virginia University
Guinara Zaynutdinova, West Virginia University
Deborah Philippe, University of Lausanne
Miles Zachary, Auburn University
Two contrasting perspectives on inter-organizational relations co-exist in the literature. One perspective portrays strategic alliances as long-term sticky relationships that help partners to weather harsh times together; the other perspective portrays strategic alliances as shorter-term unstable relationships that can be plagued by self-interest and internal tensions. In this study we reconcile these perspectives by considering how adverse events and subsequent media coverage and market reaction determine whether alliance partners might stick together or break apart. We develop our theoretical arguments drawing from the literature on alliance instability, organizational stigma, and negative spillovers. We present our conceptual model and discuss preliminary findings from the empirical study of publicly traded U.S. airline companies in 1985-2017.

Is All Publicity Good Publicity? The Impact of Media Pressure on Adoption of Governance Practices
Andrew Shipilov, INSEAD
Henrich R. Greve, INSEAD
Tim Rowley, University of Toronto
Media coverage is known to influence firms’ behavior, but it is less known whether coverage of firms’ partners also has an effect. In a context of governance practices’ diffusion in Canada, we distinguish the effect of direct media coverage of the firm’s activities, from indirect coverage, defined as media coverage of the firms’ interlock partners. We examine whether the coverage is laden with positive or negative emotions. We find that both direct and indirect media coverage has a strong effect on firms’ adoption of practices, either when the tone is positive or negative. Adoption is reduced, however, when company executives praise themselves in the media. The findings indicate that media coverage has broader and deeper effects on firms’ actions than previously known.

From Formal Contracts to Relational Governance Function: Aggravated Conflicts in IJVs
Ilgaz Arikan, Kent State University
Shuo Yang, Kent State University
Oded Shenkar, Ohio State University
Zivit Inbar, DifferenThinking
Despite repeatedly satisfactory transactions, the chances of safeguarding transactions with IJVs are slim. We utilize an embedded case study of cooperative interfirm relationships between one West German and one Israeli company. The unique context of this study is a natural experiment in which the ongoing interpersonal social and cognitive process among organizational members with clear ingroup-outgroup boundaries affects the success and longevity of IJVs. National groups confer distinctive value connotation on ingroup members whose ethnocentric attitudes and behaviors undermine hierarchical coordination and yield positive coordination costs. National groups’ competition for power, group relative deprivation, symbolic threat, and historical animosity give rise to intergroup conflicts. Our study extends our understanding of how social identities of IJV partners impact coordination and collaboration.
**SESSION 1444**

**COLLABORATIVE TIE FORMATION AND DISSOLUTION**

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**Paper**

**Session Chair:** Mazhar Islam, Loyola University New Orleans

**Breaking the Tie: Effects of Acquiring Firms’ CEO Turnover on Past M&A Advisor Relationships**

Mazhar Islam, Loyola University New Orleans

Acquirers hire investment banks as M&A advisors to tap into their expertise. Like other inter-organizational relationships, these acquirer-advisor relationships are often repeatedly formed with the same partner over time. We examine how CEO turnover at the acquiring firm may diminish the strength of an established acquirer-advisor relationship. We posit that a new CEO is likely to break that past relationship because she is less likely to be embedded in the relationship. We also submit that this effect is the more pronounced if the new CEO comes from outside. Finally, we suggest that a new outside CEO prefers to hire a new M&A advisor instead of conducting the deal in-house. Using a sample of U.S. M&As between 1996-2015, we find preliminary support for our hypotheses.

**A Strategic Alliance Perspective on Co-Authoring: Predicting Management Scholar Collaborations**

Duy-Tuan (Thomas) Ngo, University of Wisconsin-Madison

Edward J. Zajac, Northwestern University

In this study, we suggest that the significant progress among strategic alliance researchers in identifying the factors predicting the formation of alliances between formal organizations can be extended to consider other arenas of collaboration. Specifically, we build upon current understanding of the likely antecedents of strategic alliances to predict scholarly collaborations between management scholars. We take a dyadic-level perspective and consider both resource and behavioral drivers of co-authoring relationships, emphasizing: expertise similarity and complementarity and prior co-authoring experiences. We test our hypotheses using a unique dataset comprised of all research collaborations among management scholars found at Academy of Management conferences over a 12-year period (2002-2013).

**A Model of Inter-Organizational Network Formation**

Shweta Gaonkar, Johns Hopkins University

Angelo Mele, Johns Hopkins University

This paper studies formation of inter-organizational ties in an equilibrium framework. We model firms’ decisions to form links with other firms as a strategic game. Firms’ payoffs include costs and benefits of establishing a relationship, as well as equilibrium effects from transitivity and popularity. We estimate using a Bayesian approach. We apply the framework to co-investment network of venture capital firms in medical device industry. The results suggest that firms’ show a preference for links to similar firms and firms with common partners. Our structural approach allows us to model the effects of counter-factuals. We show how entry of new firms or minimum capital requirements increase the density and clustering of co-investment network, thus allowing us to quantify the equilibrium impact of these market shocks.

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**SESSION 1456**

**GENDER IN GOVERNANCE RESEARCH**

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**Paper**

**Session Chair:** Abbie Oliver, Georgia State University

**Unpacking Board Diversity: Women Director Experience and Corporate Social Responsibility**

Hyun Jung Lee, University of Maryland

Christine Beckman, University of Maryland

Debra L. Shapiro, University of Maryland

The impact of gender board diversity on firm-level behavior has been the object of many studies but the mechanisms underlying a diversity effect have been rarely studied. We focus on research demonstrating that firms with female board members engage in more social and ethical practices to begin to unpack why female board members are important to firm-level behaviors. In particular, we explore how the unique and diverse experiences of female board members influence CSR. Using a sample of S&P 1500 firms, and a hand-collected database on the backgrounds of over 2,500 female board members over a 19 year period, we find that diverse functional experience and the advanced, elite educational backgrounds of female board members drive the positive association between board composition and CSR.

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**CEO Effects on Female Director Appointment: Homophily and Power Perspectives**

Qiwen Yu, Singapore Management University

Toru Yoshikawa, Singapore Management University

In this paper, we aim to examine how CEOs’ characteristics influence female directors’ characteristics on boards. We look into the presence of female directors’ human and social capital in contrast to CEOs’ human and social capital, as we theorize that homogeneous background enhances CEOs’ preference for female directors since similarity generates higher level of trust and mutual understandings. On the other hand, when CEOs are powerful, rather than being threatened by female directors with rich resources, CEOs are motivated to select female directors with plenty of resources. Our empirical results are largely consistent with the arguments that CEOs appoint female directors with similar backgrounds, and power renders confidence to CEOs and encourage them to choose female directors with rich resources.

**Participation in Cluster Events, Managerial Networking, and Strategic Alliances: A Multi-Level Network Analysis**

Michael Wältermann, University of Freiburg

Olaf Rank, University of Freiburg

Georg Wolff, University of Freiburg

Cluster organizations commonly organize social events to connect their member firms and promote collaboration within the cluster. Yet, little is known about the effectiveness of these events: Are individuals who repeatedly co-participated more likely to connect? What is more, are the firms these individuals work for more likely to collaborate formally? We address these questions by applying multi-level exponential random graph models to relational data collected in a German biotech cluster. Our results indicate that individuals’ frequency of co-participation, especially in small events, is a predictor of both inter-individual and inter-organizational ties. We further show that inter-individual ties positively relate to both recent and non-recent co-participation; inter-organizational ties, by contrast, only to the latter. Concurrently, we demonstrate that ties at both levels are positively interdependent.
Think Crisis, Think Female? Stakeholder Reactions to CEOs Following Corporate Violations
Abbie Oliver, Georgia State University

While much is known about the biases females face in reaching the top, less is known about how stereotypes influence expectations once they become chief executive officer (CEO). I investigate a context that relies heavily on stakeholders’ expectations, specifically corporate violations. I theorize how stakeholders’ stereotypical gender biases shape their reactions pertaining to the CEO (male vs. female), the violation type (character vs. competence), and the response (apology vs. withholding apology). I unpack if the communal stereotype serves as either a benefit (she will fix things) or a burden (she is incompetent and should be blamed for committing a violation in the first place).

Macho Markets? Does Gender Diversity in Hedge Funds Affect Activism Performance?
Ankita Agarwal, University of Texas at Arlington
Parthiban David, American University
Maria Goranova, University of Wisconsin-Milwaukee
Anna Obedkova, Towson University

Hedge fund activism is, on average, successful in pressuring managers to change governance and strategy to generate higher financial returns. We study the influence of gender diversity among hedge fund executives on activism. Preliminary results indicate that gender diversity is associated with lower returns, showing that gender diversity is not conducive to the confrontational engagement typical of shareholder activism. We develop hypotheses to explore two channels whereby gender-diverse hedge funds generate lower returns from activism, examining differences in: 1) their actions related to activism, i.e., they are less aggressive and less likely to target the “right” firms, 2) the reactions of other stakeholders, i.e., they are less likely to gain support from managers and other shareholders.

SESSION 1465
PRESSURES ON TMTS IN PUBLIC AND FAMILY FIRMS

Why Do TMTs Change the Way They Do? Exploring TMT Reconfigurations, Contexts, and Performance Implications
Paul Ferreira, Fundação Dom Cabral (FDC)

While upper echelons theory has explored TMT member change and its importance for firm performance, this study examines how the underlying TMT structures evolve through consistent patterns of change. Drawing on the structural reconfiguration and the upper echelons literatures, we develop a theory of TMT reconfigurations, which we define as the strategic process through which senior executives reorganize their roles and the relationships between these roles. We propose four distinct TMT reconfiguration patterns and explore how they affect central TMT characteristics and processes. We further argue that these patterns’ performance implications are contingent upon the specific contextual dynamics that firms face. Our paper contributes to upper-echelons theory by developing a structural perspective on TMT change, which we integrate with the dominant member change perspective.

Local Options Matter: Exploring the Effects of Local Job Alternatives in TMT Turnover
Joel Andrus, University of Missouri
Jieun Lee, University of Missouri

Why do top executives leave their firm? Prior research has typically focused on firm-, group-, or individual-level characteristics that impact an executive’s decision to exit. Surprisingly, even though the consideration of local labor market characteristics has been a cornerstone of turnover theories in organizational behavior, research on executive turnover has overlooked how local labor market characteristics impact executive exit. We draw on organizational commitment theory to hypothesize about how characteristics of the local area impact the likelihood of executive exit, including how different types of affective commitment, including pay disparity within the TMT, and with the local area, as well as managerial discretion, moderate this relationship. We find broad support for our models, suggesting that local labor market characteristics play an important role in exit.

New Wave Ownership Faces the Old Guard: Institutional Investment in Family Firms
Sandra Dow, Middlebury Institute of International Studies
Jean McGuire, Louisiana State University

The growth of global institutional investment implies that institutional investors will frequently coexist with powerful family owners who may prioritize consumption of private benefits. However, little is known about the implications of institutional investment in family firms. Making use of a sample of firms in 36 countries and spanning the period 2005-2010, we find that family ownership reduces firm performance. Further, both grey area and arm’s length institutional investment, as well as foreign and domestic institutions, have a positive effect on firm performance. These effects are stronger in family firms than in non-family firms. In ancillary analysis, we examine both firm level and contextual moderators.

The Impacts of the Founding Family’s Intraorganizational Power: The Case of Managerial Entrenchment
Zhonghui Wang, California State University San Bernardino

We develop an intraorganizational power model to study the contingent effects of intraorganizational power on the relationships between the founding family and managerial entrenchment in publicly-traded firms. By analyzing S&P 500 firms and selecting the golden parachutes as a proxy of managerial entrenchment, we find that the intraorganizational power of the founding family, which encompasses hierarchical power, resource power, and network centrality, is negatively associated with the golden parachutes which are negatively associated with firm value. Both the hierarchical power imbalance between the family and non-family managers and the resource power imbalance between the family and non-family shareholders are positively related to the golden parachutes. These results suggest that more powerful founding family would mitigate the negative impact of managerial entrenchment on firm value.
How and When CEO Overconfidence Increases Firm Performance: A Social and Deception-Based Theory

Laurent Vilanova, University Lyon 2

Prior research posits that (i) many CEOs are overconfident in that they overestimate their abilities, their knowledge and their firm's future outcomes, and (ii) CEO overconfidence hurts organizational performance. In this paper, we develop a theory that explains how and when moderate CEO overconfidence increases performance. Our basic argument is that CEO overconfidence has two effects on firm performance: it impairs the accuracy of decisions and often leads to overinvestment; by contrast, it increases the CEO's ability to deceive and persuade others, a personal ability that may generate social benefits by influencing favorable reactions in firm allies (e.g., employees, providers of resources) and rivals (e.g., competitors). Overall, our theory permits to delineate the conditions under which CEO overconfidence yields positive short-term and/or long-term firm performance.

The Effect of CEO Career Horizon on the Choice of Alliance Governance Mode

Abdullatif Alrashdan, University of Connecticut
David Souder, University of Connecticut
Sergio Grove, University of Connecticut

This study provides a behavioral perspective on the firm's choice of alliance modes. We argued that firms' choices of alliances are influenced by the time that the CEO is expected to remain in the firm (i.e., CEO career horizons). We posit that CEOs with short career horizons may be associated with more behavioral uncertainties as their CEOs near their retirement, and thus become less likely to engage in long-term partnerships, such as equity alliances. In contrast, we argue CEOs with long career horizons are more likely to pursue equity alliances to bolster their learning. Further, we proposed that both relatedness and repeated partnerships accentuate the positive relationship between CEO career horizons and the choice of equity alliances. We provide empirical evidence for our arguments.

CEO Cognition and Firm R&D

Mehdi Samimi, Iowa State University
Pol Herrmann, Iowa State University
Marc Anderson, Iowa State University

The need for studying the cognitive capabilities of executives in developing firm-level capabilities has been frequently mentioned in the literature. We address this need through building upon psychology literature to explore how CEO cognition can affect the extent and usefulness of R&D resource allocations. We draw upon construal level theory to investigate how CEO construal level can affect the R&D intensity of firms and adopt integrative complexity notion to explain CEOs’ role in managing R&D resources effectively. A theoretical framework and the methodology to examine the proposed theory are presented. This study contributes to the managerial cognition literature by recognizing two important, but less studied, cognitive attributes of CEOs that can affect innovation at firms.

Consequences of CEO Narcissism: An Interorganizational Network Structure Perspective

Peter Inho Nahm, Texas A&M University
Michael Howard, Texas A&M University

Existing research on CEO narcissism illustrates different effects of this aspect of executive personality on various individual firm performance and strategy outcomes. However, it has not examined how narcissistic CEOs impact their firms in an interorganizational network context. Through a broad sample of U.S. software firms, this study explores how CEO narcissism affects firms' interfirm network structure. Specifically, we build on the extant research on executive narcissism and interorganizational networks to develop and test a theoretical framework linking executive narcissism to firms' network status, structural holes, and network triadic closure. Our work will contribute to a greater understanding of the relationship between CEO narcissism and interfirm network structure.

Relay CEO Succession and Temporal Orientation: The Roles of Performance Shortfalls and CEO Narcissism

Nongnapat Thosuwanchot, Chulalongkorn University
Eugene Kang, Nanyang Technological University, Singapore

Issues related to time horizon have received increasing attention due to the perceived reluctance of managers to make long horizon investments. Our study examines CEOs' temporal orientation in the context of CEO succession by using content analysis of CEOs' letters to shareholders. We propose that relay successors are more short-term oriented than nonrelay successors and outside successors. Moreover, we examine how performance below historical and social aspirations and narcissistic personality of relay successors further influence their short-term orientation. We test our hypotheses on a sample of CEO successions covering the years 2008-2016 of firms listed in the S&P 500 index. The results largely support our theoretical arguments. This study highlights the important roles of a CEO's personality and aspiration benchmarks on the CEO's temporal orientation.

How do Top Managers’ Emotions and Financial Performance Feedback Affect Analyst Recommendations?

Hwee Tan, Simon Fraser University
Jie Mein Goh, Simon Fraser University
Daniela Blettner, Simon Fraser University

Top managers respond to financial performance feedback by adapting their firms' strategies. In this process, analysts are important intermediaries because their recommendations affect investors. Top managers can influence analysts' perceptions of past events by offering their interpretations of performance feedback. Yet, this interpretative process involving top managers and analysts is not well understood. Particularly, the emotions that top managers display in their interactions with analysts are rarely examined. Based on a large, longitudinal sample, we study how emotions displayed by top managers during conference calls affect analyst recommendations. By studying top managers' emotions in a complex feedback interpretation process, we contribute to a better understanding of the microfoundations of performance feedback.
SESSION 1541
STRATEGY RESEARCH FOUNDATION HIGHLIGHTS AND FUNDING OPPORTUNITIES

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<td>Special Panel</td>
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Strategy Research Foundation Highlights and Funding Opportunities

Session Leaders
- Riitta Katila, Stanford University
- Michael Leiblein, Ohio State University
- Tammy Madsen, Santa Clara University
- Catherine Maritan, Syracuse University

Presenters
- Andrew Earle, University of New Hampshire
- Pinar Ozcan, Oxford University

The Strategy Research Foundation (SRF) session will provide an overview of funding opportunities available to SMS members, a question and answer session, and examples of recent SRF sponsored research. The co-chairs of the SRF, Michael Leiblein and Cathy Maritan, will kick off the session by summarizing the objectives of the SRF Dissertation Research Program, Research in Organization Program, and Research in Strategic Management Program. These programs are managed by SRF program directors Riitta Katila, Tammy Madsen, and Kulwant Singh. Tammy Madsen (Dissertation Research Program) and Riitta Katila (Research in Organizations Program) will be on hand to address questions regarding these programs. The session will conclude with presentations by Pinar Ozcan and Andrew Earle, recent recipients of Research in Organization Program grants.
Fostering Robust and Reliable Research in Strategic Management

Session Leader
Gwendolyn Lee, University of Florida

Panelists
Donald Bergh, University of Denver
Richard Bettis, University of North Carolina at Chapel Hill
Brent Goldfarb, University of Maryland
Constance Helfat, Tuck School of Business at Dartmouth

Our research community faces a number of challenges related to promoting robustness and reliability in our work. This plenary session aims to address these challenges and to discuss best practices regarding how to foster robust and reliable research in strategic management.

Rich Bettis is the Ellison Distinguished Professor of Business Administration at the Kenan-Flagler School of Business at the University of North Carolina. He has won the SMJ Dan and Mary Lou Schendel Best Paper prize and been elected to the Fellows of SMS. He has served on the Academy of Management Board and on the Strategic Management Society Board, where he also served a three-year term as President. He has been a Consulting Editor of the Academy of Management Review and an Associate Editor of Management Science. In 1995 he became an SMJ Associate Editor and 2007-2015 served as SMJ Co-Editor.

Brent Goldfarb is the academic director for the Dingman Center for Entrepreneurship and Associate Professor of Management and Entrepreneurship at the University of Maryland’s Robert H. Smith School of Business. In addition to studying the use of statistical methods for inference, Goldfarb studies entrepreneurship at the intersection between economics, finance, history, and strategy. He has a forthcoming book on when new technologies lead to bubbles. Dr. Goldfarb earned a Ph.D. in Economics at Stanford University.

Constance E. Helfat is the J. Brian Quinn Professor in Technology and Strategy at the Tuck School of Business at Dartmouth. Constance Helfat’s research focuses on firm capabilities, including capabilities for technological innovation and firm adaptation and change. She also has conducted research on corporate executives, including women executives. Constance Helfat has published widely in leading academic journals, and has written and edited three academic books. She is a Fellow of the Strategic Management Society, received the Distinguished Scholar Award from the Technology and Innovation Management Division of the Academy of Management, serves as Co-Editor of the Strategic Management Journal and Associate Editor of the Palgrave Encyclopedia of Strategic Management, and is on the editorial board of other academic journals.

Gwendolyn (Gwen) Lee is the Chester C. Holloway Professor at the University of Florida, Warrington College of Business. She holds a Ph.D. in Business Administration from the University of California at Berkeley, and M.S. and B.S. degrees from MIT. Gwen is on the Editorial Review Boards of Academy of Management Journal, Academy of Management Review, Strategic Management Journal, and Strategy Science. She has worked and enjoyed living globally in America, Asia, and Europe.

Donald Bergh is the Louis D. Beaumont Chair of Business Administration and Professor of Management at the University of Denver and a visitor at University College Dublin. He previously held positions at Penn State, Cornell, and Purdue. His research on corporate strategy, research methods, and ethics has appeared in the AMJ, SMJ, OS, JoM, JMS, SO, ORM, and AMLE. In addition, he served as co-editor of the series, Research Methodology in Strategy and Management (Emerald) for volumes 1-8. He has served the strategic management field as an Associate Editor (AMJ, ORM, JMS), as a member of editorial review boards (AMJ, SMJ, OS, AMR, JMS, and ORM), as the inaugural Chair of the Scientific Integrity and Rigor Task of JoM, and the SMS in the IG&CE leadership tracks of Corporate Strategy and Governance, Corporate Strategy, Research Methods, and as Program Co-Chair of the 35th Annual Conference in Denver.

18:30 – 22:00
Monday Night Event (Mill City Museum)
SESSION 1502
POLITICAL STRATEGY

TRACK A
Paper

Date	Tuesday, Oct 22
Time	08:00 – 09:15
Room	Marquette 2

Session Chair: 	Alvaro Cuervo-Cazurra, Northeastern University

In .Gov We Trust? Trust Ambivalence and Business Opportunities Following India’s Demonetization
Mayur P. Joshi, University of Western Ontario
Nuruddin Ahmed, University of Western Ontario
Jean-Philippe Vergne, University of Western Ontario
Ning Su, University of Western Ontario

This multi-method study brings the topic of money back into strategic management scholarship by investigating how the relationship between institutional trust and trust in money affects organizational growth. Using demonetization in India as our empirical setting, we first use qualitative data and find that the policy shock (demonetization) implemented in 2016 by the government created a trust ambivalence in institutional environment. Then, we hypothesize and demonstrate empirically, with a regression discontinuity design, that trust ambivalence provides growth opportunities for business organizations at arm’s length from government – private banks (to process payments) and cryptocurrency organizations (to store value) – by acting as alternative trustees to government. Our study contributes to the interdisciplinary literature on trust and reconciles the notion of institutional trust to organizational growth.

Saying No to Organized Crime
Alvaro Cuervo-Cazurra, Northeastern University
Grazia D. Santangelo, Copenhagen Business School

Companies in some countries suffer from an institutionalized acceptance of organized crime. Extending institutional theory, we propose a positive institution deviance in which some companies choose to deviate from such an accepted norm and not to collaborate with organized crime. They indicate this by seeking anti-organized crime certification, i.e., a formal external recognition that the firm has established and complies with anti-organized crime policies and procedures. Specifically, we propose that firms from domestic regions under the influence of organized crime are faster at seeking anti-organized crime certification, and that a lower level of intangible assets of firms strengthens this relationship. The analysis of a matched sample of 1696 Italian manufacturing firms in the period 2012-2017 supports our predictions.

Slavery by Another Name: Quality Shading and Probity Hazards in the Convict Lease System
Joseph Mahoney, University of Illinois at Urbana-Champaign

Following the Civil War, and destruction of much infrastructure, the southern states had few prisons. As an adaptive response, these states leased convicts to business entrepreneurs, planters, and corporations in one of the harshest and most exploitative labor systems known in American history. Major themes of this period of Southern history were clustered within the institution of the convict lease system: Fears of labor shortages; dearth of capital; racism; violence; courageous efforts of human reformers; and struggles to modernize. This study provides a transaction cost economics assessment of imperfect governance alternatives of public bureaucracy vis-à-vis the convict lease system. Differential probity hazards and higher levels of quality shading are highlighted. Failures of the convict-lease system are being repeated in our era of private prisons.

SESSION 1511
DIVESTITURES, DISSOLUTIONS AND EXITS

TRACK E
Paper

Date	Tuesday, Oct 22
Time	08:00 – 09:15
Room	Marquette 3

Session Chair: 	Paul Nary, University of Pennsylvania

Leaving Money on the Table: Regulatory Costs and Administrative Contests
Anastasia Shcherbakova, Texas A&M University
Thomas Coleman, University of Chicago

Firms in regulated industries face strong incentives to reduce regulatory costs. Some firms attempt to reduce these costs ex ante by engaging in the political process to affect the composition of the legislature, the language of the laws, or the strength of enforcement. Fewer firms use the administrative contest process to reduce non-compliance fines ex post. In this study we evaluate why the contest process appears to be underutilized, given its relatively high observed success rate and low costs. Using data from the U.S. mining industry, we find evidence that the regulator strategically reduces non-compliance fines in order to avoid reputation costs associated with judicial reversals. Our findings are consistent with the theory of self-interested regulators.

Examining the Role of Firm-heterogeneity in Firms’ Exits From Projects
Kiran Awate, Virginia Tech
Rajat Khanna, Tulane University
Jay Anand, Ohio State University

What are the consequences of a focal firm’s exit from a project for other firms? While prior research draws on information-based mechanisms to argue that other firms, under uncertainty follow the focal firm (also known as herding), it assumes away the role of firm-heterogeneity that often has implications for firms’ exit decisions in the first place. In this research, we argue that firms’ exit decisions are complex interplay between information-based and competition-based mechanisms. Particularly, we show that other firms’ exit decisions are contingent on whether the focal firm exits from its core- or non-core technology and whether that technology forms the core- or non-core part of other firms. Using a unique database of patent recalls in the pharma industry, we find support for our hypotheses.

The Impact of Emerging Market Competition on Innovation and Business Strategy
Mu-Jeung Yang, University of Utah
Lorenz Kueng, Northwestern University
Nicholas Li, University of Toronto

How do innovation strategies interact with competition to determine competitive advantage? We utilize China’s WTO accession and its impact on Canadian manufacturing firms as natural experiment for a competitive shock. We provide novel evidence on the importance of innovation strategies as costly-to-reverse strategic commitments and their role in mitigating competition. Our analysis of the mechanisms through which competition and innovation interact reveals that whether firms pursue process or product-based innovation strategies matters: process innovators that survive have higher profits ex-post, but are ex-ante more likely to exit. In contrast, product innovators have higher profits if they survive, without significant impact on exit. Our theoretical analysis highlights that both empirical patterns suggest that innovation strategies increase risk.
Selling to the Sharks: Divestiture Performance and the Role of Private Equity Acquirers
Paul Nary, University of Pennsylvania

Do corporations that divest to private equity firms perform better or worse than when they divest to corporate acquirers? In this early-stage study, I find evidence that divestitures by corporations to PE firms may perform worse than divestitures to corporate buyers, and investigate mechanisms that may lead to this negative performance. I contribute to literature focused on the effects of corporate restructuring, specifically divestitures, on firm performance, and show a context where divestitures may lead to negative outcomes. I also contribute by investigating the role and behavior of PE firms in public markets, showing that although PE firms may in fact play an important role in markets for divested assets, they may negatively influence performance of corporations that choose to divest to PE acquirers.

SESSION 1513
SPEED, TIMING AND TEMPORAL DYNAMICS

BUILDING AND DEPLOYING SPEED CAPABILITY: HOW AND WHEN DO DIFFERENT LEARNING EXPERIENCES MATTER?
Toby Li, Rice University
Ashton Hawk, University of Colorado, Boulder

While research has emphasized the importance of speed, there is still little understanding about how firms develop speed capabilities and when to deploy such capabilities. Building on the literature of deliberate learning and evolution of capabilities and the literature on speed capabilities, we argue that (1) engaging in a mix of different types of experience-based learning (i.e., partner-specific, field-specific and generalizable experiences) is crucial for developing speed capability, and that (2) building such capability during industry downturns and deploying them once the industry recovers enables firms to successfully execute them. Using the context of onshore oil-gas drilling, we find support for our hypotheses. Our insights help advance our understanding of learning-before-doing, the timing of learning investments, and building speed capabilities as source of competitive advantage.

From Cluster Mass to Motion: The Temporal Dynamics of Industry Clusters and Technological Innovation
Min Jung Kim, University of Minnesota

This study investigates the relationship between geographical concentration and innovation by adopting a temporal dynamics approach to the study of industry clusters. Scholars have made significant progress in understanding the importance of cluster mass for firm innovation. However, cluster mass is seldom stable, and temporal changes in cluster mass may have significant implications for innovation, which are not accounted for by existing approaches. I argue that cluster motion informs the flow (mobility) of resources, which in turn determines the characteristics of knowledge sources and of other external resources supporting recombination process. In this study, I examine how cluster motion affects two fundamental aspects of firm innovation—knowledge recombination process and output—and empirically test the relationships in the context of the U.S. medical device industry.

When Can Firm Have Faster Speed Despite Inferior Speed Capability?
Minjae Lee, Southern Connecticut State University

Typically, practitioners and academic scholars assume that firms with superior speed capability have faster speed. Instead, I maintain that firms with inferior speed capability can have faster speed when product-market demand increases substantially. First, I develop a model examining the effect of product-market demand and/or a firm’s speed capability on its time-to-build, cost-to-build, and marginal cost-to-build its plant. Next, I empirically examine my developed theory in the context of the Liquefied Natural Gas (LNG) industry by using demand shock caused by energy market liberalization around 2000. I find that firms in the post-shock period (i.e., when product-market demand rapidly increases) have a shorter time-to-build their plants despite their inferior speed capability compared to firms in the pre-shock period (i.e., when product-market demand is steadily low).

The Duality of Bottlenecks: Coopetition and Value Migration in the Online Streaming Ecosystem
Jungyoon Jang, University of Pittsburgh
John Prescott, University of Pittsburgh

There is an increasing interest in bottlenecks to explain how actors engage in value creation and capturing to obtain an advantageous position in an ecosystem. However, since scholars have adopted varying perspectives (positive and negative) on bottlenecks our understanding of their effect on coopetition and value migration in an emergent ecosystem is unclear. Adopting a duality perspective where a bottleneck simultaneously has positive and negative attributes, we focus on identifying bottlenecks in the context of the online streaming ecosystem and explicating the duality of bottlenecks in both scholarly and practical ways. Further, we theorize how a bottleneck lens can be applied to articulate value migration during industry change and the role of coopetition in the evolving online streaming ecosystem.

How Much Does Business Group Matter in Developed Economies? Evidence from the Western European Union
Timo Sohl, Pompeu Fabra University
Markus Fitza, Frankfurt School of Finance and Management
Anaïs Hamelin, University of Strasbourg
Mathew Hayward, Monash University

Although previous research has recognized that business groups are prevalent in both developing and developed economies, little is known about how much business group matters in explaining performance heterogeneity among developed-market firms. In this study, we address this question using a variance decomposition analysis in a large sample of European firms associated with business groups. Our results indicate that the business group effect is substantial at 7.3 percent—in fact, it is comparable to the business group effect reported in the context of developing markets (9.4 percent). This finding suggests that more research on the theoretical mechanisms that can explain why business groups matter in countries with more developed institutional and market environments is warranted.

Zhe Xing, Santa Clara University

Previous research has mainly examined the antecedents of M&A prior to the announcement of the deal and their impact on different outcomes. The important phase between partner selection and deal completion has attracted less attention. This paper studies how acquirers and targets negotiate in order to protect their gains from the deal by designing the incentive and insurance clauses in merger agreements, furthering our current understanding of the M&A process. Using a manually collected dataset of M&A agreements between public acquirers from the software industry and their private targets from 1995 to 2017, I found that, compared with unrelated acquisitions in which information asymmetry is high, contracts of related acquisitions involve more incentive clauses and fewer insurance clauses.

Mergers vs. Acquisitions

Joseph Clougherty, University of Illinois at Urbana-Champaign
Albert Banal Estahol, Pompeu Fabra University
Jo Seldeslachts, University of Amsterdam
Florian Szücs, WU Vienna

We differentiate between mergers and acquisitions based on the potential for partnering firms to respectively engage in two-way or one-way efforts in obtaining operational efficiencies. Our model predicts that acquiring firms engaged in mergers will be characterized by both a higher mean and a higher variance in operational-efficiency gains. These higher-mean and higher-variance tendencies for mergers vis-à-vis acquisitions involve countervailing effects when factoring stock-market valuations; hence, mergers are discounted when financial markets are characterized by high degrees of risk aversion. Employing data on 38,706 transactions covering 1986 to 2009, we find strong empirical support for our three theoretical predictions.

Do Business Group Firms Carry More or Less Cash than Standalone Firms?

Jaya Dixit, Indian School of Business
Raveendra Chittoor, University of Victoria

In this paper, we investigate if a firm’s affiliation to a distinct ownership structure and organizational form that is widely prevalent in many parts of the world, viz., the business group, has any systematic influence on its cash holdings or financial slack. We test our predictions using a comprehensive, unbalanced panel dataset of Indian firms consisting of business group (BG) and non-BG firms during the twelve-year period from 2002 to 2013 and find that business group affiliated firms tend to hold less cash on average. Furthermore, we find that BG firms with greater insider ownership tend to hold lower cash.

Advisors and Acquisition Performance: The Roles of Contemporaneous and Relational Capital

Gonzalo Molina-Sieiro, Florida State University
Bruce Lamont, Florida State University
Katia Galdino, Georgia Southern University
Kimberly Ellis, Florida Atlantic University
David King, Florida State University
Janice Gordon, Florida State University

Our study makes two primary contributions to the literature examining the effects of advisors on acquisition performance. First, we theorize and find empirical support for a novel type of capital that advisors provide to their acquisition clients. We refer to this as contemporaneous capital which captures the advisor’s real-time, concurrent experiences working with multiple acquisition clients. Second, we show that advisors’ contemporaneous capital alone and in tandem with their relational capital with the focal acquirer influences acquisition performance in different ways. Thus, the consideration of multiple types of capital provided by advisors seems critical in answering the question of when and why advisors are more or less helpful in aiding acquirers to achieve acquisition performance outcomes.

Post-Acquisition Integration Strategic Choices: Do Inherited Alliances Play a Role?

Aneta Oleksiak, University of Groningen
Pedro de Faria, University of Groningen

Existing acquisition research indicates that acquirer’s post-acquisition integration decisions are dependent on the in-house resources and capabilities of acquired firms. However, it has ignored that acquired firms may bring along resources and capabilities embedded in alliances. We define alliances that accompany acquisitions, as inherited alliances. We posit that inherited alliances imply resource dispersion that leads to lower value creation opportunities, and a greater number of interfaces that leads to more value disruption risks. Consequently, we predict that the more inherited alliances, the more likely the acquiring firm will preserve the acquired firm. We also expect this baseline relationship to be moderated by the existence of prior alliances between acquirer and acquired firm. Using acquisition data from the biotech sector, we find support to our hypotheses.

SESSION 1401

CROSS-BORDER INNOVATION AND ENTREPRENEURSHIP

TRACK G

Date | Tuesday, Oct 22
Time | 08:00 – 09:15
Paper | Exequiel Hernandez, University of Pennsylvania
Room | Marquette 5

How Does FDI Affect Domestic Entrepreneurship? Evidence from China

Haiyang Li, Rice University
Yu Li, University of International Business and Economics

Drawing upon the knowledge spillover theory of entrepreneurship, we argue that foreign direct investment (FDI) can help prospective domestic entrepreneurs to get exposed to business opportunities in an industry, and thus encourage them to enter the industry. We propose that such exposure varies across foreign firms’ entry patterns and post-entry strategies. Using a unique dataset from a technology cluster in China, we find that the founding rate of new domestic firms is affected by foreign exposure varies across foreign firms’ entry scale, entry speed, and post-entry strategies. Theoretical and practical implications are discussed.

Do Immigrant Entrepreneurs Foster Cross-Border Venture Capital?

Sarah Balachandran, University of Pennsylvania
Exequiel Hernandez, University of Pennsylvania

Cross-border venture capital investments are inherently uncertain and risky, and VC firms vary significantly in how much and where they make such investments. We propose a mechanism to explain such variation: investing in startups founded by immigrants provides VCs with knowledge and connections that facilitate subsequent investments in startups from the immigrants’ home country. Empirically, we find that U.S. VCs that invest in Indian immigrant entrepreneurs in the U.S. subsequently invest more in India—in the exact region where the immigrants are from and with a lower likelihood of using a local co-investor. These effects are stronger for VCs with ethnic Indian partners. We find no such effects from investing in ethnic (non-immigrant) Indian entrepreneurs, who lack direct knowledge and connections in India.
Exploring the Complementarity Between Imports and R&D: Evidence from China
Lanhua Li, Zhejiang University
Elena Golovko, Tilburg University
Can Huang, Zhejiang University
In this study, we advance the trade-performance link literature by delving into the dynamic process that relates firms’ decisions to innovate and import. We propose that firms’ R&D investments and importing activities are interrelated and complementary for innovation performance in the emerging market context and test the idea by using a large sample of Chinese firms in high-tech industries. We find that firms, which combine importing and in-house R&D efforts, achieve better innovation performance. This complementary effect is more salient for private firms compared to state-owned firms, and for firms in industries with high competitive pressure. Our findings highlight the importance of imports as a channel to enhance innovation performance for technological laggards such as firms in emerging markets.

Innovation and Imitation: Design in the Global Tire Industry
Jung Kwan Kim, Temple University
This study helps scholars deepen understanding of why firms choose not to invest in imitation protection and the timing when firms finally decide to deter imitation. This research aims to shift the RBV from a static and basic setting in which the link between valuable-but-imitable resources and their protection are established both instantly and stably, toward a more dynamic and practical setting in which firms can delay the investment in inimitability and alter the protection strategy according to a newly emerged competitive landscape. The findings in the global tire industry will advance the extant literatures on the dynamic relationship between global innovation, competition, and imitation in the long-standing history of the tire industry, which may help managers understand when to invest in imitation protection.

Between the Devil and the Deep Blue Sea: IPR Reforms and Emerging Market Firm Competitiveness
Pankaj Kumar, Virginia Tech
Xiaojin Liu, Virginia Commonwealth University
Aks Zaheer, University of Minnesota
Intellectual Property Regime (IPR) reforms in emerging markets are mainly the result of a push by developed countries, principally the U.S. However, extant work mostly takes the perspective of developed country multinationals when assessing the significance of IPR reforms in emerging markets. We take a contrasting perspective to posit and show that IPR reform subsequently makes emerging market firms more competitive in the U.S. because they patent more in the U.S. post reform. The effect is negatively moderated by the level of corruption in the firms’ home country and by the level of firms’ technological diversification. We test our hypotheses using a dataset of emerging market firms from 55 countries over the period 1977-2013 across 27 industries. Results are broadly consistent with our theorizing.

The Appropriation of Absorptive Capacity: A Cross-Country Analysis on the Role of Institutions
Lance Cosaré, University of Amsterdam
Tatjana Schneidmueller, Erasmus University Rotterdam
Jatinder Sidhu, University of Leeds
Henk Volberda, University of Amsterdam
Three decades after the seminal paper by Cohen and Levinthal, we still find traces of their work on absorptive capacity (AC) in one out of every ten papers published in international business studies. Scholars have explored individual-, firm- and industry-level boundary conditions, focusing on endogenous mechanisms of absorptive capacity appropriation. Extending the institution-based view to AC appropriation, we theorize and empirically test how formal (i.e., intellectual property right) and informal institutions (i.e., political ideology) serve as exogenous constraints, moderating absorptive capacity- firm performance relationship. Our meta-analytical assessment supports this argument. We make several contributions, most notably towards the institution-based view and organizational learning.

THE ROLE OF INSTITUTIONS IN GLOBAL STRATEGY
SESSION 1427

Bilateral Legal Treaties and the Investment from Emerging Economies
Tianyou Hu, King Fahd University of Petroleum and Minerals
Shu Yu, City University of Hong Kong
We investigate how bilateral legal arrangements between home and host countries determine the entry decision of multinational firms from emerging markets. We propose that the corporative treaties of mutual legal assistance bridge the legal systems home and abroad, reducing entry barriers and encouraging investment. On the contrary, the extradition treaties based on the mutual acknowledgment of two jurisdictions deter foreign direct investment by reducing the arbitrage options of multinational firms. Our analysis on Chinese firms shows that the mutual legal assistance treaties and extradition treaties between China and host countries exert short impacts on their propensity of investing in host countries.

Exit Laws and Strategic Human Capital Considerations: Evidence from FDI in States Of India
Naga Lakshmi Damara, Sonoma State University
Shashwat Alok, Indian School of Business
We study the relationship between exit laws and the ability of the states in India to attract foreign direct investments. Contrary to prior studies on the impact of exit laws, this study suggests that FDI location choices are positively associated with stronger employment protection law regimes, even if they mean higher costs to firms. This willingness to incur the costs of employment protection appears to be accentuated with the availability of qualified human resources in the state, highlighting the role of human capital in these strategic decisions.
Country Institutional Environment, Firm Capabilities and Performance of Emerging Market Multinational Corporations Abroad

Mehmet Genc, Ozyegin University
Remzi Gozubuyuk, Sabanci University
Research on Emerging Market Multinational Corporations (EMNCs) focuses on their home country institutional environments and their advantages or disadvantages as a group vis-a-vis developed country multinational corporations. Increasingly however, these companies are competing with one another in each other’s home turf as well as in neutral territory. Research has not given enough attention to institutional differences among emerging markets and its implications for outcomes of competition between EMNCs. We disaggregate a home country’s institutional environment into its components, theorize about how different types of institutions lead to different types of capabilities, and discuss the transferability of such capabilities into other institutional environments. Our framework explains outcomes of competition between EMNCs of different home countries and between EMNCs and local companies.

SESSION 1387
INNOVATION AND CHANGE

Unveiling the Experimentation Process of Business Model Innovation: A Sociomateriality Perspective

Catherine Archambault, Lille Catholic University
Xavier Lecocq, University of Lille
The business model innovation stream of research has been on the radar of strategic management scholars as a new approach to reaching competitiveness. Yet, scholars have increasingly acknowledged that it is the experimentation process of business model innovation, and not the outcome of it, that deserves higher academic attention. As such, we offer a sociomateriality perspective to unveil how a new business model emerges in an established firm. We demonstrate the driven by fate nature of business model innovation, guided by both human and material agencies. Yet, we also demonstrate how order invites itself in the experimental process, as the latter becomes routinized into an agency-driven dynamic conversation between the upper and middle management levels. Key words: Business model innovation, experimentation, sociomateriality, human and material agencies.

Linking Dynamic Capabilities and Business Model Innovation: An Empirical Approach

Diah Suhodo, University of Queensland
Lisette Pregeli, University of Queensland
Edgar Brea, University of Queensland
Damian Hine, University of Queensland
Research on business model innovation has been developing across various perspectives in strategy and management research. One pervasive question pertains to the link between dynamic capabilities and business model innovation. Specifically, how do dynamic capabilities help firms innovate their business model to create a sustainable competitive advantage? We investigating the relationship between firm’s top management and alliance capabilities, two well-established dynamic capabilities, and value creation, delivery and capture, three well-established components of business model innovation. We develop hypotheses and propose a robust empirical approach to testing them. Our study contributes to the emerging literature on business model innovation by arguing dynamic capabilities are important antecedents to business model innovation, as well as highlighting the importance of business model innovation to a firms’ corporate innovation strategy.

Structuring Innovation Portfolios: Boundary Conditions to the Resource Allocation Process

Nicolás Megow, Paderborn University
Sławomir Tomin, Paderborn University
Managing resource allocation in innovation portfolios is central to corporate entrepreneurship. We argue that current research on the resource allocation process is limited in its applicability due to missing boundary conditions. Our study explores the effects of three boundary conditions on the generation of rents from innovation portfolios. Utilizing Markov chains, we simulate how the magnitude and lifetime of the internal selection environments as well as their accompanying heuristics affect the rent generating potential for corporate innovation portfolios.

Managerial Goals and Business Model Innovation: Learning and Performance Orientation in Dynamic Environments

Maria Rita Micheli, IESEG School of Management
Exploring managers’ goals is essential to understand the process behind innovation. In this study, we focus on this issue, analyzing the consequences of managers’ learning and performance goals on business model innovation (BMI). Considering BMI at the intersection between the firm and its ecosystem, we also explore the influence of environmental dynamism on managers’ goal orientation. We base our research on a survey delivered to CEOs from the Dutch creative industry. With this study, we contribute to research on business model innovation, focusing on the role of managers as change agents for BMI. Moreover, we contribute to goal orientation research, explaining how the trends in the environment influence the enhancement of innovative outcomes for managers with different goals.
A Little Help From My Friends: The Impact of Receiving Assistance on Participation in Knowledge-Sharing-Communities

Frank Nagle, Harvard University
Eunkwang Seo, University of Illinois at Urbana-Champaign
Sonali Shah, University of Illinois at Urbana-Champaign

Online knowledge-sharing communities have become increasingly important for firms and users. Voluntary participants in such communities reduce support costs and aid innovation for firms, while providing assistance for participants. However, factors that support continued participation have gone undere xplored. This study examines whether receiving an answer—and from whom—affects a new participant’s likelihood of participating again. We investigate this in the context of the Stata statistical software community. We find that receiving an answer to one’s first question is positively associated with asking future questions, and negatively associated with answering others’ questions. However, receiving an answer from a Stata employee is positively associated with both future questioning and answering. Our findings suggest firms can take simple steps to promote deeper involvement by new community participants.

Flipping the Script: How Innovation Contests Create More Entrepreneurial Organizations

Angelo Cavallo, Polytechnic University of Milan
Henri Burgers, University of Queensland
Antonio Ghezzi, Polytechnic University of Milan

Despite strong evidence that entrepreneurially oriented firms are more likely to use open innovation practices, there is no attention for the opposite question of how open innovation practices can help firms become more entrepreneurially oriented. Using an inductive longitudinal case study of three financial services firms, we find that innovation contests positively impact entrepreneurial orientation through learning and implementing mechanisms such as interacting with start-ups in their ecosystem, more agile innovation processes and infusion of talent and skills. This triggers a cultural change to more proactivity and greater risk tolerance. Our emerging framework provides insights into the valuable role innovation contests play beyond accessing new ideas, and how managers can increase the entrepreneurial orientation of stagnant organizations through open innovation.

Tackling Innovation Challenges in Personalized Healthcare: Exploring the Search Process in Innovation Contests

René Unteregger, Eindhoven University of Technology
Annelies Bobelyn, Eindhoven University of Technology
Johanna Höffken, Eindhoven University of Technology
Isabelle Reymen, Eindhoven University of Technology

We studied the search process in innovation contests, covering the exploration of both the problem and solution landscape. While previous research has focused on how various input factors influence the innovation contest outcomes, little is known about the process of ‘how’ participants deal with exploring problems and solutions throughout the contest. Although literature on search has demonstrated the usefulness of different search strategies, current research lacks a deeper understanding of the underlying patterns that shape the search process. A healthcare competition on developing personalized biosensors offered the ideal setting to investigate this issue. By adopting a process perspective, we illustrated that a more thorough exploration of the problem landscape at an early stage in the innovation contest was more successful in addressing the innovation challenges.

Knowledge Sharing Within Geographic Clusters: The Role of Social Capital Dimensions Among SMEs

Pollawat Chumnangoon, National Institute of Development Administration

This research examines the effects of social capital dimensions on knowledge sharing among small and medium enterprises (SMEs) in geographical clusters. Building upon social capital theory and knowledge-based view, this research hypothesizes that structural and cognitive dimensions of social capital positively influences knowledge sharing, and the size of the SME negatively moderates this relationship. On the contrary, relational dimension of social capital negatively influences knowledge sharing. Implications for research and managerial practice are provided.

INNOVATION AND BEHAVIORAL THEORY

SESSION 1364

Commercial or Technological Impact? Contextual Determinants of the Value of Non-local Search for Firm Innovation

Sai Yayavaram, Indian Institute of Management Bangalore
Yuan Shi, Cornell University

When does non-local search lead to impactful innovations? Using US firm patent data from 1975 to 2017, we address this question by examining how the effects of nonlocal search on technological and commercial impact are moderated by the characteristics of the technological domain to which the focal invention belongs, the domains to which the cited inventions belong and the connections between those two sets of domains. Our results show that nonlocal search leads to high technological and commercial impact when domain search intensity is high. In contrast, nonlocal search in domains with high generality leads to high technological impact, while local search in such domains is associated with high commercial impact. Further, nonlocal search targeting less connected domains increases technological impact but reduces commercial impact.

Paths to Architectural Innovation, Winning Experiences With or Without Failure: A Behavioral Perspective

Kyung Yul Lee, KAIST
Hyun Ju Jung, KAIST
Youngsun Kwon, KAIST

We examine when and how firms explore to generate to architectural innovations. Drawing on behavioral perspective literature, we conceptualize two distinct paths of firm performance feedback: persistent winning experiences and winning experiences with failure. We argue that firms whose paths accumulate winning experiences are more likely to pursue architectural innovations than firms whose paths accumulate failures. We argue that persistent winning experiences will bring higher motivation for a firm to generate an architectural innovation than winning experiences with failures. We find support for our hypotheses using data from the global smartphone industry from 2007 to 2018. The findings imply that the differences in paths of firm that have accumulated experiences of winning and failure explain the heterogeneity among firms in generating architectural innovations.
Benchmarking: Field Evidence
Yun Hou, National University of Singapore
Ivan Png, National University of Singapore

Benchmarking – the provision of information on relative performance and practices – has been widely adopted as a tool to help businesses improve performance. To investigate the causal impact of benchmarking on business performance, we plan a randomized controlled trial among food stalls in Singapore. Theoretically, benchmarking could affect business performance in three ways: (1) By improving manager’s information on unknown demand or cost conditions which are common to all businesses; (2) By correcting manager’s biases due to inattention; (3) By motivating managers through social comparison. Our experiment will test whether benchmarking motivates business managers to change management practices and adopt new technologies, and if it so, shed light on the theoretical channel.

Prior Experience and the Emergence of Hierarchy in Young Firms
Megan Lawrence, Vanderbilt University
Christopher Poliquin, University of California, Los Angeles

A chief role of firms is to coordinate fragmented information to achieve superior performance. Yet firms differ widely in their abilities to do so. We examine how founding team conditions influence the use of one tool for the management of information: the introduction of additional hierarchy in the form of a middle manager. Using a dataset containing employees in all firms in Brazil from 2004 to 2014, we find that differences in founding team prior experience, which we link to differences in the capacity to manage knowledge, contribute to differences in the adoption of middle management. These results expand our understanding of the role of organizational structure in knowledge management and highlight the importance of prior experience in creating capability differences.
Will Publicity Help? The Effect of Patent Litigations on Ventures' VC Financing
Mingtao Xu, Purdue University
Recent years have witnessed a surge of patent litigations that often involve entrepreneurial firms. While most extant research examines how patent litigations affect firms’ development of technological capabilities, it is understudied how litigations may also affect their acquiring of external resources. This paper contribute to the literature on patent litigation and entrepreneurial financing by examining how patent litigations affect venture’s financing from venture capital (VC). Using a matched sample linking patent litigations to VC-backed ventures, we find that though litigations bring additional cost to firms, the publicity of litigations will make the firm more visible to VCs, and increase the overall probability of receiving VC investment. In addition, we find that the publicity effect is more prominent for firms that lack financial and technological resources.

Effect of Venture Capital Investments on Product Failures
Moonsik Shin, Purdue University
This study examines the impact of venture capital funding on ventures’ product innovation. I argue that a conflict of interests between ventures and VCs may arise when it comes to supporting ventures’ long-term development and, thus, VCs can influence ventures’ product innovation quality negatively. I show that compared to non-VC-backed ventures, VC-backed ventures experience a higher rate of product failures after these ventures go public. To increase the chances of successfully exiting ventures, VCs may pressure their portfolio companies to expedite product development and shorten the time it takes to bring the products to market, exposing ventures to product quality problems. I further show that VC-backed ventures’ rate of product failures increases as VCs’ incentive to hasten their ventures’ early exits.

How Does Venture Capitalists’ Portfolio Strategy Matter? Predicting Start-ups’ Technological Portfolio Change
Jin Chen, University of Nottingham Ningbo China
Bin Hao, East China University of Science and Technology
Yanan Feng, University of Nottingham
Peiqiong Mu, Ningbo International Investment Consulting Co., Ltd.
The present study examines how VCs’ investment portfolio strategy is executed by configuring technological portfolio of each investee start-up. We regard a VC’s equity share in an investee start-up as a conduit to exert its control over the start-up, and investigate how two portfolio strategies of a VC (i.e., investment portfolio diversity & investment track depth) moderate the effect of VC equity share on a start-up’s technological portfolio change. This study will advance our understanding of investment portfolio management since risk control needs to be done not only at the aggregate level of investments but also at the project level. It will also extend the entrepreneurship literature by deepening our understanding of the role of VCs’ investment strategy in shaping start-up’s technological strategy.

Venturing with Caution: Diversification Strategy as a Case of Middle Status Conformity
Ananya Chatterjee, Emory University
Demetrius Lewis, Emory University
Existing research suggests that firms can benefit from diversifying. Yet, this option is not equally accessible to all. We posit that social explanations underlie diversification decisions and explain why some are reluctant to diversify, while others are eager. We argue that a firm’s status governs the market response to its attempts to diversify. In particular, while high- and low-status firms can diversify freely, middle-status firms are under greater social pressure to conform. Paradoxically, firms at the lower and higher ends of the status hierarchy, while possessing vastly different skills, may align more in their diversification strategies. Yet, the mechanisms through which they diversify may reflect different strategic goals. We test these predictions in the context of the portfolio diversification decisions of venture capital investors.

Do Network Positions Compensate for Knowledge Deficiency in Directional Networks?
Xiaou Bai, University of Texas at Dallas
How does a firm’s network structure moderate negative impact of knowledge deficiency on its performance? We demonstrate the necessity of accounting for tie directions when network is directional by constructing a theoretical framework relating active centrality, active brokerage and reciprocity to a firm’s search for knowledge in a directional network. We collected a population of venture capital firms spanning whole Chinese VC history (1991-2017). It includes 74,835 investment dyads comprising 29,958 entrepreneurial companies in which 12,172 VCs invested. VC firms’ performance is measured by IRR. We use simulation to identify the best statistical framework to use in examining cross-classified and multilevel structure of our data. Active centrality and reciprocity weaken the negative relationship between knowledge deficiency and firm performance, while active brokerage strengthens this relationship.

How Can Low-status Actors Gain Status? Superior Expectations and Necessary Endorsements by High-status Actors
Eugene Yi Cheong Tung, Singapore Management University
David Gomulya, Singapore Management University
In this study we ask a fundamental question of how a low status actor can gain status and become a high status actor. We argue that this status gain can be attained when low status actors have superior expectations on future changes in the environment. We focus on how entrepreneurs’ endorsement of an emerging standard forces incumbent high status actors to avoid irrelevancy by either endorsing the entrepreneurs directly or by endorsing the standards that the entrepreneurs are adopting. Either way, this direct or indirect endorsement can cause status to spill from high status actors to the low status entrepreneurs. We summarize our key ideas through several propositions and how we contribute to the literature.
Is There Safety in Numbers? Organizing as a Cooperative in the Freelance Economy
Anastasia Sergeeva, IIESE Business School
Akhil Bhardwaj, Tilburg University
While freelance work is becoming ubiquitous, freelancers are vulnerable to hazards of opportunism. We enquire how freelancers can organize to overcome these challenges. To address the question, we conduct an in-depth case study. We selected Magnum Photos, an immensely successful, cooperative agency founded by freelance photographers. We find the agency adopted a novel organizational form termed ‘entrepreneurial club,’ in which the members, who are carefully screened, retain individual property and decision rights. This form served to mitigate agency problems, facilitate innovation, reduce transaction costs, and contributed to changing the established rules of the game in the field of photojournalism. Based on our analysis, we suggest that organizing as an entrepreneurial club is more beneficial for freelancers than following an atomized approach.

Understanding the Geography of Investing Practices: A Field Experiment Approach
Esther Leibel, Boston University
This project builds upon a two-year ethnography on how the interactions between local entrepreneurs and investors in different geographies influence investing practices in the United States. In 2014-2016 I conducted a field study of Slow Money, a US-based nonprofit organization that facilitates the encounter of small-scale food entrepreneurs and local investors, to promote the creation of local and regional sustainable food systems. My fieldwork revealed that local interactions shaped local vocabulary, which reflected locally-situated meanings. In this follow-up project I use vocabulary analysis and field experiments to understand whether food entrepreneurs use a language that matches local values and meanings around investing in sustainable food businesses increase their chances of being backed by local impact investors.

Jessica Jones, University of Colorado, Boulder
Financing social ventures through impact investing is a new sector that requires deviating from institutional norms of mainstream finance and philanthropic giving. While there is a burgeoning body of research exploring how the demand-side acquires capital, less is known about how the supply-side decides to become impact investors. We hypothesize how the effect of an investors’ identity moderate the degree to which the investor deviates from institutional norms. We gather a novel dataset of philanthropic impact investment behavior. Preliminary results indicate that such actors are more likely to be foundations who carry multiple identities, both in donor and investor organizational elements. These foundations are also impacted by the extent to which legacy identity elements are present, along with an entrepreneurial founder.

Scaling Social Ventures: The Role of Informal Economies and Regulatory Shocks
Nachiket Bhave, North Carolina State University
Srivardhini K Jha, Indian Institute of Management Bangalore
MFIs which we study in this paper could dilute their social mission and focus on credit worthy people to grow and scale faster. Alternately, they could scale by focusing on under privileged people who operate in the informal economy advancing both social and financial goals. Using a proprietary dataset of MFIs in India during a period characterized by a sudden policy shock, we theorize and find that while having a clear banking focus helps MFIs scale their portfolio. Unlike for-profit ventures that scale faster by focusing on supplement complements, MFIs that typically operate in informal economies marred by institutional voids could do better when they integrate complements. However, post a regulatory shock to the informal economy, offering complements negatively affects the relationship between focus and scaling.

From Political Ties to Nonprofit Connections: The Strategic Reconfiguration of Cross-Sector Interactions
Marina Gama, Getulio Vargas Foundation
Aline Gatignon, University of Pennsylvania
Rodrigo Bandeira de Mello, Merrimack College
When one type of stakeholder relationship loses its legitimacy, can firms shift their focus to other types of stakeholders instead? This paper examines under what conditions Brazilian firms moved away from political connections and towards connections with nonprofit organizations, following the corruption scandal dubbed “Operation Carwash” that delegitimized the former. We test our hypotheses using a unique dataset on nonprofit connections and performance of publicly traded firms on the São Paulo stock exchange from 2010 to 2017. Our findings suggest that when conditions Brazilian firms moved away from political connections and towards connections with nonprofit organizations, following the corruption scandal dubbed “Operation Carwash” that delegitimized the former. We test our hypotheses using a unique dataset on nonprofit connections and performance of publicly traded firms on the São Paulo stock exchange from 2010 to 2017. Our findings suggested that when conditions Brazilian firms moved away from political connections and towards connections with nonprofit organizations, following the corruption scandal dubbed “Operation Carwash” that delegitimized the former. We test our hypotheses using a unique dataset on nonprofit connections and performance of publicly traded firms on the São Paulo stock exchange from 2010 to 2017. Our findings suggested that when conditions
Should Business and Politics Mix? Judging the Ethicality of Corporate Political Activity
Tahiru Azaaivle Liedong, University of Bath
Tazeeb Rajvani, University of Surrey
In the wake of increased global competition coupled with the heightened impact of politics on business, management researchers have argued that Corporate Political Activity (CPA) improves organizational performance. Firms have subsequently been encouraged to develop their political capabilities and sharpen their political engagement. While the support for CPA is well echoed in the literature, little is known and little has been done to examine the ethicality of this activity. Employing a grounded theory approach and leveraging utilitarian and stakeholder logics, this paper explores how the ethicality of CPA is judged. The results reveal three levels of ethical analysis (i.e., context, organizational and strategy), and unravel an overlooked “black box” to show the dynamics and issues shaping managers’ ethical perceptions of CPA.

Corporate Philanthropy as a Strategic Tool for Advocacy
Haram Seo, University of Minnesota
In the management literature, corporate philanthropy is primarily conceptualized as the voluntary redistribution of corporate wealth to the disadvantaged, channeled through nonprofits that provision social goods and services to those in need. However, limited attention has been paid to the fact that not all nonprofits are service providers. Another important yet often neglected function of nonprofits is advocacy, which leads to the possibility that some portion of corporate giving is channeled towards citizen advocacy nonprofits. Importantly, this is contrary to the view prevalent in the existing literature that social activism arises independently of—and often in opposition to—for-profit corporations; rather, the presence of corporate advocacy giving suggests that activism is often driven by for-profit firms themselves.

Of Coffee and Coke and Contracts: The Community Interplay of Business and Government Agencies
Shon Hiatt, University of Southern California
Jin Hyung Kim, George Washington University
Although government agencies can significantly impact firm performance through the interpretation and implementation of public policy, research on the conditions influencing this process is still in its infancy. We bring the administrative state center stage and explore how interpersonal relations between government agencies and firms co-located within a community influence the implementation of policy and affect firm outcomes in the U.S. defense contract market. We theorize that interpersonal relations between agency officials and firms increase information exchange and enhance rapport, resulting in larger awarded contracts. Moreover, the results show that this effect is moderated by differences in community logics. By illuminating the mechanisms by which government agency decision-making is influenced, this study offers insights to the literatures on institutional theory, organizational communities, and nonmarket strategy.

Hidden from the Spotlight: Bribery Practices and Its Impact on Interfirm Risk
Chomsorn Tangdencchai, National Institute of Development Administration
This research examines the impact of bribery practices on interfirm risk. In particular, this research examines how actively bribing in order to gain preferential outcomes influences the level of satisfactory cooperation from alliances partners. Drawing upon social network theory and institutional theory, we hypothesize that higher levels of active bribery leads to higher degrees of interfirm risk. However, this relationship is negatively moderated by the level of bribery pervasiveness, competition, and political tie intensity. Implications for future research and managerial practice are provided.

Where Are You From? Perceived Country Homophily and Its Effect on the Corporate Political Strategy
Jin Hyung Kim, George Washington University
Shon Hiatt, University of Southern California
Although research has examined when firms will engage in strategies to appease the demands of important stakeholders, stakeholder theories have not explained how firms go about executing these strategies. We address this issue by linking institutional theory with the theory of the firm to explore the organizational boundary of corporate political activities. Our theoretical framework proposes that the degree to which a firm’s host-country stakeholders perceive a firm to be legitimate will influence its choice to internalize or outsource its lobbying functions. We also explore how this cognitive legitimacy effect is moderated by pragmatic legitimacy factors. Empirically, the study examines the political strategy implementation of 2,219 U.S. subsidiaries of foreign firms from 101 countries lobbying in the United States from 1998 to 2012.

Towards a Typology of Ecosystem Coordination
Hannah Mayer, University of St. Gallen
Karolin Frankenberger, University of St. Gallen
Despite the proliferation of ecosystems research in recent years, smoke still surrounds this emerging paradigm. To date there is limited agreement on constructs and theoretical premises underlying ecosystems as a distinct form of organizing economic activities. Paralleling this absence, extant research provides a limited perspective on the mechanisms at play in ecosystem coordination. This article addresses these shortcomings: One, it enriches our understanding of ecosystems by integrating and extending TCE and complexity theory dominant to the logic of the key theoretical ecosystem premises, bringing forward a typology of ecosystems rooted in the nature of complementarities and the degree of modularity of interdependencies. Two, we use the resulting typology to propose a theory on how relationships among these constructs explain coordination structures and behaviors.

Cooperation as a Wild Tiger in the Cage: Literature Review and Research Platform
Anna Minà, Kore University of Enna
Giovanni Battista Dagnino, University of Rome LUMSA
Starting from a little corner of management, cooperation has raised increasing attention from various strategic management districts, such as strategic alliances, competitive dynamics, knowledge and innovation management, international business, strategic entrepreneurship, and organizational design. Given the extensive and multifaceted literature on cooperation, we critically review extant studies to develop a comprehensive map of the literature. Such map turns helpful in connecting the dots of debate and in orienting research efforts. We develop a literature map and gather insights for building the platform around six key issues: “Where” cooperation occurs; “With whom” cooperation occurs; “When” cooperation occurs; “Which” logic of cooperation occurs; “How” to deal with cooperation; and “What” are the implications of cooperation.
In this paper, we examine the influence of different types of tacit rivalry restraining mechanisms—cost advantage, horizontal differentiation, and multi-market contact (MMC)—on explicit rivalry reduction through cooperative alliances within markets. Using a sample of 167,037 dyad observations in 827 directional markets in the U.S. passenger airline industry, we find that cost advantage and MMC serve as substitutes to explicit collaborations. However, horizontal differentiation and MMC serve as complementary rivalry reducing mechanisms. These results highlight the need to examine the joint effects of different types of tacit rivalry reduction mechanisms on explicit collaborations.

A Competitive Dynamics View on Complementor Commitment
Maximilian Jakob Dexheimer, University of St. Gallen
Christoph Lechner, University of St. Gallen

Ecosystems are characterized by strategic dynamics on two levels: While there is competition between complementors to capture profits within an ecosystem, there is also competition across ecosystems, as complementors are dependent on the performance of a specific ecosystem over rival ecosystems. Drawing on the competitive dynamics perspective, we investigate firm-level factors that influence the strategic behavior of complementors within and across ecosystems. We develop hypotheses based on the competitive dynamics argument that the awareness-motivation-capability framework is helpful in determining the commitment of complementors to a specific ecosystem. We aim to find evidence for our arguments in the context of Apple’s iOS and Google’s Android smartphone ecosystems. This study provides a novel explanation of how complementors shape the competitive dynamics in the context of platform-based ecosystems.

SESSION 1463
DIRECTORS AND MONITORING

The Unicorn in the Room: Effects of Quad Directors on Board Monitoring
Felipe Calvano, University of Missouri

Boards of directors are the ultimate corporate governance mechanism that monitors and advises the CEO. A robust body of work has explored the impact of different characteristics of the boards and directors on its ability to monitor firms. These studies, however, present inconclusive and, sometimes, contradictory results. A potential explanation for the contradictory results is that the studies focus primarily on one of the four quad characteristics individually and at the board level, however, boards’ ability to monitor reside in the ability of the individual director. Therefore, this paper argues and empirically tests the effect of having a quad director on the board and the likelihood of financial misconduct. I rely on the quad model of ideal monitor proposed by Hambrick and colleagues (2015).

Are Quad-Qualified Directors Effective Board Monitors? An Analysis of CEO Turnover
Nikolas Feistkorn, University of Leeds
Iain Clacher, University of Leeds
Gianluca Veronesi, University of Bristol

The extant board governance literature has mostly examined the relationship between directors’ characteristics and their monitoring performance in isolation. Hambrick, Misangyi and Park’s (2015, AMR) quad-model combines the four board attributes of independence, expertise, bandwidth and motivation into one model and prompts researchers to test its relevance. Accordingly, we investigate its validity in the context of CEO turnover decisions. To define whether individual directors are quad-qualified, we create composite measures of each attribute based on director-level employment, stock ownership & social network data and construct an encompassing quad-qualification score. We find that a greater presence of quad-qualified directors leads to a greater CEO turnover sensitivity to stock performance. Further, we show that the sensitivity particularly increases for boards with three or more quad-qualified members.

Claiming the Monitoring Mantle: How Inter-Committee Coordination Following a Peer Restatement Event Increases Board Oversight
Shelby Gai, Northwestern University
J. Yo-Jud Cheng, University of Virginia
Andy Wu, Harvard University

This study investigates the role that boards play in responding to external legitimacy threats. Specifically, we suggest that inter-committee coordination aided by multi-committee directors (MCDs) explains whether and how a board responds to a peer restatement event. Along with director dismissals, we consider two additional responses—changes in CEO compensation and adjustments in new director nominations—directors are quad-qualified, we create composite measures of each attribute based on director-level employment, stock ownership & social network data and construct an encompassing quad-qualification score.

Who Governs Whom? Examining Independent Directors’ Boardroom Behaviors
Juan Ma, INSEAD
Seok-Hyun Hwang, INSEAD

In this proposed study, we investigate independent directors’ expression of non-conforming opinions at board meetings. We begin with a career incentive tension that independent directors face in the market for directors: while fiduciary duties motivate independent directors to monitor managers, those who challenge management are subject to penalty by violating the norms to be supportive to management. Taking the perspective of behavioral governance research, we first hypothesize that independent directors who express non-conforming opinions at board meetings are more likely to bear negative consequences in the labor market for directors. We then theorize about how such negative career consequences are mitigated if independent directors express non-conforming opinions collectively. To test these ideas, we use novel data on actual boardroom behaviors of independent directors.
In the Eye of the Media: Firms’ CSR Actions, Signal Framing, and Receiver Bias

Alanna Hirshman, West Virginia University
Olga Bruyaka, West Virginia University

In the present paper, we extend signaling theory by integrating both sensemaking and sensegiving concepts to explain signaling effectiveness of firm CSR actions. Specifically, we seek to explain how different types of signals (i.e., environmental and social CSR actions) alter a receiver’s (i.e., the media) attention and interpretation. Furthermore, we argue that the media’s political bias acts as a sensemaking lens, and the organizational virtue orientation rhetoric a firm uses to frame a CSR announcement is an important sensegiving mechanism, which alters how the media attends to and interprets the CSR signal. To test our theorizing, we analyze over 1,200 CSR actions conducted by twelve of the largest oil and gas firms between 2011 and 2018. Implications for signaling theory are discussed.

Valuing The Message: The Effect of Media Tenor on IPO Performance-A Moderated Curvilinear Relationship

Jiaju Yan, University of Tennessee, Knoxville
Lei Xu, University of Wisconsin-Whitewater
Xinran Wang, University of Missouri

The influence of media on IPO companies’ market valuation and performance has received increasing attention in strategic management research. However, the role of media tenor in investors’ market evaluation of the IPO companies remains less understood. Based on theories in social cognition and behavioral strategy, we contribute to this growing body of research by theorizing and testing a curvilinear relationship between media tenor and companies’ IPO performance. Further, we argue that such a curvilinear relationship is being moderated by overall IPO market conditions. Drawing a sample of newly listed U.S. initial public offerings from 2010 to 2018, we found support for the proposed inverted U-shape relationship which highlights the complexity and dynamics of media influence on companies’ IPO valuation.

Imprinting Effects of IPO Valuation on Future Strategic Actions

Stefan Wuorinen, Michigan State University
Lingling Pan, University of Pittsburgh
Gerry McNamara, Michigan State University

Prior research has shown that firm founding can leave an imprint on the firm and its managers that influences choices the firm makes years after founding. We extend this literature by showing how another epochal event in the firm’s lifecycle, its initial public offering, imprints the firm and influences its actions years after the completion of the IPO. Our findings show that when evaluating risk-related decision options, firm managers act in response to feedback they received in the IPO process. Thus, our research contributes to both the imprinting literature by identifying another key corporate event that leaves an imprint that influences corporate decisions and the IPO literature by going beyond short-term effects of IPO performance to examine the long-term impacts of the IPO event.

Does Production Quality Matter for Student Comprehension in Online MBA Courses? A Natural Experiment

Marketa Rickley, University of North Carolina at Greensboro

In seeking competitive advantage, many online education institutions have turned to improving the production quality of lecture visual content. Existing research, however, does not indicate whether investments into high-quality video lecture content improve student learning outcomes. To shed light on this issue, I use a natural experiment to analyze whether an increase in the production quality of lecture visual content leads to an increase in (i) student comprehension and (ii) student satisfaction. The natural experiment involves 300 students taking an online Professional MBA core course in Strategic Management at a large, public research university, where 162 students are exposed to “low” production quality and 138 students are exposed to “high” production quality. Practical implications for educational institutions are provided.

Noticing during Active Learning through an Online Supply Chain Game among Businesspersons

Akitsu Oe, Tokyo University of Science
Ryohei Matsumoto, Nihon University
Ayako Kawai, Gakushuin University

This study demonstrates the influence of risk-taking and risk-avoiding behaviors of businesspersons on them noticing an educational effect of active learning. Ninety-five learners (businesspersons) were asked to play the elephant game, an online supply chain management game. Afterward, they were given questionnaires, and their responses were analyzed using structural equation modeling. The main findings are as follows. A risk-taking strategy increases the learners’ noticing through a positive effect on their trial and error. In contrast, a risk-avoiding strategy decreases learners’ noticing due to a detrimental impact on their fun, practical conformity, and trial and error. This study demonstrates that risk awareness by learners leads to high educational effects and provides important guidelines for designing active learning educational systems for businesspersons.
Serious Gaming: Driving 21st-Century Skill Development in Strategic Management

Rob Jansen, Tilburg University
Remco Mannak, Tilburg University
John Goedee, Tilburg University

Serious gaming has a strong potential to complement traditional teaching methods for strategic management. As an experience-based learning approach, serious gaming enables students and managers to build skills required for 21st-century professional life. We particularly refer to skills needed to deal with continuous access to multiple but oftentimes inconsistent information sources (new information reality) and skills needed to deal with the continuous presence of multiple but oftentimes non-aligned social actors (new collaboration reality). Two serious games that are designed to facilitate such skill development will be observed, one with an intra-organizational focus and one with an inter-organizational focus. By examining the skill development process in both serious games, the study answers to the recent call to illuminate the development of strategic management competency.

NC – RCIMI – Teaching Strategy

Munish Thakur, XLRI – Xavier School of Management
Suneetha S, XLRI – Xavier School of Management

While tame problems faced by an organization can be solved with tools, and techniques, wicked problems require an attitude of ‘may be’ and thinking in terms of possibilities. Unfortunately students of strategy develop only analytical skills which are insufficient to solve wicked problems. We suggest that the focus of teaching should include grasping reality (R), its changing nature (C), intangible/tangible (I), micro/macroe (M) and interdependencies (I), what we call RCIMI approach to understand a wicked problem. We also suggest that developing negative capability would facilitate development of RCIMI perspective. Together, they would enable students to develop an aesthetic approach along with analytical skills making them imaginative explorers who can create possibilities and find solutions to wicked problems.
Is Secrecy Always Bad? A Conversation on the Negative Consequences of Disclosure

Session Leader
Giada Di Stefano, Bocconi University

Panelists
Giada Di Stefano, Bocconi University
Derek Harmon, University of Michigan
Andrew King, Dartmouth College
Tomasz Obloj, HEC Paris

Some companies cherish the spotlight—some shun it. Some make openness a strategy—some would never give secrecy away. Some share their knowledge—some keep it well hidden. In all these cases, we instinctively tend to associate secrecy to negative outcomes. But what if it is actually disclosure that has, even if unintentionally, negative consequences? This plenary brings together scholars who have studied the “dark side” of disclosure in a variety of contexts using a host of different research methods. They will present the results of their latest research and engage in a conversation about the implications for firms and individuals inside them.

GIADA DI STEFANO is an Associate Professor of Strategy at Bocconi. Her general research interests are in the area of innovation, knowledge, and organizational learning. More specifically, she studies the creation and transfer of knowledge, with particular emphasis on the underlying behavioral mechanisms. Empirically, she has been adopting different methods, with a preference for field experiments conducted in real organizational settings. Her work has been published in the Academy of Management Journal, Academy of Management Perspectives, Advances in Strategic Management, Industrial and Corporate Change, Research Policy, and Strategic Management Journal. In 2011, she was awarded the Best Dissertation Award of the AoM TIM Division. In 2015, she was runner-up for the Emerging Scholar Award of that same division. During the 2016 SMS Annual Meeting, she received three best paper awards for her most recent work.

DEREK HARMON is an Assistant Professor at the Ross School of Business at University of Michigan. His research looks at how and why the things we take for granted — our assumptions or seemingly fact-like beliefs about the world — emerge, change, and affect individual- and collective-level decision-making and behaviors. He studies these ideas in a variety of contexts, such as central banking communication, initial public offerings, mergers and acquisitions, and inter-firm contracting relationships. Most of his work leverages sophisticated linguistic or text-based methodologies, and employs both archival and experimental research designs.

ANDREW A. KING is a Professor at the Questrom School of Business at Boston University and the Tuck School of Business at Dartmouth College. He holds degrees in Mechanical Engineering from Brown University and the University of California, Berkeley. He received his PhD from the Sloan School of Management at the Massachusetts Institute of Technology. Before his academic career, he worked as an engineer and consultant at Malcolm Lewis Associates, Honeywell, and Arthur D Little. He has received numerous awards for his research, including the 2015 Albie award for writing on political economy and the 2015 Distinguished Scholar Award from the Academy of Management.

TOMASZ OBLJO is an Associate Professor of Strategy at HEC Paris. His research interests span areas of competitive strategy, organizational design and incentives, and behavioral strategy. He currently serves as an Associate Editor at Strategic Management Journal. His work has been published, among others, in Strategic Management Journal, Organization Science, Administrative Science Quarterly, Journal of Management, and Entrepreneurship Theory & Practice. Tomasz was a finalist for the INFORMS/Organization Science Dissertation Competition and won the Wiley Blackwell Outstanding Dissertation Award.
Adopting Innovations at the Bottom of the Pyramid: The Case of Mobile Money

Lite Nartey, University of South Carolina

The idea that the 4 billion of the world’s poorest people at the bottom of the pyramid (BOP) present strategic opportunities for firms to create both social value (reducing poverty) and financial value (creating profit) presents an important strategic management opportunity. Technological innovations have the potential to transform the fortunes of the actors at the BOP by creating new markets for these individuals, however, despite the promise, the expected benefits have not been attained. Why innovations at the BOP have not contributed to poverty reduction is of key interest in this paper. I seek to contribute to our understanding of the impact of BOP innovations by exploring drivers of the adoption of BOP innovations by the BOP actors for whom these innovations are targeted.

The Risk of Collective Behavior at the Base of the Pyramid: Quasi-Experimental Evidence from Microfinance

Arzi Adibi, INSEAD
Jasjit Singh, INSEAD

We argue and demonstrate that serving base-of-the-pyramid (BOP) markets involves an important yet under-studied consideration: BOP customer behavior may be likely to involve collective decision-making rather than independent decisions by customers, hence increasing business risk. Our investigation of the impact of India’s 2016 demonetization policy on loan repayment for a leading microfinance firm reveals three key findings. First, missed payments went up drastically post-demonetization, especially among the poorest customers. Second, locations where all customers simultaneously missed payments increased from 1.3% pre-demonetization to 21.6% post-demonetization, with this geographic localization of missed payment behavior being significantly beyond what would be expected if borrowers made repayment decision independently. Third, the incidence of collective missed payments was higher in locations more likely to be susceptible to local political influence.

Persuasive Resources and Value Appropriation at the Bottom of the Pyramid

Fernando Deodato Domingos, Insper
Sandro Cabral, Insper
Sergio Lazzarini, Insper
André Duarte, Insper

There has been growing interest on how companies create and appropriate value in interactions with multiple stakeholders. We contribute to this debate by analyzing the role of persuasive resources on value appropriation (i.e. resources that influence the bargaining ability of individuals to negotiate and appropriate value). By addressing individual level and transaction-specific persuasive resources both from sellers and buyers’ perspectives, we identify the relationship between such resources and value appropriation. To test our hypotheses, we employ proprietary data from dental clinics focused on the bottom of the pyramid. In this context, appropriation is particularly relevant because buyers are highly constrained in the ability to pay for high-quality services. Our results demonstrate the importance of human capital and transaction-specific factors for both sellers and buyers.

Adapting Deposits to Mission Drift or as a Service to Mission?

Sarah Wolfolds, Cornell University

Nonprofits are increasingly encouraged to imitate activities of for-profit organizations. However, certain for-profit activities are associated with higher financial performance but also mission drift, given different firm objectives. Examining deposit-taking in Latin American microfinance, I find nonprofit organizations successfully adapt deposit-taking to serve their mission, although in different ways depending on their organizational form. This result suggests that deposit-taking does not have uniform performance effects across nonprofits, as it is adapted to achieve complementarity to the existing organizational structure. For some nonprofits, the benefit is moderated by for-profit competition, suggesting competitive concerns may constrain success of the practice. Allowing for nonprofits to be strategic in whether and how they adopt commercial practices gives better insight to the effects of these activities.

Cookie-Cutter Competition? Non-Price Strategies of Multiproduct Firms under Uniform Pricing

Gianluca Antonecchia, Erasmus University Rotterdam
Ajay Bhaskarabhatla, Erasmus University Rotterdam

In this paper, we study how multiproduct firms compete using non-price strategies in an industry where all firms charge the same price. Using Nielsen data on prices, sales, and promotions of biscuit manufacturers in India, we find that products with one standard deviation higher productivity offer, on average, 1.5% more quantity for the same price. Firms also compete by offering volume promotions for more productive products. Using non-price strategies, more productive products appear to gain market share, indicating competition thrives under the veil of uniform pricing. Our results are robust to alternative methods of estimating product-level productivity controlling for input measurement, simultaneity, and product scope biases. We examine welfare effects of uniform pricing for urban and rural consumers and also of deviating from uniform pricing.

Social Capital and Entrepreneurship: New Evidence from Women at the Base of the Pyramid

Leena Kinger Hans, INSEAD
Jasjit Singh, INSEAD

We propose and test a theory of how inter-personal relationships among women in low-income settings matter for their transition into entrepreneurship. We define such social ties to include connections that provide informal material and non-material help. Drawing on social capital theory (Coleman, 1990; Lin, 2000), we theorize (a) how norms of communalism associated with these relationships of women, constrain their transition into entrepreneurship by impairing their motivation and creating concerns regarding possible sanctions from others in the community, (b) and the conditions under which these constraints might be weakened. We test our theory and predictions in the context of a large Indian micro-finance organization’s (MFO) female clients, by creating a unique dataset combining longitudinal survey data, with the MFO’s records on women’s enterprise creation activities.
Information asymmetry exists when two or more parties to a transaction have different information about the other. Managers face competing forces on what to do about information asymmetry. On one hand, owners and creditors push managers for low information asymmetry and transparency while on the other managers have incentives to keep information discreet and concealed. The authors examine how these views are related to firm performance. Data from 405 divested spin-off firms indicate the information asymmetry-performance relationship is U-shaped: Low and high information asymmetry is associated with high performance. This relationship is strengthened when R&D spending is higher, an expenditure that can exacerbate information asymmetries and increase competitive advantage. Collectively, pursuing either view separately, and not in some hybrid manner, is associated with higher performance.

Information Transparency and Non-collaborative Collusion
Anastasia Shcherbakova, Texas A&M University
Access to more reliable and attainable information generally leads to more efficient economic outcomes. However, in some industries, mandatory disclosure requirements have allowed firms to tacitly collude, reducing or reversing social efficiency gains. In this study I use novel microdata from the Texas oil and gas industry to evaluate whether collusive gains can be similarly attained in voluntary disclosure settings. In Texas, most companies disclose the full contents of their mineral leasing agreements, rather than just the information required by law. This is puzzling, since leases contain strategic information, and if, information disclosure allows firms to capture collusive rents, this would explain why so many firms in Texas disclose the full terms of their leasing contracts. Empirical results are forthcoming.

Your Secrets Are Safe with Me
Lakshmi Yermal, Amrita Vishwa Vidyapeetham
Rajiv Krishnan Kozhikode, Simon Fraser University
Balasubramanian P, Amrita Vishwa Vidyapeetham
The proposed study aims to understand the audience response to information about mandated change in exchange partners. The choice of exchange partners is an important decision that affects the quality of resources a firm gets. The association sends a signal of status and facilitates the access to information about the clusters with the partners acting as a bridge. Access to information transmitted by partners is a boon and resources a firm gets. The association sends a signal of status and facilitates the access to information about the clusters with the partners acting as a bridge. Access to information transmitted by partners is a boon and increase competitive advantage. Collectively, pursuing either view separately, and not in some hybrid manner, is associated with higher performance.

Competitive Intelligence: The Ethics of Spying on Other Firms from the Shadows
Paul Dunn, Brock University
Competitive intelligence is the process of gathering information about other firms that can be used strategically by the acquirer of that information. What are the ethical aspects of competitive intelligence when the strategic information sought is private, confidential, and often acquired covertly? This paper identifies four different competitive intelligence-gathering techniques, and six characteristics for assessing the ethicality of spying on other firms from the shadows.

Is the Division of Labor Limited by the Extent of the Market? Evidence from Real-Estate
Gianluigi Giustiziero, Frankfurt School of Finance and Management
The division of labor allows individuals to focus their time on a narrower band of activities and increase productivity through specialization, but it also comes at a cost. When individuals divide labor, they divide value and split the “pie” they help create. In this paper, I formally model this trade-off and examine how it is affected by market characteristics. I test the empirical predictions of the theory in the residential real estate brokerage industry in Southeast Michigan. Consistent with the model, I find that the division of labor is more likely for properties in the middle of the price distribution and in larger markets, but less likely at the tails and in markets where property prices exhibit substantial heterogeneity.

The Theory Masquerade: Disguising Theory Building as Theory Testing Accomplishes Neither
Nicholas Poggioi, Erb Institute for Global Sustainable Enterprise
I contribute to literature on the strategic management credibility crisis by examining how career incentives and publication policies interact to reward authors who use theory building methods but disguise them as theory testing methods. I call this practice the “theory masquerade.” The theory masquerade steadily increases the number of untested hypotheses in the published literature, eroding the literature's credibility. The theory masquerade occurs because (1) statistically significant results have a reward authors who use theory building methods but disguise them as theory testing methods. I call this practice the “theory masquerade.” The theory masquerade steadily increases the number of untested hypotheses in the published literature, eroding the literature's credibility. The theory masquerade occurs because (1) statistically significant results have a publication advantage, (2) producing statistically significant results is easier with theory building than theory testing methods, (3) theory testing methods have a publication advantage, and (4) current peer review practices have a low ability to detect theory building disguised as theory testing. I conclude with needed reforms.

Understanding the Performance Feedback Discourse: An Analysis of the Landscape of Topics and its Dynamics
Daniela Blettner, Simon Fraser University
Serhan Kotiloglu, California State University San Marcos
Thomas Lechler, Stevens Institute of Technology
Cyert and March’s Behavioral Theory of the Firm is one of the most influential theories in management. Particularly, the area of performance feedback has attracted much scholarly interest. In this paper, we use semantic analyses and topic models to examine how central topics in performance feedback have emerged over time since the publication of the Behavioral Theory of the Firm. We find that several topics are core to the theory and sustained, while others emerge, disappear, and even reappear over time. We contribute to a better understanding of the performance feedback literature and theorize on the mechanism of emergence of topics.
Value Creation and Capture in Ecosystems: A Contextualized Perspective
Joachim Stonig, University of St. Gallen

Understanding the impact of business ecosystems on performance outcomes, and developing appropriate firm-level strategies, is a significant challenge for organizations leading or participating in ecosystems. In this conceptual paper proposal, we identify network and learning effects as two distinct mechanisms of how ecosystems create value, and use this insight to theorize ecosystem archetypes. We introduce the concept of ecosystem surplus to denote the value created through the alignment of previously isolated activities into an ecosystem. On this basis, we derive the resources and capabilities leaders and complementors require to capture value in the ecosystem. This understanding of value creation and capture, for each ecosystem archetype, supports researchers and practitioners to identify the boundary conditions of ecosystem strategies and to accumulate complementary ecosystem insights.

SESSION 1507
CORPORATE SOCIAL RESPONSIBILITIES, EXTERNAL STAKEHOLDERS AND COMPETITIVE RESPONSES

Track E
Date: Tuesday, Oct 22
Time: 11:00 – 12:15

Paper Chair: Olga Hawn, University of North Carolina at Chapel Hill

Nonmarket Strategies of Market Rivals: Theory and Evidence from Uber and the Taxi Industry
Kartik Rao, University of Western Ontario

We examine how incumbent and new entrant firms employ competing nonmarket strategies to influence legislators and seek support for their preferred policy positions. Using lobbying contacts made by firms as a measure of their nonmarket actions, we argue that the choice of a firm to lobby a legislator will be motivated by its institutional experience, its value proposition, and the nonmarket actions of its competitors. We test our predictions in the context of Uber’s entry into the regulated taxicab industry in Toronto by employing a novel contact-level lobbying dataset and find support for our hypotheses. Our findings contribute to the nonmarket strategy literature by presenting evidence on how market incumbents and new entrants compete in a contested nonmarket setting to influence regulatory outcomes.

Bad News, Now What? Media Coverage of Corporate Social Irresponsibility and Organizational Issue-level Responses
Olga Hawn, University of North Carolina at Chapel Hill
Ioannis Ioannou, London Business School
Rodolphe Durand, HEC Paris

Firms face growing pressures from multiple stakeholders on a variety of environmental, social, and governance (ESG) issues. Using media coverage of corporate social irresponsibility and a sample of 3,226 firms and 20 ESG issues (2007-2016), we theorize and show that their responses to ESG issues depend on how much firms seek to prevent contamination from peers and/or cleanse their own reputation. Several boundary conditions, such as media characteristics (amount of coverage, media reach and severity of the criticism) and the type of issue at stake (small or large in scale, local or global in nature, involving primary or secondary stakeholders, independent or cross-cutting issues) help explain heterogeneity in firm-issue responses. We contribute to the strategic CSR literature and the attention-based view of the firm.

The Effect of External Stakeholder Endorsement on Industry Rivals: Evidence from IPO Underpricing
Yu Liu, Erasmus University Rotterdam

External stakeholder endorsements are important factors that influence perception of firm quality. However, prior research takes a closed-system approach and focuses primarily on firm-specific benefits of such quality signals that enhance the focal firm’s survival prospects. Less is known about how such signals affect the related firms within the market. In this study, we theorize how external stakeholder endorsements influence the prospects of industry rivals. Specifically, we argue that IPO underpricing reflects important public market endorsements granting the issuing firm potential access to critical recourses, thereby decreasing performance of industry rivals. We further examine the moderating role of industry growth and industry competitiveness. We explore these ideas in the context of U.S. IPOs during 1986-2016. Preliminary analysis of 100177 IPO-competitor dyads supported our arguments.

Symmetric Returns to Asymmetric Strategies: Revisiting the Relationship Between Corporate Sexual Equality and Firm Performance
Olga Hawn, University of North Carolina at Chapel Hill
Aharon Cohen Mohilier, London Business School

We revisit the empirical relationship between corporate-sexual-equality and firm performance. Prior research, using firms rated on the Corporate Equality Index between 2002 and 2006 found that high degree of corporate-sexual-equality is associated with superior financial performance. We replicate this result using an event study methodology. When we extend the sample period we find that in later years the result flips. Between 2008 and 2013 both high and low scores are associated with positive cumulative abnormal returns (CAR) and from 2013 only firms with low scores experience positive CARs. We discuss how viewing CSR as a horizontal differentiation strategy explains both existing results and why they flip over time, offering a novel explanation to the mixed findings on the relationship between CSR and financial performance.

Customer Centricity Capability: A Dynamic Capability for Linking Market Demand and Firm Resources
Michael Christensen, Harvard University
Ranjay Gulati, Harvard University

Our paper identifies a critical demand-side dynamic capability, which we identify as “customer centricity capability”, that enables firms to sense changes in their demand environment, distribute that information throughout their organizations, and marshal and develop the necessary resources to actively and productively respond to these particular environmental changes. Using a longitudinal study of S&P 500 firms over the years 2001-2016, we construct two novel measures of firms’ customer centricity capabilities and observe their impact on firm performance. Our work also explores potential interactions between firms’ customer centricity capabilities and other firm activities to further augment firm performance, as well as the interactions between these capabilities and various features of firms’ external environments.
Strategic Resource Decay: The Overlooked Endogenous Threat to Sustainable Competitive Advantage

Reha Karadag, University of Nebraska, Lincoln
Laura Poppo, University of Nebraska, Lincoln

When a strategic resource degrades, the isolating mechanisms associated become a double-edged sword, preventing the firm from effectively replicating or substituting the resource in question. In analyzing threats to resource-driven competitive advantage, the existing literature emphasizes exogenous factors such as competition, while endogenous boundary conditions to value-creating potentials of strategic resources remain unaddressed. Ceteris paribus, all resources have finite value-creating potential and lifespans determined by their inherent characteristics: star employees retire, natural resources deplete, and patents expire. Herein, we analyze the impact of the internal and gradual type of degradation of strategic resources on firm performance as well as how the firm can deal with it. We utilize a sample of upstream oil and gas operators in testing our theory.

The evolutionary economics perspective of industry evolution stresses that entrants’ survival in nascent markets is contingent on the complementarity of their ordinary capabilities at entry. I suggest to broaden this view to also include differences in entrants’ dynamic capabilities at entry. Through an in-depth multiple case study of two incumbent firms in the global auto industry, I induct a theoretical framework that clarifies a viable nascent market strategy by which diversifying firms leverage optionality to shield the value of their ordinary pre-entry capabilities from inertial pressures, so as to smoothly negotiate a possible future market entry. Overall, I shed light on the pre-entry capability-performance relationship by explicating an indirect relationship between pre-entry capabilities and firm performance, mediated by dynamic capabilities.


Mauricio Galli Geleilate, University of Massachusetts, Lowell
Stav Fainshmidt, Florida International University

The dynamic capabilities literature has new product development at the center of its argumentation for the adaptation to changing environments. However, such change-oriented routines can generate systemic disturbances within a firm’s internal and external operations. We argue that effectuating dynamic capabilities can yield systemic frictions within routines and that organizational learning is an important mechanism that allows organizations to cope with resource reconfigurations. Using a sample of US automotive recalls, we find that increases in new product developments are related to an increase in manufacturing process and outsourced components-related recalls. However, firms can mitigate the incidence of such errors by engaging in internal error investigation routines, which reduces manufacturing process recalls, and learning from suppliers through alliances, which reduces outsourced component recalls.

Optionality as a Dynamic Capability

Johannes K Schmalz, University of Reading

The evolutionary economics perspective of industry evolution stresses that entrants’ survival in nascent markets is contingent on the complementarity of their ordinary capabilities at entry. I suggest to broaden this view to also include differences in entrants’ dynamic capabilities at entry. Through an in-depth multiple case study of two incumbent firms in the global auto industry, I induct a theoretical framework that clarifies a viable nascent market strategy by which diversifying firms leverage optionality to shield the value of their ordinary pre-entry capabilities from inertial pressures, so as to smoothly negotiate a possible future market entry. Overall, I shed light on the pre-entry capability-performance relationship by explicating an indirect relationship between pre-entry capabilities and firm performance, mediated by dynamic capabilities.

Session Chair:
Daniel Mack, Singapore Management University

Panelists
Luis Dau, Northeastern University
Peter Klein, Baylor University
Tomasz Mickiewicz, Aston University
Justin Webb, University of North Carolina at Charlotte
Wubiao Zhou, University of Birmingham

One of the upcoming special issue of Global Strategy Journal is on institutions and entrepreneurship. This panel facilitated by the guest editors is to encourage and promote research discussion regarding the linkage between institutions and entrepreneurship. In the first part of the panel, participants will gain theoretical knowledge from scholars with extensive research experience on three closely related themes — specifically, institutions’ influences on entrepreneurial activities, new venture creation and internationalization as adaptation to institutional evolution, and the co-evolution of institutions and entrepreneurship. In the second part, questions from participants will be addressed to stimulate relevant and meaningful discussion, in understanding the changing rates of entrepreneurial activities across countries and regions and the influential impact of institutions in the changing process in today’s global economy.

SESSION 1384
MANAGERS AND PROCESSES

Tracking H/L

Date: Tuesday, Oct 22
Time: 11:00 – 12:15

Paper: Marquette 8

Session Chair: Daniel Mack, Singapore Management University

Middle Managers’ Issue Packaging Role at the Interface Between Operational and Top Levels

Nufer Yasin Ates, Sabanci University
Koen van den Oever, Tilburg University

This paper aims to provide a finer-grained analysis of the middle managers issue selling strategic role. While we learn a lot from the extant literature on middle managers’ issue selling, we do not know much about how and when middle managers involve in conveying the operational-level proposals to top management. We pose that middle managers have certain discretion on operational-level proposals emanating from their own unit and that they re-frame the content of the operational-level proposals to enhance their likelihood of adoption by the top management team (i.e., middle managers issue packaging role). Drawing on impression management theory, we theorize (and will test) when middle managers engage in issue packaging and how that affects the likelihood of adoption. Implications for theory and practice are discussed.
The Strategic Capabilities of Middle Managers in Achieving Organizational Ambidexterity

Baku Morikuni, Royal Holloway
Romano Dyerson, University of London
Catherine Wang, Brunel University

This paper sets out to address a gap in the organisational ambidexterity literature – the role played by middle managers. Through a systematic review of the literature, we assess current knowledge and locate, critically appraise, and synthesise, relevant research in relation to the relationship between the strategic role of the middle manager and the development of organisational ambidexterity. We argue that the view of the middle manager in the processes of organisational ambidexterity is fragmented and partial. We then identify the capabilities needed by middle managers in organisational ambidexterity processes before discussing a holistic conceptual framework. We end by exploring the possibility of differing portfolios of middle manager capabilities dependent on varying structural characteristics of the organisation.

Career Concerns and Middle Management Reactions in the Organizational Empowerment Process

Daniel Mack, Singapore Management University
Quy Huy, INSEAD

We conducted a real-time inductive study of the empowerment process in an organization in the hotel industry. Paradoxically, our key findings suggest how the process of empowering frontline employees unintendedly led to greater organizational inefficiencies. Although the objective was to improve operational service quality, the practice of empowering frontline employees with greater voice and authority also instilled greater fear in and constraints on middle managers, who were concerned that their subordinates were misusing and escalating career-damaging issues to the top management. Consequently, top management had to spend unnecessary time toward investigating and resolving escalated issues as opposed to improving the organization’s productivity. Our study highlights the process and challenges of implementing employee empowerment practices, and its negative impact on workplace efficiency at the organizational level.

Creating and Maintaining Strategic Blind Spots: Exploring the Collapse of the Scottish Banking System

J Ignacio Canales, University of Aberdeen
Robert MacIntosh, Heriot-Watt University

This paper explores situations strategic blindspots. We draw on data gathered from top management about instances of these “strategic blindspots” to analyse their formation and impact on strategic decision making. Our data is drawn from the Scottish banking sector, which features firms that rose from domestic to international prominence before experiencing significant difficulties during the credit crunch. We use qualitative data including interviews with board members and senior management from the firms, documents, presentations and public reports to elaborate theory. The paper characterises strategy-making routines which permitted denial of actual risks during an extended period of economic prosperity but which subsequently threatened the survival of the firm.

Can't Buy Me Love... or Capabilities: Acquiring Innovative Capabilities through M&A

Dongwook Kim, University of Pittsburgh
Sharon Alvarez, University of Pittsburgh

Most innovation research in the M&A literature focus on the relatedness of knowledge between target and acquirer. In this study, we propose that in the creative industry, such as the video game industry, firms might need more than just related knowledge to acquire innovative capabilities from the target. We suggest that production capabilities that were built through direct experience and those that were bought through acquisition will have different effect on learning new capabilities. We show that firms that mainly built capabilities in-house will be better at acquiring innovative capabilities of the target firm, and that firms that mainly bought capabilities through acquisitions will be more focused on exploiting the intellectual property of the target firm, leading to introducing more exploitative products.

Creating Future Innovation via Marriage: The Relationship between M&A and Licensing

Hyejin Cho, State University of New York at Farmingdale

Although strategic alliances and mergers and acquisitions (M&A) have long been viewed on a continuum, the direction of the continuum has traditionally been alliances leading to M&A. In this paper, we seek to re-examine the continuum to evaluate when M&As can lead to alliances, as opposed to the traditional alliance leading to M&A perspective. We posit that firms with a recent M&A activity will be more likely to engage in alliance formation due to the increased resources and also as a method of reducing transaction costs.

How Knowledge Similarity Affects Structural Integration of Target Firms in Technology Acquisitions

Seungho Choi, Ewha Womans University
H. Dennis Park, University of Texas at Dallas

Structural integration is an important decision that may affect post-acquisition outcomes. We explore how the knowledge similarity between the acquiring and target firms affects the likelihood that both firms are structurally integrated. We find that the knowledge similarity and the likelihood of structural integration is U-shaped, such that acquiring and target firms are more likely to be integrated when their knowledge stocks have no overlap or have a high degree of overlap. Moreover, the tendency to structurally integrate the target firm when knowledge similarity is low or high is weaker when the two firms had prior alliance relationships but stronger when the acquiring firms had greater acquisition experience.
Knowledge Integration After Acquisitions: Generalists as a Bridge to New Knowledge
Shinjinee Chattopadhyay, University of Illinois at Urbana-Champaign
When inventors patent for one firm prior to acquisitions and subsequently patent for the other firm in an acquirer-target dyad, the inventor is categorized as “integrated.” This paper explores the antecedents of inventors being integrated within the first eight years of an acquisition, and their subsequent organization within the post-acquisition firm. Generalist inventors are found to be more likely to be integrated and this likelihood increases with technological distance between the firms. After acquisitions, they are teamed with inventors who share similar technological experience. Over time, this effect disappears. This study’s findings suggest that through integrating generalist inventors firms seek to increase the intersection set of external knowledge with its existing knowledge base, thereby reducing inefficiencies in absorption, and offering greater recombination possibilities.

Sense of Place? Firm Acquisitions and the Access to Localized Knowledge
Christoph Grimpe, Copenhagen Business School
Katrin Hussinger, University of Luxembourg
Wolfgang Sofka, Copenhagen Business School
Access to unique knowledge of a target firm is the strategic rationale for many firm acquisitions. We reason that acquirers take into account whether an acquisition provides wider access to localized knowledge in the target’s environment. We integrate mechanisms from literature on geographically confined knowledge flows into theory on strategic factor markets and hypothesize that localized knowledge increases a target’s acquisition price as well as the degree of knowledge relatedness. We test these hypotheses for 851 technology-oriented acquisitions in Europe between 2001 and 2010. We find that the acquisition price of a target firm increases with the amount of knowledge localized in the target’s region. Localized knowledge is most valuable when it is closely related to the target’s knowledge base but not necessarily the acquirer’s.

Anything Lost Inside the Black-Box? A Study of Learning by Teaching in Post-Merger Integration
Sara Ryoo, Binghamton University
While the organizational learning literature has advanced our knowledge in the acquisition and development of new knowledge as well as the influence on strategic decisions, it is yet to remain underdeveloped the mechanisms through which an organization learns from its own knowledge and capabilities. In the effort to extend our comprehension on the growth of knowledge and capabilities and the fruitfulness of knowledge recognition, I propose a theoretical construct called reflective learning where learning benefits are generated as a byproduct of transferring knowledge to a different entity. This paper finds its novelty in exploring and developing a construct of learning by teaching and its pragmatic implication for managers, especially those who are involved in post-merger integrations.

New Wine in an Old Bottle? How Analysts Evaluate Product Failures During Technological Change
Kinde Wubneh, University of Texas at Austin
Ram Ranganathan, University of Texas at Austin
We examine how securities analysts interpret failures during technological change. Using product recall data from the US auto industry, we find that analysts’ assessments of failures differ to the extent that these failures occur in new technology products versus old technology products. We find that analysts are more accurate in translating failures in the old technology products into firm value, while their assessments of new technology failures exhibit greater discrepancies. We then demonstrate the role of inertial schemas by showing that assessment discrepancies are exacerbated when there are substantive architectural differences between the old and the new technology. Specifically, analysts overestimate the severity of failure when it occurs in components that are core in the old technology but not core in the new technology.

Technology Re-emergence: How Firms Challenge Dominant Technologies with Old Technologies
J.P. Eggers, New York University
Nathan Furr, INSEAD
Raphael Martins, New York University
The purpose of this proposal is to explore the various technology and industry level antecedents and implications of technology re-emergence. Specifically, we explore why new technologies re-emerge, how they re-emerge, who revitalizes old technologies, and how the re-emergence of old technologies affects the dominant technology. We leverage a cross-industry approach based on qualitative coding and a Qualitative Comparative Analysis (QCA) methodology to provide a robust picture of technology re-emergence. We propose that old technologies appear to re-emerge in two primary forms: as technology re-emergence in which old technologies return to mainstream competition with the dominant design or as a second era of ferment in which technology variants compete to re-establish the dominant design.

Technological Uncertainty and Knowledge Sharing in Nascent Technological Fields: Evidence from a Quasi-Experiment in Deep-learning
Wei Yang, George Mason University
Yucheng Zhang, Tulane University
Balancing between knowledge control and knowledge sharing is a critical challenge faced with organizations during innovation. For organizations in nascent technological fields, such challenge is particularly salient in the presence of high technological uncertainty. In this study, we investigate the possibility that organizations seek to resolve the tension between knowledge control and sharing by purposefully timing the sharing according to exogenous changes of technological uncertainty. We argue that technological uncertainty reduces knowledge sharing because it causes the delay of learning and adoption of shared knowledge by external actors, decreasing the value of disclosed knowledge in the subsequent innovation and product competition. Leveraging an exogenous shock of a sudden change in technological uncertainty in deep learning related artificial intelligence technologies, preliminary empirical results support our arguments.
Do Innovation Possibilities Decline with Technological Vintage?

Aldona Kapacinskaite, London Business School
Sendil Ethiraj, London Business School

Empirical evidence examining the link between technological vintage and innovation possibilities is either inconsistent or inconclusive. We use well-level data on oil production technologies that are of different vintages – conventional and unconventional completion technologies – to examine how innovation possibilities change with vintage. Using data from a commodity industry and examining coexisting technologies allows us to cleanly compare the innovation potential of the technologies. We use the 2014 oil price crash as an exogenous shock to the incentive to innovate. We estimate the productivity impact of the oil price decline and find that unconventional wells experienced significant productivity growth while conventional wells did not. We also explore the mechanisms behind the increase in productivity and identify the process innovation practices that are at work.

SESSION 1355
CORPORATE VENTURE CAPITAL

TRACK K

Paper

Session Chair: Bart Clarysse, ETH Zurich

Corporate Venture Capital Investments, Reputation and Investor’s R&D Portfolio Rigidity

Charlotte Jacobs, Temple University

Extant CVC literature assumes that corporate investors internally exploit the knowledge accessed through their investments. Doing so, this research overlooks, however, the reputational consequences of misappropriation of knowledge of partners in CVC relationships. Firms that misappropriate knowledge of ventures in their investment portfolio, compromise the future flow of knowledge towards their CVC unit. To prevent that alleged misappropriation affects its organizational reputation, a corporate investor may avoid engagement in areas where ventures operate. We argue that technologically diverse CVC investments lead to more rigidity of the investor’s R&D portfolio, because less technology areas can be explored. The reputation of the investor positively moderates this relationship. Our cross-sectional analysis of 5833 CVC deals by 73 corporate investors, confirms our hypotheses.

CVC Investment Level, Complementary Assets, and Venture Success

Jukyeong Han, University of Kansas
Minyoung Kim, University of Kansas
Jongkuk Lee, Ewha Womans University

Drawing on the complementary assets framework, we study corporate venture capitals’ (CVCs) investment level and its implications on entrepreneurial ventures’ (VCs) success. Investigating CVCs’ investment level bears important implications because it influences the extent of control over and interactions with ventures, which is critical for both parties to learn about and transfer the complementary assets essential for the ventures’ success. We also investigate the moderating effect of entrepreneurial ventures’ financial resources. The preliminary results of empirical analysis with data on US biotechnology ventures suggest that the leading investors’ complementary assets can substitute for the role of financial resources in increasing ventures’ success.

Micro Foundations of Paradox Management in Corporate Ventures

Ann-Kathrin Leiting, ETH Zurich
Bart Clarysse, ETH Zurich

With this research, we aim on advancing theory on the micro foundations of the organizational paradox by identifying mechanisms used by venture leaders to overcome the paradox of innovation. We further contribute by introducing a dynamic approach to literature on the management of paradoxes. Adding a time dimension, we theorize how foci are shifted, and mechanisms change when the venture develops. Our findings reveal that paradoxes are not static, but converge over time when successfully managed.

The Role of Orchestrator in Ecosystem Development: Evidence From Corporate Venture Capital

Gary Dushnitsky, London Business School
Sukhun Kang, London Business School

The ecosystem literature underscores the need to manage complex interdependencies between complementors. It points to the role of the ecosystem-orchestrator in the creation and development of such efforts. Yet, empirical work focuses on existing ecosystems. This paper takes a supplementary approach; highlighting a distinct temporal dimension that received scant attention to date. We study not only the ex-post actions an ecosystem-orchestrator undertakes, but also the strategic objectives they declare ex-ante. To that end, we examine the role of Corporate Venture Capital (CVC) in ecosystem development. We find that firms declaring an ecosystem strategy are more likely to create value when they engage in such actions ex-post. Furthermore, we observe that the positive association is sensitive to the type of ex-post action they engage in.

Effects of International Entrepreneurial Culture and Dynamic Capabilities Towards Performance of INVs in Turbulent Markets

Dominic Buccieri, Missouri Southern State University
Vivien Jancencelle, Texas A&M University-Central Texas

International new ventures (INVs) contend with market turbulence in global markets, compelling firms to cultivate dynamic capabilities. While the INV literature is growing, it is not informative as to how INVs overcome limited resource bases to enhance performance. We employ the concept of international entrepreneurial culture (IEC), to better understand how INVs develop sensing, seizing and reconfiguring capabilities to enhance their international performance. Building on the dynamic capabilities view (DCV), we empirically examine the relationships among IEC, dynamic capabilities, and INV performance under varying levels of market turbulence. The findings highlight that IEC influences both dynamic capability stocks and INV performance. The study context is a sample of high-technology INVs from India, a large emerging market of growing importance.
Non-Linearity of Entrepreneurial Attribution and Performance in Times of Economic Crisis
Guilherme Monteiro, Insper
Rinaldo Artes, Insper
Guilherme Gutontwitch, Insper
We investigate the relationship between causal attribution and entrepreneurial performance in a context of economic crisis. First, we discuss the theoretical channels that connect these two dimensions. We propose a U-shaped relationship during economic stress: the highest performing entrepreneurs are those with the highest levels of internal attribution and those with the lowest levels. Then, we seek empirical evidence on this relationship. We analyze a database of 804 interviews with entrepreneurs from Brazil, an emerging country with considerable business challenges. The interviews were conducted in 2016, a particularly difficult year from an economic viewpoint. Through a two-stage regression model with instrumental variables, we find evidence that supports our hypothesis.

A Punctuated Equilibrium Perspective on Retrenchment: Timing, Speed and Magnitude of Retrenchment and Turnaround Outcomes
Derek Lehmberg, North Dakota State University
Zonghui Li, Jacksonville University
Chanchai Tangpong, North Dakota State University
We propose a punctuated equilibrium perspective of retrenchment actions taken at corporate turnaround. From the punctuated equilibrium perspective, we use the timing, speed, and magnitude of retrenchment actions to identify the patterns of early and late punctuated retrenchment, and examine their effects on turnaround outcomes. This perspective integrates the theoretical considerations from recent research on the importance of timing, speed, and magnitude of retrenchment to turnaround outcomes in a parsimonious way. Our study, using a sample of matched pairs of successful and unsuccessful turnaround firms, lends support to the perspective of punctuated retrenchment and turnaround.

Surviving Recessions in a Competitive Landscape
Darcy Fudge Kamal, Chapman University
Cristina Nistor, Chapman University
We study how repeated relationships in the Thoroughbred horse industry are affected by the recession of 2008. Theory predicts that such demand shocks, in a highly competitive industry, could either cause relationships to dissolve or, to the contrary, help the existing partners survive. We analyze this problem empirically using a longitudinal dataset of relationships spanning from 2005 to 2014 to breed and sell horses at auction in the US. The change in demand from the financial crisis shaped existing relational contracts in the industry. Our results indicate that vertical exchange partners trade off the quality of inputs on the risks such inputs imply. Firms in repeated contracts gain higher quality inputs compared to firms which use spot market transactions or transactions internal to a firm.

SESSION 1378
HUMAN CAPITAL IN THE UPPER ECHELONS

TRACK L/O Date Tuesday, Oct 22
Time 11:00 – 12:15
Common Ground
Room Marquette 1
Session Facilitator: Timothy Hubbard, University of Notre Dame

Entrepreneurial Experience in the Upper Echelons of Corporations and its Effects on Strategy
Hendrik Terbeck, TU Dortmund University
Andreas Engelen, Heinrich-Heine-University Düsseldorf
Niels Van Quaquebeke, Kühne Logistics University
We extend upper echelon theory by making the case that entrepreneurial experience imprints on founders and can later be evidenced when these founders co-determine the corporate strategy of other companies by way of being members of the board of directors or the top management team (TMT). Analyzing bibliographical data of 34,266 individuals at the top levels of 2,650 large S&P 1500 companies between 2000 and 2012, we accordingly show that increasing shares of prior founders among the upper echelon spur growth of firm value and solvency particularly when firms are exposed to turbulent environments and high competitiveness. These insights provide first evidence for how previous personal founding experiences may permeate upper echelon strategizing especially through the boards of directors.

Divorces in the C-Suite: Antecedents, The Role of Gender, and Consequences
Nicolai Foss, Bocconi University
Jacob Lyngsie, University of Southern Denmark
We focus on divorces as they pertain to senior managers in firms. Divorce events are particularly likely to be of relevance to firm performance in the case of the key decision makers of the firm. When the decisions of those in the top of the hierarchy get distorted or are less effective, this is magnified throughout the firm. To examine the workplace antecedents and consequences of divorce, we build up hypotheses based on the relevant social science and psychology literature. We test these on the basis of Danish register data. Applying a panel regression to the data, we find support for our hypotheses.

Is There a Downside to International Experience in the TMT? A Team Composition Approach
Marketa Rickley, University of North Carolina at Greensboro
I-Heng Wu, University of Iowa
Ean Crawford, University of Iowa
International experience matters. However, what happens when top managers’ international experience combines? This study examines basic and more complex distributional features of team compilation and team composition – namely, (i) strongest member / weakest member, (ii) team average, (iii) team diversities, and (iv) team faultlines to predict the relationship between TMT members’ international experience and future firm performance. Using a panel dataset containing 1419 top executive-year observations over six years (N = 235 TMTs, nested within 52 foreign subsidiaries, and 24 multinational companies) and ten years of subsidiary performance data, we assess the capacity of the competing models to explain future foreign subsidiary performance. Our findings indicate that team separation and team faultlines with respect to international experience negatively impact future foreign subsidiary performance.

Dynamic Capabilities and Middle Managers: The Role of Cross-Functional Teams in Enhancing Change
Päivi Maijanen, LUT University
Paavo Ritala, LUT University
Our analysis extends the generally adopted view of dynamic capabilities relating to the way top management orchestrates strategic change. The study provides an in-depth analysis of the micro-foundations of sensing, seizing and transforming capabilities across different managerial levels. Based on an in-depth longitudinal analysis in a Finnish regional media company undergoing a digital transformation process, we found that top and middle management played mutually interconnected, yet different roles in sensing, seizing, and transforming. Furthermore, the study provides new evidence on evolutionary learning processes by highlighting how dynamic capabilities are reinforced by temporal cross-functional and cross-level development groups that coordinate change, enhance horizontal and vertical collaboration and communication, and, most importantly, serve as a tool to delegate power.
CEO Narcissism and Director Voting on Acquisition Proposal
Yuehua Xu, Sun Yat-sen University
Lin Zhang, South China University of Technology
Honghui Chen, Sun Yat-sen University
The current study construct a model and propose that an individual director’s judgment of a strategic proposal is likely affected by three types of factors relevant in the context, including the information about the strategic proposal, the information about the CEO who proposes it, and the quality of the individual director that may affect the cognitive processing of the information. Using a randomized experimental study of actual directors, we found that the positive effect of industry relatedness on the director’s approval of acquisition proposal becomes weaker when CEO has a higher level of narcissism. In addition, the moderating effect of CEO narcissism becomes weaker when the director has business education background compared with when the director does not have such education background.

Differences in Executive Temporal Depth and Its Impact on Firm Performance
Maximilian Weis, WU Vienna
Patricia Klarner, WU Vienna
Executives are expected to pay attention to short-term performance, while also keeping an eye on long-term issues. However, focusing on both the needs of the short and the long term is a major challenge for them. Extant research suggests that executives often differ in their degree of temporal depth but it remains unclear how their temporal depth relates to both short and long term firm outcomes. We address this void by studying S&P500 companies from 2000 to 2018. Our study contributes to research on temporality in strategic management by providing insights into how executives’ temporal depth relates to company outcomes with different time horizons, as well as relevant contingencies that influence this relationship.

SESSION 1397
CURRENT TOPICS IN STAKEHOLDER STRATEGY

CSR or CEO Opportunism? Why Firms Wade Into Controversial Social Issues
Michael Nalick, University of Memphis
Scott Kuban, Tulane University
Ronei Leonel, University of Memphis
Matthew Josefy, Indiana University
M. K. Chin, Indiana University
Firms are increasingly dedicating resources toward socio-political issues (SPI) in an attempt to change formal and informal institutional policy positions on a variety of issues including immigration, gay marriage, and gun control. However, because these issues lack normative or institutional societal consensus and a public stance by a firm can alienate a particular stakeholder coalition, firm engagement is fundamentally different from other non-market actions. Since limited scholarly examination has been dedicated to identifying the antecedents of firms’ decisions to wade into such controversies, in this paper we unpack the underlying positive versus negative firm motivations for firm SPI engagement. Specifically, we examine if this behavior is a unique form of CEO opportunism or CSR, ultimately finding that the motive is CSR related.

Phileanthropists or Impressionists? The Effects of Corporate Social Performance on a CEO’s Wealth and Prominence
Jongsu Kim, Hong Kong Baptist University
We propose the causal impact of CSR on a CEO’s wealth and prominence. Based on the argument from impression management, superior performance as a corporate philanthropist helps a CEO shape positive images for internal and external stakeholders. Using public U.S firms from 2002-2012, we argue that a CEO with superior CSR is more likely to earn greater compensation and to be a cover figure for major U.S. magazines. Furthermore, the data show that the relationship between CSR and CEO compensation and prominence is more salient when stakeholders do not CSR for granted. The relationship is stronger when 1) stakeholder orientation is weaker, and 2) when it involves non-consumer-focused industries, since the impact of CSR depends on the extent to which stakeholders perceive it as valuable.

How Organizational Pernissiveness Mediates the Effect of Strategy on Innovation and Wrongdoing
William Grieser, Texas Christian University
Ryan Krause, Texas Christian University
Qingqiu Li, Southern Methodist University
Richard Priem, Texas Christian University
Andrei Simonov, Michigan State University
We explore the possibility that innovation-intensive strategy has the potential to spur corporate wrongdoing as well as innovation output. We propose a new theoretical mechanism, organizational permissiveness, and argue that this mechanism partially mediates the effect that an innovation-intensive strategy has on patent filings and patent citations as well as several measures of corporate wrongdoing. We introduce an unobtrusive, reflective measure of organizational permissiveness, and demonstrate that for firms seeking to innovate, some degree of laxity in enforcing rules may be unavoidable.

Taking it Personally: How CEO Organizational Identification Influences the Corporate Social Responsibility-Irresponsibility Reciprocal Relationship
Eunyoung Park, Arizona State University
Jonathan Bundy, Arizona State University
Donald Lange, Arizona State University
A growing number of studies have examined corporate social responsibility (CSR) and irresponsibility (CSiR) as distinct constructs that simultaneously can describe a firm’s behavior. Yet prior work also suggests they might be interrelated, especially through the mechanisms of moral licensing and moral cleansing. In this paper, guided by upper echelons theory and social identity theory, we propose that CEO organizational identification has an influence on those moral reasoning processes. We start by investigating the overall positive interrelationship between CSR and CSiR through the moral licensing and moral cleansing perspectives. We then explore the moderating effect of CEO organizational identification on that reciprocal relationship between CSR and CSiR. We will test our hypotheses on the sample of U.S. publicly-traded firms from 2006 to 2016.
Predicting Corporate Social Performance: Implications of Corporate Divestitures

Shih-chi Chiu, University of Houston
Azadeh Sabz, University of Houston

Corporate divestitures affect various internal and external stakeholders of the firm. However, prior research has been silent about their impact on corporate social performance (CSP), an effective measure of firms' attention to various stakeholders. Drawing from efficiency theory and attention-based view, we propose that after shedding strategically unfit assets, firms will become more responsive to stakeholder demands, contributing to higher post-divestiture CSP. Based on a longitudinal dataset (1998-2012), our findings suggest that it is important to consider both the magnitude of divestitures and the characteristics of the unit sold to better understand the implications of corporate divestitures on CSP. Our study provides fresh insights into an underexplored corporate divestiture-CSP relationship and how corporate sell-offs might serve as a strategic tool to enhance firms' CSP.

The Relationship between Organizational Capabilities and Value Creation for Stakeholders

Simone R. Barakat, University of São Paulo
Joao Mauricio Boaventura, University of São Paulo

This research investigates the relationship between organizational capabilities and synergy in value creation for stakeholders. We hypothesize that companies with the following organizational capabilities are more likely to demonstrate synergy in value creation for stakeholders: knowledge capability, engagement capability, integrity capability, and adaptation capability. The results show that the knowledge capability and the adaptation capability are positively related to the level of synergy in value creation. The proposal of specific capabilities that allow the creation and maintenance of value between the company and its stakeholders contributes to the discussion on how to coordinate stakeholders' interests. The understanding of the routines pertaining to each capability also contributes to the literature of organizational capabilities.

Crowd Dynamics in Internal Crowdsourcing: Insights from Challenges in Management Higher Education

Gianluigi Viscusi, EPFL – École polytechnique fédérale de Lausanne
Christopher Tucci, Federal Institute of Technology in Lausanne

This article aims to study crowd dynamics in small teams. In particular, we are interested in internal crowdsourcing as a venue for new ideas production, questioning the difference with regard to other cooperative models based, e.g., on communities. Another goal of the study is to identify the setting for further experiments in business domains to investigate how crowd characteristics may lower or increase “crowd capital,” here defined as the total number of crowd units having a demonstrated effectiveness in idea generation or task achievement. Thus, the article aims to contribute to the research on coordination in temporary and flash teams, likewise. To this end, the article discusses the main results of six studies carried out among management students in higher education from 2014 to 2018.

How the Network Neighborhood Influences Partnerships: Handshakes to Formal Collaboration among U.S. Fire Departments

Jay Horwitz, University of Toronto
Bill McEvily, University of Toronto
Anita McGahan, University of Toronto

In this paper, we contribute to the integration of insights from network theory and contract theory. Specifically, we explore how the level of formality in an agreement between two parties depends on the broader network of exchange relationships in which they are embedded. The analysis draws on the network literature to develop a theory of governance choice that emphasizes the network neighborhood. We argue that partners’ outside ties influence the coordination, control, and information exchange within the partnership. We test the validity of our claims by analyzing collaborative agreements among U.S. Fire Departments between 1999 and 2010. The results indicate that the network neighborhood significantly influences the way that partners work together.

Perceptions of Asset Specificity: Bias and Manipulation in Interfirm Exchanges

Libby Weber, University of California, Irvine
Russell Coff, University of Wisconsin-Madison

Transaction cost economics argues that the level of asset specificity, a major contracting hazard, determines the most efficient governance form (market, hybrid or hierarchy) for an exchange. While theory largely treats asset specificity as fully observable and objective, in reality, it is typically obscure and subjective. As a result, perceptions of asset specificity may be biased or manipulated to increase value creation and capture in one party’s favor, leading to inefficient governance. Thus, treating asset specificity as subjective requires new theory that anticipates efforts to manipulate perceptions of specificity, and the impact on governance. We offer a theoretical framework to predict such manipulation as well as the associated contractual outcomes.

The Effect of Perceived Incongruence on Contract Design: Evidence from Debt Contract

Cyril Um, Purdue University
Shiau-Ling Guo, National Chengchi University
Fabrice Lumineau, Purdue University
Wei Shi, University of Miami

Existing research on contracts mostly focuses on how transactional hazards influence contract design, while overlooking the role of individuals in influencing contract design. Drawing on role congruity theory, we complement the existing contract research by studying how the incongruence between stereotypical beliefs of the executive role and the perceived behavior of that executive may influence perceived transactional hazards and thereby affect the need for contractual safeguards. In addition, we argue that the influence of role incongruence on contract design is moderated by external uncertainty, internal uncertainty, and dyadic uncertainty between the parties. The results from a study of conference call transcripts and contracts on 1,334 firms in the U.S. largely support our arguments.
CEO values to the forefront of understanding financial fraud. We extend existing research on corporate fraud by bringing heterogeneity in the likelihood of financial fraud. We focus on the most fundamental values for people’s guiding principles in predicting their psychological tendencies of CEOs. We integrate upper echelons theory with governance mechanisms, have ignored the role of heterogeneity in innate psychological tendencies of CEOs. We find that firms led by CEOs who had grown up in middle class families are more likely to engage in corporate wrongdoing, and that this relationship is weakened by two social status enhancing and anxiety reducing factors: Ivy League education and CEO awards.

**Are More Innovative Firms More Likely to Commit Fraud? Evidence from U.S. Public Companies**

Karen Schnatterly, University of Missouri  
Lin Jiang, University of South Florida  
Clarissa Steele, University of Missouri  
Shaker Zahra, University of Minnesota

Innovation requires an environment that encourages risk taking. However, such an environment can also give rise to wrongdoing such as fraud. We propose that firms that are more innovative are likely to have a higher propensity for financial statement fraud. Further, we propose that stronger board power (relative to the CEO) and more women on the board can mitigate this relationship. Using a matched sample, we tested our hypotheses with S&P 1500 firms between 1996-2012. We found a strong positive relationship between a firm’s innovativeness and fraud, but a more independent board and a board with more female leadership can mitigate this association. Our results suggest strong corporate governance could curb the downside of excessive risk taking associated with the pursuit of innovation.

**How the Cards May Fall: Problematic Endorsement from Multiple and Heterogeneous Endorsers**

Yang Lan, Singapore Management University  
David Gomulya, Singapore Management University  
Edson Kieu, Singapore Management University

Signalling theorists have highlighted the importance of endorsements. However, our knowledge about the implications for the endorser remains scant. While some research has begun to examine endorser’s penalties should an endorsement fail, we know little about how such a failure may affect multiple and heterogeneous endorsers. We investigate this puzzle in the context of the replacement of external auditors and audit committee members of the board following financial restatements and CEO/CFO replacements. Our results found that problematic endorsements impacted multiple and heterogeneous endorsers indiscriminately even if they possess no incentive to partake in such misrepresentations. This study highlights the dark side of feedback loop, suggesting that endorsers can be held accountable regardless of their different incentives.

**Selfishness and Selflessness – The Importance of CEO Values for Explaining Fraud**

Rasmus Pichler, University of Cambridge

Current explanations of financial fraud, centered on external and internal governance mechanisms, have ignored the role of heterogeneity in innate psychological tendencies of CEOs. We integrate upper echelons theory with value activation and behavioral ethics theories from psychology to highlight the pivotal role of CEO values – broad, desirable goals (e.g., power, equality) that are people’s guiding principles to life – in predicting the likelihood of financial fraud. We focus on the most fundamental dimensions of personal values – CEO self-enhancement (selfishness) and self-transcendence (selflessness). Our paper focuses on how the interplay of CEO values and shareholder activism predicts financial fraud. We extend existing research on corporate fraud by bringing heterogeneity in CEO values to the forefront of understanding financial fraud.

**Conditioned by Upbringing: Elite White-Collar Crime and Childhood Social Class**

Ivana Naumovska, INSEAD  
Jerayr Haleblian, University of California, Riverside  
Alexandru Roman, California State University, San Bernardino

The sociological theory of white-collar crime postulates that executives who commit white-collar crime put a high value on their socio-economic status. Here we propose that executives’ tendency to engage in white-collar crime in part stems from their childhood social class. Considering one’s point of social departure, we hypothesize that individuals raised in middle class families will receive a lasting status anxiety imprint, which will drive their engagement in white-collar crime, and thus corporate wrongdoing. We find that firms led by CEOs who had grown up in middle class families are more likely to engage in corporate wrongdoing, and that this relationship is weakened by two social status enhancing and anxiety reducing factors: Ivy League education and CEO awards.

**Gender, Upper Echelons, and Achieved Status Loss**

Arjun Mitra, University of Illinois at Chicago  
Steve Sauerwald, University of Illinois at Chicago

Despite extant research on gender-based pay disparities in executive compensation, we have very little understanding of the contextual factors that may influence the relationship between board gender composition and female executive compensation. Contrary to research suggesting that women are more likely to act as allies and advocate for other women due to similarity in ascribed status, we argue that female directors do not advocate for female executives when the female directors experience an achieved status loss. We identify two conditions which lead to a loss in the achieved status of female directors and deter them to advocate for female executives—(i) when negative recommendations received by female directors from Institutional Shareholder Services (ISS) is high, and (ii) when firm performance is low.

**Why Can Managers Benefit from an Overrepresented Network? A Bias-based Perspective**

Jingyu Li, Chinese University of Hong Kong  
Haifeng Wang, Shanghai International Studies University  
Jun Xia, University of Texas at Dallas

Existing cognitive network research often takes an accuracy-based perspective emphasizing accurate network perception as an advantage, but largely ignores certain benefits of misperceptions. To supplement this perspective, we advance a bias-based perspective to differentiate between cognitive overrepresentation and underrepresentation as two types of misperceptions and posit that managers may benefit from overrepresentation to a certain degree. Using survey data from 97 subunit managers of a large Chinese multi-unit firm, we find an inverted U-shaped effect of structural holes derived from overrepresented networks on subunit managers’ social status, while structural holes derived from underrepresented networks negatively affect subunit performance. Our study provides useful implications for cognitive network research.
**Middle Managers, Coopetition and Intraorganizational Knowledge Transfer**

Jeanine P. Porck, Oklahoma State University

Intraorganizational knowledge transfer is difficult yet critical for numerous organizational outcomes. The knowledge-sharing behavior of middle managers, those often tasked with managing this knowledge transfer, should, however, not be taken for granted. This paper aims to develop an understanding of the underlying motives middle managers have when coordinating knowledge transfer between teams that are in coopetition, i.e., engage simultaneously in cooperative and competitive behaviors. Specifically, building on bounded rationality theory and coopetition research, I argue that coopetition may prompt middle managers to adopt more myopic motives that make these managers less inclined to coordinate knowledge exchange between teams in their organization. By understanding these motives, this study aims to shed light on specific behavioral conditions that influence middle managers’ contributions to intraorganizational knowledge transfer.

**Crystal Clear? A Contingency Perspective on The Use of Metaphorical Communication and Language Concreteness**

Dennis Heding Jacobsen, Copenhagen Business School
Diego Stea, Copenhagen Business School

Particularly in noisy signaling environments, managerial communication has important consequences for organizations. Yet, these consequences can be very different, and rhetorical signals have been shown to be able to create as well as destroy value for firms. To improve our understanding of the conditions that make rhetoric a value-adding versus value-destroying exercise, we examine the simultaneous application in an equity crowdfunding setting of two key rhetorical instruments: metaphorical communication and language concreteness. Based on a complementary fit logic, we theorize that metaphorical communication boosts resource contributions when paired with language concreteness, but hampers fit logic, we theorize that metaphorical communication boosts resource contributions when combined with language abstraction. Analysis of full-sample, firm-level data on 197 equity crowdfunding campaigns supports these ideas. These findings contribute to the strategic communication, signaling, and crowdfunding literatures.

**Degrees of Openness in Strategic Decision-Making**

Rob Jansen, Tilburg University
Petru Curyeu, Open University of the Netherlands
Patrick Vermeulen, Radboud University

Organizations are continuously experimenting with different means to include a broader group of stakeholders in open strategizing, which includes both internal and external stakeholders. Open strategizing, conceptualized as the influence on decision makers through direct ties from their social network, allows for more strategic information becoming available for decision making, and more stakeholders can engage in strategizing processes. Through a survey among 293 decision makers (49% managers, 51% entrepreneurs), we aim to show the influence of type of decision maker and cognitive motivation on the range of actors that affect strategic decisions. We test these effects and find that the results show marked differences exist between managers and entrepreneurs regarding which part of their social network and how cognitive motivation are influential in strategic decision-making.

**Strategizing While Trusting**

Martha-Eugenia Reyes-Sarmiento, EAFIT University
Luz Rivas, EAFIT University

Trust enables and constrains strategizing but, how does it do it? This question guided this case study from practice perspective. Strategy is a social practice related to a knowledge frame that actors draw on when strategizing. But actors do not only rely on their knowledge, they also need to trust. Through the analysis of an empirical practice at a pluralistic organization, we show how strategizing while trusting occurs. Trusting is a dynamic process between levels of trust: individual, group, organizational and materiality; and, forms of trust: calculative, capability-based, course and communicative. Levels of trust rely on forms of trust in recursive processes that enable or constrain the shaping of practices, which triggers the emergence of strategies conciliating organizational objectives with market expectations.

**SESSION 1540**

**EDUCATIONAL IMPACT AWARD SESSION**

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<td>Special Panel</td>
<td>Tuesday, Oct 22</td>
<td>11:00 – 12:15</td>
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**Educational Impact Award Session**

Session Leader
Daniel Elfenbein, Washington University in St. Louis

Panelists
Jackson Nickerson, Washington University in St. Louis

In this session, the 2019 SMS Educational Impact Award recipient, Jackson Nickerson, will be introduced by Dan Elfenbein. Jackson will then discuss his andragogical approach to strategic thinking before decision-making. The Educational Impact Award recognizes excellence in contributing to the teaching mission in Strategic Management. It is given annually to an individual who has made an exemplary contribution to quality and innovation in the teaching of strategic management, either through their own teaching and mentoring activities and/or by empowering other teachers with innovations and high-quality teaching materials.

**AWARDS LUNCHEON (GRAND BALLROOM D)**
The Influence of Patent Litigation Strategies on Firm Performance

Valerie Matheja, University of Leeds

Building on the resource-based view, the present research investigates the influence of patent litigation strategies on firm performance. The study concentrates on variations in multi-invention industry factors to highlight the “cause” and not the “symptom” of effective litigation strategies. This approach redirects research attention from the usually spotlighted pharmaceutical and semiconductor industry to new unrecognized industries of equal importance. By matching panel data on litigation activities of U.S. manufacturing corporations with financial data, the performance outcomes of proprietary and defensive litigation strategies are examined. Measured on the trade-off between sales, costs and profitability, the study differentiates from previous research by concentrating empirically on industry characteristics that nurture abilities to create barriers of imitation with different litigation strategies to effectively protect patented assets and create inimitability.

Environmental Uncertainty and Innovation

Luis Ballesteros, George Washington University

Colleen Cunningham, London Business School

Strategy scholars have associated investment in innovation with risk taking, departed from the assumption that risk preferences are stable across time, and suggested that context-based phenomena affect risky behavior. Taken together, these ideas support the argument that exposure to high levels of environmental uncertainty increases risk tolerance and lead to comparatively frequent innovative behavior—an argument that has little systematic investigation. To study this relationship, we use the instrumental validity of large natural disasters to identify significant fluctuations in environmental uncertainty and a database of a decade of patent filings in the United States to proxy for innovative behavior. The preliminary results show that the percentage growth of invention becomes even more formidable in a more turbulent environment.

Does Innovation Matter in the Education Industry? Effects of Differentiation, Cost and Scope on Performance

Charlotte Ren, Temple University

Chao Guo, University of Pennsylvania

Less is known about the link between innovation and organizational performance in mission-driven industries such as health care or education. We address this gap by examining how an organization’s strategic choices—differentiation through innovation, cost leadership, and scope—that lead to more social value creation might, paradoxically, reduce its ability to capture economic value, or vice versa. Using panel data of charter schools in Texas (1997-2007), we find that a broader scope improves a school’s social value creation (i.e., academic performance), but reduces its economic value appropriation (i.e., profit margin); by contrast, cost leadership improves economic value appropriation but reduces social value creation. Surprisingly, differentiation through innovation hurts both social value creation and economic value appropriation. The challenge becomes even more formidable in a more turbulent environment.

What Explains the Economic Value of the Industrial Designs?

Maryam Zehtabchi, World Intellectual Property Organization

Firms are increasingly utilizing Industrial Designs (ID) in order to build their competitive advantage. However, few insights are available on how IDs contribute to design innovation, business growth and economic development. Building upon the extensive literature on technological innovation covered by patents this study seeks to expand our knowledge on design innovation protected by IDs. The study uses a novel survey data of ID applicants to capture the economic value of IDs for firms. The preliminary results show that, although at lower rate, distribution of ID values is highly skewed in line with the existing patent literature.

Inferring Quality from Input Price Sensitivity

David Croson, Michigan State University

Jacob Hamlin, Acribus Capital

In any given industry, some firms are more efficient and/or more resilient to factor cost increases than their rivals. Process innovations that result in cost reduction and superior risk management are difficult to observe from outside the firm, leading to insufficient attention paid by researchers to such hidden sources of competitive advantage. We propose a microfoundational model that yields a surprisingly robust technique for inferring relative levels of quality (whether as a first-order efficiency gain or a second-order gain through resilience to variation in input prices) among firms in a given industry. We show how to sort firms by inferred quality and how the equity market can identify high-quality firms even if the underlying microdata is not directly observed. Even if invisible, quality pays.
Optimal Performance Promises amid Data on Actual Performance: Evidence from the Airline Industry
Daniel H. Simon, Indiana University
Jeffrey Prince, Indiana University
In many markets, producers make a claim about performance before the purchase is completed. Firms in these markets face a tradeoff whenever they promise performance prior to the customer deciding whether to purchase or not. On the one hand, promising better performance (e.g., shorter scheduled flight time, shorter wait time, faster delivery time) increases demand today by making the good or service more appealing to customers. On the other hand, promising better performance reduces the likelihood of achieving the estimated performance level, which reduces future demand. We will then examine this question empirically in the airline industry, where firms promise (schedule) flight times amid substantial data on their actual on-time performance. Specifically, we will examine how scheduled flight times affect the demand for air travel.

State-Owned Leapfrogers: A Framework
Rodrigo Donini, Getulio Vargas Foundation
This theoretical essay establishes a framework with different factors grouped in three dimensions (macro, state, and firm) to analyze the existence of state-owned enterprises (SOEs) and how the presence of different state-run institutions as shareholders can lead a firm to catch-up and even leapfrog its competition through innovation processes. Factors such as the institutional setting of the country (or countries) where the firm operates, the technological frontier the firm faces, the type of state institution, and its ownership ratio of the firm. This research contributes to the debate on the existing heterogeneity among state-run institutions which take part on SOEs, and what type of effect this heterogeneity has on the economic and innovative performance of firms.

When App Developers Move from Apple to Google: Platform Competition and Cross-platform Mobility
Yongzhi Wang, Ohio State University
Lori Yue, University of Southern California
Nandini Rajagopalan, University of Southern California
We investigate how the advantages of an installed-base-driven entrant platform over a quality-driven incumbent platform lead to complementors’ decisions to move across platforms. While the literature has emphasized that installed base monotonically defines a platform’s competitive advantage, we argue that platform differentiation (due to entry sequence) can alter this relationship to a curvilinear one. When the entrant platform gains installed-base advantages, it initially attracts complementors, but, as the quality-driven incumbent platform maintains advantages in profitability, mobility tendency recedes. Complementors seeking better strategic fit mainly contribute to such migration, and they tend to port existing products as they migrate and ultimately abandon the home platform. We find support for our theory based on app-developer populations of iOS and Android from 2008 to 2014.

Freemium Killer Apps
Joost Rietveld, University College London
Joe Ploog, University College London
The freemium business model, wherein a base product is offered for free and consumers can purchase additional functionality after they adopted the base product, has gained rapid popularity recently. Despite low barriers to adoption, most freemium products fail. When they do succeed, however, they often become breakout hits, or freemium killer apps. Which products are best positioned to becoming a freemium killer app, and under what conditions? We analyze 9,700 video games on Steam, the market-leading platform for digital PC games, and find that freemium games with strong social features, that are released when the platform has a large installed base, have a higher probability of becoming a killer app. We contribute to the literatures on strategy in networked markets, business models and platform complementors.

When Do Matching Platforms Die? The Effects of Platforms’ Density on Platform Longevity
Gary Dushnitsky, London Business School
Evila Piva, Polytechnic University of Milan
Cristina Rossi-Lamastra, Polytechnic University of Milan
Some of the best-performing companies nowadays are matching platforms (e.g., AriBnB, Uber). Unlike traditional firms, matching platforms create value by coordinating distinct groups of agents, who benefit from – direct and indirect – network effects. Theoretically, the presence of network effects predicts a “winner-takes-all” dynamic: one platform dominates the market and drives out all the other platforms. Yet, we have little empirical evidence on matching platforms’ survival. Analysis of the population of the crowdfunding-platforms (a prominent type of matching platforms) across the EU-15 countries yields keen insights. Our findings uncover patterns of platform longevity, which depart from the “winner-takes-all” prediction and the evolution patterns documented in traditional industries. We explain how this arises due to the fundamental differences between traditional and platform-based businesses.
COMPETITION, POSITIONING AND IMITATION

SESSION 1493

TRACK E

Date	Tuesday, Oct 22
Time	14:30 – 15:45

Paper	Jan-Michael Ross, Imperial College London

Session Chair: Jan-Michael Ross, Imperial College London

Competing Both Ways: Examining the Effects of Horizontal Differentiation and Cost Advantage

Chi-Hyon Lee, George Mason University
Manuela Hoehn-Weiss, Oregon State University
Samina Karim, Northeastern University

Although a significant body of business strategy research finds that restraining market rivalry and creating cost efficiency advantage independently each increase firm performance, few studies examine how these two mechanisms jointly influence firm performance. Makadok (2010)—a notable exception—finds analytically that the joint effect of horizontal differentiation (i.e. a form of restraining market rivalry) and cost efficiency advantage on firm performance is negative. Our empirical study finds a similar result using market-level panel data over nineteen years of twenty U.S. carriers competing in the domestic U.S. airline industry. Specifically, our results confirm the two positive main effects found in the independent literature streams but also find strong support for the negative joint effect, thus providing additional evidence for the need to study both mechanisms in tandem.

Alternative Motives for Imitation: The Roles of Competitive and Demand Uncertainty

Jan-Michael Ross, Imperial College London
Dmitry Sharapov, Imperial College London
Yuri Mishina, Imperial College London

This paper seeks to answer how competitive and demand uncertainty shape a firm’s imitation behavior over time. Making use of new investments in different movie genres made by major Hollywood film studios between 1986 and 2004, we find that competitive uncertainty has a negative effect on imitation, while demand uncertainty leads to an increase in imitation behavior. We also find that demand uncertainty is an important contingency for well-established drivers of imitation, with previous performance of a competitor being a less important driver of imitation and competitive rank position being a more important driver of imitation. These findings illustrate that it is not enough to consider information- and rivalry-based motives of imitation in isolation when predicting imitation behaviour.

What Are You Looking At? A Rivalry Network Extension to the AMC Framework

Sruthi Thatchenkery, University College London
Riitta Katila, Stanford University

We extend the awareness-motivation-capability (AMC) framework to examine how a firm’s positioning in rivalry networks relates to the firm’s awareness of competitive opportunities and is moderated by the firm’s motivation and capability to act on those opportunities. Using a data set on 121 enterprise infrastructure product firms over an 18-year period, we find that monitoring competitors from positions that span structural holes is positively associated, and monitoring of peripheral competitors is negatively associated, with a significant competitive action: product introductions. We also find that firms that are motivated to compete can amplify the benefits of structural holes spanning while more competitively capable firms, can thwart the risks of peripheral competitor monitoring. Overall, our findings contribute to competitive dynamics research by incorporating a networks perspective.

How Does Regulation Impact Strategic Repositioning By Firms Within Submarkets? Evidence from Indian Pharmaceutical Industry

Ajay Bhaskarabhatla, Erasmus University Rotterdam
Priyatam Anurag, Indian Institute of Management Bangalore
Chirantan Chatterjee, Indian Institute of Management Ahmedabad
Enrico Pennings, Erasmus University Rotterdam

We study institutional pressures as an impetus for firms to reposition their presence in submarkets. Integrating the literatures on strategic repositioning and submarket-driven industry evolution, we predict that firms respond to regulations limiting the potential profitability of a submarket by shifting demand to proximate, unregulated submarkets. We expect repositioning to be pronounced for firms with greater motivation and ability to respond. Evidence from firm responses to price ceiling regulation on essential medicines in India’s pharmaceutical industry supports our hypotheses. Firms increase prices in the unregulated submarket, which seems at odds with strategic substitutability of goods in both markets, but can be explained through a Dorfman-Steiner type model with demand shifting towards the unregulated submarket.

SESSION 1453

DIVERSIFICATION AND RESOURCE ALLOCATION

TRACK F

Date	Tuesday, Oct 22
Time	14:30 – 15:45

Paper	Marquette 8

Session Chair: Yasemin Kor, University of Cambridge

Insights into Internal Capital Market Debate: Why Headquarters Deviate from a Winner-Picking Approach

Ghahfar Zavosh, HEC Montréal
Samira Fallah, Louisiana State University
Olivier Bertrand, Getulio Vargas Foundation

Internal capital market literature assumes that corporate capital allocations are efficient if firms invest relatively more in subsidiaries with higher growth opportunities (that is, pick the winners). However, empirical findings provide mixed evidence on the conformity of intrafirm capital allocations with winner-picking logic. In this paper, we revisit why firms might invest extra capital in subsidiaries with seemingly lower growth opportunities. Examining the extent of uncertainty a firm confronts when making capital allocation decisions and the interdependence among its subsidiaries, we disentangle between inefficient and not-necessarily-inefficient deviations. We explain that deviations from winner-picking logic may simply reflect a firm’s different strategic intents. Moreover, we highlight how CEOs’ breadth of prior experience contributes to attenuate inefficient deviations and enhance corporate value through better capital allocation practices.


Daniele Cerrato, Catholic University of the Sacred Heart
Maurizio La Rocca, University of Calabria
Todd Alessandri, Northeastern University

Building on the view of unrelated diversification as a response to market inefficiencies, this paper advances a contingency framework for the unrelated diversification-performance relationship in financially weak contexts. We propose that industry- and firm-level financial factors influence this link. Based on a unique panel dataset of Italian firms for the period 1980-2010, our results support our core assumption that unrelated diversification is a performance-increasing strategy in a context characterized by weak financial markets. Greater industry external financial dependence and greater firm financial constraints enhance the performance effects of unrelated diversification. However, as the capital markets develop, the moderating effects of firm financial constraints appear to weaken.
Re-Allocation of Resources in the Multi-Business Firm: Dynamism vs. Persistence

Niklas Lindlbauer, University of Cambridge
Yasemin Kor, University of Cambridge

Corporate-level resource allocation serves as a crucial mechanism for companies to achieve strategic renewal and adaptation, enabling responsiveness to changing competitive conditions and emerging opportunities. In this empirical paper, we examine how multi-business firms optimize their resource re-allocation choices, and how the returns to these choices are moderated by contextual factors. Our theory predicts an inverse U-shaped relationship between the degree to which companies re-allocate resources among their strategic business units and financial performance. We aim to bring clarity to the puzzle in the literature about whether the strategic approach of dynamism or persistence is superior when it comes to resource re-allocation. Our empirical model suggests that a balanced approach that is neither too persistent nor too dynamic is likely to yield the highest benefits.

The Moderating Influence of Product-Diversification and Ownership in the Relationship between Geographic-Diversification and Firm Performance

Abu Rehan Abbasi, Indian Institute of Management Bangalore
Rejie George, Indian Institute of Management Bangalore

Research on product and geographic diversification is generally carried out in silos with very few studies examining the two strategies simultaneously. Similarly, there is limited research on the influence of ownership. Moreover, the majority of extant studies focus on developed markets. Our study analyzes how in an emerging market (India) product diversification types and different ownership categories affect the relationship between geographic diversification and firm performance. We confirm the existence of a U-shaped relationship between geographic diversification and performance. Interestingly, we find that related product diversification shifts the turning point of the ‘U’ and steepens the curve whereas unrelated product diversity results in a shape flip. Our work on ownership is still in the development stage, but we do present few of the expected results.

SESSION 1435
EMERGING DIGITAL TECHNOLOGIES AND THE CHANGING NATURE OF GLOBAL CAPABILITY (OUT)SOURCING

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<td>Saikat Chaudhuri, University of Pennsylvania</td>
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<td>Joydeep Chatterjee, Rutgers University</td>
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<td>Harbir Singh, University of Pennsylvania</td>
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Research on outsourcing and offshoring is increasing among scholars of strategy, organizations, international business, and innovation. Using multiple theoretical lenses and empirical observations, this panel session will examine work on outsourcing which contributes to our understanding of how the emergence of new digital technologies such as artificial intelligence, cloud computing, and advanced data analytics is enabling firms to globally source capabilities in new ways. The phenomenon has implications for organization design and value chain disaggregation for both focal and supplier firms. This interactive panel, featuring scholars and a senior industry executive, is designed to familiarize academics with theoretical and analytical issues in studying outsourcing in the digital era, identify promising lines of inquiry, and foster a community to cohesively advance knowledge on the topic.

SESSION 1351
PATENTING STRATEGY

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<td>Session Facilitator: Atul Nerkar, University of North Carolina at Chapel Hill</td>
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Patent Renewals as an Intellectual Property Rights Management Strategy

Jung H. Kwon, University of Texas at Dallas
H. Dennis Park, University of Texas at Dallas

We examine how firms manage their IPR by observing their patent renewal decisions. Once patents are granted, U.S. patent holders must pay renewal fees in 3.5, 7.5, and 11.5 years to preserve their rights to exclude others from using the inventions. We suggest that firms employ a combination of two strategies in managing their IPR portfolio. Specifically, firms build patent thickets by renewing patents in their core area of expertise and those situated in more fragmented technological markets. At the same time, firms consider patents as real options by renewing those that present greater breadth in terms of technological opportunities and those in areas with fast technological clockspeed. We test these predictions by analyzing the renewal decisions for the population of over 2 million patents.

Firms’ Patent Abandonment and Subsequent Inventions: Absorptive Capacity, External Knowledge Sourcing and Complementary Patents

Wen Zheng, ShanghaiTech University
Joseph Mahoney, University of Illinois at Urbana-Champaign

When holding a patent, a boundedly rational focal firm exhibits limited search in exploitation and exploration of its patent. One way for the focal firm to overcome this limitation is to abandon its patent, which opens inventions to the public. The focal firm could substantially benefit from abandoning its patent if this (strategic) move can motivate external inventors to create a more valuable knowledge spillover pool than would exist if the focal firm’s patent were renewed, and the focal firm can then successfully develop more subsequent inventions through learning from these external inventors. Therefore, this proposal examines the conditions that the focal firm can develop more cumulative inventions that build on patents within the knowledge spillover pool.

Focal Firm’s Patent Abandonment and Search for Inventions: Distant Knowledge, New-to-Firm Inventors and Technological Strength

Wen Zheng, ShanghaiTech University

Modern technologies often overlap multiple application areas. Thus, to realize more economic value of its patent, the focal firm should explore more usability of its patents in areas that it might not be familiar with in practice. Though the focal firm can use multiple strategies to search by itself, it is almost impossible to explore the full potential of all inventions without opening up the invention development process. This proposal suggests the focal firm could rely on its patent abandonment strategy to identify inventions with distant knowledge and created by potentially new inventors. Further, focal firm’s technological strength would enhance its integration of these inventions into its future inventions.
Myth of the Rubber Stamp Patent: Impact of Examiner’s Amendment on the Innovation Ecosystem

Charles deGrazia, United States Patent and Trademark Office
Nicholas Pairolo, United States Patent and Trademark Office
Mike Teodorescu, Boston College

Prior research on USPTO examiner incentives suggests that first-action allowance rates increase with seniority and experience, resulting in lower patent quality. However, we identify an examiner learning mechanism that accounts for this empirical fact. Our analysis suggests that the policy prescriptions in the literature regarding modifying time allocations should be reconsidered. In particular, rather than re-configuring time allocations for every examination promotion level, researchers and stakeholders should focus on the variation in outcomes between junior and senior examiners. Further, we find that the identified examiner learning mechanism also reduces patent grant delay, and therefore likely benefits innovators and firms.

Strategic Citation: A Reassessment

Jeffrey Kuhn, University of North Carolina at Chapel Hill
Kenneth Younge, Federal Institute of Technology in Lausanne

The United States patent system is unique in that it requires an applicant to cite documents they know to be relevant to the examination of their patent application. Scholars have questioned the effectiveness of applicants’ “duty of disclosure” and developed evidence that examiners tend to ignore applicant-submitted citations, and/or that applicants strategically withhold citations from examiners. This paper challenges both views. Using better data, we find evidence that patent applicants submit important citations that support one in five claim rejections, but that certain applicants also systematically over-disclose. We find very little evidence of strategic withholding of citations from examiners.

The Impact of Bayh-Dole on Commercialization of Publicly-Funded R&D

Rafael Corredoir, Ohio State University
Brent Goldfarb, University of Maryland
Seojin Kim, University of Maryland
Anne Marie Knott, Washington University in St. Louis

The paper investigates whether and how the Bayh-Dole Act (BDA) increased firms ability to commercialize R&D. We utilize a quasi-differences in differences approach to isolate the treatment effect of the BDA. We assembled a novel and extensive panel dataset on patenting and R&D productivity of publicly traded U.S. firms over the period of 1970-2010. Our data measures the impact of academic patents and scientific publications on the contribution of firm R&D to revenue growth. We cannot reject the null hypothesis that the BDA had no impact on the commercialization of university research.

Structuring to Sell Ideas: The Role of Organization Design in the Commercialization of Inventions

John Eklund, University of Southern California

In this paper I examine the relationship between organization design and firms’ commercialization of their inventions. I argue that firms face a trade-off. On the one hand, greater decentralization facilitates the more effective use of incentives and is associated with more intimate local market knowledge which aid commercialization. On the other hand, greater centralization enables increased functional expertise and more effective resource allocation which facilitate commercialization. My analysis suggests that the benefits of decentralization outweigh those of centralization resulting in an increased proportion of sales from new products. However, as the level of investment in supporting resources increases or as dependence on the sale of a few core products increases, the benefits of decentralization decrease as resources may not be effectively allocated to new products.

Reexamining Information Asymmetries in the Market for Technology

Kira Stearns, University of California, Los Angeles

This paper explores differences in drug development trajectories between products that are internally developed versus those externally acquired via license. There are reasons to believe that it may be more difficult for firms to successfully develop products acquired on technology markets, notably the presence of information asymmetries between the buyer and the seller. Using new data on drug developments in the pharmaceutical industry and a panel data regression, I compare the trajectories of projects developed in-house vs. those that are inlicensed. I find compelling evidence that inlicensed products are less likely to be successfully developed and that this may be a function of the timing of the license. Additionally, I find no evidence that a firm’s absorptive capacity may mitigate this finding.

Whether, How and When Does Boundary-Spanning Impact the Commercialization of Innovation?

Benoit Decreton, WU Vienna
Felipe Monteiro, INSEAD

Accessing and integrating external knowledge is central to innovation. While it is acknowledged that boundary-spanning can help firms to access external knowledge, we know less about the role of boundary-spanning in the integration of external knowledge up to the launch of new products and services. Using a unique proprietary database of 289 attempts by a large multinational company to integrate external knowledge from high-tech startups and launch new products and services, we find that the creation of boundary objects and the involvement of boundary-spanning teams are positively related to the commercialization of innovation. Additionally, our results suggest that boundary-spanning is less impactful for divisions that have fewer external knowledge sourcing capabilities.

Converting Inventions into Innovations in Large Firms: A Resource Attraction Perspective

Natalya Vinokurova, University of Pennsylvania
Rahul Kapoor, University of Pennsylvania

How do large firms innovate? An important strategic management perspective addresses this question via a top-down resource allocation process. We offer a complementary perspective in which we address this question via a bottom-up resource attraction process. We begin with the generation of new ideas (i.e., inventions) by firms’ employees, who then seek to attract resources in order to convert those ideas into innovations.
Strategic Orientation and Identity in Nascent Organizational Contexts: The Role of Strategy Workshops

Onajomo Akemu, Nazarbayev University

Formal strategic practices, such as workshops, influence organizations’ strategic outcomes such as change in strategic orientation. This research has been done mostly in established organizational settings such as multi-business firms, multinational enterprises and universities where organizational structures, organizational identities and employees’ professional identities are relatively stable. What is less clear is the role of strategy workshops in rapidly-changing nascent organizations where notions of organizational and professional identity are arising tensions and organizational structure and strategic orientation fluid. I present ongoing research in which I examine the role of strategy workshops in a nascent social venture. I find that strategy workshops are crucial turning points in the settlement of identity contests and the framing of the firms’ future directions.

Strategy in the Danger Zone: Tensions of Identity Change and Stability During Radical Mission Change

Martin Friesl, Otto-Friedrich-University Bamberg
Lionel Garreau, Paris-Dauphine University
Radka Newton, Lancaster University

This paper aims to contribute to the literature on strategic change by investigating the tension between identity change and stability in instances of radical mission transformation. Existing research mostly considers organizations as ‘going concerns’ which renders transformation a ‘disturbance’ in the evolution of the organization. Only recently has research started to raise questions about the issues of change that arise as organizations come to the end of their mission, requiring a radical shift in how the organization perceives itself. We explore the arising tensions of change and stability by drawing on identity theory as a theoretical lens. Empirically, this paper draws on the longitudinal analysis of the transformation of ChemCorp. We follow the restructuring and ultimate closure of two recycling plants for highly hazardous chemicals.

Three, Two, One, Liftoff: NASA’s Practices for Managing Temporal Conflicts of Human Space Exploration

Christina Wawarta, University of Warwick
Loizos Heracleous, University of Warwick
Sotirios Paroutis, University of Warwick

How can conflicts be resolved effectively between incongruent temporal frames? While past research has concentrated on studying time in its many forms and faces, such as sustainable competitive advantage, relevant opportunities for further research exist, especially related to what managers can do with time. Their management of temporal conflicts has become a key concern in our increasingly uncertain and fast-paced world. Our case study of NASA’s human exploration activities at the Johnson Space Center revealed several practices for managing temporal conflicts arising from organizational and development timelines for missions of up to 20-30 years and changing political direction, e.g. moon vs. mars, every four to eight years. These practices can be brought in a logical sequence which we illustrated in a corresponding model for managing temporal conflicts.

The Change of Strategy Process and the Role of Professional Strategists in Large Organization

Anna Plotnikova, University of Leeds
Krsto Pandza, University of Leeds
Saeed Khanagha, VU Amsterdam

The various changes in volatile environment force organizations to respond through redesigning their approach to strategy-making. However, literature to date does not provide much evidence on how large corporations and corporate strategists interpret new requirements to strategy-making and integrate the changes. This study reports a longitudinal case study of the strategy process in a large telecommunication organization Ericsson and specifically focuses on a group of professional strategists over a period of 14 years. We observed the integration of the strategy-making function with organizational innovation activities through organizational restructuring, that transformed the role of corporate strategists and required different skillset with emphasis on entrepreneurial and managerial competencies. We also provide a conceptual model of the strategy processes transformation in the context of turbulent environment.

Entrepreneurship as a Way to Overcome Discrimination: Evidence from Formerly Incarcerated Individuals

Kylie Hwang, Columbia University
Damon Phillips, Columbia University

We examine entrepreneurship as a way to overcome labor market discrimination. Specifically, we look into entrepreneurship as a career choice for formerly incarcerated individuals, a group of individuals who face substantial discrimination in the labor market. We seek to answer the question of whether and why formerly incarcerated individuals become entrepreneurs to overcome such labor market stigma. By using NSLY data, we find that formerly incarcerated people are more likely to become entrepreneurs compared to individuals without a criminal record. We use the “Ban-the-Box” policy shock to disentangle the underlying mechanism of how discrimination affects formerly incarcerated individuals in their entrepreneurial choices. We find that entrepreneurship may be a valid alternative career choice for the formerly incarcerated in terms of both income and recidivism rates.

Entrepreneurship, Mobility and the Management of Human Capital: The Effect of Family Constraints

Florence Honore, University of Wisconsin-Madison
Daniel Olson, University of Washington
Martin Ganco, University of Wisconsin-Madison

Existing literature highlights factors that enable or constrain employee mobility and entrepreneurship. These factors include work experience, organizational context or legal issues. While prior studies have examined the relationship between family constraints and mobility, the effect on entrepreneurship relative to mobility is less clear. Similarly, how this effect differs for women and men has not been examined. We develop and test a theory connecting the child’s age with mobility and entrepreneurship decisions of her parents. We maintain that the effect will vary with the size of the constraint (e.g., graduation from high school versus the transition between the elementary and high school) and with the gender of the parent. Our insights have implications for employee retention and the management of knowledge spillovers.
From Laborer to Founder: Examining Entrepreneurs’ Fundamental Transitions on an Online Platform

Moshe Barach, University of Minnesota
Christopher Rider, University of Michigan

We present a comprehensive, general framework for investigating how opportunity-based entrepreneurship is shaped both by individuals and by market opportunities. Proposing standard measures of opportunity potential based on market exchanges and using network measures of structural vision to account for individual differences in information access. Analyses of a large online labor market demonstrates how the framework can be applied to understanding the fundamental transition that many individuals make from self-employed laborer to organizational founder. We find independent effects of opportunities and individual vision. But by examining the nexus of individual vision and opportunities we demonstrate the distinct mechanisms of discovery, discernment, and exploitation through which individual differences in access to information interact with market opportunities to shape the fundamental transition from self-employment to organizational founder.

Revisiting the Generalist versus Specialist Debate: Human Capital, Opportunity Costs, and Entrepreneurship

Yoonha Kim, University of California, Berkeley
Sung Namkung, Indiana University of Pennsylvania
Christopher Rider, University of Michigan

This study revisits generalist-specialist debates by introducing opportunity cost-based mechanisms that indirectly affect entrepreneurial entry and performance. Exploring how opportunity costs vary depending on the types of human capital acquired during one’s academic training (i.e. breadth knowledge vs depth knowledge), thus influencing the likelihood of entry and performance, we argue that specialists are less likely to become entrepreneurs due to higher opportunity costs. We then further investigate whether the indirect effect of opportunity costs on entrepreneurial entry among specialists is more pronounced in occupations that require more complex skills. Lastly, we explore performance implications between generalists and specialists. We test these arguments using the American Community Survey for the years from 2010 to 2012.

Does Gender Matter? Cognitive Biases and Entrepreneurial Funding

Anushka Daunt, University of Pittsburgh
Sharon Alvarez, University of Pittsburgh
Lingling Pan, University of Pittsburgh

Entrepreneurial funding plays a pivotal role in new venture growth, however, there is a significant disparity in funding based on gender. We argue that the disparity can be explained by linking cognitive biases with gender-specific expectations in entrepreneurial settings. Using social cognition theory, we examine four cognitive biases, overconfidence, an illusion of control, ability to generalize from small numbers and an escalation of commitment. We propose that male and female entrepreneurs demonstrate these biases differently and that there exists a direct relationship between these biases and whether investor funding is received. We use text analysis and an experimental study to test our hypotheses of entrepreneur’s pitches. Our results suggest that cognitive biases do have differing effects on gender in the context of entrepreneurial funding decisions.

Examining Discouragement Among Women Entrepreneurs and the Effect of Community Empowerment

Juanita Forrester, Mercer University
François Neville, McMaster University

Given the persistence of societal gender bias and discrimination, we examine whether women entrepreneurs exhibit discouragement towards seeking financial capital from lending institutions; that is, despite recognizing a need for capital, they do not apply for financing because they fear rejection. We also examine the role of representative communities of high-achieving women in buffering potential women borrowers from an attitude that might contribute to lagging success. Our findings on a sample of 4,138 small businesses suggest that women entrepreneurs are more likely to be discouraged than men, but this effect is moderated by regional levels of women’s social and economic autonomy. This work contributes to our understanding of the unique challenges faced by women entrepreneurs while shedding light on potential opportunities for change.

How Do Resource Assessments Matter for Entrepreneurship? Evidence from a Field Experiment

Leena Kinger Hans, INSEAD
Juan Ma, INSEAD

We study how individuals’ subjective self-evaluation of start-up resources determines their decision to start new enterprises. Using the site of a micro-finance organization in India, we employ a randomized control trial (RCT) design to test the impact of invoking alternative start-up resources for self-evaluation by prospective women entrepreneurs. Drawing upon research on social learning and gender role socialization, we predict that women are more likely to sign up for paid enterprise training and loan applications when social resources (rather than personal resources) are potential for change.

A Cross-cultural Research on Female Entrepreneurs, Gender-related Linguistic Strategies and Microfinance Crowdfunding Performance

Xinhe Zhuang, Shanghai University of Finance and Economics

Female entrepreneurs are disadvantaged in microfinance funding because of the perceived incongruity between gender stereotypes and expected entrepreneurial attributes. In this study, I examine how gender-related linguistic strategies (i.e., female-related vs. male related linguistic styles) may mitigate the negative gender bias. Additionally, the contextual effect of national gender inequality level on linguistic strategies effectiveness is also considered since gender stereotypes are to some extent shaped by societal beliefs. I propose that while the effect of female-related linguistic styles on mitigating gender discriminations is general across culture, the effect of male-related ones varies. When the entrepreneur is in a high gender inequality society, male-related linguistic styles may enhance female entrepreneurs’ disadvantages. However, the effect of male-related linguistic styles is opposite in a low gender inequality society.
Lowering a Barrier to Entrepreneurial Entry: Who Benefits More and Why? Women vs. Men

Yeonsin Ahn, INSEAD

Why do we see so few female entrepreneurs? Given that most ventures start with a group of people, women have a hard time finding co-founders because men, the dominant social group among nascent entrepreneurs, prefer to start a venture mostly with other men. By taking advantage of a regulatory change in 2011 that decreases the minimum number of co-founders in Korean law industry, we argue and find that women benefit more because women who used to be marginalized from male-dominated networks can fill up the minimum required number more easily after the change. In line with this argument, we find higher increasing entrepreneurial entry likelihood of women (vs. men) after the regulatory change, and this effect is amplified among lower status lawyers.

Transitioning to Formal Markets: An Examination of Informal Women Entrepreneurs

Richard Devine, American University
Gonzalo Molina-Sieiro, Florida State University
Michael Holmes, Florida State University
Katia Galdino, Georgia Southern University

Despite the increasing amount of studies focused on examining formalization decisions of firms in the informal economy, there is still much to understand. We understand from the broader literature on the informal economy that formalization decisions are complex, but these dynamics have not been adequately underscored. Particularly, research into how women entrepreneurs consider formal market transitions has been limited.

Drawing on the awareness-motivation-capability (AMC) framework, used in competitive dynamics, this study identifies how gender shapes entrepreneurs formalization decisions. We find that a social cognition approach is effective in identifying why formalization determinants differ across genders. Although women are generally less likely to formalize, we find that entrepreneur gender shapes the impact of performance awareness, motivational factors, and capability factors on firm formalization.

Hold Your Horses: Negative Anticipatory Impression Management, and When and Why Managers Engage In It

Owen Parker, Oklahoma State University
Cole Short, Pepperdine University
Varkey Titus, University of Nebraska, Lincoln

An emergent stream of research shows that managers engage in various impression management strategies to manage external perceptions by placing their firms in the best possible light. Drawing from this work, we develop theory around when and why managers may choose to engage in a novel form of preemptive impression management—negative anticipatory impression management (NAIM)—to recalibrate stakeholder expectations. Specifically, we posit that managers use actions and communications that deliberately convey pessimism to reduce the liability of inflated expectations. We then propose two factors—media coverage and the manager's regulatory focus—that act as moderators. This underscores how managers use negative information to their advantage and further grounds the relevance of executive personality in impression management decision-making.

Reputation or Transaction: Stakeholder Approval and Public Crisis in China

Meng Zhao, Nanyang Technological University
Seung Ho Park, Nanyang Technological University

How a firm’s intangible assets influence its social outcomes in emerging markets changing stakeholder environment remains poorly understood.

We propose a two-dimensional framework (transaction vs. reputation and economic vs. social expectation) to distinguish four organizational mechanisms for gaining stakeholder approval, a key intangible asset: economic adaptation, social adaptation, economic reputation, social reputation.

We study how these mechanisms influence a firm’s public crisis risk in China. Examining 298 large firms that operated in China during 2000-2013 reveals that: (1) social adaptation, i.e., meeting consumers’ social expectations during transactions, mitigates the public crisis risk; (2) social reputation worsens this risk; (3) social adaptation positively moderates social reputation’s contributions to public crises.

These findings extend the knowledge about stakeholder approval mechanisms’ influence on sustainable operations in emerging markets.

The Effect of Communicating a Social-Political Stance on Employee Motivation

Vanessa Burbano, Columbia University

Despite a surge in corporate activism, with firm leaders communicating about social-political issues unrelated to their core businesses, we know little about its strategic implications. This paper examines the effect of an employer communicating a stance about a prevalent social-political issue—climate change—on employee motivation, using three field experiments in two online labor market platforms. Results demonstrate that the treatment effects of taking a stance vary depending on whether the employee agrees or disagrees with the stance, showing a motivating effect of taking a stance with which employees disagree, and no (statistically significant) motivating effect of taking a stance with which employees agree. This study has important implications for the nascent scholarship on corporate activism, as well as strategic human capital management.
COMPETITION AND COOPERATION IN ENTREPRENEURIAL ECOSYSTEMS

SESSION 1440

Track N

Date: Tuesday, Oct 22
Time: 14:30 – 15:45

Parallel Panel
Room: Marquette 9

Session Chair
John Stavig, University of Minnesota

Panelists
Giovanni Battista Dagnino, University of Rome LUMSA
John Geisler, Cargill (Retired)
Sabina Saksena, Cytilife
Shaker Zahra, University of Minnesota

This panel connects two important research streams that have received considerable attention in the literature. The first examines forms of cooperation and competition in an industry and how it evolves over time. It studies these dynamics as they unfold in the context of the interactions between younger ventures and well-established companies. The second research stream focuses on the emergence and evolution of entrepreneurial ecosystems and factors that determine this evolution. It highlights how interactions between new ventures and established companies can influence the evolution of an ecosystem. To discuss these issues, we assembled a panel of academics, executives and entrepreneurial leaders. The objective is to draw on current research and best practices to generate rigorous, relevant and actionable research findings that enrich managerial practice.

POWER PLAYS, DARK SIDES AND DISTRACTIONS

SESSION 1464

Track O

Date: Tuesday, Oct 22
Time: 14:30 – 15:45

Common Ground
Room: Board Room 3

Session Facilitator: Karen Schnatterly, University of Missouri

Cooking the Books or Sleeping Around? Executive Social Capital in the Wake of a Scandal
Brian Connelly, Auburn University
Rosey Bao, Elon University

Scholars have long recognized that executives are often dismissed after scandals. We extend this line of research by exploring the distinct implications of executives’ social capital for their dismissal following a scandal. Using firms’ financial fraud and executives’ personal indiscretion as examples, we highlight that the impact of social capital on dismissal in the wake of a scandal is largely determined by executives’ culpability. Based on a sample of public firms in China, our central finding is that while an executive’s social capital can help reduce the likelihood of being dismissed as a scapegoat following financial fraud, it becomes a liability for executives who engage in personal indiscretion, increasing the likelihood that firms will dismiss these compromised executives.

Evaluating Directors’ Moral Reputation: The Impact of Sin Industry Directorships on Future Directorships
Ilaria Orlandi, Erasmus University Rotterdam
Vilmos Misangyi, Pennsylvania State University

Director careers are firmly rooted in reputation and social evaluations. Yet, reputation has mostly been theorized to be rooted in the directors’ monitoring capabilities and their adherence to social boardroom norms. Bringing insights from social evaluation theory, we examine a so far overlooked aspect of a director’s reputation: moral reputation and its effect on directors’ career. We theorize that some directorship affiliations—such as serving on the board of a “sin firm”—negatively affect directors’ moral reputation and decrease the likelihood of the director to receive future board appointments at non-sin firms. Yet, we also show that directorship experience and the number of secondary board connections can weaken the negative effect. Overall, this study contributes to the literature on directors’ reputation and the directors’ career.

The Stickiness Of Stigma: Examining the Temporal Nature of Director Stigma
Skylar Rolff, Pepperdine University
Chris Tuggle, University of Central Arkansas

In this paper, we seek to understand the temporal nature of director stigma following a material financial restatement announcement. Furthermore, we examine whether a director’s educational prestige and functional background accelerates or dampens the speed at which a director’s career recovers following this event. Utilizing a strict set of criteria based on existing literature, we identify a sample of 84 firms that announced a material financial restatement in 2004 or 2005, and we track their 541 outside directors’ careers over the following 10 year period. We then examine the relationship between the severity of the firm’s financial restatement and the likelihood a director joins a new board over time. In doing so, we provide a nuanced perspective of director stigma following a restatement announcement.

Say It Like You Mean It: Examining CEO Speech and Its Consequences on CEO Dismissal
Cameron Borgholthaus, University of Nebraska, Lincoln
Chris Tuggle, University of Central Arkansas
Leonard Bierman, Texas A&M University

As the face of the firm, CEOs are scrutinized when performance is poor. We suggest that CEOs use specific communication tactics, by speaking positively, to draw attention away from underperformance. While these tactics may be permissible with shareholders in the letter to shareholders, they are less likely to be successful when speaking with the board of directors during a board meeting. We additionally propose that duality weakens the variance in positive affect displayed by a CEO when separately addressing shareholders and the board. Understandably, CEOs desire to retain their position, but are often dismissed by the board of directors when performance continues to underwhelm. Accordingly, we hypothesize that CEOs are more likely to be dismissed as variance in CEO positive affect grows between these stakeholders.

Strategic Change in the Face of Shareholder Activism: The Moderating Role of CEO Power
Teresa Antonia Dickler, IE Business School
Oskar Colombo, University of Giessen
Andreas Bausch, University of Giessen

Shareholder proposal activism has become an increasingly important tool used by investors to challenge managers in corporate governance-related decisions. In this study, we expand the idea around how firms might go beyond either directly implementing shareholder demands or responding with impression management tactics. We argue that managers might erode the legitimacy of activists’ demands through a substantial strategic change. This is a third option that is distinct from the former two, and alleviates the pressures stemming from shareholder proposal activism, while at the same time securing managerial discretion. Analyzing firms listed in the S&P 1500 index, we provide evidence for our theorizing that increasing shareholder proposal activism is associated with a greater magnitude of strategic change and that this relationship is amplified for powerful CEOs.
The Impact of Fellow CEO Dismissals on Strategic Decision Making
Guy Shani, Michigan State University

This proposal examines how sanctions against corporate leaders at one firm affect the strategic decision making by leaders at other firms. The theoretical framework developed in the paper considers how subjective feelings of common fate among CEOs can cause sanctions aimed at one CEO to have unintended consequences for strategic preferences due to intergroup biases that are activated by relatively automatic cognitive processes of self-categorization. Results based on longitudinal archival data on CEO dismissals and changes to strategic reallocation preferences at other firms will be presented and discussed.

SESSION 1412
BEHAVIORAL PERSPECTIVES ON STAKEHOLDER MANAGEMENT

TRACK P/J
Date Tuesday, Oct 22
Time 14:30 – 15:45
Common Ground
Room Board Room 1

Session Facilitator: Pınar Özcan, Oxford University

You Can’t Please Everyone, or Can You? Stakeholder Reactions to Responses Following Product Safety Issues
Ashley Gangloff, University of Missouri
Catherine Helmuth, Central Michigan University

Product safety issues can have profound implications for a firm’s relationships with its stakeholders. While, consumers are a primary victim of a product-harm crisis, investors also experience adverse effects. Based on literature on corrective actions, stakeholder and expectancy violation theories, we expect that each stakeholder group will react to firm responses following product safety issues differently and in line with their own expectations. We anticipate that when firms’ responses are clearly accommodative or defensive, they will garner favorable reactions from either investors or consumers, but not both. However, we predict that when firms’ responses address multiple stakeholder groups’ interests and expectations simultaneously, the firm can mitigate potentially negative reactions from each stakeholder group. Pilot study results largely support our ideas.

Who’s Your Ally? An Upper Management Group’s Perspective of Alliance Decisions
Cristina Vlas, University of Massachusetts, Amherst

We investigate the individual and joint effects that the racial diversity in upper management groups (UMG) and CEOs’ regulatory focus have on firms’ distribution of exploratory, exploitative, and mixed alliances. Using social categorization, information elaboration, and social contact mechanisms, we find that racially homogeneous UMGs have a higher propensity to maintain more exploratory alliance portfolios compared to very heterogeneous UMGs and subsequently to moderately diverse UMGs. By leveraging regulatory focus mechanisms, we posit that matching and mismatching levels of UMG racial diversity and CEO regulatory focus at low levels of racial diversity (not high levels) tilt the composition of firms’ alliance portfolios in a more exploratory direction. A two-stage analysis of a panel of 128 pharma and software firms yields support to our theorizing.

Decision-Making in the Digital Age: Performance Aspirations, Stakeholder Sentiment, and Firm Risk Taking
Steffen Nauhaus, University of Geneva
Sebastian Raisch, University of Geneva

Drawing on stakeholder theory arguments, we suggest that the behavioral theory of the firm’s traditional focus on financial performance aspirations fails to capture the increasing importance of broader sets of firm objectives. We demonstrate empirically that stakeholder sentiments, which capture stakeholders’ diverse expectations towards the firm, can trigger firm decisions even if the narrower financial performance measures do not indicate the need for problemistic search. Our main contribution to the behavioral theory of the firm is a multidimensional goal perspective on firm decisions, which is more representative of firms and their managers in the digital age, where managers have sophisticated big data analytics techniques at their disposal to monitor stakeholders’ diverse expectations in real time.

My Friend or Foe? An Identity-based View of Interfirm Cooperation
Lei Xu, University of Wisconsin-Whitewater

How communities affect interfirm cooperation is an important yet understudied question. Drawing on social identity theory, we argue that cross-community cooperation—cooperation with non-local firms in the local market—may result in reduced within-community cooperation, namely, partnerships with other local firms regardless of geographical markets. Moreover, this proposed negative relationship is mitigated by the presence of industry associations in the local community. Meanwhile, it is enhanced by the degree of political conservatism in the state where a focal firm locates, as well as by the firm’s prominence in the local community. We tested our hypotheses using a sample of U.S.-based venture capital firms that engaged in cooperative activities (syndication) from 1991 to 2016. The results largely support our predictions.

Funny and Furious: The Effect of Memes on Organizational Social Approval
Rhonda Reger, University of Missouri
Chaoquin Deng, University of Missouri
Brandy Mmbaga, University of Tennessee, Knoxville
Nick Mmbaga, University of Tennessee, Knoxville
Duyi Li, University of Missouri

Constituents’ evaluations influence a firm’s outcomes. Although much of social media content might be dismissed as frivolous entertainment, we theorize these unique forms of social media content influence social approval, and thus, should be better understood by researchers and strategic leaders alike. We develop and test a framework of figurative social media content using the example of visual metaphorical communications—organizational memes—because they provide an extreme example of ubiquitous social media content. We also predict that perceptions of the degree of humor, hyperbole, and accuracy in communications—organizational memes—because they provide an extreme example of ubiquitous social media content. We also predict that perceptions of the degree of humor, hyperbole, and accuracy in organizational memes further influences these judgments. We test our theoretical framework in a controlled laboratory setting to contribute to social approval and communications theories.

Doing Things Differently? Post-acquisition Integration Management of Indian Cross-border Acquirers
Uma Urs, Oxford Brookes University
Duncan Angwin, Lancaster University

Indian acquisitions have excited a lot of interest as they appear to outperform the generality of mergers and acquisitions. Commentators have speculated that the performance of Indian acquirers may be down to a distinctive approach to managing acquisition integration – the post deal phase where value is won or lost. This paper seeks to unpack the practices of Indian cross-border acquirers by using an inductive methodology to reveal a micro view of the integration practices. Findings indicate that Indian acquirers do have a distinctive approach to managing acquisition integration – the post deal phase where value is won or lost.
Examining the Role of Disruptive and Non-Disruptive Competition in the Performance Feedback-Organizational Change Relationship

Konstantinos Fouskas, University of Macedonia
Evangelos Syrigos, Luiss Guido Carli University

We contribute to the organizational aspiration's behavioural theory of the firm by arguing that the relationship concerning firm's deviation between aspiration and performance, and organizational change is moderated by factors related to their external environment and more specifically the type of competition they face. Whether their performance is above or below aspirations organizations' actions are moderated for both groups by non-disruptive competition. In contrast, disruptive competition moderates the relationship only for firms that exceed the levels of organizational outcomes and although expected to exhibit greater strategic persistence they pay increased attention and respond to disruptive competition by engaging in higher risk-taking behaviour.

Vacillation In Exploitation and Exploration Within the Context of Strategic Alliances

Sang Kyun Kim, Sungkyunkwan University
Nari Kim, City University of New York

This study investigates a firm's change in exploitation and exploration (i.e., vacillation) through interfirm relationship. We consider how different levels of learning behavior between two firms influences a firm's vacillation in a dyadic relationship. Using 15 years of panel data in the U.S. biopharmaceutical industry, our empirical findings support our argument that the relatively greater level of exploitation (exploitation) by a partner firm increases a focal firm's exploitation (exploitation) after participating alliance. Our findings also show that the effect of a partner's relative exploitation on a focal firm's exploration is weakened as the focal firm stores more knowledge. Overall, this study expands vacillation theory of how firms change exploitation and exploration, and provides implications for managers to be aware of competency trap phenomenon.

Building Organizational Resilience Endowments through Leader Communication

Tammy E Beck, University of Nebraska, Lincoln
Cynthia Lengnick-Hall, University of Texas at San Antonio
Haley Woznyj, Longwood University

Organizations operate in challenging environments that sometimes threaten their long-term survival. The ability to face adversity and ensure seamless operations requires resilience. Achieving resilience involves deliberate, insightful analysis and response; it requires an investment in resilience capacity. Resilience capacity encompasses the cognitive capabilities that enable members to recognize and interpret an adverse situation, and figure out how to respond in ways that resolve the immediate challenge. Questions remain, however, regarding how leaders proceed to build resilience capacity within their organizations and then to take advantage of the resource when conditions demand. Our proposal focuses on one mechanism – the leader's communication – in building cognitive resilience. We address recent calls to explore factors that help leaders and organizations build resource endowments needed for resilience.

Type 1 Errors of Interaction Term Effects Due to Collinearity of Primary Terms

Arturs Kalnins, University of Iowa

In this paper we illustrate conditions where, in OLS regression, statistically significant interaction term results—very common in strategic management research—may in fact be Type 1 errors. We demonstrate that Type 1 errors may occur with primary term correlations as low as 0.2 for samples of 100. If regressions are perfectly specified once quadratic terms are included, the simple solution of including these terms will eliminate most Type 1 errors. However, we demonstrate analytically and via simulation that in many realistic data situations this solution may create the exact problem it attempts to solve: if primary terms are correlated via the presence of an unobservable common factor, including quadratic terms may create a Type 1 interaction term error rather than eliminate it.

An Empirical Evaluation of the Single Informant Method in Dynamic Capability Research

Valentin Langholf, Ruhr-University Bochum
Saskia Hohagen, Ruhr-University Bochum

Quantitative research on strategic management very frequently relies on single informants who possess critical insights into strategic matters. Despite the fact that the validity of single informant assessments has been questioned and multiple informant techniques have been proposed, the prevalence of the single informant method remains high. In a case study design we evaluate assessments of single informants and alternative data sources that are rarely applied. Our data focuses on dynamic capabilities as an important research field that is largely dominated by single informant data. We find that multiple competent informants perceive dynamic capabilities in their company very differently, rendering the single informant method imprecise. In contrast, aggregate measures of multiple informants and employee assessment yield matching results. Implications of our findings are discussed.
Specification of the CEO Effect
Scott Johnson, Iowa State University
Ke Gong, Iowa State University
Most prior studies of the CEO effect model performance in a linear model with the primary differences being in the choice of random or fixed effects. Regardless of these choices, the interpretation of the estimated coefficients is based on the assumptions that the residuals in the model are independent and homoscedastic. In this paper we argue that there are strong theoretical reasons to expect dependence and heteroscedasticity. We demonstrate that estimates of the CEO effect are significantly biased by these violations of the specifying assumptions and show how dependence and heteroscedasticity can be modeled in multi-level models.

The NM Model as a Search Metaphor
Andrew Boysen, University of North Carolina at Chapel Hill
Christopher Law, University of North Carolina at Chapel Hill
We introduce an NK model variant that possesses attractive qualities for modeling phenomena in strategic management that are not feasible with the NK model structure, and which allow for flexibility in modeling to better represent a broader range of environments. Unlike traditional NK models, values and locations of global maximum and minimums can be known (allowing for proper scaling), substrings of the NM model can be evaluated, complexity can be endogenously varied at the string level, elements can take any integer or real value, dynamism can be modeled by changing the structure of interactions and/or the weight of interactions, and modularity can be varied while keeping the number and weight of interactions constant.

Dividing by Firm Size Multiplies Problems: A Potential Remedy
Trevis Certo, Arizona State University
Matias Kalm, Tilburg University
Jeff LePine, Arizona State University
Scholars have noted the mathematical and theoretical limitations of using ratios in empirical research. It is unknown, however, whether these limitations manifest in problems when scaling variables for firm size with actual strategy data. We propose portfolio sorting as a potential remedy for these limitations, and we employ it to investigate relationships between the two commonly used ratios (ROA and R&D intensity) and the corresponding numerators (net income and R&D expenditures) at different levels of firm size (assets) using actual strategy data. We find that portfolio sorting represents an intuitively appealing approach that illuminates complexity in important relationships due to firm size that are otherwise masked.

Does It Matter Who I Sell To? An Auction Experiment on Authenticity and Seller Preferences
Adam Clark, University of Utah
Research on authenticity suggests that sellers in certain markets should have preferences for who they sell to that are not always captured by the highest bid. To test this, I create an art auction in which the buyers and sellers are anonymous to each other (one-shot transactions), but the artists have an opportunity to sell the art to the “most authentic” buyer for less than the amount offered by a less authentic buyer. The results will have implications for mergers and acquisitions, human capital, entrepreneurship, and other topics in strategic management.
The Shock of the Affordable Care Act on Regional Ecosystems in Medical Devices
Vijayaraghavan Venkataraman, Georgia Institute of Technology
David Ku, Georgia Institute of Technology
The competitive advantage of regional ecosystems has been attributed to both supply-side and demand-side factors. There is agreement among scholars that both types of factors lead to agglomeration, but there has been little empirical work to disentangle the two types. In this paper, we study the impact of the Affordable Care Act (ACA) on regional ecosystems in the US medical devices industry. The results show how growth and consolidation within this industry is affected by financial capital in the form of venture capital and NIH grant capital, by knowledge spillovers within- and cross-industry, and by local demand. We contribute to the literature on agglomeration, as well as to the broader strategy literature on high-technology industry responses to change.

Contextualizing Models of Coworking Space in Singapore: A Mixed Methods Approach
Sarah Cheah, National University of Singapore
Yuen Ping Ho, National University of Singapore
Celine Koh, Procter & Gamble
Shigemi Yoneyama, Gakushuin University
Much of the extant literature has been focused on coworking space (CWS) managed by private operators for mobile workers and freelancers. However, in recent years, the public authorities of mega cities that aim to build vibrant startup ecosystems have been actively formulating policies to provide CWS at affordable rates for startups. In this study, we seek to answer the following research question: “How do coworking spaces differ?” We introduce the design perspective as a theoretical lens to study the phenomenon and identify its primary design parameters. Using qualitative data, we construct a typology of CWS models, and develop propositions on the differences between CWS types and empirically test these propositions with survey data.

The Effect of Foreign Entry on Informal Economy Participants
Anna Lamin, Northeastern University
Maral Muratbekova-Touron, ESCP Europe
Saule Dyussembina, KIMEP University
How do informal economy participants respond to the entry of foreign competitors? While research on the informal economy has explored how participants react to regulatory or institutional changes, we know little about how the entry of foreign firms affects these participants. This paper seeks to understand how informal economy participants both respond to this entry as well as the effect on their financial performance. The baseline prediction is that foreign entry initially hurts informal firms, however we seek to understand whether these firms can make adjustments to their strategies to cope effectively with new foreign competitors.

The Power of Scaling from Sublinearity to Superlinearity: Where are the IPOs Located?
Tejaswi Channagiri Ajit, University of Florida
Gwendolyn Lee, University of Florida
Our knowledge about why and how location matters to strategy and entrepreneurship has profound impact on managerial decision on where to locate. Adding to this body of knowledge, we introduce scaling law—the power of scaling—from complexity science and examine empirically the variation in the number of initial public offerings (IPOs) across 399 U.S. urban areas during 1975–2017. Our contributions are twofold. First, we find that urban areas’ capacities of producing IPOs can be predicted accurately using the size of their population alone; the R-squared in our univariate model exceeds 0.85. Second, we discover a scaling threshold. Urban areas with populations below the threshold are characterized by decreasing returns to scale (sublinearity) while urban areas above the threshold are characterized by increasing returns to scale (superlinearity).

How Does Market Entry Affect Incumbent Firms? Evidence from an Online Platform
Oren Roshef, University of California, Berkeley
Entry of new firms is often associated with increased competition and reduced performance of incumbents. Nevertheless, entrants may generate interfirm spillovers by attracting new consumers to the market. Thus, the effect of entry on incumbents’ performance is theoretically ambiguous and an important area for empirical study. I collaborate with a large online platform to study a major institutional change which doubled the number of suppliers. I find that increased variety raises the number of buyers on the platform. Surprisingly, on average, entry of competitors increases incumbents’ revenue. This average effect masks substantial heterogeneities: It is driven solely by high-quality firms. Conversely, low-quality firms perform unambiguously worse. Accordingly, I find suggestive evidence that entry increases incentives to invest in quality, driving firms to raise product quality.

Designing Business Models for the Sharing Economy: Resource and Institutional Constraints
Joan E Ricart, IESE Business School
Pascual Berrone, IESE Business School
Carlos Carrasco, IESE Business School
Yuliya Snihur, Toulouse Business School
Sharing economy is an important and growing part of the world economy. Firms operating within the sharing economy often use platform business models. Most of these business models operate in local contexts, mostly cities. When and how should platform firms proactively manage the interaction with their institutional field in business models developed for the sharing economy in order to avoid resistance? We construct an answer to this question using the resource based perspective of value creation and the institutional theory to capture the characteristics of the context.

Show Me the Money! How Activity Systems Shape Revenue Model Choice
Ron Tidhar, Stanford University
Douglas Hannah, University of Texas at Austin
Business models are central to firm success in platform markets, and a rich literature has emerged on the topic. To date, however, research has focused on the selection and implementation of revenue models. In contrast, the activity systems that support them have received less attention. In this paper, we examine how revenue models and activity systems interact to affect platform performance. We address this question with a game theoretic model inspired by the music streaming industry (Pandora vs. Spotify). The primary contribution is to highlight when and why platform owners adopt specific revenue models as a function of their internal capabilities, external relationships, and competitive interactions. In doing so, we offer important contributions to research on platforms and business models.
Boundaryless Organization: Platformization Mechanism from Platform-form Organization to Business Ecosystem

Fei Shen, China Europe International Business School
Wei-Ru Chen, Alibaba Business School

TCE has well demonstrated how organizational boundary is demarcated and demonstrated a variety of organizational forms that are neither market nor hierarchy. However, new phenomena show that organizational external boundary are becoming obscure in that organizations are breaking itself into smaller autonomous units, but meanwhile, organizations are interlinked into meta-organization. The new phenomena echo the “boundaryless organization” concept in Ashkenas (1995)’s book, however, which need to be reconceptualized in new context. By adding a new dimension of “goal congruence” into the Market-Hierarchy spectrum, the paper reconstructs “boundaryless organization”, and proposed three specific sub-forms typical of the boundaryless organization. Then the paper reveals an underlying mechanism that support those forms-“platformization mechanism”. In future works, we will provide three cases corresponding to the organizational sub-forms for illustration.

Digitalization’s Dark Side: Data Breaches and Firms’ Renewal Through Divestiture and Management Turnover

GuiDeng Say, Singapore Management University
Gurneeta Vasudeva Singh, University of Minnesota

We examine how firms strategically respond to technological failures in the context of data breaches. We argue that firms attribute such failures to dysfunctional routines and strategically renew themselves to improve coordination and overcome organizational inertia. We test our hypotheses on unrelated divestitures and Chief Technology Officer turnover undertaken by 6269 U.S. publicly traded firms of which 149 firms experienced PII (personally identifiable information) breaches during 2005-2016. While firms respond through divestitures and management turnover, only divestitures reduce failure recurrence. Firms’ responses are also independent of regulatory stringency. This study underscores the importance of terminating businesses and people to address technological problems, in contrast to the prevailing narrative of acquiring capabilities for resilience. We highlight the implications of digitalization for firms’ scale and scope.

Digitization and the Strategic Decision to Exit Underperforming Businesses

Carl Vieregger, Drake University
Eric C. Larson, University of Illinois at Urbana-Champaign

This early-stage research explores the relationship between the increase in digitization within the firm with the firm’s strategic decision of when to exit from an underperforming business. The empirical context of an internal capital market enables us to examine when the multibusiness firm decides to initiate and then continue a cross-subsidizing investment, as well as when it decides (if it does) to exit from the business. We theorize that digitization increases informational awareness, provides near-real time decision-making support, and supports additional digital options, all of which enable the firm to exit sooner. Using a sample of Fortune 1,000, we show that increased digitization is associated with a decrease in the time to exit from underperforming businesses.
Mergers and acquisitions (M&As) often lead to declining performance or failure. Cultural differences and geographical distance between the acquiring and target country make cross-border M&As particularly difficult. Despite post-merger integration and executive turnover being proposed to harm M&A performance, mental distress of managers has rarely been considered as a factor interacting with these mechanisms and thereby threatening M&A success. Building on prior work in psychology on work-related stress, we propose that stressors, such as job insecurity and loss of control, are contingent on contextual factors inherent to the international business context and show how they affect the propensity of managers’ distress in cross-border M&As. We illustrate how geographical factors, e.g., connectivity and urbanization, interact with work-related stressors, thereby affecting the risk of mental distress in M&As.

**The Impact of Media Sentiment And Country Distance on U.S. Acquisition Flows**

Ilya Cuypers, Singapore Management University
Jesper Edman, Waseda University
Balazs Kovacs, Yale University

Do sentiments expressed in the media about foreign countries matter for overseas investments by home country firms? We address this question by examining how media coverage in the New York Times influenced foreign acquisition flows of U.S. organizations between 1988 and 2008. We argue that positive (negative) sentiments expressed in the public media discourse increase (decrease) acquisition flows by legitimizing (delegitimizing) particular country locations. We further suggest that these effects are more pronounced for negative media sentiments, as compared to positive sentiments. Finally, we argue that the effects of both positive and negative sentiments on acquisition flows increase with inter-country distance; the more dissimilar the country locations of acquisition targets are, the greater the impact of media sentiments on acquisition flows.

**Target Employee Retention in Cross-Border Acquisition: Evidence from Experiments**

Zhe Xing, Santa Clara University
Rosmini Raveendhran, University of Virginia
Xuanli Xie, Peking University

This paper looks at how acquirers can retain target employees in cross-border acquisitions. While previous research has focused on the consequences of losing key employees, we complement this stream of research by adopting a process view to uncover the mechanisms that enable acquirers to retain target key employee base given large distance between acquirers and targets. Using experiments, we found that psychological distance perceived by target employees reduces their willingness to stay in the merged company because the perceived psychological distance negatively affects employees’ desirability towards the acquisition. Different types of integration plans could affect the negative relationship between psychological distance and desirability.

**Smoke Signal: When Firms Patent-Strategy Affects Equity Stakes in International Acquisitions**

Christian Gneke, Toulouse Business School
Shavin Malhotra, University of Waterloo

We contribute to the literature on international acquisitions by drawing on signaling theory to argue that patent portfolio conveys a smoke signal to foreign acquirers (Hsu & Ziedonis, 2013). We find that the preemptive power of the targets’ patent portfolio and their international patents filing increase the level of equity sought by foreign acquirers, and the latter has a greater signaling impact than the former. We also study this effect of the target country’s patent system and find that foreign acquirers reduce their equity stake in case of a weak intellectual property (IP) system in targets’ home country. Finally, this weakness lowers the impact of the preemptive power, while amplifying the effect of international patents filing on the level of equity stakes.

**Market Power and Knowledge Acquisition Capability as Governance Mechanisms: Forward Integration of Firms in Japan**

Yonghoon Choi, Doshisha University
Seung-Hyun Lee, University of Texas at Dallas

According to TCE, under situations characterized by transaction hazards derived from asset specificity and uncertainty, firms can achieve transactional efficiency by internalizing a certain function. However, it is puzzling to find that, even under highly hazardous conditions, some firms do not have a sales channel integrated into their own firms, but use arm’s-length relationships in sales, which is our question in this study. The current research is motivated by an important question: Can a firm’s endemic resources (i.e., market power and knowledge acquisition capability) be an alternative safeguarding mechanism against transaction difficulties replacing hierarchical control mechanisms? Using Japanese firms’ forward channel integration decisions, we show that firm market power and knowledge acquisition capabilities can make market transactions more effective than internal transactions in sales.
Towards a Cognitive Model of Innovative Value Architectures
Ricarda B. Bouncken, University of Bayreuth
Viktor Fredrich, University of Bayreuth
Our study of N=361 strategic alliances from high-tech industries indicates that recursive task discourses among firms may breed new components, substitute and/or add components building a new pattern of innovative value architectures. We demonstrate the importance of the relative scope of alliances and identify important contingencies of innovative value architectures at various levels of analysis. First, task discourses foster new value architectures in alliances with relatively young, yet big partner firms. Second, strong ties by number of collaborative innovation stages offer a fertile instrument for the inception of new value architectures through task discourses. Third, similar knowledge stocks by country-level number of patents, scientific articles, trademarks, and designs improve the effectiveness of task discourses in search of new value architectures.

The Network of Knowledge Networks: How Informal Ties Shape the Formal Alliances of Startups
Congshan Li, Xiamen University
Frank T. Rothaermel, Georgia Institute of Technology
Strategic alliances are often needed to gain and sustain a competitive advantage. When searching for information and resources, firms frequently rely on their prior alliances to form future ties. Although this received wisdom tends to hold for existing firms, new ventures face a conundrum: Since they generally do not possess prior alliances, how do they obtain information relevant for future alliance formation? We posit that the less visible, informal knowledge networks of individuals are a relevant source of information that drives the formation of future alliances between firms. We hypothesize that certain structural characteristics of informal knowledge networks such as the extent to which information is diversified and the information processing capabilities of key individuals are positively correlated with the formation of future alliances.

Business Ecosystems and Their Multifirm Business Models: A Framework for Understanding Ecosystem Evolution
Edgar Brea, University of Queensland
Digitisation and demand unpredictability are stimulating the emergence of business ecosystems, affecting the dynamics of competition and innovation in fundamental ways. To better understand how business ecosystems grow and innovate to compete in the market, this study develops the concept of multifirm business models to explain how actors coordinate their activities to provide integrated value propositions. Building on this concept, the study proposes a framework linking (organisational) role and network theories to explain the interfirm behaviours supporting the ecosystem, and the dynamics driving evolution of the ecosystem's value proposition. By integrating business models and business ecosystems, this study contributes to theory development in both fields. Additionally, the framework helps firms understand their functions within ecosystem, and enables the design, implementation and governance of new ecosystems.

Can Piracy Increase Innovation? The Software Industry's Response to Online File Sharing
Wendy Bradley, Southern Methodist University
Julian Kolev, Southern Methodist University
We analyze the impact of digital piracy on innovation in the software industry by focusing on the natural experiment of file sharing tools released in the early 2000's. Using difference-in-differences estimators, we find that the introduction of file-sharing led to an increase in subsequent R&D spending, patents, trademarks, and copyrights by software-focused firms relative to hardware-focused firms in the same industry. Using survival analysis methods, we find that software firms decrease their rate of new product releases following the rise in piracy. Our findings suggest that weakened intellectual property protection resulting from piracy may increase the rate of corporate innovation: firms seek to introduce new products that are superior to those available through piracy, but this innovation may reach the public at a slower pace.

Deploying Blockchain to Promote Sustainability Standards in Supply Chains in Developing Countries
Nir Kshetri, University of North Carolina at Greensboro
The objective of this study is to provide a theory for understanding blockchain’s roles in monitoring and enforcing sustainability standards in the developing world. The article gives an overview of economic, technical, institutional, and inter-organizational challenges facing the developing world in promoting environmental sustainability and ethical business conduct. Multiple case studies of blockchain projects to assess product quality, environmental accounting and social impact measurement are discussed. The article highlights how blockchain could be a double-edged sword from the perspective of multinational corporations (MNCs). It allows MNCs to ensure that their suppliers comply with ethical and sustainability standards. It also forces them to engage in practices and develop systems that are more ethical and sustainable.

(Partial) Exit and Voice in the Gig Economy: Evidence from the Digital Water Cooler
Natalie Carlson, Columbia University
Matthew Yeaton, Columbia University
Stephan Meier, Columbia University
The flexible nature of the gig economy means that discontented workers, facing the classic exit-voice framework, have intermediate options: they can partially exit by shifting their allocation of work between platforms. Exploiting variation in Lyft entry in 59 U.S. cities, we analyze posts from the largest online forum for Uber drivers. We show that as Lyft gained market share – providing greater opportunity for partial exit – drivers in those cities exhibited more voice, in the form of advocacy-related posts. Partial exit may also involve substantial coordination costs, as workers monitor platforms and decide how to allocate their labor. We show that greater Lyft market share is also associated with more active posting on the forum, particularly in areas related to coordination and monitoring.
DYNAMICS OF COGNITION, ATTENTION, AND POLITICS IN STRATEGY MAKING

SESSION 1494

Track J

Date: Tuesday, Oct 22
Time: 16:15 – 17:30

Paper:

Power Relations in Strategic Episodes: The Role of Reproduction and Suspension Practices
Tania Weinfurtner, University of Zurich

Strategy meetings constitute highly political arenas of strategy work. As discrete entities within the organization, meetings reflect or suspend the overarching organizational power structure. This is possible because power is relational, implying that actors can reinforce and change existing power relations through their practices. Since the distribution of interests in a strategy meeting affects the discussion of strategy, actors have an interest in shaping the meeting’s power structures. We draw on an ethnographic study of an organization’s strategy development process to examine how formal organizational power structures are maintained or suspended in strategic episodes, and which implications this has for the discussion and development of strategy. By identifying distinct reproduction and suspension practices we provide an insight into power and strategizing dynamics in strategic episodes.

Navigating Strategic Opportunities: The Intimation Spiral
Christian Walsh, University of Canterbury
Paul Knott, University of Canterbury
Jamie Collins, University of Canterbury

This study addresses the question of how strategists use entrepreneurial intuition in the opportunity sensing process. Existing literature highlights the multi-faceted nature of entrepreneurial intuition from a theoretical perspective, but does not examine it empirically in strategy practice. We undertook a two-year longitudinal study of seven strategists in high-technology firms, as they attempted to progress strategic opportunities, building a series of cognitive causal maps. Using abductive analysis of the resulting data, we extend existing typologies to propose a dynamic recursive model of the opportunity navigation process. This intimation spiral draws on dual process theory and creative action theory, and includes phases of intimation, investigation, validation and incubation. We found that the spirals expanded or contracted, leading to continuation or abandonment of the process.

Struggling in the “War-room”: Strategy Making by Top Managers Behind Closed Doors
Madeleine Rauch, Copenhagen Business School

This paper explores how top managers engage in strategy making behind closed doors facing an organizational crisis. We develop a model of temporary strategy-making that articulates how top managers make sense of a situation with no viable alternative based on two mechanisms, i.e., rationalizing and narrating, and construct a shared understanding to engage in strategy-making by either allowing for individualism or creating for collectivism. Under these circumstances, top managers engage in strategy making with a strong temporal connotation, i.e., strategy making is bound by a strong temporal nature before actors impugn and challenge the constructed shared understanding, and thus, cycle back to the sensemaking process. The findings provide a unique insight in top manager’s strategy decision-making process when facing a “loss-situation”.

CROWDFUNDING

SESSION 1337

Track K

Date: Tuesday, Oct 22
Time: 16:15 – 17:30

Common Ground
Room: Board Room 3

Session Facilitator: Daniel Forbes, University of Minnesota

Experimentation as a Substitute for Experience: Evidence from Entrepreneurial Approaches on a Funding Platform
Chiara Spina, Bocconi University
Charles Williams, Bocconi University

This study examines activities described by early-stage entrepreneurs on a crowdfunding platform. In these early-stage projects, we argue that systematic approaches to entrepreneurial decision-making – both planning and especially experimentation-based systems – will be valued by resource providers as a signal of the quality and the feasibility of new ventures. We conduct text analysis of 54,337 project descriptions of entrepreneurs seeking funds on Kickstarter and find that resource providers value systematic approaches to new venture creation such as planning or experimentation, and that entrepreneurs that describe experimental activities are more likely to obtain funding. We also conduct an online experiment to address causality concerns and find evidence of the mechanisms at play. Results are consistent with the ones from Kickstarter.

Category Labels and Entrepreneurial Resource Acquisition: A Study of Crowdfunding Campaigns
Jonathan Sitruk, SKEMA Business School
Ludovic Dibiaggio, SKEMA Business school
Diego Zunino, SKEMA Business School

Resource acquisition is a crucial step for entrepreneurship. Audiences have a hard time to evaluate early stage entrepreneurial initiatives because of the ambiguity of the early stages. Entrepreneurs often resort to rhetorical strategies to help audiences make sense of their initiatives. From categorization literature, we identify category labels as a relevant technique to help audiences make sense and reduce ambiguity. We hypothesize that the use of category labels is associated with more resource acquisition and the degree of category spanning is associated with less resource acquisition, and we finally hypothesize an inverted U-shaped relationship between creativity of category label recombination and levels of resource acquisition. We find support for our hypotheses using the descriptions of over 14,000 crowdfunding projects presented on Indiegogo.
Entrepreneur Identity Transition and Investor Judgment in Crowdfunding: Family Guy Identity or Businessman Identity

Han Liang, Renmin University of China
Gang Liu, Renmin University of China
Zeyu Wang, Chinese Academy of Social Sciences

Identity claim performs the essential role in defining and giving meaning to the entrepreneur in crowdfunding. However, entrepreneur identity transition and judgment by investors during the entrepreneurial process have received little academic attention. To address this topic, we argue that identity is multidimensional and it is bound by temporal and social contexts. Following the paradoxical perspective, we divide entrepreneur identity into family guy identity (the emotional facets) and businessman identity (the rational facets). Additionally, we empirically assess the dynamically different effect of distinct identity claim tactics and reveal the best tactics to enhance fundraising success: to take family guy identity claim tactics in pre-campaign stage and to take businessman identity claim tactics in campaign stage. We make contributions to research of identity in entrepreneurship.

Heuristics in the Decision-Making Process of Investors in Equity Crowdfunding

Roxana Turturea, Aalto University
Magdalena Cholakova, Erasmus University Rotterdam
Justin Jansen, Erasmus University Rotterdam
Ingrid Verheul, Erasmus University Rotterdam

Crowd investors have emerged as a new class of equity investors, yet we still know little about their decision-making process. We build on research on heuristics in decision making, to theorize how crowd investors evaluate investments opportunities, and how their use of heuristics affects their investment performance. We find supportive evidence that crowd investors selectively search for information depending on their initial beliefs when evaluating an investment opportunity, thus employing the confirmation and disconfirmation heuristics. Furthermore, we show that these heuristics can be effective strategies to select high-quality crowdfunding opportunities and provide additional insights into which heuristics specifically benefit crowd investors.

Use What You’ve Got: Effects of Engagement and Disclosure in Crowdfunding

Karen Schnatterly, University of Missouri
Ashley Gangloff, University of Missouri
Neal Snow, Lehigh University
James Whitworth, University of South Florida
Patrick Wheeler, University of South Florida

Crowdfunding is fraught with information concerns. Both engagement and disclosure are mechanisms to reduce information asymmetry and attract funding in uncertain markets, but it is unlikely that they carry the same benefits to all entrepreneurs or for all types of projects. We are interested in how engagement and disclosure differentially affect entrepreneurs and their projects. We test our ideas in a reward-based crowdfunding context. Our results largely support that the effects of engagement and disclosure on crowdfunding success are contingent on whether the entrepreneur has experience and on the nature of the project. Our work contributes to the literature on uncertainty amelioration. Our results are both empirically significant and practically important—entrepreneurs can overcome a lack of experience or challenges associated with experience goods.

The Role of Entrepreneurial Self-efficacy on Entrepreneurs’ Financing Design Preferences: Evidence from a Crowdfunding Context

Dalee Yoon, Purdue University

We theorized that entrepreneurs’ preferences for their financing designs would be dependent upon the strength of their confidence in their entrepreneurial competence (i.e., entrepreneur self-efficacy). Accordingly, occupational dependency, an attribute that is negatively associated with entrepreneurial self-efficacy, would stimulate entrepreneurs to engage in projects of a smaller size, to stipulate longer timelines for grants, and to request staged financing. Conversely, occupational prestige, which is positively associated with entrepreneurial self-efficacy, would stimulate entrepreneurs to engage in more sizable projects with shorter grant timelines and to forego the option of staged financing. The strong empirical support for our arguments using the crowdfunding context illustrates that entrepreneurial financing may be better understood by considering the heterogeneity in entrepreneurs’ financing design preferences rather than focusing solely on investors’ perspectives.

Does Industry Knowledge Matter for The Survival of New Ventures? The Role of Prior Related Experience

Lucia Naldi, Jönköping University
Barbara Larraneta, Pablo de Olavide University
Giuseppe Criaco, Erasmus University Rotterdam

Striving to achieve survival, new ventures can learn vicariously and benefit from the technological knowledge in their industries that is made public through patents, even without directly transacting with other firms or joining their networks. An industry’s patented technological knowledge (hereafter industry knowledge) varies in its volume and breadth. We propose that the distribution of prior related industry experience across organizational members and the variety of such prior related experience determine new ventures’ ability to benefit from industry knowledge and achieve survival. Empirically, we use a unique sample of Swedish new ventures founded between 2003 and 2006 in medium-high and high-technology industries.

Product Market Choice of Entrepreneurial Ventures: The Role of Prior Experience

Mara Guerra, Imperial College Business School
Bart Clarysse, ETH Zurich
Anu Wadhwa, Imperial College London

Given the key role assigned to entry into a niche market by the literature on disruption, it is surprising that the literature on market entry choice has neglected heterogeneity in the product market by only focusing on differences between the market for technology and the market for products. In this study, we conceptualize the differences between mainstream and niche product markets in terms of complementary assets and competition and we examine how prior experience of the entrepreneurial team shapes cognition and the decision to enter a niche product market. Our findings show that prior experience affects the decision of which product market to enter and that not all ventures commercializing potentially disruptive technologies will position to disrupt by choosing the niche market.
**The Effect of Founder Experience on Labor Market Outcomes: A Field Experiment**
Tristan Botelho, Yale University
Melody Chang, Yale University

While existing scholars at the nexus of career and entrepreneurship focus on the antecedents that predict entry into entrepreneurship, we lack knowledge on the career attainment process when transitioning from entrepreneurship to wage employment. We explore how founders fare, relative to others who started their career as paid employees at established firms, when they attempt to enter the labor market. Based on a randomized field experiment using an audit study design, we find that firms prefer job applicants without founder experience. Among founders, having a successful venture, rather than a failed one, brings further disadvantages. This paper not only contributes to the literature on career and entrepreneurship but also informs practitioners and policymakers about encouraging the pursuit of entrepreneurship at the early stage of career.

**Entrepreneurial Activity, Intrapreneurship, and Conducive Institutions: Is There a Connection?**
Karina Bogatyreva, St. Petersbourg State University
Oleksiy Osiyevskyy, University of Calgary
Anastasiia Laskovaia, St. Petersbourg State University

Individual entrepreneurial experience has long been known as a significant predictor of involvement in start-up activity. However, even more important for successful entrepreneurial activity is the founder's expertise in a particular industry or field. Combining these two factors, we conceptualize individual intrapreneurial experience as an essential trigger of entrepreneurial intention and behavior. Furthermore, considering the contextual nature of entrepreneurship, we demonstrate that country-level conducive institutions work as antecedents of engagement in intrapreneurship projects. Empirically, we investigate the impact of a country's conducive institutions on entrepreneurial outcomes, mediated by intrapreneurship, on a sample of 168,783 individuals in GEM project data. We found that the intrapreneurial experience acts as a significant mediator in conducive institutions-entrepreneurial activity relationships, enhancing the chances of individual involvement into entrepreneurship.

**Bad Incentives Versus No Incentives: A Theory Driven Field Experiment In Retail**
Bing Su, University of Utah
Jason Snyder, University of California, Los Angeles

Available strategy literature on compensation is dominated by agency theory and a focus on executive compensation. Standard agency theory predicts that pay-for-performance works; however, there has been mixed empirical evidence on the effectiveness of pay for performance incentives. This paper uses a unique dataset from a controlled field experiment conducted with a nationwide automotive service company in 2018 in twenty of their stores. We tested contrasting predictions from social equity theory and agency theory about the effectiveness of pay for performance incentives with a focus on the minimum wage earning employees. Preliminary difference in difference data analysis suggests that the removal of the performance-based incentives and replacing them with a fixed salary, is improving performance in the treatment stores, specifically, with employee turnover and car transaction counts.

**Organizational Influence over Professional Work: How Professionals’ Task Jurisdictions Moderate the Effects of Incentives**
Jillian Chown, Northwestern University

This research addresses the important question of how an organization and its managers can influence the work of their professional workforce—a constituency that is notoriously difficult to manage. I examine the relationship between an organization’s use of task-level financial incentives and the amount the task is performed by the organization’s professionals. I find that professionals’ responsiveness to this kind of incentive is constrained both by the complexity of the task, and how the tasks are bundled together into the professionals’ jurisdictions. This study contributes to our understanding of the complex relationship between organizations and their professionals, highlighting that financial incentives can be effective for influencing professionals’ work, but only with consideration of the complexity of professionals’ tasks and how they are combined with jurisdictions.

**Individuals’ Contributions in Organizations: Implications of Key Individuals’ Temporary Absences for Organizational Performance**
Carlos Inoue, University of Toronto

This study investigates whether and how key individuals affect organizational behavior and performance. It isolates the individual’s direct contributions to organizational performance from her indirect contributions—that is, the influence on the performance of colleagues. I examine this question using data on physicians treating patients with ischemic heart disease in several hospitals in Brazil. Exploiting temporary absences of key physicians, I find that in-hospital patient mortality increases 17 percent during these absences. The impact of an absence on the performance of colleagues accounts for 37.5 percent of the increase in patient mortality. Further, this study argues and shows that the indirect contributions of key individuals are critical in smaller organizations, where absences of key individuals have a relatively larger impact on individual performance.

**Disruption to Inventors in the Wake of Patent Litigation**
Harsha Tadikonda, University of Colorado, Boulder
Francisco Morales, University of Colorado, Boulder

The last couple of decades have witnessed an increase in the number of intellectual property rights’ litigations, especially in industries in which patents are a key source of competitive advantage. We address how patent litigations can be disruptive to inventors involved in the lawsuit. We test our hypothesis using data collected from LexisNexis and the PatentsView database. We find that litigation can have an adverse effect on different outcomes at the inventor-level.
HUMAN CAPITAL AND CORPORATE STRATEGY

### SESSION 1382

**Path to Growth: Human Capital’s Role from Initial Public Offering (IPO) to Acquisition**

Kris Irwin, *University of Alabama*
Theresa Welbourne, *University of Alabama*
Justin DeSimone, *University of Alabama*

The road to successful organizational growth is difficult with many milestones along the way. Pursuing an initial public offering (IPO) is just one of a number of activities designed to obtain funding to escalate growth. In this study, we examine organizational life post-IPO and the process of moving from IPO to acquisition. While most merger and acquisition (M&A) research focuses on activity occurring after the M&A, we offer a unique perspective on the events of the target prior to acquisition by assessing human capital factors that help a post-IPO firm getting ready to be acquired. Our findings suggest that post-IPO targets adopting a strategic human capital approach achieve further growth, offering insights to both theory and practice.

**Informal Hierarchies and Team Performance: Evidence from the M&A Advisory Context**

Alexander Wallot, *University of St. Gallen*

In an effort to understand what determines team performance, scholars have examined team hierarchies and expertise. While research has acknowledged that hierarchies can arise from expertise, the link between formal hierarchies and expertise-based hierarchies has not yet received much attention. Building on the team expertise and hierarchy literatures, we posit that different degrees of concordance between formal hierarchy and expertise-based informal hierarchies affect team performance. We examine these relationships in the M&A advisory context, conceptualizing acquisition premia that advisory teams negotiate for their clients as team performance. Based on 67 M&A deals in 2015, we analyze the distribution of 1,897 financial advisor individuals’ experience points, i.e. prior deals, across four team hierarchy levels. Our findings largely support our hypotheses.

**Increasing Innovation by Moving Human Capital from the Target Firm**

Dongwook Kim, *University of Pittsburgh*

Individual talent of employees has been one of the most important factors that managers consider in the human capital-intensive industry. But there have not been many studies that focus on human capital in the M&A literature. By observing M&A activity in the video game industry, this study focuses on the micro-foundations of transferring knowledge and capabilities. By using the concepts from human capital literature, we analyze the effect of human capital mobility from target firm to the acquiring firm. We hypothesize that moving stars from the target will give more benefit to the acquirer when two organization has similar capabilities, and that moving a group from the target will benefit more when they have dissimilar capabilities.

### SESSION 1399

**Where Does M&A Success Come From? Target-Acquirer Cultural Fit and Performance Implications**

Arianna Marchetti, *INSEAD*

Despite the substantive body of research on the role of culture in M&A, it still remains unclear whether and how target-acquirer cultural fit drives M&A performance. So far it has been hard to reliably address such questions given the limited access to fine-grained firm-specific data to study culture. However, we leverage Glassdoor employees’ reviews posted by target and acquirer’s employees to form a systematic if indirect picture of organisational culture and explore its implication for the performance of technology M&A. We find that acquirers are likely to sort into deals with culturally close targets. However, we go beyond the standard “cultural distance” hypothesis and find that merging organisations characterised by “strong” cultures facilitate interactions amongst target and acquirer’s members, and therefore generate superior performance.

**Qualitative Research and Stakeholder Theory**

**Taxis Against Uber: Public Versus Private Tactics and Framing in Incumbents’ Resistance to New Entrants**

Bilgehan Uzunca, *Utrecht University*
Irene Beccarini, *RSCJ*
Pinar Ozcan, *Oxford University*

In this paper, we study the effect of incumbent-led public and private politics on the likelihood of getting new entrants banned from the market. Using a novel dataset of anti-Uber protests in 22 European countries in 2013-2017, we find that incumbents who resort to public politics tactics, i.e. lawsuits, and frame their grievance in terms of non-compliance with regulation are more likely to achieve a ban against new entrants in the market. Furthermore, we find that private politics – strikes, public demonstrations, or disruptive tactics – undermine the effectiveness of public politics when they happen before or after a lawsuit. We also find an immediate, unintended positive externality of lawsuits on the market entrant in the first months, which we call the Streisand effect.

**Speaking Anthropocene: Linguistic Settlements in Post Financial Crisis Corporate Reporting**

Nahyun Kim, *University of Western Ontario*
Oana Branzei, *University of Western Ontario*
Xin Wang, *University of Western Ontario*

Topic modeling of 1581 sustainability reports published by 339 firms between 2009 and 2017 reveals sector-specific linguistic settlements, distinguished by dominant assemblages of keywords. These linguistic settlements straddle the polarization of financial and social attributions exacerbated by the Financial Crisis by matching spatial and temporal markers to focus stakeholder’s attention on fine, medium or coarse grain issues. By showing how words reconcile opposite stakeholder demands, our big data induction offers a linguistic extension of stakeholder theory and adds sociotemporal mechanisms to the language toolkit in management.
Robust Corporate Action and Grand Challenges: Corporate Impact Venturing Against Ocean Plastic Pollution

Laurens Vandeweghe, Imperial College London

While corporations are increasingly called upon to combat grand challenges, extant literature has pointed at the multiple tensions and difficulties that hinder such corporate social initiatives to convene the required collective action. By means of an in-depth longitudinal case study analysis of the set-up and roll-out of a corporate impact venturing fund that aimed to mobilize a diverse set of stakeholders around the issue of ocean plastic pollution, I identify four paradoxes that corporate social initiatives encounter in convening robust action on a grand challenge and explore the initiative's responses towards these paradoxes. My findings contribute to our understanding of the paradoxical tensions that corporate social initiatives face while acting on grand challenges and extend the concept of robust action to include a normative dimension.

Profit-with-Purpose Companies and Institutional Logics’ Dynamics: Lessons from a Public Service Company

Samantha Ragot, MINES ParisTech
Blanche Segrestin, MINES ParisTech

Profit-with-purpose corporations (PPCs) are new corporate forms that include a commitment of social or environmental nature in their by-laws, and that aim at better considering stakeholder interests. Because of its binding nature, we expect that a purpose may freeze institutional logics within PPCs. But what happens when the purpose is formulated as an innovative goal? The study is based on a historical case of PPC: La Poste, an incumbent company of public service in France. Our work reveals important phenomena with strong implications: the case indicates that a generative purpose leads to a systematic effort to designate new concepts that precisely call for the construction of new institutional logics.

Order Matters: The Influence of Performance Sequences in Reputation for Quality Formation

Owen Parker, Oklahoma State University
Varkey Titus, University of Nebraska, Lincoln
Rachel Mui, Oklahoma State University
Ke Gong, Iowa State University
Jiancheng Du, Oklahoma State University

Reputation is rooted in stakeholders’ perceptions of a firm’s ability to deliver value along some dimension, and these perceptions are based on a track record of performances. In general, a better record yields a better reputation, but what if the discrete events in that track record are ordered differently or spaced at varying intervals over time? This research examines the role of order and interval on reputation perceptions among otherwise identical performance sequences. Results from archival tests, a lab study, and practitioner interactions indicate that order matters—i.e., that a seemingly improving performance trajectory yields better reputation perceptions—and that a gradual (rather than rapid) spacing of performance events amplifies this order effect.

Entrepreneurial Public-Private Partnerships: The Case of the Boulder Energy Challenge

Elizabeth Embry, University of Colorado, Boulder
Jeffrey York, University of Colorado, Boulder

This study explores an innovative public-private partnership that leverages the flexibility and docility of entrepreneurial start-ups to meet a public goal. In 2014, the Boulder City Government launched the Boulder Energy Challenge (BEC) to partner with local entrepreneurs to reduce and mitigate the impact of carbon emissions. Through an inductive study of the first two BEC cohorts, we find that the success of an entrepreneurial public private partnership is driven through an openness to the logic hybridization of the public sector, entrepreneurs, and business. Examining the organizational structure and social innovation process of this unique case study as it has unfolded over time is critical to understanding how diverse stakeholders, including policy makers and entrepreneurs, can form a unique organization to contribute to pressing environmental issues.

SESSION 1439
NEITHER MARKETS NOR HIERARCHIES OF THE 21ST CENTURY: INTEGRATING RESEARCH ON INTER-ORGANIZATIONAL NETWORKS AND ECOSYSTEMS

TRACK N
Date: Tuesday, Oct 22
Time: 16:15 – 17:30
Room: Rochester

Session Chair: Andrew Shipilov, INSEAD
Panelists
Ron Adner, Dartmouth College
Yves Doz, INSEAD
Rahul Kapoor, University of Pennsylvania
Doviv Lavie, Bocconi University

Organizations are simultaneously embedded in inter-organizational networks and ecosystems, yet research on networks and ecosystems developed in isolation. This panel will provide a platform to underline similarities and differences between networks and ecosystems; to bring ecosystems’ focus on modularity and complementarity at the forefront of inter-organizational research while enriching ecosystems scholarship with systematic applications of network analytic tools to map the patterns of interdependences. This integration of two bodies of knowledge will bring new energy into maturing research on organizational networks and greater structure to the burgeoning research on ecosystems.

SESSION 1457
CEO EMPLOYMENT & SUCCESSION

TRACK O
Date: Tuesday, Oct 22
Time: 16:15 – 17:30
Room: Marquette 4

Session Chair: Manav Raj, New York University

When to Take the Leap: The Antecedents and Consequences of Leapfrog CEOs

J. Yo-Jud Cheng, University of Virginia

Many prior studies on CEO successions examine differences between CEOs appointed from within and from outside the firm; however, this dichotomy neglects heterogeneity in the career trajectories of CEOs. In this study, I examine the antecedents and consequences of appointing “leapfrog” CEOs: internal candidates who are fast-tracked past more senior executives to be appointed CEO. I analyze CEO transitions in public U.S. firms and find that firms are more likely to appoint a leapfrog CEO when they have high pre-succession performance and their industry environment is declining – but only when the board engages in CEO succession planning. Leapfrog CEOs are also associated with an increase in financial performance under these conditions and are more likely to shift resources away from legacy businesses.
Employee Approval and CEO Turnover
Sea-Jin Chang, National University of Singapore
Kwangwoo Park, KAIST
Ji Yeol Oh, Hanyang University

Using a unique social media dataset that captures the level of employees’ approval of their own CEOs, this paper explores the relationship between firm performance and CEO turnover. Our results show that CEOs with low approval are more likely to be replaced when firms perform poorly. The performance-turnover sensitivity, however, is less pronounced for CEOs with high approval. We further show that the board’s difficulties in replacing poorly-performing CEOs with high popularity among employees may not necessarily support the manager-worker alliance hypothesis. Rather, we find that employees’ endorsement of CEOs likely reflect the quality of the latter known only to the former. This study suggests that employee opinions matter, providing information not necessarily reflected in firm performance.

Under Pressure: CEOs’ Short-Term Responses to Employment Threat
Manav Raj, New York University
J.P. Eggers, New York University

Prior research examines how career concerns affect CEO decision-making, specifically looking at risk taking. We complement this literature by exploring how CEO employment threat, defined as the threat of unwanted and premature dismissal of a CEO, affects the temporal orientation of firm decision-making. We identify CEOs facing employment threat using a headline search of public press and construct a matched sample of CEOs not facing threat. We find that CEOs facing employment threat adopt a short-term orientation for their firms, increasing short-term investments and long-term liabilities and decreasing capital expenditure and R&D spending. Patterns around M&A and alliances suggest contingent effects of corporate governance. This work’s findings extend the literature on how threat affects not only risk-taking, but also other aspects of decision-making.

Intrinsic Motivations to Depart: Predicting Voluntary CEO Exit
Shuo Yang, Kent State University
Asli Musaoglu Arikan, Kent State University

Our study sheds light onto the intrinsic motivation of CEOs’ voluntary exit. Building on extant research regarding internal and external monitoring mechanism, we investigate voluntary CEO exit in firm specific context where increased involuntary exit of prior CEOs trigger voluntary departure of current CEOs. With a sample of CEO turnover of publicly traded U.S.-based firms, we find empirical support for our major hypotheses. This findings suggest a greater probability of voluntary exit of overconfident CEOs from firms with history of CEO dismissal. We also find a marginal effect of CEO overconfidence on the relationship between the past CEO dismissal and the probability of voluntary CEO departure. We conclude with a discussion of results and avenues for future research.

SESSION 1462
CEO DECISION-MAKING

TRACK O | Date: Tuesday, Oct 22
Time: 16:15 – 17:30
Room: Marquette 3

Session Chair: Gerry McNamara, Michigan State University

Investigating the Boundary Conditions of CEO Core Self-Evaluation: A Two-Study Approach
Ciaran Heavey, University College Dublin
Brian Fox, Bentley University
Zeki Simsek, Clemson University
Matt Hersel, Clemson University

We investigate the influence of executive core self-evaluation on strategic decision-making and firm performance in a two-study approach combining survey, archival, and experimental data. Although much has been theorized about executive core self-evaluation, whether and under what conditions it has tangible implications for decision-making and firm outcomes remains to be seen. Using a field study, in Study 1 we examine the implications of CEO CSE for firm performance on over time and across varying economic and resource conditions. In Study 2, we examine the influence of executive CSE on risk-taking behaviors using an experimental approach that replicates the economic and resource conditions of our field study. Our findings suggest new insights into the boundary conditions of executive CSE.

Trustworthy or Two-faced? CEO’s Expressed Authenticity and Investors’ Assessment of The Firm
Junghyun Mah, Michigan State University
Gerry McNamara, Michigan State University

We develop theoretical arguments about the influence of CEO’s expressed authenticity in CEO communications on investors’ valuation of the firm. In addition, we discuss how attributes of the CEO, firm, and environment affect the degree to which investors attend to CEO authenticity. Newly appointed CEOs, poorly performing firms, and environmental uncertainty enhance investors’ uncertainty and doubt toward the CEO and the firm. We argue that these moderating factors increase investors’ attention regarding CEO authenticity. Specifically, we operationalize CEO’s expressed authenticity by demonstrating the consistency between presentation and question-and-answer part in earnings conference calls.

How Does CEO Curiosity Influence Strategic Change?
Dieter Gutschi, WU Vienna
Patricia Klarner, WU Vienna

Curiosity plays a distinct role in human behavior and development. Research in management has examined its role in contexts such as newcomer adaptation and creative performance. However, we lack insights into the role of executives’ curiosity and its relationship with company strategies. In this study, we investigate how CEO curiosity, in particular its divergent and specific components, relates to strategic change. Considering situational strength theory and the importance of TMT processes and dynamics, we study the moderating role of managerial discretion and TMT dominant curiosity. This study contributes to research on executive personality by unveiling the role of an understudied but central personality trait. It also contributes to research on strategic change by examining the role of executive curiosity in the context of strategic change.
Red or Blue CEOs: Political Orientation and Acquisitions
Kalin Kolev, Marquette University
Stefan Wuorinen, Michigan State University
Jerayr Haleblian, University of California, Riverside
Prior research has shown that a CEO political orientation influences the social-value oriented decision making of the firm. We extend this inquiry by showing that political orientation influences the general decision making of the firm. Specifically, drawing on political psychology research we provide evidence that CEO political orientation influences the likelihood that the firm will pursue acquisitions, the types of acquisitions the firm undertakes, and investors' evaluation of the value of acquisitions pursued. Thus, our results suggest that political orientation influences both how executives value the strategic opportunities the firm can pursue and how capable investors think executives are to generate value from the actions the firm pursues. With this inquiry, we add to the political orientation, strategic leadership, and acquisitions literatures.

Pathways through which Status affects Evaluation in Markets: Evidence from a Regression Discontinuity Design
Daniel Sands, New York University
While long held views across diverse literatures stipulate that high status leads to more favorable evaluations of quality, recent research shows that status can actually negatively impact evaluations. As managers increasingly recognize the importance of evaluations in their development and implementation of strategy, it is critical that we better understand this paradox and systematically investigate the consequences of status on evaluation. Using a regression discontinuity design, I examine the effect of status position on 55,545 individual evaluations from the evaluation aggregator Rotten Tomatoes. I show that (1) marginal consumers are attracted to high-status offerings, (2) positive socio-cognitive effects of status are strongest for early consumers, and (3) early period evaluations of high status offerings are more favorable and late period evaluations are less favorable.

Great Minds Don’t Think Alike: The Effects of Winning Awards on Stock Analysts’ Herding Behaviors
Liyue Yan, University of Maryland
This paper examines the impact of reputation on a common issue in managerial decision making -- herding. A formal model is developed to predict how a reputation increase can reduce herding. The model provides a test that can distinguish between two mechanisms: informational herding whereby actors herd to be “correct”, and reputational herding whereby they herd due to reputational concerns. To test the theory, the paper examines whether winning a performance-based award increases or decreases herding of stock analysts. A difference-in-differences estimation compares award winners and runners-up with equal ability to identify the causal impact of a change in reputation on the likelihood of herding. Consistent with the model, preliminary results suggest that analysts herd less after an increase in reputation.

Status-based Competition: The Frequency and Timing of Album Release by Agencies of K-Pop Idol Groups
Yoonjeong Heo, National University of Singapore
Chi-Nien Chung, National University of Singapore
Heeyon Kim, Cornell University
This paper examines how status influences competitive behavior, focusing on the product launching behavior of middle-status organizations facing the competition with high-status organizations. We argue that the precarious status position will influence competitive behavior of middle-status actors. Using Korean pop idol group market category as an empirical setting, we find that middle-status entertainment companies pursue upward moving opportunities by increasing the frequency of products launches and targeting status-enhancing opportunities in terms of timing of product launch. However, the middle-status actors also show risk-avoiding behavior by focusing on less-risky products and avoiding direct competition with high-status actors. Our study deepens our understanding of how status influences actors' strategic orientation in the face of market competition as well as entertainment companies' market behavior launching cultural products.
Comparatively Efficient Governance Forms in Providing Broadband: How Cooperatives Fill the Voids in Marginalized Areas

Hyoju Jeong, University of Minnesota

Rural and impoverished communities in the U.S. have hardly become a focus of strategy research. These marginalized areas across the nation have fallen behind, and inequality is worsening. To facilitate the economic growth in such marginalized areas, infrastructure such as broadband access is necessary. However, as broadband access has a substantial positive externality in local communities, and for-profit internet providers do not capture this externality, for-profits are unwilling to serve or provide high-quality services in marginalized areas. Consequently, other types of organizational forms, such as cooperatives and municipal governments, fill the void left by for-profit firms in providing high-quality broadband access. In this study, I propose how different organizational types of internet service providers affect availability and quality of internet access in marginalized areas.

Strategic Nonresponse: The Mediating Role of Buyer Engagement

Jin-Su Kang, National Chiao Tung University
Stephen Downing, National Chiao Tung University
Gideon Markman, Colorado State University

Competitive dynamics research explains why and how rivals attack each other, but it only implicitly captures how buyer engagement influences attacker-target relations. This potential oversimplification of the buyer's influence is further exacerbated by another problem: An overwhelming majority of targets do not react to attacks against them (Chen & MacMillan, 1992). Introducing a demand-side approach to competitive dynamics, this conceptual study evinces that buyer engagement subsequent to an attack and the nonresponse decision of targets are quite interrelated; when attacks resonate with and harness strong buyer engagement, targets retaliate; when attacks leave buyers unaffected, targets remain unmoved. Our analytical simulations indicate that buyer engagement plays a consequential role in attacker-target relations, resulting in conditions for nonresponse that may be asymmetrical to those motivating response.

The Asymmetrical Interaction Between Organization Forms during Institutional Logic Change in a Transitional Economy

Andy Kyung Hwan Yun, Hong Kong University of Science and Technology
Chenguang Hu, Hong Kong University of Science and Technology
Jiatao Li, Hong Kong University of Science and Technology

We mainly examine how an old organizational form interacts with a new one in order to maintain its status and legitimacy during the process of change in institutional logics, focusing on how SOEs interact with other three market-based forms to maintain legitimacy and status during the institutional change from a state logic to a market logic in China. We draw on the institutional logic and organizational identity literature, we unpack a dual mechanism. On one hand, SOEs crowd out market-based forms with a conflicting core identity to slow down the institutional change process. On the other hand, market-based forms not only stimulate SOEs to reconstruct its identity space to improve efficiency, but also provide elements and cognitive templates from market logic to enhance SOE survival.

Hiding in Plain Sight: Nonprofits as a Corporate Strategy

Jennifer Kuan, University of North Carolina at Chapel Hill

In this proposal, we bring nonprofit organizations from the periphery of corporate considerations into a central role. We examine a specific, overlooked type of nonprofit that appears at the core of a variety of industries. For example, the National Football League (NFL) is a nonprofit at the center of an $80 billion market. Linux, a software program produced by volunteers, supplies the “kernel” inside the Internet backbone and most of the world’s smart phones. And the dual pillars of the world’s biggest stock market, the New York Stock Exchange and the Nasdaq, were originally nonprofit organizations. Each of these nonprofits is instrumental in expanding and sustaining its market and belongs to a class of nonprofit that we term do-it-yourself or DIY-nonprofits.

Business Performance Outcomes of Digitalization: The Case of Construction

Sergejs Groskovs, Copenhagen Business School
Torben Pedersen, Bocconi University

The effects of digitalization on business performance have occupied scholars in strategy, information systems, and other literatures since the dawn of the computer age. The results are mixed. In this research, we zoom in on the construction industry which is responsible for 13% of the global GDP but is typically placed at the bottom of digital maturity and productivity surveys—and not in the spotlight of innovation research. Our trial analysis of twenty-two projects of an innovative Nordic general contractor suggests that digitalization may be negatively associated with profitability, but positively with project delivery on time, budget, and quality. We further aim to measure the micro-contextual outcomes of this firm’s numerous digital initiatives across a larger sample of projects, expecting broader implications for project-based organizations.

Muddying the Waters: Induced Equivocality as a Strategic Response to Deinstitutionalization Processes

David Townsend, Virginia Tech
Richard Hunt, Virginia Tech
Amol Joshi, Oregon State University

During deinstitutionalization processes, incumbent organizations often face enormous challenges in navigating environments characterized by rising levels of equivocality. In these cases, incumbents must adjudicate among incompatible and often contested logics and practices. Because equivocality often leads to stasis, it also provides a potential defensive institutional strategy for incumbents to defend against deinstitutionalization pressures. In this study, we conduct a longitudinal case analysis to explore how an entire industry strategically induced equivocality in order to buffer organizational strategies and structures against rising deinstitutionalization pressures. In doing so, we illuminate the deep inter-working of a robust and potent defensive strategy for “muddying the waters” in order to thwart the advancing tide of deinstitutionalization processes.

SMS 39th Annual Conference
How Does Pricing Affect Competitive Advantage? A Formal Model Based on Behavioral Pricing

Phebo Wibbens, INSEAD

This proposal presents a formal model that incorporates behavioral pricing, which allows analyzing how pricing affects competitive advantage. The model addresses a gap between value-based strategy (which by definition does not allow incorporating pricing decisions) and models from neo-classical economics (which rest on precise assumptions about pricing procedures and strong forms of rationality and myopia). Several examples show how firms employing behavioral pricing might still be able to make a profit in situations in which value-based strategy fails for instance, Bertrand competition predict that this is not possible.

Get Rich or Die Trying... Unpacking Revenue Model Choice Using Machine Learning and Multiple Cases

Ron Tidhar, Stanford University

While revenue models are gaining strategic importance, related research is incomplete. Thus, we ask the phenomenon-driven question: “When should particular revenue models be used?” We use a novel theory-building method that blends exploratory data analysis, machine learning, and multi-case theory building. Our sample is from the AppStore, an economically important setting in the digital economy. Our primary contribution is a framework of configurations of effective revenue models. It indicates new theoretical relationships linking quality signals, user resources, and product complexity to the choice of revenue model. It also unlocks equifinal paths and new revenue models (e.g., bundled and fragmented). Overall, we contribute a more accurate and theoretical view of effective revenue models. We also highlight the surprising complementarity of machine learning and multi-case theory building.

Do We Need International Expansion? Economic, Financial, and MNC Share in an Emerging Economy

Arzi Adibi, INSEAD
Anant Mishra, University of Minnesota
Chirantan Chatterjee, Indian Institute of Management Ahmedabad

Leveraging the 2009-10 H1N1 pandemic as an exogenous source of a significant increase in global demand for influenza vaccines, we examine how multinational/regional heterogeneity in resources within an emerging economy influences the market structure in the wake of the unexpected demand shock. We find a significant decline in the MNC share of the Indian influenza vaccine market (relative to the Indian non-influenza vaccine markets) in regions with lower per capita income, lower per capita health expenditure, and lower federal-state political alignment. These results show that the interaction between an exogenous increase in global demand and regional heterogeneity in resources within an emerging economy creates large spatial variation in business opportunities for MNCs and domestic firms. Our findings have important implications for firms and policymakers globally.

Assessing the Needs of International Markets Against an EMNE’s Capabilities: A Tool for Internationalization

Carlos Enrique Piedrahita, EAFIT University
Maria Andrea De Villa, EAFIT University

Senior managers in emerging markets often strive to ensure that their companies develop sufficient capabilities to confront the needs they encounter in international markets. However, extant research and practice remain unclear as to how senior managers in emerging market companies can approach assessing the needs of their international markets against their own company’s capabilities, to aim for a balance between both. This article offers an innovative approach for assessing the needs of international markets against an emerging market company’s capabilities. Drawing on this approach, we offer an open access tool that allows senior managers in emerging markets to identify and improve their own company’s competitive position for internationalization.
Intention to De-internationalize: Foreign-based Competition at Home and the Effect of Decision-makers’ Role
Piotr Wojcik, Kozminski University
Mariola Cisewksa-Milinic, Kozminski University

Falling international trade barriers and technological development have changed the competitive conditions faced by incumbents, enabling them to internationalize, but also exposing them on increasing foreign-based competition in their home market. Yet, studies exploring the influence of such competition on incumbents’ internationalization process have largely ignored individual decision-making processes. This paper seeks to understand how decision-makers’ cognition of unfavorable home market conditions shape their intention to de-internationalize. Drawing from behavioral theory and decision-making theories. We find empirical support that perceived level of foreign competition at home is associated with the intention to de-internationalize, however, the direction of this relationship depends on the decision-maker’s role (entrepreneurs vs. managers of large firms). We contribute to the literature by emphasizing the home-market context in internationalization process.

A Demand-Side Perspective on the Competitiveness of the Multinational Enterprise
Mirko Benischke, Erasmus University Rotterdam
Joost Rietveld, University College London
Arjen Slangen, KU Leuven

Multinational enterprises (MNEs) often compete in the home markets of their rivals and have repeatedly been found to suffer a competitive disadvantage, which has been traced back to issues relating to firm resources and supply-side factors. We take a demand-side perspective and argue that MNEs’ relative competitiveness is largely determined in the product markets in which they compete. We argue that MNEs’ product development partners as well as the composition of the subnational consumer pool have a strong impact on MNEs’ competitiveness. We test our hypotheses in the UK video game industry and find that foreign publishers enjoy stronger regional sales for video games that have been developed by local development partners as well as in regions with greater ethnic diversity within the consumer pool.

National Culture and Mimicry in Foreign Direct Investment Location Decisions
Rene Belderbos, KU Leuven
Florence Benoit, KU Leuven

We analyze the influence of national culture on the strength of mimetic processes as a reaction to uncertainty characterizing location decisions for foreign direct investments. We argue that mimicry is strengthened 1) if the national culture of the home country of the focal firm is characterized by high uncertainty avoidance and 2) if the cultural distance between the home and host country is larger, with the influence of cultural distance further strengthened for firms in uncertainty avoidant countries. Examining location decisions for manufacturing investments by 857 multinational firms based in 36 countries in US Metropolitan Statistical Areas (MSAs), controlling for alternative explanations of clustering, locational factors, and other dimensions of country distance, we find broad support for our hypotheses.

Foreign or Domestic? Growth Strategy of Business Group Affiliates from Emerging Economies
Indrajit Mukherjee, XLRI – Xavier School of Management
Apalak Khatua, XLRI – Xavier School of Management

Research on international business has studied how business group affiliates are different in their international orientation vis-à-vis stand-alone firms. However, it has only probed the level of international business but not the rate of growth of the same. In this paper we explore: how affiliation to business groups influence their international growth strategy in emerging economies? Empirical test carried out with a panel data of all listed firms in India, for a period of 19 years shows the effect of the business group affiliates (vis-à-vis stand-alone firms) on their focus of growth in terms of export versus domestic focus. This effect reduces with time due to institutional transition.

Does Liability of Foreignness Exist in a Global Market?
David Pastoriza, HEC Montréal

In this study we show evidence that individual liability of foreignness persists even in a global market. Our analysis suggests that unfamiliarity issues and discrimination hazards are behind the underperformance of foreign newcomers relative to local newcomers. We study these notions in the PGA Tour (2002–2016), a market without immigration restrictions in which high-ability individuals compete for high stakes. We find evidence that liability of foreignness among the non-elite group (second-tier tour) of the PGA TOUR is sizable, but we do not find evidence of liability of foreignness among the elite group (first-tier tour) of the PGA TOUR. These effects are moderated by individuals’ international experience prior to their arrival on the PGA TOUR – more experienced individuals suffer less from liability of foreignness.

SESSION 1426
GLOBAL VS. LOCAL: THE SOURCES OF EXPANSION AND PERFORMANCE OF MNEs

Firm Internationalization and Global Standardization
Joseph Clougherty, University of Illinois at Urbana-Champaign
Netanel Drori, College of Law and Business
Niron Hashai, The Interdisciplinary Center Herzliya

Global standardization enhances firm internationalization by reducing the transaction costs and information asymmetries involved with cross-border business, but also hinders firm internationalization via adoption and compliance costs. We conduct a census of industry-level international standards matched with information on 873 publicly-traded US firms over the 2008–2011 period. Our empirical results indicate that standardization enhances (decreases) firm internationalization at lower (higher) levels of international standards. Thus, an inverted U-shaped relationship results where initial standardization forms a common language that aids internationalization, yet extensive standardization yields an institutional environment best characterized as a ‘Babel’ of standards that deters firm internationalization.

Automation and Location Decisions in Foreign Direct Investment
Linda Rademaker, BI Norwegian Business School
Vegard Kolbjørnsrud, BI Norwegian Business School

This study proposes a framework how automation influences foreign direct investment location choices. We distinguish between two types of automation, physical and information-based, and examine how they affect demand and supply-side factors that in turn influence firms’ choices of where to locate their foreign direct investments as well as the international distribution of firms’ activities. We identify and discuss how international mobility barriers such as trade barriers, data barriers, and cultural barriers moderate the relationship of automation on location choice. Our study contributes to internalization theory and the OLI paradigm, the literature on distance and barriers in international operations as well as the impact of technology on strategy. Finally, we discuss implications for managers making strategic technology and location choices.

NETANIEL DRORI

BI Norwegian Business School

INDRAJIT MUKHERJEE

XLRI – Xavier School of Management

DANILO PASTORIZA

HEC Montréal

FLORENCE BENOIT

KU Leuven

TUESDAY 17:45 – 19:00
Exploration, Exploitation and Innovation

SESSION 1483

TRACK I

EXPLORATION, EXPLOITATION AND INNOVATION

Date: Tuesday, Oct 22
Time: 17:45 – 19:00
Common Ground
Room: Marquette 1

Session Facilitator: Dove Lavie, Bocconi University

Jack of all Trades: Cross-functional CEOs and Organizational Ambidexterity
Florence Karaba, University of Bath
Christian Stadler, University of Warwick

Using a unique, partly hand-collected, database of 164 upstream oil companies, we find that the trade-off between explorative and exploitative activities is less pronounced in firms led by CEOs with cross-functional expertise. Our argument aligns well with the central tenet that leaders need to be able to consider diverse information to balance exploration and exploitation. We explore two mechanisms, using a reverse causality approach (Gelman and Imbens, 2013) and find suggestive evidence consistent with one of them: Cross-functional CEOs have broader experience that enables them to coordinate more complex solutions such as ambidexterity. We do not find supportive evidence for a second mechanism, suggesting that cross-functional experience is good for change, thereby facilitating the switching between exploration and exploitation.

How Are Family Firms Innovative? Exploratory vs Exploitative Innovation and Family Control: A Contingency Model
Xi Kang, INSEAD
Xiaogang He, Shanghai University of Finance and Economics
Tieying Yu, Boston College
Albert Cannella Jr, Texas A&M University

This paper investigates the relationship between innovation and family control. By introducing the exploration-exploitation distinction to the analysis of family control and innovation, we reconcile conflicting theoretical arguments and empirical findings in previous studies. Drawing insights from behavioral agency theory and stewardship theory, we argue that family firms are less likely than non-family firms to engage in exploratory innovation, and are more likely to conduct exploitative innovation than non-family firms. Moreover, market uncertainties strengthen both relationships. We empirically test our propositions using a sample of all publicly-traded pharmaceutical firms in China from 2007 to 2016. Our results offer strong support for our predictions.

Paradox Leadership by Psychological Ambidexterity? Cognitive, Motivational, and Emotional Ambidexterities for Ambidextrous Leadership
Dohyung Cha, Seoul National University

Ambidextrous leadership is required to survive and thrive under an increasingly competitive, globalized, and dynamic organizational environment but this imperative oftentimes stops at the ‘how’ questions. We craft a modest proposal to such questions. Senior leaders need to integrate the contradictory demands of cognition, motivation, and emotion. We interpret the exploitation-exploration dilemma from a temporal-focus lens as ‘present-focus for exploitation’ and ‘future-focus for exploration’. Then, we firstly propose that senior leaders should construe both exploitation activities in lower-level and exploration activities in higher-level simultaneously. Secondly, their motivational orientations may need to balance both prevention-focus goal-pursuit for exploitation domain and promotion-focus goal-pursuit for exploration domain in a simultaneous fashion. Lastly, top leaders need to pursue both positive-emotion for exploitation area and negative emotion for exploration area.

The Double-edged Sword of Formalization: Strategic Skill Flexibility, Exploration and Exploitation
Renee Rotmans, University of Amsterdam

The purpose of this study is to explore whether the relationship between an important HR practice i.e. strategic skill flexibility and both explorative and exploitative innovation, is moderated by formalization. Our results show that strategic skill flexibility has a significant influence on both exploratory and exploitative innovation. Likewise, the results reveal that formalization negatively moderates the relationship between strategic skill flexibility and exploratory innovation. Interestingly, our results show that formalization positively moderates the relationship between strategic skill flexibility and exploitative innovation. This denotes the double-edged sword of formalization. This study makes meaningful theoretical and managerial contributions by providing new insights into how formalization can both hamper and support the relationship between strategic skill flexibility, exploratory and exploitative innovation.

Social Capital and Project Management Success in Africa: Mediating Role of Knowledge Integration and Exploitation
Moses Acquaah, University of North Carolina at Greensboro
Kwasi Amoako-Gyampah, University of North Carolina at Greensboro

This paper examines the mediating role of knowledge integration and knowledge exploitation on the relationship between relational social capital among project team members and project management success (PMS). We use preliminary data from 136 individuals in various organizations who have had some involvement with the execution of projects in Ghana, and the Preacher and Hayes (2008) bootstrapping procedure to analyze the data. The findings indicate that relational social capital (bonding and bridging) were positively related to knowledge integration and knowledge exploitation positively influence PMS. However, while knowledge integration mediates the relationship between relational social capital and PMS, knowledge exploitation only mediates the bridging-PMS relationship. The findings indicate that relational social capital could be leveraged to engender PMS in sub-Saharan Africa.

Iterate to Innovate: Temporal Pattern of Experimentation and Product Innovation in Dynamic Environments
Pengxiang Zhang, University of South Carolina
Sali Li, University of South Carolina

Experimentation has been recognized as a superior entrepreneurial strategy in dynamic environments, through which firms rapidly learn about their strategic playing field. Extant literature has heatedly discussed whether the use of experimentation facilitates or hinders firms’ innovation activities. However, the question of “how”, or temporal pattern in specific, is largely neglected in this inquiry. In this paper, we suggest that the use of a continuous pattern to govern experimentation enhances firms’ absorption of external knowledge, thereby keeping firms innovative in dynamic environments. Building on time-pacing researches and organizational learning literature, we argue that adopting such pattern is positively related with both exploitative and explorative product innovations. Our analysis examined patterns in update records in mobile app industry, finding results that are consistent with our predictions.
The Impact of Cognitive Task Automation on Knowledge Production in Organizations
Harshvardhan Ketkar, University of Michigan
Recent advances in Artificial Intelligence have facilitated the increasing adoption of automation within firms. Prior literature has documented the impact of automation at various levels. However, it is still unclear as to how automation of cognitive tasks will impact organizational outcomes such as knowledge production and innovation within organizations. In this study, I present theory and empirical evidence that explains why the automation of knowledge integration within organizations might reduce the ability of its members to develop complex and impactful knowledge. I use the setting of GitHub projects that automate certain cognitive tasks which were previously executed by individuals. I use matching on covariates and exploit a natural experiment in my setting to suggest a causal explanation for the findings presented here.

The Scope of Specialization: A Study of Genre Experience Among the Hollywood Studios
Hadi Faqhi, Michigan State University
Jamal Shamisie, Michigan State University
Although it has been shown that specialization can lead to effective and rapid learning, there has been considerable debate about the possible pitfalls of such a form of learning. In this paper, we propose that firms can choose to specialize in a narrower type of activity or in a broader type of activity. We draw on the experience of Hollywood studios with the development of films in specific genres to show that while narrower forms of specialization can actually hurt the performance of new products, specialization in broader forms can actually lead to better performance.

From Hierarchies to Markets: Transformation of Corporate Innovation at Ericsson
Ning Su, University of Western Ontario
Mayur P. Joshi, University of Western Ontario
Saeed Khanagha, VU Amsterdam
This multi-year, in-depth qualitative case study examines an incumbent’s response to digital disruptions characterized by uncertain technologies and emergent business models, a relatively underexplored topic in strategy and technology management literature. In particular, the study documents Ericsson’s journey of transformation of corporate innovation in response to a wave of disruptive innovations, including cloud computing, Internet of Things, and the 5th Generation technologies coupled with changing customer requirements, increasing competition, and evolving industry landscape. The findings demonstrate how organizations can transform their corporate innovation strategy by employing a “long-tail” strategy, thereby integrating a market of innovations within the traditional hierarchy of corporate R&D. This evolving hybrid model helps firms leverage the uncertainty during the period of digital disruption to their advantage.
What’s in a Name? Categorical and Idiosyncratic Identity of New Organizations in Nascent Markets

Jamie Seoyeon Song, INSEAD
Jason Davis, INSEAD

In a nascent market, entrepreneurs need to build well-defined identities in order to attract attention from their audiences. We look at the naming dynamics among mobile apps on Apple's iOS platform and find that entrepreneurs’ categorical identity increases their likelihood of gaining recognition while idiosyncratic identity hampers audience attention. We also find that such effect of categorical and idiosyncratic identities is influenced by entrepreneurs' efforts in managing their identities over time as well as the presence of other competitors or supporters. Therefore, identity is not a concept to be understood in a vacuum but in the context of entrepreneurial agency and the ecology of others that compete for attention. Our study advances the understanding of competitive dynamics in the cognitive space.

When Time-Off Sparks Time-At-Work

Jiayi Bao, The Wharton School, University of Pennsylvania

This paper studies how the adoption of paid vacation as a human resource practice impacts organizations in the context of new ventures. We find that the provision of paid vacation to employees positively affects both short-term venture revenue and long-term survival. We then investigate why. We do not find empirical support that paid vacation helps ventures to attract better talent. Our results are most consistent with an incentive story that paid vacation brings about organizational gains by incentivizing workers to take actual time off which ultimately improves their productivity at work.

Reaching the Goal or Battling the Odds? Metaphors, Regulatory Focus, and Resource-Acquisition

Sayan Sarkar, London Business School
Donal Crilly, London Business School

Entrepreneurs resort to metaphors to describe their products, strategy, or competition (“the funding will help us reach our milestone,” “we are poised to conquer rivals”). Metaphors are cognitive devices that help comprehend a relatively abstract concept (e.g., strategy) by invoking a better-understood concept (e.g., journey or war). Different metaphors shape thoughts differently, e.g., ENTREPRENEURSHIP AS JOURNEY emphasizes a looming end-goal, ENTREPRENEURSHIP AS WAR emphasizes a quest to recoup or limit losses. Entrepreneurial success depends on the joint presence of promotion-oriented (gain-seeking) and prevention-oriented (loss-avoidance) behaviors. Use of different metaphors can complement different regulatory foci in investor pitches, bringing the balance necessary for superior evaluations by prospective investors. This cognitive linguistics lens to examine screening by investors could enrich our understanding of how entrepreneurs use metaphors to strategically position their ventures.

Can Patent Legislation Make a Difference on Academic Spin-offs Acquisition? Some European Evidence

Valeria Schifilliti, University of Messina
Maria Cristina Cinici, University of Messina
Fabrizio Cesaroni, University of Messina
Daniela Baglieri, University of Messina

Over the last decades, academic entrepreneurship has drawn an increasing scholarly attention. With a particular emphasis on the antecedents of academic spin-off creation, while how they develop, grow, and perform over time has been largely neglected. This study aims to fill this gap by providing empirical evidence on the role of regulatory framework on ASOs acquisition in some European counties. Findings highlight: i) IPRs enforceability plays a significant role for spinoffs attractiveness; ii) the effects of policy changes vary across countries, depending on the quality of the legislative context.

Selection and Resource Redeployability in the Incidence and Performance of Spinouts

Natarajan Balasubramanian, Syracuse University
Mariko Sakakibara, University of California, Los Angeles

Using matched employer-employee data from 30 U.S. states, we examine the role of selection processes in the formation and performance of spinouts and new ventures formed by parent firms (INCs). Consistent with parent firms choosing better ideas for internal implementation, we find that INCs perform better than spinouts. Examining inter-industry and inter-parent heterogeneity, we find evidence consistent with founders being able to leave with better ideas in contexts with greater information asymmetry, and industry resource requirements acting as a differential entry barrier to spinouts. Parent resource availability increases the relative incidence and performance of INCs, but consistent with a greater ability to redeploy resources, we find that a lower survival of INCs belonging to diversified firms.

Spinning an Entrepreneurial Career: The Role of Motives, External Factors & Capabilities

Sonali Shah, University of Illinois at Urbana-Champaign
Hyeonsuh Lee, University of Illinois at Urbana-Champaign

Spinouts’ relative success and innovativeness have inspired many studies. Most of these studies examine capabilities, finding that founders with better prior knowledge tend to found more successful startups. A few studies have begun examining the motives of spinout founders, finding evidence of multiple and heterogeneous motives. However, the question of if and how motives influence firm- and individual-level outcomes has yet to be investigated. We examine how founder motives shape two outcomes of interest: venture success and serial entrepreneurship. Based on rich, first-hand career-history data of 23 employee-founders in the disk drive industry, we tie various sets of motives—“configurations”—to each outcome using qualitative comparative analysis. Our findings suggest that motives and external factors, in combination with capabilities, shape firm- and individual-level outcomes.
CREATING AND LEVERAGING MOBILITY CONSTRAINTS

A Test of Time: Executive Non-competes and Temporal Focus
Lauren Aydiniyim, Baruch College – City University of New York
Dorothea Roumpi, Pennsylvania State University

Combining the differentiated workforce rationale from strategic human capital with upper echelons research and the attention-based view, we examine how employee non-compete agreements affect strategic decision-making. We explore whether employee non-compete agreements can shift executive temporal focus on the past, present, and future. Specifically, we predict a shift in the present and future focus of executives when they move from an organization without non-competes to an organization with non-competes and vice versa. We construct a unique data sample of over 3,000 movements of executives between S&P 1000 companies between 1995 and 2018, matched with changes in 24 states’ enforceability of employee non-compete agreements, and utilize computer automated text analysis (CATA). We contribute to theories regarding how and why executives engage in certain strategic actions.

The Accuracy and Effects of Beliefs about Noncompete Enforceability: Evidence from an Information Experiment
Evangelos Starr, University of Maryland
J.J. Prescott, University of Michigan

This study provides the first evidence on worker knowledge of the enforceability of noncompetes. We document that workers believe their noncompetes are enforceable, even when they are not. Moreover, firms appear to seek to keep workers misinformed: Firms are 25 p.p. more likely to remind workers of a noncompete when it is unenforceable. Randomly informing workers of their actual noncompete policies causes them to update their beliefs. Using the experiment as an instrument, we find that believing a noncompete is enforceable matters strongly for prospective mobility choices. These results imply that prior studies on state policies have missed a crucial element: Even unenforceable noncompetes matter because workers do not know they are unenforceable, and, moreover, firms appear to actively seek to keep workers misinformed.

Where’s Wally? Identification and Retention of Valuable Co-Specialized Human Capital
Eirik Sjaholm Knudsen, Norwegian School of Economics
Ivan Belik, Norwegian School of Economics

Valuable co-specialized human capital can be a source of sustainable competitive advantage. While the traditional view in strategic human capital is that co-specialization constrain mobility, recent research shows that mobility of highly co-specialized employees may very well happen, and be detrimental to performance. A fundamental problem for firms is therefore to identify which co-specialized employees in a team or an organization network are the most valuable, and should be targeted for mobility reducing measures. We address this problem by i) investigating negative externalities associated with mobility of co-specialized employees, and by ii) studying how firms can use a computational approach that combines social network analysis with Shapley value from game theory, to empirically identify valuable co-specialized employees for which they should focus their retention efforts.

Who Exits and Who Stays? The Impact of Core Experience on Chances of Inventor Exit
Mayank Varshney, National University of Singapore
Amit Jain, National University of Singapore

We reconcile seemingly contradictory findings in extant research that firms learn-by-hiring ‘distant’ inventor but inventors with unique skills (distant) seldom join rival firms. We also provide clarity on seemingly ambiguous impact of quantum of inventor’s core experience on her chances of exiting current employer. We argue that a clearer picture of transfer of core or unique knowledge across firms emerges if we classify inventor-exit into hiring by rival firms and hiring by non-rival firms. We find that inventors with high core experience move to non-rivals because non-rivals learn by exploiting core technologies; whereas inventors with high experience in core move to rival firms only if they possess unique knowledge as well so that rivals learn from inventor’s ability to explore with core technologies.

Failing with Stars: When a Star is a Name to Take the Blame
Rebecca Kehoe, Cornell University
Frederick Bentley, Binghamton University

Failure contributes to status loss and career penalties – particularly for those perceived to be responsible. Integrating attribution theory and expectation states theory, we develop predictions concerning when failures involving stars will be more or less detrimental to non-stars’ careers. We first argue that stars are natural targets of blame given their visibility and presumed influence. Focusing on failures of co-managed hedge funds, we thus argue that the involvement of a star co-manager reduces the career penalties of failure for non-star managers, and that information that weakens outsiders’ perceptions of the fund failure as a reliable indicator of a non-star manager’s competence will further increase outsiders’ propensities to attribute the failure to the star co-manager, thereby mitigating the career penalties experienced by the non-star manager.

When to Put the Best to Rest: Star Human Capital and Firm Adaptation
Victoria Sevcenko, INSEAD

Firms invest considerable resources into attracting and retaining ‘star’ human capital. While prior work supports this strategy, the focus is often on the short-run benefits, raising the question of what happens when these remain, but the environment shifts. I propose that retaining stars can reduce firm adaptation to adverse environmental shocks. I test this proposition in the US Federal Lobbying industry using three types of exogenous shocks to lobbying demand – the 2011 earmarks ban, the 2014 oil price drop, and the 2016 Congressional elections – and I examine the variation in adaptation between lobbying firms with and without star lobbyists. Preliminary evidence supports my prediction: despite declining performance, stars reduce firm growth, diversification and human capital renewal following adverse shocks.
What Allows a Star to Shine? The Effect of Team Diversity on Star Scientist Performance

Nathan Betancourt, University of Amsterdam
Michiel Tempelaar, University of Amsterdam
Gianluigi Giustiziero, Frankfurt School of Finance and Management

This proposal examines whether the interaction that takes place between a star scientist’s human capital, social status and their environment influences the star’s performance. We examine star participation in the Manhattan Project (MP) a large-scale research project (1942-1946) that terminated in the creation of the atomic bomb. There are two benefits to using the MP as an identification strategy. First, star scientists were exogenously selected to participate in the MP and exogenously allocated to teams; stars did not choose to work on the MP or select their teammates. This allows us to focus on the ubiquitous environmental factor of diversity, differences in the knowledge and expertise of the star’s team members and identify the circumstances that best suit the strengths of different types of stars.

The Impact of Nonstar-star Knowledge Proximity and Collaborative Network Structure on Nonstar Inventors’ Innovation Productivity

Yeongsu Kim, University of Massachusetts, Amherst
Aurora Liu, University of Massachusetts, Amherst

In the present study, we study the star-nonstar collaboration and its impact on the innovation performance of nonstar inventors at the firm. Mainly, we focus on the impact of knowledge proximity between nonstar and star inventors and further tease out the contingency effects of nonstars’ collaboration network characteristics—network constraint, unique degree, and network cohesion. To test our theoretical model, we examine the impact of inventor knowledge proximity and collaboration network records of U.S. public firms from 1975 to 2010. We found that nonstar-star knowledge proximity enhances overall innovation productivity by nonstar inventors at the firm; this benefit amplifies by nonstars’ unique degree but reduced by network constraint and cohesion.

A Stakeholder Network Perspective on Female CEO Succession

Huy Nguyen, Montclair State University
Zhiang Lin, University of Texas at Dallas

What makes certain firms more likely than others to appoint a female CEO? Drawing on insights from the stakeholder theory and cognitive network research, we develop a stakeholder network perspective to predict the incoming CEO gender. Specifically, we propose that firms’ attention to various stakeholders may manifest in varying degree but reduced by network constraint and cohesion.

How Narcissistic CEOs Affect CEO Succession Planning

Ormonde Cragun, University of Minnesota, Duluth
Donald Schepker, University of South Carolina
Patrick Wright, University of South Carolina

Chief Executive Officer (CEO) narcissism is a multifaceted personality trait that results in grandiose self-serving behavior and is of increasing interest to scholars and the public. In this study, we explore how CEO narcissism affects one of the CEO’s most important responsibilities: identification and grooming of successors. Building on the extended agency model of narcissism, we suggest a narcissistic CEO’s motives to remain the center of attention negatively affects succession planning processes. We further suggest more-narcissistic CEOs provide less leadership in a fair CEO succession planning process, encourage a more competitive succession process, have fewer ready-now successors, and have more not-ready-now successors. Finally, under more-narcissistic CEOs, the board also provides less leadership in CEO succession planning.

SESSION 1393

DOING WELL

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Session Chair:  Jiao Luo, University of Minnesota

Value-based Stakeholder Theory

Aseem Kaul, University of Minnesota
Jiao Luo, University of Minnesota

Stakeholder engagement is a topic of growing interest within the field of strategic management. Our proposed paper seeks to offer a conceptual framework that clearly distinguishes between the various sources of value creation through stakeholder engagement, and systematically examines how the value resulting from each source will be appropriated by the relevant actors. We build on insights from work in value-based strategy, and argue that there are six distinct sources of value from entering into a relationship with a new stakeholder—specialization, co-specialization, externalities, socio-political capital, pro-social preferences, and enhanced altruism—with distinct implications for how value is appropriated. We also argue that the extent of value creation and appropriation depends on the ability of the focal stakeholder group to successfully organize in its own interest.

Incentives on Multiple Objectives

Aleksey Korniychuk, Copenhagen Business School

Organizations are expected to care about economic, environmental and societal consequences of their actions. Despite that these dimensions of corporate performance sometimes align, often they are conflicting. The present paper shows that even when objectives correlate negatively, concurrent incentives on them may lead to Pareto-optimal solutions. In practical terms, decision makers may need to be directly incentivized rather than required to reduce the environmental harm. For this to work, policy makers must accept that human understanding is imperfect: there are relationships among various factors that decision makers cannot see. The less we know, the more we can gain from the incentives on conflicting objectives, both privately and socially.

Doing Well By Strategically Doing Good: The Market Value of Unique CSR Strategies

Leandro Nardi, Insper
Todd Zenger, University of Utah
Sergio Lazzarini, Insper
Sandro Cabral, Insper

Much recent work in corporate social responsibility (CSR) confirms that firms who invest in doing good enjoy a higher probability of doing well financially. But the rule for riches nature of this central hypothesis—that CSR investment is universally valuable for all firms—is surprisingly non-strategic at its core. This paper takes seriously the suggestion that CSR investments are strategic. Accordingly, we argue that firms choosing more unique CSR strategies build differentiated reputational positions with stakeholders that grant differential advantage in accessing resources at a discount relative to competitors. Using a novel measure of the uniqueness of CSR strategy, we find support for the prediction that CSR and market value are positively associated. We also study boundary conditions for this relationship, considering firms’ overall involvement with CSR.
CEOs’ Debt-Based Compensation, Stakeholder Incentive Alignment and Firm Performance
Belen Blanco, University of Adelaide
Josep Antoni Tribó, Carlos III University of Madrid
Luis Gomez-Mejia, Arizona State University
Encarnacion Guillan Saorin, Carlos III University of Madrid
Andres Guiral, Yonsei University
Geoffrey Martin, University of Melbourne
We explore the incentive alignment qualities of CEO debt-based compensation – also known as CEO inside debt – by examining the consequences of CEO inside debt for multiple stakeholders. We find support for our theory that contractual mechanisms creating long-term rights to the CEO incentivize investment in corporate social responsibility (CSR) and that the combined effect of CEO inside debt and CSR is likely to enhance future multi-year performance. This positive combined effect on long-term firm performance is accentuated in situations of financial distress or when firms suffer pressure from product markets. This suggests that CEO inside debt results in greater incentive alignment between the CEO and different stakeholders in a way that enhances long-term economic value, ensuring that shareholders also benefit.

SESSION 1454
HUBRIS, NARCISSISM AND MORE

CEO Narcissists on the Couch: An Assessment Of CEO Narcissism Utilizing Meta-analytic Structural Equation Modeling
Ronei Leonel, University of Memphis
In the last decade, researchers studying Upper Echelon theory have shifted away from relying on demographic characteristics toward measuring psychologically oriented constructs such as personality traits, narcissism, and core self-evaluations. One would expect that because these constructs are more directly theoretically related to sources of bias as compared to demographics, the explanatory power of this theory would increase. However, an overall assessment of the relative power of each psychological dimension has yet to be explored directly. Utilizing a sample of 39 published and 9 unpublished manuscripts, we use meta-analytic structural equation modeling to evaluate whether and how CEO narcissism improves the explanatory power of Upper Echelon theory on organizationally relevant constructs such as strategic action, firm performance, and corporate social responsibility.

To the Captain: Risk It or Rest It? CEO Characteristics and Large Firms’ Innovation
Cristina Vlas, University of Massachusetts, Amherst
Radu E. Vlas, University of Massachusetts, Amherst
Youstina Masoud, University of Massachusetts, Amherst
Do different CEO-level personality characteristics affect large firms’ innovation differently and to what extent are these effects bounded by CEOs’ motivation? While for a long time “out of the spotlight,” large firms’ innovation is unique in that it is more common and not such a high-risk strategy. This brings into the light overlooked antecedents such as personality and motivations of its captain, the CEO. We find that indeed different CEOs’ personality characteristics (narcissism and self-monitoring) have opposite effects on large firms’ innovation and that their interplay matters for self-monitoring CEOs but it does not matter for narcissistic CEOs. These findings contour a better understanding of the immutability of certain personality characteristics while informing scholars about an ignored aspect of innovation pursued by large firms.

To Fort or to Fight: A Network Embeddedness Framework of CEO Hubris and Strategic Changes
Han Jiang, Tulane University
Yi Tang, Hong Kong Baptist University
Guoli Chen, INSEAD
CEOs’ hubris can manifest either as their overconfidence in their own judgment and capabilities or as their overoptimism about their firms’ strategies and performance. While overoptimism about their decisions can motivate hubristic CEOs to take risk and make more strategic changes in their firms, overestimating their firms’ performance and prospect will discourage hubristic CEOs from changing the ongoing strategies.
We draw on the network embeddedness perspective to reconcile these mixed implications. That is, hubristic CEOs’ embeddedness in the interlock network can motivate them to introduce more strategic changes, while their embeddedness in the intrafirm peer network will amplify their overoptimism about the firms’ ongoing strategies and discourage potential strategic changes.

Simply the Best: The Role of Organizational Hubris in Shaping Organization Behavior, Decisions, and Actions
Daniel Gamache, University of Georgia
Kevin Curran, University of Oxford
Michael Pfarrer, University of Georgia
Although substantial upper echelons research has focused on the important role that executive hubris plays in shaping firm actions, hubris can develop in other parts of the organization. In this conceptual paper, we introduce the construct organizational hubris. Drawing on research on organizational-level attitudes, we propose that organizational hubris develops following intense or persistent positive attributions and is collectivized as a result of shared cognition and emotional contagion. Organizational hubris is more durable than executive hubris and thus can have influences that last beyond the tenure of a specific executive. Once developed, organizational hubris leads to decisions and actions with two defining characteristics: latitude and insularity. Ultimately, organizational hubris leads to reduced executive discretion and limits the ability of top executives to shape the firm.

SESSION 1406
HIERARCHIES AND STRUCTURES

Learning within Hierarchies: Corporate Proximity, Adverse Events, and Product Re-entry
Cheonmok Kim, University of California, Irvine
Colleen Cunningham, London Business School
John Joseph, University of California, Irvine
We theorize that adverse events serve as learning opportunities for organizations and facilitate organization’s re-entry to product markets and investigate how an organization’s structural position within the corporate hierarchy and product novelty influence its learning from adverse events in the U.S. medical device industry. We find that business units with greater proximity to the corporate office are less likely to re-enter after a product exit in general, but higher levels corporate proximity can facilitate re-entry by aligning attention of the business unit and the corporate office and providing resources for learning when the product experienced an adverse event. Moreover, results suggest that the benefits of attention alignment and resources are not realized when the product is novel and hence when learning is more complex.
Interdependence, Complementarity, and Ruggedness of Performance Landscapes

Hazhir Rahmandad, MIT

Performance landscape -- the mapping between firms’ choices and performance— is a construct central to organization theory. Yet prior formalizations split between unimodal production functions and rugged landscapes. Capturing continuous interaction effects among organizational choices I introduce the PN landscape which includes the well-known NK architecture as a special case. Using this formalization I find that: (1) The number of local peaks may grow much more slowly with number of choices than previously formalized; and (2) Complementarity significantly reduces the number of peaks. Modeling the evolution of landscapes shows that innovative mutations increase complementarity and further reduce the number of local peaks. Results highlight the relevance of landscapes with a few local peaks where management’s role is more salient than either extreme.

Brokers in Disguise: The Interplay of Actual and Socially Perceived Brokerage on Individual Performance

Alessandro Iorio, Carnegie Mellon University

Research suggests that individuals with an open network face an idea-action tradeoff: Increases in the ability to generate innovative ideas might come at the cost of a decreased ability to implement them. By linking otherwise disconnected individuals, brokers are exposed to non-redundant information that can be recombined in novel ways. Those that are being brokered, however, may develop a belief that the broker is not “one of them,” thus triggering skepticism of the broker’s motives limiting brokers’ ability to get their ideas accepted. In this paper, I argue that others’ perceptions of focal actors’ brokerage opportunities constitute an important contingency explaining the association between brokerage and individual performance: brokers who are misperceived to occupy dense networks will extract more advantages from their network positions.

Peering through the Glass Door: The Cultural Attributes of “New” Forms of Organization

Arianna Marchetti, INSEAD
Phanish Puranam, INSEAD

An interesting recent phenomenon in management is the surge of attention in non-hierarchical forms of organization, which claim to do without much by way of formal structure. However, we know little about whether such claims are anything beyond branding. A second more substantive question revolves around the role culture plays in coordinating activities, to replace for formal structure. So far it has been hard to answer questions of this sort given limited access into these companies. However, we leverage Glassdoor employees’ reviews to form a systematic if indirect picture of organizational culture and explore its complementarities with formal structure. We find that new organizational forms exhibit “stronger” cultures than traditional forms, and that the difference is attributable primarily to sorting rather than to on-going socialization.
Nonlinear Influences of Performance Feedback and Industry R&D Intensity on Product and Geographic Divestitures

Elizabeth Lim, Georgia State University

Premised on the behavioral theory of the firm and resource-based view, this paper investigates the effects of firm performance close to and far from aspirations in both negative and positive attainment discrepancies on the degree of product and geographic divestitures. Performance deteriorations below aspiration increase product and geographic divestments to solve performance problems up to a certain point after which survival concerns predominate and the relationship tapers off. Performance rises above aspiration increase product divestments and decrease geographic divestments to enhance profitability and long-term growth up to a certain point after which this relationship tapers off because accumulated resources facilitate innovation. The results also demonstrate interesting moderating influences in low- and high-research and development intensive industries.

Wait Before You Learn — Delayed Feedback and Experiential Learning

Felix Meissner, University of Zurich

Prior research has assumed that delayed feedback decreases performance, since it causes organizations to persist with lower performing strategies (Rahmandad, 2008; Rahmandad, Repenning & Sterman, 2009). We argue that feedback delay also has the potential to positively influence search. Using a simulation model we find the following: (1) Increasing levels of feedback delay reduce realized performance in early periods of search, but increase performance levels in the long run. (2) Learning under conditions of feedback delay supports a deeper exploration and thereby more accurate learning about performance outcomes of new alternatives. This enables organizations to build a more accurate knowledge structure of strategic alternatives.

Making Biased but Better Inferences: The Tradeoffs Strategists Face when they Learn and Use Heuristics

Timo Ehrig, Max Planck Institute for Mathematics in the Sciences
Jens Schmidt, Aalto University

Strategists use heuristics to make inferences about key parameters that affect the outcome of strategic decisions, such as resource allocation or market entry decisions. Drawing on the work of Gigerenzer and colleagues, we show how biased heuristics mitigate the risk of making inappropriate generalization, which arises in situations when strategists only imperfectly know the relationship between available information and the decision variable they must infer and thus have to learn this relationship from only a small sample of observations. Our central contribution is to show how characteristics of strategic decision environments—as opposed to managerial cognitive characteristics—affect quality of the inferences strategists make through their effect on the process of learning heuristics. Our results have implications for research on heuristics and (dynamic) capabilities.
SPONSORS

We wish to thank David Eccles School of Business at the University of Utah and Carlson School of Management, University of Minnesota for their generous support of this conference.

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To Jay Barney and Todd Zenger, two outstanding Entrepreneurship & Strategy faculty at the David Eccles School of Business, for their award-winning research!

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- The SMS CK Prahalad Distinguished Scholar Practitioner Award
- The Foundational Paper award for the Entrepreneurship Division of the Academy of Management for his 2007 Strategic Entrepreneurship Journal paper with Sharon Alvarez
- The EURAM Edith Penrose Award for Trailblazing Research

2019 Awards
- The Strategic Management Journal 2019 Dan and Mary Lou Schendel Best Paper Prize with Laura Poppo

Jay Barney
Presidential Professor of Strategic Management and the Pierre Lassonde Chair of Social Entrepreneurship

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