

## Conference Program

china goes global  
中国 走向 全球化

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## Words of Welcome from the Conference Organizers

Our venue host, the Rajawali Foundation Institute for Asia at Harvard Kennedy School's Ash Center for Democratic Governance and Innovation, in partnership with the Crummer Graduate School of Business and the China Center of Rollins College, the Jacobs University, and the Georgia Institute of Technology's Center for International Business Education and Research (CIBER) are pleased to welcome you to the 5<sup>th</sup> annual *China Goes Global*<sup>TM</sup> Conference in Cambridge, MA, the United States. This conference is rooted in a cooperative research project (TransCoop) between the Harvard Kennedy School, Rollins College, and Jacobs University on China's globalization initially funded by the Alexander von Humboldt Foundation in Germany to encourage multidisciplinary and transnational research on the Chinese economy and firms. It also echoes an earlier conference organized by the Georgia Institute of Technology and Rollins College held in December 2006 at the Rollins College campus in Orlando, Florida.

The last four *China Goes Global* conferences were great successes, each with about sixty paper presentations and more than 100 participants. As a result of the 2008 Conference, the conference organizers published a book titled, *China Rules: Globalization and Political Transformation* (Palgrave Macmillan, 2009) as well as a special issue in the *Journal of Chinese Management Studies* (2009), and the *Thunderbird International Business Review* (2012).

Research accepted for presentation at this year's conference covers three broad categories: (1) the political, institutional, and economic dimensions of Chinese globalization, (2) the industry and firm levels of analysis of the phenomenon of Chinese enterprise globalization, and (3) a selection of landmark case studies. The conference consists of about sixty papers organized in multiple sessions and panels. Papers selected make unique contributions to the emerging literature on China's globalization.

We express our grateful thanks to all the reviewers who participated in the process of systematically reviewing and selecting all submissions. The *Thunderbird International Business Review* is our sponsor for the "Best Paper" awards. We also extend our personal and collective thanks to all our contributors and supporters: participants, authors, speakers, reviewers, discussants, session chairs, sponsors (particularly, the Alexander von Humboldt Foundation, Harvard University, Rollins College, Jacobs University, and Georgia Institute of Technology). The local organizing committee deserves special words of thanks and recognition for their caring and tireless work in ensuring the quality of the conference.

We wish you a great conference, an enjoyable stay at Harvard University in Cambridge, Massachusetts, and look forward to meeting each one of you individually.

### Conference Organizing Committee

Dr. Ilan Alon  
Dr. Julian Chang  
Dr. Marc Fetscherin  
Dr. Christoph Lattemann  
Dr. John R. McIntyre

**Letter from the Conference Host**



October 2, 2011

Dear China *Goes Global* 2011 Participant,

It is a great pleasure to welcome you back to this conference on China *Goes Global*<sup>™</sup>. We continue to witness great changes in China's modern political and economic development. The recent global financial crisis and political paralysis in the United States has given China a new role in the world system as many still look to China to drive the continuing economic recovery not just in the region but also globally. Will we see a continuation of China's expansion into new markets around the world? How will other countries and regions react to China's new stature, especially in the financial sectors? What kind of learning will China's enterprises, officials and entrepreneurs evidence in the years to come? How will Chinese managers and employees learn and benefit from this interaction?

As we meet to discuss the implications of this fascinating part of China's growing international profile, I would like to thank everybody for traveling so far and working so hard to contribute to this enterprise.

Sincerely,  
Anthony Saich  
Director, Ash Center for Democratic Governance and Innovation  
Harvard University's John F. Kennedy School of Government

**Institutional Support**

***Organizers***

We thank the following sponsors for making the 2011 China *Goes Global* Conference possible through their generous contributions.



**HARVARD Kennedy School**

**ASH CENTER**

**for Democratic Governance  
and Innovation**



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**College of  
Management**

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### **Ash Center Conference Guidelines**

We come from many different countries and traditions but are united in the belief that knowledge is created through a two-way exchange of ideas and experiences.

The effectiveness of the China *Goes* Global Conference will depend on collegial interactions among us. This will require a good deal of care to ensure that our conduct is respectful, particularly because we are working with a number of cultural norms. To avoid misunderstandings, we offer general guidelines for participants to clarify both the standards and the obligations expected during these next few days.

- It is a common American practice in an academic setting, where people are learning together and from each other, for participants to address each other, presenters, and staff by their first or given names; this is not intended to be disrespectful or discourteous.
- All members of this community are entitled to respect. All individuals are expected in their communication to demonstrate respect for each person's worth, dignity and capacity to contribute.

If each of us makes an honest effort to ensure that we treat others with professional respect and dignity, all of us will enjoy the maximum possible benefit from working and learning together.

### **Best Paper Awards**

*Thunderbird International Business Review (TIBR)* is the official sponsor of the "China *Goes* Global" best paper awards for 2011. TIBR is a practitioner business journal that publishes the latest in research and thought leadership on global business practices throughout the world. All papers were blind reviewed to be accepted to the conference. All submitted papers were narrowed down to a list of 8 finalists. The conference organizers and the Editor-in-Chief Mary Teagarden further reviewed them and selected the best papers for an award. The Editor-in-Chief Mary Teagarden will present the three best paper awards at the conference.

## Organizers' Bios

**Dr. Ilan Alon** is Cornell Chair of International Business and Director of The China Center at Rollins College, and Visiting Scholar & Asia Fellow at Harvard University. He published 27 books, and over 100 peer-reviewed articles. His recent books on China include: Chinese Culture, Organizational Behavior and International Business Management (Greenwood, 2003), Chinese Economic Transition and International Marketing Strategy (Greenwood, 2003), Business and Management Education in China: Transition, Pedagogy and Training (World Scientific, 2005), The Globalization of Chinese Enterprises (Palgrave, 2008), Biographical Dictionary of New Chinese Entrepreneurs and Business Leaders (Edward Elgar Publishing, 2009), China Rules: Globalization and Political Transformation (Palgrave, 2009) A Guide to the Top 100 Companies in China (World Scientific, 2010). Entrepreneurial and Business Elites of China (Emerald, 2011).



Dr. Alon is a recipient of the Chinese Marketing Award, a dual award from the Tripod Marketing Association (China) and the Society for Marketing Advances (USA), and the prestigious Rollins College McKean Award for his work on education in China. He has taught courses in top Chinese MBA programs including Shanghai Jiao Tong University, Fudan University, East China University for Science and Technology and China Europe International Business School. He is also an international business consultant, with experience in China as well as other countries in Asia, the Middle East, Europe and America, and a featured speaker in many professional associations.

Ilan Alon, Crummer Graduate School of Business, Rollins College, Winter Park, FL, United States.  
E-mail: [ialon@rollins.edu](mailto:ialon@rollins.edu)

**Dr. Julian CHANG** is the executive director of the Rajawali Foundation Institute for Asia at Harvard Kennedy School's Ash Center for Democratic Governance and Innovation. He received his Ph.D. in political science from the Department of Government at Harvard University, where he also served as residential dean of Cabot House from 1993 to 1996, and worked in the University Development Office. He received his B.A. from Yale University and won a Yale-China fellowship to teach at Wuhan University, China.



In 1996, Chang went west to Stanford to become assistant director of the Center for East Asian Studies. In 1997, he helped to establish the Stanford Asia/Pacific Scholars Program, a university-wide fellowship program for graduate students from Asia. He joined Stanford's Asia Pacific Research Center (A/PARC) as deputy director in the fall of 1998 and returned to Harvard in 2001. His research interests include Sino-Soviet/Russian relations, Chinese enterprise reform and globalization, and mass media in China. He has edited several books on Asia, including *Economic Reform and Cross-Strait Relations: Taiwan and China in the WTO* (2007, with Steven Goldstein), *Presidential Politics in Taiwan: The Administration of Chen Shui-bian* (2008, with Steven Goldstein), and *China Rules: Globalization and Political Transformation* (2009, with Ilan Alon, Marc Fetscherin, Christoph Lattemann, and John McIntyre).

Julian Chang, John F. Kennedy School of Government, Harvard University, Cambridge, MA, United States. E-mail: [julian\\_chang@harvard.edu](mailto:julian_chang@harvard.edu)

## Conference Program

**Dr. Marc FETSCHERIN** is an Associate Professor of the Crummer Graduate School of Business and the International Business Department at Rollins College. He is also an Associate of the Rollins China Center as well as a Visiting Scholar at Harvard Kennedy School. He received his Ph.D. from the University of Bern, Switzerland. He holds two masters degree, one from the University of Lausanne, Hautes Etudes Commerciales (HEC), Switzerland and the London School of Economics (LSE), UK. He has published 3 books, multiple book chapters and journal articles. His latest and forthcoming book is about "*Chinese International Investments*" (2012). His articles have appeared in peer reviewed journals such *Management International Review, International Business Review, Thunderbird International Business Review, European Journal of International Management, Asian Business & Management, International Journal of Emerging Markets, Journal of Global Marketing, International Marketing Review, European Journal of Marketing, Journal of Brand Management, Journal of Place Branding and Public Diplomacy* and others.



Prof. Dr. Marc Fetscherin, Crummer Graduate School of Business & International Business Department, Rollins College, Winter Park, FL, United States. E-mail: [mfetscherin@rollins.edu](mailto:mfetscherin@rollins.edu)

**Dr. Christoph LATTEMANN** is Professor for Business Administration and Information Management at the Jacobs University Bremen and Visiting Scholar at the Harvard University. He has taught courses in top MBA programs such as Copenhagen Business School, Hasso Plattner Institute for Software Engineering, Educatis University in Switzerland and Universita Cattolica de Sacro Cuore. Formerly he held senior positions in project management in the financial industry for over four years. He has published more than 120 publications in journals, books and in conference proceedings. The latest articles are about corporate governance, corporate social responsibility, and information systems. He is member of various review boards and professional associations.



Prof. Dr. Christoph Lattemann, Jacobs University Bremen, Germany. E-mail: [c.lattemann@jacobs-university.de](mailto:c.lattemann@jacobs-university.de)

**Dr. John R. MCINTYRE** has been Director of the Georgia Tech Center for International Business Education and Research (CIBER), a national center of excellence, since 1993 and a full professor of international business management and international relations with joint appointments in the College of Management and the Sam Nunn School of International Affairs of the Georgia Institute of Technology, Atlanta, Georgia. He received his graduate education at McGill, Strasbourg and Northeastern Universities, obtaining his Ph.D. at the University of Georgia. Published in over 80 journals, reviews, and book chapters. He is author and co-editor of ten books, including *Business and Management Education in China: Transition, Pedagogy and Training* and *Globalization of Chinese Enterprises*. Recipient of numerous competitive grants to further the internationalization of business education and research. Extensive corporate consulting experience; expert in the aluminum industry.



Prof J. R. McIntyre, College of Management, Technology Square, 800 West Peachtree St, NE, Atlanta, Georgia, 30308-1149 USA. Email: [john.mcintyre@mgt.gatech.edu](mailto:john.mcintyre@mgt.gatech.edu)

**KEYNOTE SPEAKER: Prof. John CHILD**

(Tuesday, October 4, 8:30 - 9:30am)



**John Child** holds the degrees of MA, PhD, and ScD from the University of Cambridge. He is currently Professor Emeritus at the University of Birmingham, UK. He also holds visiting positions in Brazil and China. He was Dean of the Aston Business School 1986-1989, Director of the China-Europe Management Institute in Beijing 1989-1990 and Diageo Professor of Management at the University of Cambridge from 1991 to 2000. Professor Child is a Fellow of the Academy of Management, the Academy of International Business and the British Academy of Management. In 2006, he was elected a Fellow of the prestigious British Academy [FBA] in recognition of his work.

Professor Child has published 20 books and approximately 150 articles and book chapters. His book on *Management in China during the Age of Reform* was a pioneering treatment of its subject. He retains an active interest in China's international business involvement. His book on *Corporate Co-evolution* (with Suzana Rodrigues) won the Academy of Management Terry Award in 2009 and in 2012 he will be publishing a book on the development of China's largest and most modern container terminal focusing on how its majority non-Mainland investor managed the all-important relationship with government. He has served as Editor-in-Chief of the international journal *Organization Studies* and as Senior Editor of *Management and Organization Review* which is the official journal of the International Association for Chinese Management Research [IACMR].

John Child researches and consults in the fields of business organization and international business. Presently, he is particularly interested in how the design of organization contributes to wider problems in modern society, and how smaller firms internationalize.

**Selected books**

(with Suzana Rodrigues) *Corporate Co-evolution*. Wiley 2009.

*Organization: Contemporary Principles and Practice*. Blackwell 2005.

(with David Faulkner and Stephen Tallman) *Cooperative Strategy*. Oxford University Press 2005.

(with Sally Heavens) *Managing to Serve: Learning from Catering & Allied*. RH Business Books 2002.

(with David Faulkner and Robert Pitkethly). *The Management of International Acquisitions*. Oxford University Press 2001.

*Management in China During the Age of Reform*. Cambridge University Press 1994.

**KEYNOTE SPEAKER: Prof. Yadong LUO**

(Monday, October 3, 9:30 - 10:00 am)



Dr. Yadong Luo is the Emery M. Findley Distinguished Chair of Graduate Business Studies and Professor of Management at University of Miami, where he served as Chairman of Management Department. He is also an elected Fellow of Academy of International Business.

Professor Luo has emerged as the world's top research scholar in international management since the mid-90s. He has published over 150 articles in major refereed journals in international business and management, including AMJ, ASQ, AMR, SMJ, JIBS, JAP, Org. Science, among others. He also authored more than a dozen books and about a hundred other publications. His research interests include global corporate strategy, global corporate governance, international joint ventures, and management in emerging economies, among others. Professor Luo's research record includes seminal pieces on important and timely topics, such as co-opetition in international business, business-government relationships, cross-cultural cooperative strategies, multinational enterprises in emerging markets, and international expansion of emerging market enterprises. His writing on the recent development of business and management in emerging markets, notably China, is particularly path-breaking and offers a wealth of understanding of this critical context and business activities that are unfolding there. According to APJM (25/2, 2008 and 24/3, 2007), he was the world's most prolific author in leading international business journals between 1996 and 2006, and world's most prolific author on Chinese management (2000-2006).

Professor Luo received his Ph.D from Temple University. Prior to coming to the United States, he was a provincial official in charge of international business in China. Dr. Luo has been active in helping research, especially theory development, for many junior faculty and doctoral students in China. He is distinguished honorary professor of Sun Yen-Sen Business School, Fudan University, and Xian Jiaotong University.

**Selected Books**

International Business (Sage 2008 and Wiley 2003, with O. Shenkar)

Guanxi and Business (World Scientific, 2007, 2000)

Global Dimensions of Corporate Governance (Blackwell, 2006)

Co-opetition in International Business (Copenhagen Business School Press, 2004)

China's Service Sector: A New Battlefield for International Corporations (Copenhagen Business School Press, 2001)

How to Enter China: Choices and Lessons (Univ. of Michigan Press, 2000)

MNCs in China: Benefiting from Structural Transformation (Copenhagen Business School Press, 2000)

**KEYNOTE SPEAKER: Prof. Joseph NYE**

(Monday, October 3, Dinner, Private Program for Paid Registrants)



Joseph S. Nye, Jr., is University Distinguished Service Professor and former Dean of the Kennedy School of Government at Harvard University. He received his bachelor's degree summa cum laude from Princeton University in 1958, did postgraduate work at Oxford University on a Rhodes Scholarship, and earned a Ph.D. in political science from Harvard where he joined the faculty in 1964. In 2008, a poll of 2700 international relations scholars listed him as the most influential scholar on American foreign policy.

From 1977-79, Nye was a deputy Undersecretary of State and chaired the National Security Council Group on Nonproliferation of Nuclear Weapons. In 1993-94 he chaired the National Intelligence Council which prepares intelligence estimates for the president, and in 1994-95 served as Assistant Secretary of Defense for International Security Affairs. He won Distinguished Service medals from all three agencies.

Nye has published a dozen academic books, a novel, and more than 150 articles in professional and policy journals. His most recent books include *Soft Power*, *The Powers to Lead*, and *The Future of Power* which *The Economist* called "rigorous and convincing."

He is a fellow of the American Academy of Arts and Sciences, the British Academy, the American Academy of Diplomacy, and an honorary fellow of Exeter College, Oxford. He is the recipient of Princeton University's Woodrow Wilson Award, the Charles Merriam Award from the American Political Science Association, and various honorary degrees.

## Conference Program

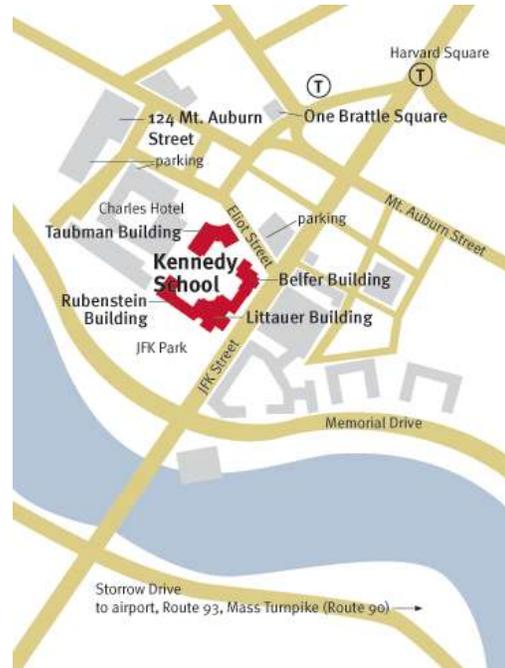
### Harvard Meeting Venue Map

#### Conference Location

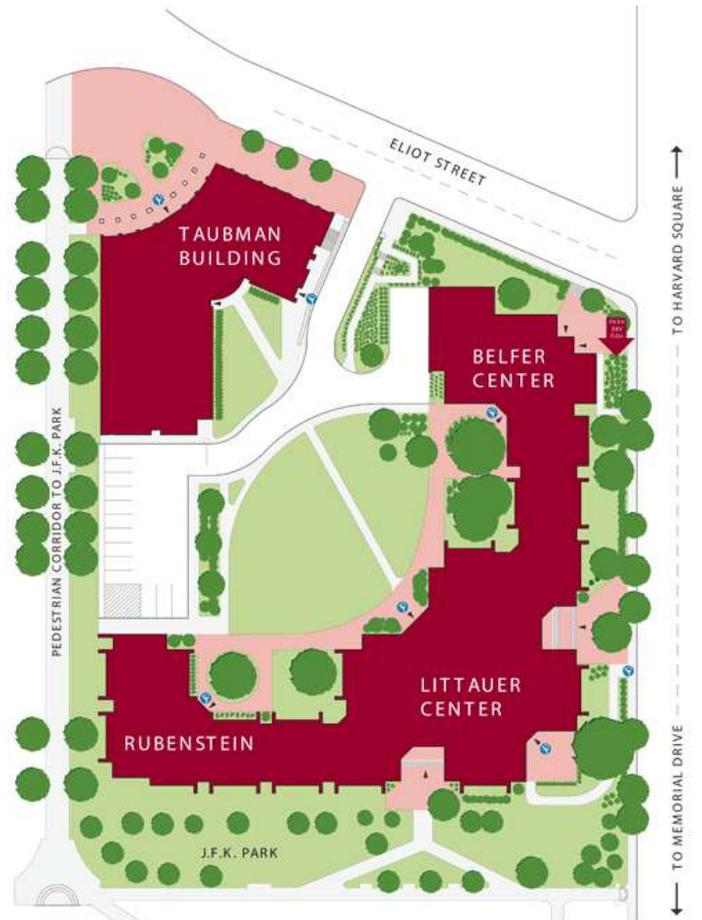
Harvard University  
Harvard Kennedy School  
Taubman Building  
79 JFK Street  
MA, 02318, Cambridge  
United States

#### Registration

Taubman Building (Ground floor, Rotunda)  
Sunday, October 2, 4:00 – 7:00 pm  
Monday, October 3, 8:00 – 9:00 am



### Detailed Harvard Kennedy School Map



## Conference Program

### Program at a Glance

#### Sunday, October 2, 2011

- 4:00 - 7:00 pm**    **Registration**  
(Ground Floor, Rotunda)
- 4:30 - 5:30 pm**    **Tour of Harvard** (Free - Optional)  
(Meet at Ground Floor, Rotunda)
- 6:00 - 7:00 pm**    **Chairs & Organizers Meetings** (Mandatory)  
(5<sup>th</sup> Floor, ADR)
- 7:00 - 10:00 pm**    **Private Program for Paid Registrants**  
(5<sup>th</sup> Floor, Nye, A,B,C)

#### Monday, October 3, 2011

- 8:00 - 9:00 am**    **Continental Breakfast/Registration**  
(Ground Floor, Rotunda)
- 8:30 - 9:00 am**    **Poster Presenters' Meeting** (Mandatory)  
(5<sup>th</sup> Floor, ADR)
- 9:00 - 9:15 am**    **Official Conference Welcome**  
(Ground Floor, Wiener Auditorium)
- 9:15 - 10:00 am**    **Keynote Speaker: Yadong Luo, University of Miami, USA**  
(Ground Floor, Wiener Auditorium)
- 10:00 - 10:15 am**    **Break and Relocation for Panels A, B & C to 5<sup>th</sup> Floor**
- 10:15 - 11:45 am**    **Session 1** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Theories of Chinese Firm Internationalization  
Panel B: Motives and Determinants of Chinese OFDI  
Panel C: Book Panel Discussion I
- 11:45 - 1:15 pm**    **Networking Lunch & Poster Presentation** (5<sup>th</sup> Floor, Nye A,B,C)
- 1:15 - 1:30 pm**    **Break**
- 1:30 - 3:00 pm**    **Session 2** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Strategic Management and Internationalization I  
Panel B: Corporate Social Responsibility - Green - Social  
Panel C: Chinese OFDI and the Role of Government Intervention I

## Conference Program

- 3:00 - 3:30 pm**    **Break** (5<sup>th</sup> Floor, Nye Reception Area)
- 3:30 - 5:00 pm**    **Session 3** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Strategic Management and Internationalization II  
Panel B: Chinese OFDI to Africa  
Panel C: Chinese OFDI and the Role of Government Intervention II
- 5:00 – 5:15 pm**    **Relocation to Ground Floor Rotunda**
- 5:15 – 5:30 pm**    **Group Photo**  
(Ground Floor, Rotunda)
- 5:30 – 6:00 pm**    **Break**
- 6:00 – 6:30 pm**    **Reception**  
(5<sup>th</sup> Floor, Nye A,B,C)
- 6:30 - 10:00 pm**    **Private Program for Paid** Registrants (5<sup>th</sup> Floor, Nye A,B,C)  
Incl. **Keynote Speaker: Joseph Nye, Harvard University, USA**

### Tuesday, October 4, 2011

- 8:00 - 8:45 am**    **Continental Breakfast**  
(Ground Floor, Rotunda)
- 8:45 - 9:30 am**    **Keynote Speaker: John Child, University of Birmingham, United Kingdom**  
(Ground Floor, Wiener Auditorium)
- 9:30 - 9:45 am**    **Break and Relocation to 5<sup>th</sup> Floor**
- 9:45 - 11:15 am**    **Session 4** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Strategic Management and Internationalization III  
Panel B: Different Aspects of Chinese OFDI  
Panel C: Book Panel Discussion II
- 11:15 - 11:30 am**    **Break**
- 11:30 - 1:00 pm**    **Session 5** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Strategic Management and Internationalization IV  
Panel B: Chinese OFDI to Europe  
Panel C: Chinese Brands
- 1:00 - 2:00 pm**    **Networking Lunch & Poster Presentation** (5<sup>th</sup> Floor, ADR)
- 2:00 - 3:00 pm**    **Session 6** (5<sup>th</sup> Floor, Nye A,B,C)  
Panel A: Location Choice of M&A's  
Panel B: Chinese OFDI to Africa and Latin America  
Panel C: China's Trade and Trade Agreements

## Conference Program

**3:00 - 3:15 pm**    **Break and Relocation to Ground Floor, Wiener Auditorium**

**3:15 - 4:00 pm**    **Expert Panel: Future Path of China & Chinese Companies**  
(Ground Floor, Wiener Auditorium)

**Closing Remarks from the Conference Organizers**

**Conference End**

\* subject to change

## Conference Program

### Detailed Conference Program

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- 10:00 - 10:15 am**                      **Break and Relocation for Panels A, B & C to 5<sup>th</sup> Floor**
- 10:15 - 11:45 am**                      **Session 1**

**Panel A: Theories of Chinese Firm Internationalization** (5<sup>th</sup> Floor, Nye A)

Chair: Mary Conway Dato-on, Rollins College, USA

*Perspectives, Prospects, and Challenges of Business Internationalization: The Case of China*  
Francis Schortgen, University of Mount Union, USA

*Theory and Practice of Emerging Market Firm Internationalization: Perspectives from Chinese Non-State Owned Entrepreneurship Ventures*  
Xiaohong He, Quinnipiac University, USA

*Resource-based Eclectic Paradigm for Internationalization of Chinese Companies*  
Yuefang Si, Justus-Liebig-University Giessen, Germany; Arman Peighambari, Justus-Liebig-University Giessen, Germany; Ingo Liefner, Justus-Liebig-University Giessen, Germany

## Conference Program

### **Panel B: Motives and Determinants of Chinese OFDI** (5<sup>th</sup> Floor, Nye B)

Chair: Mary Teagarden, Thunderbird School of Global Management, USA

#### *China Inc. Goes Global: Examining the Motivations and Strategies of the Largest Investors*

Gouyong Liang, United Nations Conference on Trade and Development, Switzerland; Shuaihua Cheng, International Center on Trade and Sustainable Development, Switzerland; Jianfeng Wu, University of International Business and Economics, China

#### *Unraveling the Complex Motivations Behind China's Outward FDI*

Hein Roelfsema, Utrecht School of Economics, Netherlands; Yi Zhang, Utrecht School of Economics, Netherlands

#### *Institutional Determinants of Chinese SMEs Internationalization. The Case of Jiangsu Province*

Guillermo Cardoza, IE Business School, Spain; Gaston Fornes, University of Bristol, United Kingdom; Ning Xu, Nanjing University, China

### **Panel C: Book Panel Discussion I** (5<sup>th</sup> Floor, Nye C)

Chair: David Reid, Seattle University, USA

#### *Research and Writing on the Chinese Global Entrepreneurship*

Wenxian Zhang, Rollins College, USA; Ilan Alon, Rollins College, USA; Huiyao Wang, Center for China and Globalization, China

#### *Shaping China's Innovation Future: University Technology Transfer in Transition*

John Orcutt, University of New Hampshire, USA; Hong Shen, Partner Logan Law Firm, China

#### *China and Product Safety: Disentangling the Facts from Fiction(s)*

Hari Bapuji, University of Manitoba, Canada; Manpreet Hora, Georgia Institute of Technology, USA

**11:45 - 1:15 pm**

### **Networking Lunch & Poster Presentation**

(5<sup>th</sup> Floor, Nye A,B,C)

#### *Effectuation versus Causation in Chinese High Tech Entrepreneurship: Strategic Framing based on Culture, Cognition, Institutional Context and Firm Development Phase*

Yipeng Liu, University of Mannheim, Germany; Andrew Isaak, University of Heidelberg, Germany; Yijun Xing, Beijing Jiaotong University, China

#### *The Evolution of the Business Strategies and Models of Foreign Multinational Companies in China*

Stephane Coude, XSM2 Group Inc., Canada

#### *Analysis about the PAC – Programme for Acceleration of Growth in Brazil Applied to China*

Flavio de Sao Pedro Filho, Foundation Federal University of Rondonia, Brazil; Irene Yoko Taguchi Sakuno, Foundation Federal University of Rondônia, Brazil

#### *China's Outward Foreign Direct Investment: The Role of Country of Origin*

Dr. Paz Estrella Tolentine, University of London, United Kingdom

#### *ICT and Political Manifestation in China- A Conceptual Analysis*

Alexander Dawoody, Marywood University, USA

#### *Chinese Companies Go Global: An Analysis on Determinants of Internationalization and Performance Implications*

## Conference Program

Thomas Adam Sowa, Otto-von-Guericke-University Magdeburg, Germany

*Fighting on Behalf of a Greener Environment- An Advancement of Global Business Ethics in China*  
Ruth Wolf, Bar-Ilan University, Israel

*The Internationalization of China's Talent Development Strategy*  
Jie Hao, The University of Sydney, China

*Bilateral Protection of Foreign Government Controlled Investments: The Case of China*  
Fabio Bassan, University of Roma Tre, Italy

*An Analytical Research on the Globalization Strategies of Guangdong's Key Enterprises*  
Li Qing, Guangdong University of Foreign Studies, China; He Xuan, Guangdong University of Foreign Studies, China; Xu Chengsheng, Guangdong University of Foreign Studies, China; Zheng Jinshu, Guangdong University of Foreign Studies, China

*Searching for Alphas in Chinese Funds: Facts or Fantasy?*  
Halil Kiyamaz, Rollins College, USA

**1:15 - 1:30 pm**

**Break**

**1:30 - 3:00 pm**

**Session 2**

**Panel A: Strategic Management and Internationalization I** (5<sup>th</sup> Floor, Nye A)

Chair: Oskar Kayasan, University of London, United Kingdom

*Modeling Identity. The Financial Crisis and International Status*  
Dominik Mierzejewski, University of Lods, Poland

*Conceptual Openness and Actor Focus in Research on International Business Relationships*  
Guido Moellering, Jacobs University Bremen, Germany

**Panel B: Corporate Social Responsibility- Green- Social** (5<sup>th</sup> Floor, Nye B)

Chair: Claus Dierksmeier, Stonehill College, USA

*Corporate Social Responsibility in Hong Kong: Distinguishing Between Economic and Social Motivations*

Helen Wei Hu, University of Melbourne, Australia; Pattarin Adithipyangkul, City University of Hong Kong, Hong Kong; Liqiang Ni, University of Central Florida, USA; Ilan Alon, Rollins College, USA

*Sailing the Green Ocean*  
Paul L. Ross, Alcatel-Lucent, USA

*Post Reform Corporate Governance and Asymmetric Pay for Performance for Chinese Top Executives*

James J. Cordeiro, College of Brockport State University of New York, USA; Lerong He, College of Brockport State University of New York, USA; Martin Conyon, University of Pennsylvania Wharton School, USA; Tara Shaw, India Development Foundation, India

*Economic Success and Happiness. Interesting Lessons from China.*  
Hilke Brockmann, Jacobs University, Germany

**Panel C: Chinese OFDI and the Role of Government Intervention I** (5<sup>th</sup> Floor, Nye C)

Chair: Hinrich Voss, University of Leeds, United Kingdom

*On the Effectiveness of Overseas Investment Directives of the Chinese Government*

Johannes Meuer, Rotterdam School of Management, Netherlands; Tao Wang, Xidian University, China; Barbara Krug, Rotterdam School of Management, Netherlands; Patrick Reinmoeller, Crainfield School of Management, United Kingdom

*Revisiting the OLI Paradigm: How Does the Role of the State Influence Chinese Firms' OFDI*

Hao Liang, Tilburg University, Netherlands; Haikun Zhu, Nankai University, China; Bing Ren, Nankai University, China

*Between Restriction and Promotion: The Chinese Governments Service System for Outward Investment*

Cora Francisca Jungbluth, University of Freiburg, Germany

**3:00 - 3:30 pm**

**Break** (5<sup>th</sup> Floor, Nye Reception Area)

**3:30 - 5:00 pm**

**Session 3**

**Panel A: Strategic Management and Internalization II** (5<sup>th</sup> Floor, Nye A)

Chair: Patrick Link, University of Applied Sciences and Arts Lucerne, Switzerland

*Footloose and Fancy-Free: Sojourning Entrepreneurs in China*

Tamar Almor, College of Management, Israel; Orly Yehezkel, Tel Aviv Yaffo Academic College, Israel

*Knowledge Capital, Endogenous Growth and Regional Disparities in Productivity: Multi-level Evidence from China*

Yudan Gong, Aston University, United Kingdom; Xiaolan Fu, Oxford University, United Kingdom; Shujin Zhu, Hunan University, China

*Local and Foreign Institutional Investors, Information Asymmetries, and State Ownership*

Sara Xiaoya Ding, University of San Francisco, USA; Omrane Guedhami, University of South Carolina, USA; Yang Ni, Shanghai Jiao Tong University, China; Jeffrey A. Pittman, Memorial University of Newfoundland, Canada

**Panel B: Chinese OFDI to Africa** (5<sup>th</sup> Floor, Nye B)

Chair: Gouyong Liang, United Nations Conference on Trade and Development, Switzerland

*Effects of Political Risk on Chinese Contracted Projects in Africa: an Analysis of the Libya Crisis*

Juan Zhang, Shanghai Institute of Foreign Trade, China; William X. Wie, Grant MacEwan University, Canada

*Assessing China's Role in Foreign*

Sanne van der Lugt, Stellenbosch University, South Africa; Victoria Hamblin, Stellenbosch University, South Africa; Meryl Burgess, Stellenbosch University, South Africa; Elizabeth Schickerling, Stellenbosch University, South Africa

*Is Chinese FDI in Africa Different?*

Gayle Jean Allard, IE Business School, Spain

***China's FDI & Special Economic Zones in Africa: The Egyptian Case***

Conference Program

Ahmad El-Gohari, University of Wales, United Kingdom; Dylan Sutherland, University of Nottingham, United Kingdom

**Panel C: Chinese OFDI and the Role of Government Intervention II** (5<sup>th</sup> Floor, Nye C)

Chair: Wenxian Zhang, Rollins College, USA

*China's Outward Foreign Direct Investment Experiment: The Case of the China Investment Corporation*

Ji Chen, University of Colorado Denver, USA; Stephen Thomas, University of Colorado Denver, USA

*U.S. - China Relations in the Context of Rare Earth Development*

Casey Lucius, Naval War College, USA

*State Capitalism and the Future of the Global Economy*

Thomas Lairson, Rollins College, USA

**5:00 – 5:15 pm Relocation to Ground Floor Rotunda**

**5:15 – 5:30 pm Group Photo**  
(Ground Floor, Rotunda)

**5:30 – 6:00 pm Break**

**6:00 – 6:30 pm Reception**  
(5<sup>th</sup> Floor, Nye A,B,C)

**6:30 - 10:00 pm Private Program for Paid Registrants** (5<sup>th</sup> Floor, Nye A,B,C)  
Incl. **Keynote Speaker: Joseph Nye, Harvard University, USA**

Conference Program

**Tuesday, October 4, 2011**

**8:00 - 8:45 am**

**Continental Breakfast**  
(Ground Floor, Rotunda)

**8:45 - 9:30 am**

**Keynote Speaker: John Child, University of Birmingham, United Kingdom**  
(Ground Floor, Wiener Auditorium)

**9:30 - 9:45 am**

**Break and Relocation to 5<sup>th</sup> Floor**

**9:45 - 11:15 am**

**Session 4**

**Panel A: Strategic Management and Internalization III** (5<sup>th</sup> Floor, Nye A)

Chair: Hilke Brockmann, Jacobs University, Germany

*The National and International Expansion of SMEs from China: Evidence from Anhui Province*  
Gaston Fornes, University of Bristol, United Kingdom; Guillermo Cardoza, Instituto de Empresa Business School, Spain; Song Xu, Anhui University of Finance and Economics, China

*Comparison of PRC and Indian Responses to the Elimination of US Textile and Apparel Quotas: Economic and Cultural Perspectives*

Amir Shoham, College of Management, Israel; Joseph Pelzman, George Washington University, USA

*China's Stock Market Reforms and its International Stock Market Linkages*

Hong Li, Kingston University, United Kingdom

*Beyond Neo-Techno Nationalism: An Introduction to China's Emergent Third Way*

Victoria Maree Higgins, University of Queensland, Australia

**Panel B: Different Aspects of Chinese OFDI** (5<sup>th</sup> Floor, Nye B)

Chair: Yudan Gong, Aston University, United Kingdom

*Structural Development of the Ports of Shanghai and Mumbai: Comparative Fieldwork Analysis*  
Davinder Kaur Gill, University of Cambridge, USA

*Home Sub-National Institutional Effects on outward Foreign Direct Investment: Evidences from Chinese Companies Investing in Advanced Economies*

Victor Z. Chen, Simon Fraser University, Canada

*China's Foreign Direct Investment in the ASEAN Region Analysis of Push and Pull Factors*

Margot Schueller, GIGA Institute of Asian Studies, Germany

*Motives and Patterns of Chinese Manufacturing Firm Investments in Developed Countries*

Xiaobo Wu, Zhejiang University, China; Wanling Ding, Zhejiang University, China; Yongjiang Shi, University of Cambridge, USA

**Panel C: Book Panel Discussion II** (5<sup>th</sup> Floor, Nye C)

Chair: Xiaohua Yang, University of San Francisco, USA

Conference Program

*"Remade in China: Foreign Investors and Institutional Change"*

Scott Wilson, Sewanee: The University of the South, USA

*China and the Transformation of Global Capitalism, John Hopkins University Press 2009*

Ho-fung Hung, Johns Hopkins University, USA

*China and Globalization: The Social, Economic and Political Transformation of Chinese Society, 2<sup>nd</sup> Edition*

Doug Guthrie, George Washington University, USA

*Chinese Traditional Culture and Management*

Juan Antonio Fernandez, CEIBS, China

**11:15 - 11:30 am**

**Break**

**11:30 - 1:00 pm**

**Session 5**

**Panel A: Strategic Management and Internationalization IV** (5<sup>th</sup> Floor, Nye A)

Chair: Amir Shoham, College of Management, Israel

*The Effects of OFDI on Home Country Investment: The Roles of China and Industry Characteristics*

Peter J. Sher, National Chi Nan University, Taiwan; Wen Chung Hsu, National Chi Nan University, Taiwan; Wei Xing Zhao, Chinese Academy of Social Science, China; Hsin Mei Lin, National Chi Nan University, Taiwan

*International Input-Output Dynamics as a Measure of the Geography of Value Distribution across Asia and of Market Integration in Three Industries*

Gabriele Suder, SKEMA Business School, France; Satoshi Inomata, Institute of Developing Economies, Japan; Irina Jormanainen, Aalto University School of Economics, Finland; Bo Meng, Institute of Developing Economies, Japan

*Mixture of Yin Yang Management and Western Management in Firms in China*

Hans Jansson, Linnaeus University, Sweden; Sten Soderman, Stockholm University, Sweden

**Panel B: Chinese OFDI to Europe** (5<sup>th</sup> Floor, Nye B)

Chair: Maureen Lewis, Duke University, USA

*Institutional Dynamism in China and the Growing Strategic Importance of Product Safety, Environmental and Labor Best Practices*

Mary Teagarden, Thunderbird School of Global Management, USA; Andreas Schotter, Thunderbird School of Global Management, USA

*Motivations and Determinants of Chinese FDI in Turkey: Context and Two Case Studies*

Nicholas Imperato, University of San Francisco, USA; Diana Trexler, University of San Francisco, USA; Cihan Gursoy, Sanbacl University, Turkey

*Internationalization of Chinese Companies in a Small Developed Economy: Institutional Challenges of Chinese Investment in Finland*

Erja Kettunen, Aalto University School of Economics, Finland; Riitta Kosonen, Aalto University School of Economics, Finland

## Conference Program

### **Panel C: Chinese Brands** (5<sup>th</sup> Floor, Nye C)

**Chair:** Yipeng Liu, University of Mannheim, Germany

#### *Meaningfulness, Memorability and Likability of Chinese Brand Names in International Markets*

Marc Fetscherin, Rollins College, USA; Rachael Abbott, Rollins College, USA

#### *Chinese Traditional Brands for the World*

Waldemar Adam Pfoertsch, CEIBS, China; Bei Yang\*

#### *The Evolution of China's National Branding Strategy since 1978*

Chen Liu, Beijing Foreign Studies University, China

**1:00 - 2:00 pm**

### **Networking Lunch & Poster Presentation**

(5<sup>th</sup> Floor, ADR)

#### *Investing in China, Is What You See What You Get?*

Nigel Driffield Aston University, United Kingdom; Jun Du, Aston University, United Kingdom

#### *Formation of Environmental Management Strategy for Chinese Manufacturing Firms: An Integration of Institutional and Strategic Behavior Approaches*

Yuanfei Kang, Massey University, New Zealand

#### *Female Entrepreneurship in China: Opportunity or Necessity Based?*

Tonia Warnecke, Rollins College, USA; Nick Nunn, Rollins College, USA; Lucas Hernandez, Rollins College, USA

#### *The Emergence of Pyramidal Business Groups in the Rise of Chinese Enterprises*

Dylan Sutherland, Nottingham University, United Kingdom; Lutao Ning, Durham University, United Kingdom

#### *Venture Capital Risk in Transition Economies: Evidence from China*

Charles Chen, University of Phoenix, USA; James Richardson, University of Hawaii, USA

#### *The Drivers of Investing in China: The Comparison of Perspectives of RBV and MBV*

Peter Sher, National Chi Nan University, Taiwan; Hsin-Mei Lin, National Chi Nan University, Taiwan; Wen Chung Hsu, National Chi Nan University, Taiwan; Yi-Tien Shih, National Chi Nan University, Taiwan; I-Fen Yen, National Chi Nan University, Taiwan

#### *China, a Rising Power in Central Asia*

May Hongmei Gao, Kennesaw State University, USA; Sairagul Kurmanalievna Matikeeva, Kennesaw State University, USA

#### *The Relationships among Customer Participation, Customer Value and Satisfaction: The Case of Service Consumers in China*

Tao (Tony) Gao, Northeastern University, USA; Mingli Zhang, Beihang University, China; Wei Jia, Beijing Forestry University, China

#### *Innovation Challenges: Paradoxes and Opportunities in China*

Rachid Alami, International University of Rabat, Morocco; Mathias Mondo, University of Rennes, France

#### *China's Growing Role in Central Asia: Emerging New Rules of Engagement*

## Conference Program

Oskar Kayasan, European Research Centre, United Kingdom

**2:00 - 3:00 pm**

### Session 6

#### **Panel A: Location Choice of M&A's** (5<sup>th</sup> Floor, Nye A)

Chair: Juan Antonio Fernandez, China Europe International Business School, China

*Cultural Influences, Absorptive Capacity, and Integration Mode in International Mergers and Acquisitions: Light-touch Approach of Chinese Cross Border M&A in Germany.*

Yipeng Liu, University of Mannheim, Germany; Michael Woywode, University of Mannheim, Germany

*Location Strategy and Firm Value Creation: The Case of Chinese MNEs*

Yang Yang, University of San Francisco, USA & Renmin University, China; Xiaohua Yang, University of San Francisco, USA; Barry Doyle, University of San Francisco, USA

*Examining Strategic Issues in Merger of Asian and Western MNCs: Holistic Cross Cultural Imperatives*

Sajal Kabiraj, Dongbei University of Finance and Economics, China

#### **Panel B: Chinese OFDI to Africa and Latin America** (5<sup>th</sup> Floor, Nye B)

Chair: Halil Kiyamaz, Rollins College, USA

*Chinese MNCs in Latin America. An Analysis of their Characteristics and a Comparison with their Investments in Developed Countries*

Gaston Fornes, University of Bristol, United Kingdom; Alan Butt-Phillip, ESIC Business and Marketing School, United Kingdom

*A New Imperialism? Assessing the Impact of Chinese ODI in Africa*

Makda Maru, Kennesaw State University, USA; Senai Abraha, Kennesaw State University, USA; May Hongmei Gao, Kennesaw State University, USA

*China in Ghana: Rethinking Economic Liberalization Sub Saharan Africa*

Richard Aidoo, Coastal Carolina University, USA

*Proactivity of the Chinese Mining Investment in Latin America*

Xiaohuan Tang, Jinzhao Mining Peru, China

#### **Panel C: China's Trade and Trade Agreements** (5<sup>th</sup> Floor, Nye C)

Chair: TBD

*Trade Dispute Resolutions Under the WTO Regime: A Case Study on US-China Trade Contacts*

Pei-Shan Kao, National Chiao Tung University, Taiwan

*Why China is not a Member of the Government Procurement Agreement of the World Trade Organization*

Stephane Coude, XSM2 Group Inc., Canada; Prosper Bernard Jr., City University of New York, USA; Guijiang Lu, Research Assistant, XSM2 Group Inc., Canada

*Inside the China-EU Bilateral Foreign Direct Investment Bond*

Jeremy Clegg, University of Leeds, United Kingdom; Hinrich Voss, University of Leeds, United Kingdom

## Conference Program

**3:00 - 3:15 pm**

**Break and Relocation to Ground Floor, Wiener Auditorium**

**3:15 - 4:00 pm**

**Expert Panel: Future Path of China & Chinese Companies**

(Ground Floor, Wiener Auditorium)

*Moderator*

Xiaohua Yang, University of San Francisco, USA;

*Panelists*

- Ho-fung Hung, The Johns Hopkins University, USA
- Ilan Alon, Rollins College, USA
- Julian Chang, Harvard University, USA
- Juan Antonio Fernandez, China Europe International Business School, China
- John Orcutt, University of New Hampshire, USA
- Dean Doug Guthrie, George Washington University, USA
- John Child, University of Birmingham, United Kingdom

**Closing Remarks from the Conference Organizers**

*Program Subject to Change*

**Abstracts**

**Monday, October 3, 2011**

**SESSION 1**

**Panel A: Theories of Chinese Firm Internationalization**

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***Perspectives, Prospects, and Challenges of Business Internationalization: The Case of China***

Francis Schortgen, University of Mount Union, USA

**Purpose:** The purpose of this paper is to suggest a missing conceptual link in the study of Chinese business internationalization, as presented in the academic literature and as evaluated by vested interests in recipient economies targeted by Chinese outward foreign direct investment activities. Owing to prevailing tendencies for politicization of commercial activities, especially in advanced industrial economies, the resulting dogmatism precludes an objective and analytically rigorous evaluation of potential and/or real challenges *and* opportunities resulting from China's expanding global economic and commercial interests.

**Design/Methodology/Approach:** The paper utilizes a political perspective of business internationalization to discern the economic, security, and competitiveness framing concepts applied to the analysis of Chinese corporates' global ambitions in both advanced industrial and developing economies.

**Findings:** Comparative contextual analysis suggests that assessments of Chinese business internationalization in advanced industrial economies are rapidly becoming politicized, not least owing to concerns of Chinese corporates' expanding international influence effect, uncertainties over the ulterior motives of a militarily and economically ascending China, and reservations about China's state capitalist developmental model. In developing economies, meanwhile, the prospects of substantial Chinese economic and developmental assistance dwarf any immediate political concerns.

**Originality/Value:** This paper stresses the importance of incorporating the political context more forcefully in the study of Chinese business internationalization. The ultimate costs to the global economy of responding to China's internationalization with ideological blindness and emotional politicization cancel out any perceived short-term political, economic, or national security benefit.

***Theory and Practice of Emerging Market Firm Internationalization: Perspectives from Chinese Non-State Owned Entrepreneurship Ventures***

Xiaohong He, Quinnipiac University, USA

**Purpose:** The research intends to find out whether or not firms from emerging market in general and firms from China internationalize differently compared with firms from developed countries. Specifically, to find out what types of firms go global; what are the modes of entry into the global marketplace; what are driving forces for global business expansion; as well as where and when, in sequence, firms go global for export to direct investment.

**Design/Methodology/Approach:** Combination of interviews and nationwide survey data. It is descriptive in nature at this stage.

**Findings:** The research identifies some unique characteristics of non-state owned entrepreneurial ventures internationalization process.

**Research Limitations/Implications:** The finding is limited to non-SOEs. Data mainly came from provinces which have high concentration of entrepreneurial activities. The paper serves foundation for further data collection and hypotheses testing in the near future.

**Practical Implications:** Present findings suggest different and important challenges and opportunities as more entrepreneurial ventures from emerging markets enter the global

marketplace and in comparison with small & medium size firms (SMEs) from developed economies.

**Originality/Value:** The unique role of entrepreneurs in driving the global expansion of emerging market SMEs remains a relatively unstudied field. Field interviews and case studies in this context may prove especially valuable given the highly heterogeneous experiences of individual firms and the rich data available to this research methodology.

***Resource-based Eclectic Paradigm for Internationalization of Chinese Companies***

Yuefang Si, Justus-Liebig-University Giessen, Germany; Arman Peighambari, Justus-Liebig-University Giessen, Germany; Ingo Liefner, Justus-Liebig-University Giessen, Germany

**Purpose:** Why, where and how do the Latecomer companies (LCFs) lacking an ownership advantage, such as the Chinese MNEs, carry out FDI? Their behavior cannot be fully explained by Dunning's eclectic paradigm. In order to update the paradigm to explain LCFs' internationalization, we write this article as a theoretical exploration.

**Design/Methodology/Approach:** We firstly define the boundary of a firm according to the resource-based view (RBV), and then integrate RBV into the logic of making business decisions in the eclectic paradigm; finally we illustrate the history of a successful Chinese company-Huaiwei and use it as an example to test our new framework. We argue that the internationalization of an LCF is driven by its intent to promote their capabilities, to enhance its control over resources and to enlarge the scope and scale of the resources. Whether an LCF can carry out FDI depends on its capabilities. The locations with the most supplementary or complementary resources will be the top choices.

**Findings:** An LCF's internationalization can be realized by trading, network cooperation such as sub-contracting contracts, licensing, and et al. It is referred to as the resource-based eclectic paradigm, or capability, location and internalization advantage model.

**Originality/Value:** This model is a new attempt which restructures the eclectic paradigm based on RBV. This model gives a better explanation to the fact that LCFs carried out FDI to augment as well as to explore the competitive advantages via not only FDI but also networks and offers the researchers about an LCF's internationalization another theoretical view to use.

**Panel B: Motives and Determinants of Chinese OFDI**

***China Inc. Goes Global: Examining the Motivations and Strategies of the Largest Investors***

Gouyong Liang, United Nations Conference on Trade and Development, Switzerland; Shuaihua Cheng, International Center on Trade and Sustainable Development, Switzerland; Jianfeng Wu, University of International Business and Economics, China

**Purpose:** The paper examines the motivation of outward foreign direct investment (OFDI) by large Chinese companies and addresses the major strategic considerations that they face on their way of going global. It aims to explore the unique features of OFDI by Chinese firms and identify gaps in international business (IB) theories for interpreting the phenomenon of rising Chinese OFDI. By so doing, the paper points out to new directions of theoretical development.

**Design/Methodology/Approach:** The research is based on a systematic examination of OFDI activities by the top 50 overseas Chinese investors. Empirically, it adopts a multiple case study approach, and theoretically, it draws upon relevant theories in the IB literature.

**Findings:** The paper reveals that the dominance of State ownership, combined with other unique industrial and corporate characteristics, leads to the specific strength of large Chinese overseas investors and some salient features of their internationalization strategies and practices. For instance, financial support from the State makes it feasible for Chinese companies to undertake extremely large cross-border M&As, the performance implications of which deserve particular attention.

**Research Limitation/Implications:** The paper has taken necessary steps of theoretical development for interpreting the unique motives and strategies of OFDI by large Chinese companies. However, specific hypotheses need to be developed in order to improve the existing theory.

**Originality/Value:** For the first time, the paper identifies unique motives and strategies of OFDI by large Chinese companies and explores the reasons behind. It indicates new directions of theoretical progress and is useful for executives of Chinese companies responsible for developing a full-fledged internationalization strategy.

***Unraveling the Complex Motivations behind China's Outward FDI***

Hein Roelfsema, Utrecht School of Economics, Netherlands; Yi Zhang, Utrecht School of Economics, Netherlands

**Purpose:** We empirically investigate the dynamics of motivations behind China's outward foreign direct investment (FDI). In particular, this paper aims to reveal how host country characteristics affect China's outward FDI over time from 1994 to 2008.

**Design/Methodology/Approach:** In this paper, two specific empirical issues are discussed in detail. First, though exports and FDI are known to be closely related, either in a substitutable or complementary way, casual link between these two has not been clear. Second, the persistent property of FDI implies that a dynamic setting may be necessary to avoid model misspecification. Using the Arellano-Bover GMM dynamic panel estimation, we account for endogeneity issues due to unobserved country-specific factors and reverse causality.

**Findings:** We find that the relative importance of outward FDI motives changes through time. In the 1990s, China's outward FDI is mainly driven by its competitive advantages in labor intensive production. Over time, facilitating exports (transaction-enforcing) has become the dominant motivation driving outward FDI from China. Chinese multinationals in recent years also invest more in countries with larger domestic and regional markets, larger natural resource endowments, higher volumes of FDI flows towards China, as well as better institutions. We find no evidence for strategic asset seeking FDI.

***Institutional Determinants of Chinese SMEs Internationalization. The Case of Jiangsu Province***

Guillermo Cardoza, IE Business School, Spain; Gaston Fornes, University of Bristol, United Kingdom; Ning Xu, Nanjing University, China

**Purpose:** The paper aims to study the influence of the institutional environment on the international expansion of SMEs from China.

**Design/Methodology/Approach:** The study is based on 134 SMEs operating in Jiangsu Province, China. Data from these companies were analysed using multivariate regressions, and the models used the firms' export intensity as dependent variables. Seven models were run for the following variables, limited access to financial resources, inefficiencies in logistics and distribution in the home market, transport and insurance costs and payment collection methods, assistance from the government, adverse regulatory framework, state ownership, and public procurement.

**Findings:** The results show that access to financial resources, distribution inefficiencies, payment methods, and home regulatory framework influence the internationalisation of Jiangsu's SMEs.

**Originality/Value:** the paper concludes with an analysis of these findings compared with those in previous works.

**Panel C: Book Panel Discussion I**

***Research and Writing on the Chinese Global Entrepreneurship***

Wenxian Zhang, Rollins College, USA; Ilan Alon, Rollins College, USA; Huiyao Wang, Center for China and Globalization, China

With more than 1.3 billion people, China has the largest population and one of the fastest growing economies in the world. While much has been written about China's overall economy, much less is known about the key players helping to generate the growth, as most Westerners can only name a few top business leaders. In steps with the economic takeoff, Chinese entrepreneurship has also experienced a period of swift development over the past three decades. A new class of business elite – former government officials, private property owners, factory directors, village leaders, professional and technocratic managers, and young and urban yuppie executives – have seized unprecedented opportunities and become a driving force in the country's development.

***Shaping China's Innovation Future: University Technology Transfer in Transition***

John Orcutt, University of New Hampshire, USA; Hong Shen, Partner Logan Law Firm, China

"The creation and commercialization of new technologies are the driving force behind sustainable economic growth and social prosperity. Universities have proven to be an important source of new technological innovation in Western economies. Successful research universities can be instrumental in supplying their surrounding economies with valuable commercial innovations around which a multitude of successful businesses-and even entire new industries-can be built. Since the 1980s, China has been working to develop the technology commercialization capacity of its universities. China's universities can provide a valuable tool for weaning the country from its foreign technology dependence and to provide the nucleus for future technology-based economic development. Substantial progress has been made, and university technology commercialization has the ability to become a crown jewel for Chinese economic development at some point in the future. But that time has not yet arrived. Technology commercialization by Chinese universities has improved, but it remains a small part of China's ability to generate domestic innovations. Because university technology commercialization is predominantly a "law-based" strategy, *Shaping China's Innovation Future* examines whether China's legal system adequately supports such efforts. Since the law does not operate in isolation, the authors conduct their analysis through the lens of China's overall innovation system. The holistic approach enables the authors to provide a more accurate analysis of the Chinese legal system's ability to support university technology commercialization. It also helps to generate useful insights on the strengths, weaknesses and future of the country's commercialization efforts."

***China and Product Safety: Disentangling the Facts from Fiction***

Hari Bapuji, University of Manitoba, Canada; Manpreet Hora, Georgia Institute of Technology, USA

Following the rise of China's role in the global economy and subsequent product recalls, concerns have often been expressed about the safety of products made in China. In order to examine the validity of these concerns, we analyze the U.S. toy recalls issued in the last 20 years and find that (i) the proportion of Chinese made toys in US recalls are merely a reflection of increased imports from China, (ii) recalls due to manufacturing flaws (and thus directly attributable) to poor manufacturing in China are far fewer than recalls due to design flaws (attributable to toy company headquarters, typically in the US), (iii) recalls issued by retailers and distributors have been rising over the years, which points to the possibility that safety issues arise not because of poor manufacturing in China, but because organizations with little relevant experience began to

source products from China. Accordingly, we suggest that the prevalent notions about poor quality of Chinese manufacturing are not supported by the data, but likely arise from the cognitive biases of Western consumers and other stakeholders who discount information related to high quality in Chinese made products, but pay special attention to fewer cases of problems.

## POSTER PRESENTATIONS

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### ***Effectuation versus Causation in Chinese High Tech Entrepreneurship: Strategic Framing based on Culture, Cognition, Institutional Context and Firm Development Phase***

Yipeng Liu, University of Mannheim, Germany; Andrew Isaak, University of Heidelberg, Germany; Yijun Xing Beijing Jiaotong University, China

**Purpose:** Given the tremendous institutional transformation and growth in China, we explore the entrepreneurial decision-making mechanisms adopted by high-tech Chinese entrepreneurs, and how culture, cognition and the institutional environment affect the entrepreneur's domain-specific logic orientations.

**Design/Methodology/Approach:** By using fine-grained qualitative case study approach, we conducted in-depth interviews with high-tech entrepreneurs in China.

**Findings:** A conceptual framework is proposed to underscores the antecedents to the domain specific logic orientations adopted by Chinese high-tech entrepreneurs. Effectuating entrepreneurs are theorized to employ a set of decision-making heuristics under uncertainty that de-emphasize predicting future outcomes or events. We believe that the proposed spectrum between causation and effectuation contributes to the recent scholarly inquiry in entrepreneurial cognition.

**Research Limitations/Implications:** Further research requires empirically testing the conceptual framework proposed, such as survey-based quantitative studies. In addition, a meta-level analysis is encouraged which might provide the encompassing framework necessary to explain differing logic orientations among entrepreneurs in different institutional environments.

**Originality/Value:** This paper marks a novel cross-cultural approach to entrepreneurial reasoning and is to our knowledge the first such approach to integrate effectuation in the context of Chinese entrepreneurship.

### ***The Evolution of the Business Strategies and Models of Foreign Multinational Companies in China***

Stephane Coude, XSM2 Group Inc., Canada

**Purpose:** FMNCs have learned from their past experience that following the Chinese market laws can generate new competition from Chinese corporation in world market of renewable energy from China due to the knowledge they themselves transferred into China. Under those circumstances, how does FMNCs had adapted and will adapt their strategies and business models to keep accessing the important Chinese market of renewable energy in short term and durably protect their other markets?

**Design/Methodology/Approach:** The research design is a study case built on an environment analysis approach (Porter's competitive environment analysis, Pestel analysis and comparative analysis) to first build a better understanding of the case. Therefore, centered semi directed interviews will be performed with key decider from FMNCs present in China in the sector of renewable energy.

**Findings:** Based on preliminary research and field observation, it seems that FMNCs have adopted, or are in the process to adopt, new strategies and business models that are not necessarily align with theories. I still think of this research project as a potential build theory project, or at least to confirm or infirm existing theories in research strategy field that have been build in the occidental world. This part is not yet complete.

**Practical Implications:** Contribute to bring to academic and business practitioners an improvement in understanding the business strategies and models in the context of innovation protection and business development in China.

**Originality/Value:** This case study is build on an actual problematic and propose an approach based on observation of facts and experiences from FMNCs.

***Analysis about the PAC – Programme for Acceleration of Growth in Brazil Applied to China***

Flavio de Sao Pedro Filho, Foundation Federal University of Rondonia, Brazil; Irene Yoko Taguchi Sakuno, Foundation Federal University of Rondônia, Brazil

**Purpose:** We aim demonstrate public policy strategy for sustainable economic growth. We considered the performance of the Growth Acceleration Program (PAC) in Northeast Brazil, and stimulation for equate other regions of Brazil, including the share of his GDP performance on increase higher than China, Russia and India between 2006 and 2008. We encourage validate idea for the Autonomous Regions of China to own economic expansion.

**Design/Methodology/Approach:** The approach follows the Keynesian theory through qualitative research, with the critical method and procedures related. We identified potential in the regions of Xinjiang, Inner Mongolia, Tibet, Ningxia and Guangxi; we considered the unsatisfactory outcome in the face of potential; is constituted the paradox because have positive performance of exports has while the regional economy declined so who recommends convergence. These elements serve to reflect the decision of observers entrepreneurs and governments in addressing the bilateral business.

**Research Limitations:** The study has limitations such as lack of comparable data, common in totalitarian countries and lack of freedom in relations of mutual interest. This study is still in preparation for publication.

**Implications:** Practical implications are evident, especially in Chinese, Brazilian and American partnership for research to exploring oil and gas in the Region of Xinjiang, and mineral processing industry in the region of Mongolia and Ningxia, and also tourism projects and quality policy of life in Tibet and Guangxi Regions. Inspires social implications as participatory learning for the welfare of the Chinese citizen. This task serves as innovative suggestion in business government relations to economic growth and development of nations.

***China's Outward Foreign Direct Investment: The Role of Country of Origin***

Dr. Paz Estrelle Tolentine, University of London, United Kingdom

**Purpose:** The research examines the relationships among a range of home country-specific macroeconomic factors and the level of China's outward FDI flows using multiple time-series data from 1982 to 2008. The focus is on the inference of Granger causality as well as the determination of the endogenous structure and short-term dynamic relationships of the multiple time series.

**Design/Methodology/Approach:** A vector autoregressive (VAR) model assesses the causal relationships of the endogenous variables, the contribution of changes in each variable in the system of equations to the variance in each variable, and investigates the dynamic impact of the changes in one variable on the other system variables.

**Findings:** Apart from outward FDI itself, the openness of the Chinese economy to international trade, domestic technological innovation, and domestic interest and exchange rates are significant home country-specific determinants of China's outward FDI flows. These variables contain useful information for predicting China's outward FDI (in the linear least squares sense) over and above the history of outward FDI itself. China's outward FDI flows in turn are essentially exogenous to all system variables other than itself.

**Originality/Value:** The research explains the direction of causality between a range of home country-specific macroeconomic factors and China's outward FDI flows where common sense,

theory or previous empirical studies did not provide clarity. The increasing advancement of China and its multinational companies provide a basis for re-evaluating current views and perceptions.

***ICT and Political Manifestation in China- A Conceptual Analysis***

Alexander Dawoody, Marywood University, USA

**Purpose:** The removal of Textile and Apparel quotas created opportunities for India and China along with other developing countries, but it will also expose them to additional competition from each other. Understanding the outcome of this new environment in the US textile and apparel markets is the main reason for conducting this research.

**Design/Methodology/Approach:** We present an economic model for estimating the demand side competition between China and India. The results presented in that section include own- and cross- price elasticities across the subgroup of products where there is competition on the demand side. We also present a comparison in the supply side responses between the Chinese and Indian T&A sectors.

**Findings:** The outcome of this competition will depend on the demand in the US, the ability of the exporting countries to differentiate their exports and on their ability to transfer additional resources to expand domestic output in the direction of the new 'free market signals' and away from rent seeking objectives.

**Originality/Value:** This paper sheds some light on the differences and similarities in the responses of Chinese and Indian T&A sectors to this new environment. It first focuses on the demand side attempting to determine whether or not Chinese and Indian T&A items, formally under quota control, are substitutes or compliments. On the supply side, the paper focuses on institutional differences between each country's T&A sectors including cultural differences which will determine the future progress in each country's T&A sectors.

***Chinese Companies Go Global: An Analysis on Determinants of Internationalization and Performance Implications***

Thomas Adam Sowa, Otto-von-Guericke-University Magdeburg, Germany

**Purpose:** In the year 2010 China has surpassed Japan as the worlds" second-largest economy. This is a result of a truly impressive growth path which is inter alia reflecting in numerous economic activities beyond national boundaries. Several Chinese companies became the driving force behind the successful economic development. Therefore the purpose of this paper is in the first step to empirically investigate the determinants of the internalization and in the second step to reveal the extent and manner into which these determinants show performance implications on Chinese companies internalization endeavor.

**Design/Methodology/Approach:** This is a conceptual paper at current stage. It will adopt a two sided approach to the addressed topic above. A comprehensive review of the present literature shall first and foremost help to draw a guiding principle along which the major factors of success of Chinese internalization can be identified. In order to find out and underline the extent of the influence of the internationalization determinants, information will be collected and analyzed from multiple sources, including a questionnaire, company announcements, government publications and newspaper articles.

**Findings:** It is a conceptual paper at current stage. Nevertheless within this paper several determinants have been already discussed and set for further affirmation within the frame of a survey. In the main focus are: networks, knowledge intensity, age of entry, company size, environmental effects (governmental influence) and imitability.

**Research Limitations:** Presently the affirmation of possible factors of success of Chinese internalization is prepared and not carried out yet.

**Originality/Value:** To my best knowledge it is the first academic paper addressing the issue of Chinese internalization determinants and performance implications. It adds to the literature,

closes a research gap, seeks to stimulate further discussion and sets a platform for further research.

***Fighting on Behalf of a Greener Environment- An Advancement of Global Business Ethics in China***

Ruth Wolf, Bar-Ilan University, Israel

**Purpose:** To explain that preserving the environment and preventing pollution is necessary if China wants to trade with the West, which places importance on values and morals. The purpose of this article is to explain why China has experienced obstacles in regards to preservation of the environment and prevention of pollution. These obstacles lead to its bad reputation with the West.

**Design/Methodology/Approach:** Based on literature reviews, which highlight the problem of not preserving ecological surroundings and disregard for the environment. China learned from the West but did not come to sufficiently appreciate the value of preserving the environment.

**Research Limitations/Implications:** China has been improving immensely. More current research initiatives are required in order to address the current situation.

**Originality/Value:** Ethical guidance that is in accordance with standards of global trade is imperative in China. This must be addressed not only through laws and regulations, but also provided to the masses - producers, manufacturers, and firms. The article examines the Buddhist Approach as an Example of a Faith That Can Influence the Chinese Public To Preserve the Environment

***The Internationalization of China's Talent Development Strategy***

Jie Hao, The University of Sydney, China

**Purpose:** This paper aims to examine China's growth in the global arena from the perspective of its human resource development.

**Design/Methodology/Approach:** The study is a qualitative examination of several cases that employs content analysis. It interprets the Chinese government's latest policies, reports, plans, and documents.

**Findings:** The Chinese government has employed a variety of means in pursuing its goal of developing and recruiting quality international human resources. Representative plans include: the 12th Five-Year Plan, Medium-and-Long-Term Human Resource Plans, Education Reform and S&T Plans, national projects such as Project 985, Project 211, and the 5,000 Project, and programs such as Program 111 and the Thousand-Talent Program. These various initiatives, emerging out of different levels and subdivisions of government, aim to advance the state's talent development goals, a centre piece of China's broader process of "going global."

**Originality/Value:** The centrality of human resource development in China's broader internationalization process is often overlooked. The government's attempts to cultivate indigenous talent and attract returnees is not only a key factor in its domestic economic development, but also suggests China's changing approach toward integrating into an increasingly globalized world. It is essential that we understand China's ongoing transformation from a large labor-based economy to an innovative, talent-driven one, a process whose central component is the development of superior human resources.

***Bilateral Protection of Foreign Government Controlled Investments: The Case of China***

Fabio Bassan, University of Roma Tre, Italy

**Purpose:** This paper is divided into three main sections. The first one illustrates the mainstream scenario and its related topics: it describes what SWFs are and what home states, host states and international organizations aim to regulate.

**Design/Methodology/Approach:** The second section starts from the assumption that specific rules, if any, should be addressed to the species (FGCI) and not only to one of its genera (SWFs); it focus on the characterizing element of SWFs: sovereignty, and delves into how it affects bilateral relations among SWF home states. How the sovereign element influences both immunity (from jurisdiction or from execution) claims and Bilateral Investments Treaties (BITs) is indeed an open question. The third section applies this alternative pattern to the Chinese model, and describes how it would affect both the analysis and the assessment of Chinese global foreign investment strategy.

**Originality/Value:** The originality of this paper comes from the fact that it: (i) ties SWFs to other general state-owned investments; (ii) theorizes a direct relationship between Foreign Government Controlled Investments, state immunity and (alternatively) Bilateral Investment Treaties, and (iii) investigates whether (and how) it affects foreign Chinese government controlled investments.

### ***An Analytical Research on the Globalization Strategies of Guangdong's Key Enterprises***

Li Qing, Guangdong University of Foreign Studies, China; He Xuan, Guangdong University of Foreign Studies, China; Xu Chengsheng, Guangdong University of Foreign Studies, China; Zheng Jinshu, Guangdong University of Foreign Studies, China

**Purpose:** The work of this paper attempts an analytic research on Guangdong's key enterprises that are "going global" based on exhaustive materials and provides constructive suggestions for further studying and government decision-making.

**Design/Methodology/Approach:** The research adopts descriptive and explanatory method to describe the Guangdong's advantages and disadvantages in "Going Global" strategies, the difficulties and problems, the opportunities and challenges for key enterprises in Guangdong to "go global".

**Findings:** Based on the descriptive and explanatory research, this papers finds that the the difficulties and problems of policy environment for domestic services and foreign markets environment, and offers detailed strategies for Guangdong enterprises to "go global".

**Originality/Value:** During the post-crisis period, developing economies, headed by China, have attracted growing attention in terms of their significance and functions in the international economy. Scholars of previous studies tend to focus on the globalization of developed economies into developing economies, while the globalization of developing economies was left rarely-touched. The strategy for internationalization of developing countries, with China as the representative, is a critical gap of great theoretical and practical value. This paper intends to make sound analytic research on globalization of developing economies.

### ***Searching for Alphas in Chinese Funds: Facts or Fantasy?***

Halil Kiyamaz, Rollins College, USA

**Purpose:** This paper aims to examine the performance of Chinese mutual funds during the period of January 2000 and March 2011. As emerging market funds, they provide investors an alternative to expose their portfolios. These markets which have been developing very rapidly and differs from developed markets with respect to wide range of market and economic characteristics, including size, liquidity, and regulation.

**Design/Methodology/Approach:** This is an empirical paper that employs various performance measures. The data consisted of 479 Chinese funds in seven different categories including Aggressive Allocation (76), Moderate Aggressive Allocation (58), Equity Funds (151), Aggressive Bond Funds(50), Bond Funds (21), Money Market Funds (54) and QD II Funds (69).

**Findings:** The findings show that Chinese funds generate statistically significant alphas for their investors during the study period. The highest return is provided with Aggressive Allocation Funds followed by moderately Aggressive Allocation Funds. The average Jensen's alpha is the highest in Aggressive Allocation Group as well. QD II funds, on the other hand, do not provide any significant positive alpha; in several instances alphas are negative. Further analysis of subperiods indicates that these funds do not consistently provide excess returns and show great variations.

**Originality/Value:** This study adds value by focusing on Chinese funds and risk/return characteristics of these funds. The research will further explore factors explaining these returns.

## SESSION 2

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### Panel A: Strategic Management and Internationalization I

#### *Modeling Identity. The Financial Crisis and International Status*

Dominik Mierzejewski, University of Lodz, Poland

**Purpose:** The growing economic power reveals the problem of China's behavior and its international position. Using the constructivist method, mainly discussed in Beijing by Qin Yaqing, the Author discovers Chinese developing status, its origins and outcomes. As having been engaged in the World affairs as the UN or WTO member the question "who China is?" and "who China will be?" and more to the point how the responsible power will behave at the international arena?

**Design/Methodology/Approach:** The major objective of the paper is to analyze the Chinese dual track strategy. The policy makers in Beijing make a good use of being "among the developing ones" and build the pro-poorest coalition of good will. On the other, embracing globalization, China faces the problem of competitiveness in the global division of labor.

**Implications:** The basic problem to be answered in the paper is how China judges the West and what kind of argument it uses to build its identity at the first stage and, at the second, to build its own model of development. The second issue to be discovered is what kind of role developing countries play in shaping their identity and to what extent it might be useful in order to avoid the image of the next capitalist power?

**Findings:** In its findings the Author argues that the reality shows that the tactics of avoiding the capitalist logic of development and creating itself as the socialist-developing power might only hurt China's international competitiveness.

#### *Conceptual Openness and Actor Focus in Research on International Business Relationships*

Guido Moellering, Jacobs University Bremen, Germany

**Purpose:** The paper challenges narrow and detached methods in research on international business relationships and aims to demonstrate the benefits of conceptual openness and more ethnographic approaches.

**Design/Methodology/Approach:** The paper is written as a reflective essay. The concepts of culture, institutions, trust, and performance are used as examples for the need to study the variety of their empirical meanings and interpretations. This is backed up by references to prior empirical research in the literature.

**Findings:** The paper mainly provides sensitizing concepts for further research. New insights developed in the paper concern notions of cultural autology, institutional reflexivity, active trust, and performance transparency.

**Research Limitations/Implications:** The paper is limited by its purely conceptual approach. The value of conceptual openness and actor focus has been demonstrated in some studies but requires further research. The main implication is that researchers need to evaluate past, current

and future research projects (self-)critically in terms of the care that has been taken to contextualize the work and to understand local practices.

**Practical Implications:** The paper does not discuss practical implications in detail but it sends the message also to managers that they need to avoid narrowly pre-defined concepts and overly standardized processes when dealing with foreign partners.

**Social Implications:** The paper encourages openness between members of different societies and promotes the idea of responsible micro-institutionalization in international business relationships.

**Originality/Value:** The paper is mainly valuable for researchers who recognize the limitations of conventional methods in international business research and want to acquire new sensitizing concepts for their research designs.

### **Panel B: Corporate Social Responsibility- Green- Social**

#### ***Corporate Social Responsibility in Hong Kong: Distinguishing Between Economic and Social Motivations***

Helen Wei Hu, University of Melbourne, Australia; Pattarin Adithipyangkul, City University of Hong Kong, Hong Kong; Liqiang Ni, University of Central Florida, USA; Ilan Alon, Rollins College, USA

**Purpose:** The study examines the underlying causes associated with organizations' engagement in corporate social responsibility (CSR). In particular, we compare the economic cost-benefit perspective to social identity-based view to understand the motivations of firms to engaging in CSR activities.

**Design/Methodology/Approach:** Empirically, we examine the 43 Hang Seng Index constituent companies listed on the Hong Kong Stock Exchanges (HKEx) over the period of 2007-2008. Through a multi-level approach, we investigate the effects of the industry-, firm- and board-level on firms' CSR engagement.

**Findings:** Results of this study suggest that social identity theory provide a better explanation of HK companies' CSR engagement than the economic perspective. That is, when firms perceived themselves as better governed organizations, they are more inclined to do what good companies do – engaging in CSR activities.

**Originality/Value:** This study is among the first to examine the causes of CSR from both the economics and organizational studies literature. Our comparison of economic and social identity perspectives suggests that firms' perceived social identity is a more important driving force behind firms' CSR engagement, thus adding new evidence to the CSR debate.

#### ***Sailing the Green Ocean***

Paul L. Ross, Alcatel-Lucent, USA

**Purpose:** Understand the role sustainable responsibility plays in shaping the international market strategies of Chinese state-run enterprises, particularly those in the Oil and Petroleum industry

**Design/Methodology/Approach:** The study undertakes an analysis across three dimensions: conceptual, practical, and comparative. The evaluation is based on a comprehensive review of primary sources: company-issued documents, articles, and notes and secondary sources: market studies, manuscripts, and books.

**Findings:** The primary finding is that the CSR strategies of Chinese oil companies in overseas markets are broader and more refined than previous studies have suggested. In addition, differences in approach between Chinese and Western oil companies is not as great as expected and a good number of the apparent differences can be attributed to approach: strategic (Western) versus tactical (Chinese) and perception (image management and promotion).

**Research Limitations/Implications:** One of the key limitations to conducting research in this area is the availability of respondents. Executives of state-run companies, particularly overseas,

are wary of engaging in discussion of sustainable development related issues undoubtedly out of concern for upsetting the delicate balance they try to maintain.

**Practical Implications:** This study focuses almost exclusively on sustainable development, but it implies that state-run companies advancing in markets overseas are engaged in a range of strategic initiatives that fall into the category of what is commonly termed "soft power" (e.g. media relations, philanthropy, etc.) A follow-on to this study could be conducted *latitudinally*, evaluating the entire range of vehicles state-run companies are leveraging or *longitudinally*, considering how state-run companies are evolving sustainable development approaches over time.

### ***Post Reform Corporate Governance and Asymmetric Pay for Performance for Chinese Top Executives***

James J. Cordeiro, College of Brockport State University of New York, USA; Lerong He, College of Brockport State University of New York, USA; Martin Conyon, University of Pennsylvania Wharton School, USA; Tara Shaw, India Development Foundation, India

**Purpose:** We test the effectiveness of corporate governance (one of the themes of the China Goes Global Conference) in the early post-reform period by examining whether managerial influence in the Chinese corporate governance system will decouple firm performance from managerial compensation: managers are rewarded more for superior performance and penalized less for inferior performance. We also test whether corporate governance structure, as represented by the presence of a compensation committee, leadership singularity, proportion of independent directors impacts this asymmetry.

**Design/Methodology/Approach:** We use secondary data (for virtually all listed firms over 2001-2005) on top executive pay, firm performance measured in terms of accounting and market returns and a number of control variables (firm size, SOE ownership) and corporate governance variables and fixed-effects panel regressions.

**Findings:** The sensitivity between executive compensation and firm accounting performance is significantly stronger when firm accounting performance is positive, exceeds industry or regional average than when firm accounting performance is negative, below industry or regional average. The presence of a compensation committee appears to strengthen the asymmetry.

**Research Limitations/Implications:** We add to the growing literature on top executive compensation contracts in Chinese listed firms summarized in the paper.

**Practical Implications:** Our findings may guide reforms in corporate governance practices.

**Originality/Value:** This study is the first of its type and provides valuable evidence that managers in Chinese listed firms in the post-reform period may use their influence so that pay arrangements are structure asymmetrically to work in their favor.

### ***Economic Success and Happiness. Interesting Lessons from China.***

Hilke Brockmann, Jacobs University, Germany

**Purpose:** The purpose of this paper is to better understand the nexus of objective economic improvements and individual subjective well-being in China. Subjective well-being or happiness is evolving as a new behavioral paradigm for (social) scientists which promises to shed more light into the preference structure and into behavioral consequences of people in all kinds of areas. The study focuses on the effects of the development of absolute income and relative income distribution in China and in the BRICs world during the last 15 years. Their effects on happiness are crucial to understand and to predict the stability of markets.

**Design/Methodology/Approach:** With the World Value survey, we employ a representative cross-national longitudinal survey design. Regression analysis is used to disentangle the various influences and to identify the impact of income on individual happiness.

**Findings:** Since the Chinese government launched a massive reform program to fight poverty in 1978, China has experienced one of the most exceptional and enduring growth periods in history.

Despite these enormous improvements in material living standards, we witnessed a significant decline in subjective well-being during the 1990-2000 decade (Brockmann et al. 2009). Relative deprivation resulting from a very left-skewed income distribution which places a growing majority below mean income explains why more and more Chinese are frustrated achievers at the turn of the millennium. In this paper we update the findings with data from the last World Value survey 2005 and we carry the analysis further to the BRIC world.

**Research Limitations/Implications:** The Chinese data is not representative across regions but regions and internal migration are decisive in the income distribution of the country. We may underestimate the impact of this regional variability in China. Also, a survey design can only discover trends. Correlations may result from composition effects of the samples of the different waves. We try to address this problem statistically but without panel data we cannot absolutely count it out.

**Practical Implications:** Experts define (un)happiness as a proximate determinant of behavior. Learning how Chinese perceive and evaluate the rising income inequality in their country is a crucial indicator for stability and market behavior.

**Originality/Value:** The paper adds to the ongoing debate on happiness and market transition. Also it provides timely insights into the preference structure of Chinese consumers and workers. Moreover, a comparison with other transition economies helps to better understand the cultural particularities that foreigners face in China but not in Brazil, Russia or India.

### **Panel C: Chinese OFDI and the Role of Government Intervention I**

#### ***On the Effectiveness of Overseas Investment Directives of the Chinese Government***

Johannes Meuer, Rotterdam School of Management, Netherlands; Tao Wang, Xidian University, China; Barbara Krug, Rotterdam School of Management, Netherlands; Patrick Reinmoeller, Crainfield School of Management, United Kingdom

**Purpose:** Our analysis examines the effectiveness of China's state control over Chinese outward Mergers & Acquisitions (M&A).

**Design/Methodology/Approach:** The official documents, the 'Overseas Investment Directives of the Chinese Government' which recommend countries and industries are compared with the destination of actual Chinese outward M&A's between 1991 and 2010.

**Findings:** Our results refute the claim that China's overseas M&A's are controlled by its government. Although the 'Going Global' policy is accompanied by an increasing number of Chinese outward M&A's and with a considerable increase of the Chinese share in global M&A's, we find only limited evidence for the steering capacity of the political leadership. Rates of compliance with the official guidelines decline during the 2000s. Furthermore, disaggregating Outward Foreign Direct Investment (OFDI) into those undertaken by the state and the private sector shows the increasing weight of private OFDI as the main driver behind this development. We provide two interpretations for this finding.

**Research Limitations/Implications:** Our study recommends future research by supplementing the data with additional country, province and firm-specific information. One promising research agenda will focus on the selection of destinations which instead of following political guideline reflect herding behavior or market design considerations.

**Implications:** The 'Going Global' policy ultimately works as an instrument for controlling OFDI in the state sector only. State firms not known for their risk-loving behavior, leave the exploration of overseas M&A opportunities to the private sector, and only follow later once the new market has been opened up.

#### ***Revisiting the OLI Paradigm: How Does the Role of the State Influence Chinese Firms' OFDI***

Hao Liang, Tilburg University, Netherlands; Haikun Zhu, Nankai University, China; Bing Ren, Nankai University, China

**Purpose:** Existing theories on FDI fail to explain the aggressive outward foreign direct investment (OFDI) conducted by Chinese firms even under institutional disadvantages, and studies on the role of the state in driving China's OFDI lack a systematic framework. In this paper we try to combine three streams of literature on institutional theory, political economy and international business by incorporating the analysis of the role of the state into Dunning's OLI paradigm, to explain the specific OFDI patterns by Chinese firms in the recent decades. It also extends the conceptual framework raised in our last year's Harvard conference paper.

**Design/Methodology/Approach:** We supplement our previous theoretical institutional framework as in Ren, Liang & Zheng (2011) to analyze how the state changes Chinese firms' ownership, location, and internalization advantages (OLI). Through modifying the OLI paradigm by incorporating the role of the state, we try to link our theory to the recent occurrences in China's OFDI activities to explain these unusual phenomena that traditional OLI theories fail to explain, such as the influence of direct FDI policies, macroeconomic (interest rates and exchange rates) policies and the OFDI for state-owned financial intermediations. Under the modified OLI framework we also examine potential concerns surrounding these state-backed OFDI.

**Findings:** In complementing our previous institutional framework, we find further that China's OFDI activities are mainly driven by direct policy impact, macroeconomic policy impact, and the recent surge of state-controlled financial intermediations' OFDI mainly through minority share holdings. Our findings have reinforced our argument on how the state shapes Chinese firms OLI advantages in their OFDI activities.

**Research Limitations/Implications:** This paper is a theoretical extension of our last year's Harvard conference paper on the institutional perspective and the role of the state in Chinese multinationals' OFDI. It is one of the building blocks of our "role of state" arguments. Our next step is to empirically investigate those institutional driving forces as defined in this paper and our last year's Harvard conference paper. That could be another paper. We are now at the intermediate stage of completing our whole theoretical framework.

**Originality/Value:** This paper contributes in bridging the gap between institutional analysis and FDI theories and enhancing our understanding on the trajectories through which the state influences Chinese firms' OFDI. It also draws attention to several most recent discussions such as the OFDI of China's banking sector and the impact of appreciation of Renminbi on Chinese firms' international investment. We also raise the debate on what are the social responsibility of Chinese economics and management scholars in interpreting China's fast-growing OFDI and its long-term sustainability.

***Between Restriction and Promotion: The Chinese Governments Service System for Outward Investment***

Cora Francisca Jungbluth, University of Freiburg, Germany

**Purpose:** This paper analyzes the evolution of the Chinese government's "service system" for outward investment (OI) since the introduction of the "Going Global" Strategy.

**Design/Methodology/Approach:** In-depth analysis of government documents and measures related to the three pillars of the "service system": 1) OI approval procedures; 2) application process for foreign exchange; 3) information services provided by government agencies.

**Findings:** Most scholars hold that the Chinese government has largely liberalized the OI regime in recent years, so as to make companies "go global" as quickly as possible. This paper argues that the Chinese government takes a more cautious attitude towards OI and, while intending to generally promote investment by Chinese companies abroad, has tried to retain control over these activities.

**Research Limitations:** Further research on the effects of government measures on Chinese companies, especially privately owned, is required. It is beyond the scope of this paper to consider illegal investment activities, which are less affected by official regulations. The paper analyzes the framework of the "service system" set by the central government. The influence of

local actors is mentioned, but not discussed in-depth. Another study focusing on this issue would serve as welcome supplement to this piece of research.

**Originality/Value:** This paper dives into Chinese-language primary materials, which have hardly been analyzed in-depth before. This allows the author to take a stance on the Chinese government's OI measures which differs from that often found in main stream literature on this topic.

### SESSION 3

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#### Panel A: Strategic Management and Internationalization II

##### ***Footloose and Fancy-Free: Sojourning Entrepreneurs in China***

Tamar Almor, College of Management, Israel; Orly Yehezkel, Tel Aviv Yaffo Academic College, Israel

**Purpose:** We argue that China is attracting a new type of entrepreneur which we call the 'sojourning entrepreneur'. The paper poses that skilled entrepreneurs from developed countries who seek business opportunities in China have a profile that differs from those described in literature. This paper explores the profile of such entrepreneurs.

**Design/Methodology/Approach:** This conceptual paper develops a profile of entrepreneurs that are not studied in literature so far. The proposed profile is based on a synthesis of existing theories and strengthened by three case studies.

**Findings:** In this paper we argue that sojourning entrepreneurs have the ability to establish and operate new business ventures in a foreign country which is characterized by a high psychic distance. They have the ability to overcome the liability of foreignness, without integrating in the host society, and without becoming part of the local culture and the ability to engage both networks in the home country and in the host country to further the entrepreneurial venture in the host country. Their behavior is further characterized by temporariness.

**Research Limitation/Implications:** The paper is based on literature and on three case studies from Israel. Further research will have to extend the data base.

**Practical Implications:** By encouraging sojourning entrepreneurs into the country, China can enjoy spillover effects from the ventures.

##### ***Knowledge Capital, Endogenous Growth and Regional Disparities in Productivity: Multi-level Evidence from China***

Yudan Gong, Aston University, United Kingdom; Xiaolan Fu, Oxford University, United Kingdom; Shujin Zhu, Hunan University, China

**Purpose:** This paper attempts to explore the role of knowledge capital in the dynamics of regional productivity disparities using multi-level evidence. Does it lead to persistent or even increasing regional disparities in productivity or the other way round?

**Design/Methodology/Approach:** This paper develops a theoretical framework in which the accumulative nature of knowledge and the endogeneity between productivity and some knowledge capital channels tend to lead to self-perpetuating cycles of success and failure. The hypotheses are tested using regional and firm level longitudinal data from China. The empirical test for this study includes two steps: estimating regional and firms' productivity and then adopting a multi-level analysis in order to provide complementary insights on the research questions.

**Findings:** It is found that inequalities in knowledge creation and transfer, both inter-generational and international, played a significant role in increasing regional disparities in productivity. These inequalities are exacerbated by the accumulative nature of knowledge capital. All this leads to self-perpetuating cycles of success and failure, particularly compounded with asymmetric financial and human capital between different regions.

**Research Limitations:** A multilevel of system modelling approach with more detailed datasets would help to ensure the robustness of the results for public policy.

**Practical Implications:** This study has policy implications. It points out that one of the effective ways to reduce regional inequalities in productivity is to intervene in the motivation and process of knowledge creation and transfer. Three areas for policy intervention are recommended in the paper.

***Local and Foreign Institutional Investors, Information Asymmetries, and State Ownership***

Sara Xiaoya Ding, University of San Francisco, USA; Omrane Guedhami, University of South Carolina, USA; Yang Ni, Shanghai Jiao Tong University, China; Jeffrey A. Pittman, Memorial University of Newfoundland, Canada

**Purpose:** To empirically settle the debate in finance over whether local or foreign investors are better informed.

**Design/Methodology/Approach:** We follow prior research in gauging informational advantage with the return predictive ability of institutional investor. We run the regression of six-month-ahead stock return on institutional holdings and various firm characteristics.

**Findings:** In state-owned enterprises (SOEs), we find that local institutional owners have strong forecasting power for future stock returns in sharp contrast to foreign institutional owners who fail to exhibit this ability. In non-state-owned enterprises (non-SOEs), we report that foreign institutional ownership strongly predicts future stock returns, whereas local institutional ownership does not. Additional analysis reveals that the return predictive ability of local institutional investors dissipates in SOEs that appoint highly independent boards or high-quality auditors.

**Research Limitations/Implications:** Helping reconcile the opposing perspectives in the literature, our results indicate that local and foreign investors' relative performance in forecasting varies systematically according to the relevance of local knowledge.

**Practical Implications:** Our findings have profound implications for firms and governments. We emphasize the importance of creating a fair information environment and suggest solutions to alleviate the information asymmetry problem via better corporate governance both at the firm level and at the country level.

**Originality/Value:** We contribute to empirically resolving the issue of whether local or foreign investors are better informed by separately examining two market segments within one country that are distinct in the importance of local knowledge.

**Panel B: Chinese OFDI to Africa**

***Effects of Political Risk on Chinese Contracted Projects in Africa: an Analysis of the Libya Crisis***

Juan Zhang, Shanghai Institute of Foreign Trade, China; William X. Wie, Grant MacEwan University, Canada

**Purpose:** In this article the authors discuss the effects of political risks on Chinese contracted projects in Libya since the eruption of unrest. The research found that Libya, as a previous stable country with medium political risk, has been witnessing increasingly violent clashes, transforming a rebellion into a civil war.

**Design/Methodology/Approach:** Case Analysis

**Findings:** Unpredicted political risk in Libya leads to tangible and intangible losses for Chinese firms, reminding companies of the importance of contingency plans when working in unstable or politically repressive countries where conditions can turn dramatically desperate.

**Originality/Value:** Contracted project is the basic form of Sino-Libyan economic cooperation, its importance even exceeds China's direct investment in Africa. An analysis of the recent unrest

in Libya and political risk associated with Chinese contracted projects there is helpful for Chinese government and firms to avoid potential risks in Africa.

***Assessing China's Role in Foreign***

Sanne van der Lugt, Stellenbosch University, South Africa; Victoria Hamblin, Stellenbosch University, South Africa; Meryl Burgess, Stellenbosch University, South Africa; Elizabeth Schickerling, Stellenbosch University, South Africa

**Purpose:** The increasing prominence of China as a Foreign Direct Investment (FDI) source country has drawn the attention of FDI scholars towards the push factors that motivate outward FDI. This study explores the broader frameworks of key FDI source countries to the Southern African Development Community (SADC), contributing to a better understanding of the motives of foreign investors to enable policy makers from SADC to strengthening rules for incoming FDI without jeopardizing potential investment. This study aims to develop insight of the differences and similarities between the institutional and policy driven motives of investors from China, South Africa, the UK and the US for investing in SADC.

**Design/Methodology/Approach:** This study is based on analysis of policy documents and interviews with a small sample of Chinese and African government officials, representatives of civil society organisations (CSOs), and private sector representatives.

**Findings:** The key findings suggest that there are: (1) a number of commonalities and differences in state management of outward FDI from these key investor countries to the SADC region; (2) obvious endeavours by FDI source countries to support their companies to invest abroad, with the minimum effort being provision of information; (3) clear linkages to the foreign policy agenda in all countries; (4) China's outward FDI is less distinct than often portrayed. The findings of this research indicate that increased focus should be applied to the interactions between various push and pull factors in FDI theory, in addition to the interplay that exists between the state and private sector within FDI source countries.

***Is Chinese FDI in Africa Different?***

Gayle Jean Allard, IE Business School, Spain

**Purpose:** China's highly visible presence in Africa is one of the most commented-on facets of globalization in the new century, and it is likely to expand while China's fast growth persists. To understand trends in global FDI and the prospects of Africa itself, it is important to analyze the features, motivations and implications of this investment push. This chapter uses what official data is available to contrast the prevailing wisdom about Chinese FDI --resource-seeking and undermining good governance-- with observable facts about China's presence on the African continent.

**Design/Methodology/Approach:** Official FDI data comes from the Chinese government. To explore differences between Chinese and global FDI into African countries, a ratio Chinese/global FDI is used as the dependent variable in a Generalized Least Squares regression. Independent variables are corruption, metal/ore and fuels exports, and GDP growth in 2000-2005.

**Findings:** Chinese FDI in Africa has risen much faster than global FDI and appears to be more resource-driven and more closely associated with corrupt environments.

**Research Limitations:** Reliable data is irregular and long time series cannot be constructed to permit more sophisticated analyses. Key countries and years are missing from the data set.

**Originality/Value:** Within the data limitations, this paper sketches a global picture rather than a partial, anecdotal view of Chinese investment in Africa. It offers a profile of Chinese FDI on the continent and confirms some popular stereotypes. It also highlights the need for better data and analyses to complete the picture.

***China's FDI & Special Economic Zones in Africa: The Egyptian Case***

Ahmad El-Gohari, University of Wales, United Kingdom; Dylan Sutherland, University of Nottingham, United Kingdom

**Purpose:** The purpose of this paper is to better understand the rapid expansion of foreign direct investment (FDI) from China to Africa and the role that China's special economic zones (SEZs) in the region play in this process.

**Design/Methodology/Approach:** This case study focuses on the Egyptian Suez SEZ, and is based on interviews with Egyptian Ministry of Investment officials and field visits to the Chinese led Suez SEZ to gain an understanding of the role that the SEZ plays in the process of the internationalization of Chinese firms within Egypt, and Africa more generally.

**Findings:** The study finds that the relative infancy of the zones do not allow for a conclusive assessment of their performance in terms of employment creation and export-orientation which are crucial for African countries hosting the SEZs, we can nevertheless draw from preliminary observations and comment upon the strategic purpose of the Chinese SEZ model in Africa which includes the reduction of red-tape for Chinese firms; addressing trade imbalances between China and economies hosting the SEZs; and using the zones as a bridgehead for Chinese firms to enter third markets by exploiting host country trade agreements.

**Originality/Value:** The study contributes to the literature as to date little is known about Chinese SEZs in Africa and the factors driving China to establish such zones within the region and concomitantly, the factors driving host countries in Africa to accommodate these zones.

### **Panel C: Chinese OFDI and the Role of Government Intervention II**

#### ***China's Outward Foreign Direct Investment Experiment: The Case of the China Investment Corporation***

Ji Chen, University of Colorado Denver, USA; Stephen Thomas, University of Colorado Denver, USA

The China Investment Corporation (CIC), the world's fifth largest sovereign wealth fund (SWF) with capital of about USD 330 billion, was established in 2007, using part of China's then already substantial foreign exchange reserves (USD 1 trillion at the end of 2006).

**Purpose:** We examined CIC's investment goals in 2007 and asked whether they were met and how they evolved over time.

**Design/Methodology/Approach:** We used primary Chinese and American government sources and secondary analyses by Chinese and foreign observers.

**Findings:** Since CIC's inception in 2007, investment returns went from 0.2% in 2007, to a loss of 6.8% in 2008, to a much better gain of 11.7% in 2009 and finally to a gain of 11.9% in 2010. Although CIC's overall average gain of 6.3% (from 2007 to 2011) has been higher than the approximately 3.5% that China has been earning from US treasuries and other investments, returns have been less than some other SWFs, particularly Singapore's Temasek SWF, a CIC model that has earned about 17% annual compound return since its 1974 inception.

**Research Limitations:** Chinese officials make few public pronouncements about goals or policy-making processes. Much economic data is not transparent. These limitations makes analysis challenging. There is also little Western economic theory to explain Chinese government financial decision making process, except perhaps the bureaucratic process model in Graham Allison's *Essence of Decision*.

**Originality/Value:** Research should be of interest to financial analysts wishing to know more about Chinese government decision-making in their outward foreign investments.

#### ***U.S. - China Relations in the Context of Rare Earth Development***

Casey Lucius, Naval War College, USA

**Purpose:** The purpose of this paper is to examine China's mineral policy to determine if the United States should follow China's model in developing its own strategic resources plan.

**Methodology/Design/Approach:** The paper uses a chronological approach to analyze mineral development in China and in the United States from 1960 -2010.

**Findings:** Using this approach, the paper illustrates China's long-term, deliberate strategy to secure critical resources for domestic use and foreign export. The paper also shows that due to strict environmental legislation in the United States, many mines and manufacturing bases have either closed or have moved to China. As a result of these findings, the paper suggests that the United States learn from China's mineral policy and use it as a framework for developing a comprehensive mineral resources strategy. Such a strategy would require changes to current legislation and significant investments in research on the part of the United States. By reestablishing a domestic supply of rare earths and by stockpiling other critical minerals, the United States will experience increased employment opportunities and access to raw materials needed for clean energy alternatives.

**Originality/Value:** This paper offers an in-depth look at China's mineral policy and a unique proposal for the future of U.S. mining, manufacturing, and legislation centered on critical resources. Implementing the proposals in this paper would benefit the American public, the economy, and the environment. However, there may be significant foreign policy implications for the future U.S.-China relationship.

### ***State Capitalism and the Future of the Global Economy***

Thomas Lairson, Rollins College, USA

**Purpose:** This paper examines the intellectual and policy problems resulting from a misunderstanding of the basic categories of capitalism, resulting from a misplaced belief in a sharp separation between government and markets. This anachronistic thinking blinds us to rational assessment of the evidence about the working of capitalism and blocks intelligent discussion of real policy choices.

**Design/Methodology/Approach:** The paper compares the operation of capitalism in the U.S. and China in recent years, and establishes the proposition that these nations engage in different versions of state capitalism.

**Findings:** The economic systems of both nations involve a deep interpenetration of government, markets and firms: the U.S. government acts as guarantor of the banking system and as a key player in the value chain for knowledge-intensive industries; the Chinese government has a complex mixture of state direction and market signals. However, U.S. liberal state capitalism remains shackled by ideological resistance to some parts of state involvement in the economy while Chinese state capitalism is not burdened by confusion over a large state role. Energy policy relating to developing renewable sources of energy requires a large role for the government in using likely future prices as the basis for large investment in renewable sources. The Chinese government has been able to act decisively in promoting sustainable energy, while the U.S. government has been blocked from effective action by the power of threatened economic interests using free market ideology.

**Originality/Value:** This paper challenges conventional western thinking and predicts significant advantages for China in global economic competition.

**Tuesday October 4, 2011**

## **SESSION 4**

### **Panel A: Strategic Management and Internalization III**

#### ***The National and International Expansion of SMEs from China: Evidence from Anhui Province***

Gaston Fornes, University of Bristol, United Kingdom; Guillermo Cardoza, Instituto de Empresa Business School, Spain; Song Xu, Anhui University of Finance and Economics, China

**Purpose:** The paper aims to study the national and international expansion of SMEs from Anhui, China. The focuses of the study are the interaction with the Government (assessed in the form of development of certain industries, ownership by the State, and funding by the State), and the relative weakness of SMEs' competitive position and fragmentation of the Chinese domestic market (assessed in the form of internal and external barriers hindering national and international expansion).

**Design/Methodology/Approach:** The data was collected from 154 SMEs and then analysed using multivariate regressions; the models used the firms' export intensity at the regional, national, and international level as dependent variables. Five models were run: the first one analysing the industry where SMEs operate, the second and third ones studying state funding and ownership, and the last two analysing the internal and external barriers hindering firms' expansion as independent variables.

**Findings:** The results show that SMEs operating in Manufacture, a labour-intensive industry, have better access to international markets, that ownership and/or funding by the state does not play an important role in this expansion, and that 12 barriers related to weak management skills and knowledge are hindering the expansion of Anhui's SMEs.

**Originality/Value:** The findings are then analysed vis-à-vis recent works on Chinese firms from which conclusions are drawn.

***Comparison of PRC and Indian Responses to the Elimination of US Textile and Apparel Quotas: Economic and Cultural Perspectives***

Amir Shoham, College of Management, Israel; Joseph Pelzman, George Washington University, USA

**Purpose:** The removal of Textile and Apparel quotas created opportunities for India and China along with other developing countries, but it will also expose them to additional competition from each other. Understanding the outcome of this new environment in the US textile and apparel markets is the main reason for conducting this research.

**Design/Methodology/Approach:** We present an economic model for estimating the demand side competition between China and India. The results presented in that section include own- and cross- price elasticities across the subgroup of products where there is competition on the demand side. We also present a comparison in the supply side responses between the Chinese and Indian T&A sectors.

**Findings:** The outcome of this competition will depend on the demand in the US, the ability of the exporting countries to differentiate their exports and on their ability to transfer additional resources to expand domestic output in the direction of the new 'free market signals' and away from rent seeking objectives.

**Originality/Value:** This paper sheds some light on the differences and similarities in the responses of Chinese and Indian T&A sectors to this new environment. It first focuses on the demand side attempting to determine whether or not Chinese and Indian T&A items, formally under quota control, are substitutes or compliments. On the supply side, the paper focuses on institutional differences between each country's T&A sectors including cultural differences which will determine the future progress in each country's T&A sectors.

***China's Stock Market Reforms and its International Stock Market Linkages***

Hong Li, Kingston University, United Kingdom

**Purpose:** This paper investigates stock market linkages among China, Korea, Japan and the US with particular attention to the impact of China's stock market reforms.

**Design/Methodology/Approach:** We firstly use a 4X4 GARCH-BEKK model and a series of likelihood ratio tests to uncover China's regional and global linkages between 1992 and 2010 and during the three sub-periods representing the stages of the reforms. Then we carry out a regression analysis of the international linkages, represented by the time-varying correlation coefficients obtained from the 4X4 GARCH-BEKK model, on China's reforms, while controlling for economic integration, exchange rate risk and stock market turbulence.

**Findings:** We find that China is linked to the overseas markets through return and volatility spillovers during 1992-2010 and the reform effect is evident by volatility spillovers from China to the overseas markets during the post-reform 2007-2010. The correlations between China and the regional markets increase due to the implementation of liberalisation policies such as opening A-share trading to foreign investors and permitting qualified domestic institutional investors to invest on developed markets. However, the market correlation between China and the US remains weak, although it responds positively to the introduction of Securities Law and removal of the restriction on A shares.

**Practical Implications:** China is expected to reap benefits such as greater capital inflows and lower cost of capital from its regional linkages. The low correlation between China and the global market suggests scope for international risk diversification.

**Originality/Value:** We contribute to the literature by estimating the international linkages simultaneously as opposed to pair-wise modelling and analysing the effects of reforms directly as opposed to deducing a reform effect indirectly.

### ***Beyond Neo-Techno Nationalism: An Introduction to China's Emergent Third Way***

Victoria Maree Higgins, University of Queensland, Australia

**Purpose :** This paper will examine China's early focus on FDI as a development strategy and outline the key reasons why it has essentially failed. It will also examine recent failed technonationalistic attempts to construct an indigenous development agenda. It will illustrate how foreign interests have played a major role in constraining China's go-it-alone strategy using WAPI as an example. It will also introduce the emergence of alliance capitalism as a new form of economic organization.

**Design/Methodology/Approach:** This paper utilizes government reports, research surveys, reports from multilateral institutions, academic articles, newspapers, private databases and research papers.

**Findings:** This paper will highlight how Chinese development policy has been revised from that of a go-it-alone strategic plan to one that is characterized by both international competition and cooperation.

**Originality/Value:** The value of this paper is that it highlights how Beijing has recently yielded to international pressure and the changing nature of the global technological environment and revised its technological development strategy to incorporate the notion of alliance capitalism. Beyond the earlier FDI and techno-nationalist strategies, this new development strategy can be seen as the third major attempt to mount an effective industrial strategy in China. It will highlight how alliance capitalism as a *third way* is built around reciprocal interdependence and signifies a fundamental shift in the organizational behaviour of the Chinese State.

### **Panel B: Different Aspects of Chinese OFDI**

#### ***Structural Development of the Ports of Shanghai and Mumbai: Comparative Fieldwork Analysis***

Davinder Kaur Gill, University of Cambridge, USA

**Purpose:** To investigate why infrastructure development and economic growth has

taken two very strikingly different trajectories at the Ports of Shanghai and Mumbai.

**Design/Methodology/Approach:** Fieldwork was conducted at the Ports of Mumbai and at the Port of Shanghai and Yangshan. Port workers, terminal operators, shipping lines and both local and State government officials in Shanghai, Beijing and Mumbai were interviewed using a specific set of questions and criteria related to port infrastructure and economic development.

**Findings:** Nine analytical categories were studied and three primary determinants percolated to the surface of the research highlighting the very different growth trajectories witnessed at the ports of Shanghai and Mumbai.

***Home Sub-National Institutional Effects on outward Foreign Direct Investment: Evidences from Chinese Companies Investing in Advanced Economies***

Victor Z. Chen, Simon Fraser University, Canada

**Purpose:** The purpose of this study is to examine the effects of home institutional development for a market economy on Chinese outward FDI (OFDI) into developed markets (DMs).

**Methodology/Design/Approach:** Firstly, I propose two competing hypotheses: first, institutional development for a market economy at home helps local firms grow and build OFDI resources, and thus encourage OFDI into DMs; second, institutional development meanwhile forms market-friendly environment at the home region, and thus discourages OFDI for institutional escapism into a DM. In addition, I argue that marginal effect of institutional development diminishes when institutional quality at home improves. Secondly, I recognize institutions as a sub-nationally heterogeneous factor, both theoretically and empirically.

**Findings:** Utilizing a firm-level survey of 522 Chinese firms from 68 different Chinese cities and controlling for potential endogeneity, and measures of home-market institutional quality at both city- and provincial levels, I find empirical results suggesting that the encouraging effect dominates. An potential implication is that institutional quality in the majority of Chinese regions is still far lagging behind that in DMs, and thus institutional development still cannot significantly deter local firms' institutional escapism motivations.

***China's Foreign Direct Investment in the ASEAN Region Analysis of Push and Pull Factors***

Margot Schueller, GIGA Institute of Asian Studies, Germany

**Purpose:** The paper reveals how China's OFDI engagement is embedded in the country's overall regional economic policy towards Southeast Asia. It analyses the geographical and sectoral focus of Chinese OFDI in the region and contrasts this pattern with the recommendations given by the Chinese government to companies investing in the ASEAN region.

**Design/Methodology/Approach:** The concept of push and pull factors is applied to analyse the development and pattern of Chinese OFDI in the ASEAN region.

**Findings:** The paper finds a strong geographic concentration of Chinese OFDI in Singapore, Myanmar and Indonesia and sectoral concentration on energy, minerals and agro-business. This pattern of OFDI bears a strong resemblance to the geographical and sectoral distribution of recommended in the Chinese investment guidelines.

***Motives and Patterns of Chinese Manufacturing Firm Investments in Developed Countries***

Xiaobo Wu, Zhejiang University, China; Wanling Ding, Zhejiang University, China; Yongjiang Shi, University of Cambridge, USA

**Purpose:** This paper explores the motives and patterns of Chinese manufacturing firm investments in developed countries.

**Design/Methodology/Approach:** This study adopts an exploratory case study method using both single-case and cross-case analysis.

**Findings:** Chinese manufacturing firms have mixed motives for investing in developed countries, although market-seeking and strategic asset-seeking are the two most important ones. We classify the patterns of Chinese manufacturing firm investments in developed countries based on two dimensions: the degree of resource augmentation and the degree of control. In general, the patterns of Chinese manufacturing firm investments in developed countries showed comparatively high degree on both dimensions.

**Theoretical Implications:** This study employs the resource-based view as the fundamental theoretical perspective to explain the 'asset exploration' motive of OFDI from emerging economies and 'resource augmentation' dimension of investment patterns.

**Practical Implications:** This study may help managers in Chinese manufacturing firms understand the different motives and patterns of OFDI and help them make reasonable investment decision for improving internationalization performance.

**Originality/Value:** This paper explores the mixed motives of China's OFDI while most previous literatures focus on single motives. We use a resource augmentation approach to classify investment patterns while existing research usually considers only control.

### **Panel C: Book Panel Discussion II**

#### ***"Remade in China: Foreign Investors and Institutional Change"***

Scott Wilson, Sewanee: The University of the South, USA

Foreign direct investment in China has received a great deal of scholarly attention, but surprisingly few works have addressed how foreign investors have contributed to institutional change in China. "Remade in China" attempts to fill that void and offers a theory of "state-guided globalization" to explain how China attempted to use foreign investors to pursue its reform agenda. By focusing on the experience of Japanese and U.S. foreign investors, I identify how distinct reform models were established and put into competition in the Chinese market place. Despite early state preferences for Japanese labor models, Chinese workers (especially white-collar workers) came to prefer U.S. labor practices. Workers shifted away from Japanese firms to U.S. firms, and U.S. firms hired workers away from S.O.E.s. U.S. labor practices spread through human actors such as human resources personnel and management consultants who advocated adoption of U.S. labor institutions. The presentation will focus on institutions related to hiring, promotion, and compensation of employees. The resulting pattern of institutional reform demonstrates the interplay of state reform goals and the contribution of foreign investors to the reform process.

#### ***China and the Transformation of Global Capitalism, John Hopkins University Press 2009***

Ho-fung Hung, Johns Hopkins University, USA

This book, selected by *Choice* as a key reading on China as a rising superpower (February 2011), explores how the ongoing rise of China is reshaping the fundamental balance of international economic and political forces. The book begins by discussing the global and historical origins of China's economic success. Subsequent chapters explore an array of geoeconomic and geopolitical impacts of China's rise. China's large manufacturing contractors have started to challenge the might of transnational retailers, and China's rapid GDP growth is equalizing world income distribution. While China's competition with other world powers for raw materials supply could breed new conflicts, its partnership with Russia could foster the rise of a semiperiphery power block strong enough to transform the politics of global governance. The increasing centrality of China in the global production network and rising labor unrest within China induces labor groups elsewhere to pursue alliance with Chinese workers, potentially bringing a revival of global labor movement. In sum, the rise of China enhances both the possibilities for a more egalitarian world and those for more global conflicts. A caveat is that the continuation of the incipient trends

discussed in the book is not automatic and depends on whether China could shift to a more sustainable path of development through redistributive and regulatory reforms.

***China and Globalization: The Social, Economic and Political Transformation of Chinese Society, 2<sup>nd</sup> Edition***

Doug Guthrie, George Washington University, USA

In its quarter-century-long shift from communism to capitalism, China has transformed itself from a desperately poor nation into a country with one of the fastest-growing and largest economies in the world. Doug Guthrie examines the reforms driving the economic genesis in this compact and highly readable introduction to contemporary China. He highlights the social, cultural and political factors fostering this revolutionary change and interweaves a broad structural analysis with a consideration of social changes at the micro and macro levels.

In this new, revised edition author Guthrie updates his story on modern China and provides the latest authoritative data and examples from current events to chart where this dynamically changing society is headed and what the likely consequences for the rest of the world will be.

***Chinese Traditional Culture and Management***

Juan Antonio Fernandez, CEIBS, China

As part of my new book, Interpreting China, I conducted an on-line survey on Chinese companies. We had a total of 698 responses, 65% at CEO level, the rest representing all the functions: HR, Finance, Mkt, Operations, etc. The survey explored business challenges, success factors, satisfaction with the government, corruption, innovation, and investment among others. The author will share some of the main findings of the survey.

**SESSION 5**

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**Panel A: Strategic Management and Internationalization IV**

***The Effects of OFDI on Home Country Investment: The Roles of China and Industry Characteristics***

Peter J. Sher, National Chi Nan University, Taiwan; Wen Chung Hsu, National Chi Nan University, Taiwan; Wei Xing Zhao, Chinese Academy of Social Science, China; Hsin Mei Lin, National Chi Nan University, Taiwan

**Purpose:** This paper pursues the idea that the relationship between foreign and domestic investment may be not as uniform as many studies suggest.

**Design/Methodology/Approach:** By examining the case of Taiwanese outward foreign direct investment (OFDI), this paper is marked out from existing studies in the following three respects. First, it examines the extent to which the relationship between OFDI and domestic investment varies with the location of investment. Second, this research allows the results to vary between Heckscher-Ohlin industries and Schumpeter industries. Finally, its breakdown of data will reveal sub-relationships in the data that up to now have remained hidden within the aggregate relationships reported in most studies.

**Findings and Originality/Value:** New evidence from analyses of Taiwanese FDI suggests that OFDI in China has a positive impact on domestic investment in Heckscher-Ohlin industries while OFDI in other countries has a negative impact on domestic investment in the same industries. These findings are in marked contrast with Schumpeter industries where a positive effect is observed only for OFDI in other countries. Our findings also suggest that Taiwanese government should design policies to adjust the level of liberalization for overseas investment through legislation on an industry-by-industry basis in order that OFDI stimulates domestic investment in relevant industries more effectively.

***International Input-Output Dynamics as a Measure of the Geography of Value Distribution across Asia and of Market Integration in Three Industries***

Gabriele Suder, SKEMA Business School, France; Satoshi Inomata, Institute of Developing Economies, Japan; Irina Jormanaine, Aalto University School of Economics, Finland; Bo Meng, Institute of Developing Economies, Japan

**Purpose:** Regional integration, the interdependence in regional trade and production networks, is a well-known phenomenon. This paper analyses it, in a rarely studied manner, on a longitudinal level, while it is traditionally viewed through the micro-perspective and enquires into the evolution of special interdependence hubs in production networks.

**Design/Methodology/Approach:** We study the underlying geography of network hubs related to country-specific advantages (CSA) in the most integrated sectors of the manufacturing industry in Asia, i.e., transport equipment, machinery and textile, using Input-Output-Analysis, then validating our results with an outside –in perspective using FDI flows data.

**Findings:** We confirm the evolution of regional hubs of value-added centering around China and Japan, in coherence with input-output and FDI flows, deepening the understanding of the geographical hub location driving trade and production flows within the Asia region.

**Research Limitations:** The longitudinal data stemming from 1985 to 2000 is particularly useful in the shaping of this research contribution and rather rare in international business research. The limitation of this data lies in the complexity of its calculations, resulting in its publication several years after the actual happening. The analysis thus widens academic and practitioner understanding without being a tool for immediate strategy – building.

**Originality/Value:** This paper fills the gap between micro- and macro-studies, scrutinizing the dynamic evolution of value-added integration in production networks across Asia, for nine countries of divergent degrees of economic emergence throughout fifteen years.

***Mixture of Yin Yang Management and Western Management in Firms in China***

Hans Jansson, Linnaeus University, Sweden; Sten Soderman, Stockholm University, Sweden

**Purpose:** To form a comparative and integrated institutional and cultural theory for studying the mix of management types in international firms, and to explore how this model works in nine firms in China.

**Design/Methodology/Approach:** Identifying factors behind Yin Yang management and its cultural roots, and integrating institutional and cultural theories into a standard model of factors originating from basic rules in society. The theory enables a comparison between Yin Yang and Western management types. This model is then concretized and illustrated in an explorative case study of nine international firms in Shanghai.

**Findings:** The theoretical framework for comparing management types was developed based on our own research about Chinese firms in China and in Southeast Asia and from a literature review. An instrument to compare management types was constructed.

**Research Limitations/Implications:** Due to the case study methodology used the empirical findings are limited, but can be extended.

**Practical Implications:** A potentially useful measurement tool for evaluating executives in existing and new positions.

**Originality/Value:** The main contribution is the comparative management theory developed for studying mixtures of management types within firms rather than separating firms into different business culture groups. Our findings also enable a better understanding of management practices based on a context-specific research, drawing on indigenous thought in developing new theories.

**Panel B: Chinese OFDI to Europe**

***Institutional Dynamism in China and the Growing Strategic Importance of Product Safety, Environmental and Labor Best Practices***

Mary Teagarden, Thunderbird School of Global Management, USA; Andreas Schooter, Thunderbird School of Global Management, USA

**Purpose:** We investigate institutional dynamism in China, a fast maturing emerging economy. Institutions are widely regarded as crucial for attracting foreign investors. However, there is little clarity on which institutions matter, why they matter, and how relationships between firms and institutions evolve. This research fills this gap by analyzing the interdependent dynamic relationship between multinational enterprise conduct and formal and informal local institutional development.

**Design/Methodology/Approach:** A multiphase, comparative case-based research design is used to explore the interdependent dynamic relationship between how firms and institutions evolve. We examine experiences of companies like Mattel and Apple, among others, in our analysis.

**Findings:** Analysis reveals that the local conduct of global industry leaders, incidents with high media visibility, and clarity in government policy create strong and lasting changes in the informal institutional environment and accelerate the maturing and effectiveness of formal institutions.

**Research Limitations/Implications:** This research clarifies theoretical linkages between organizational actors and their environments thus expanding our understanding of institutional dynamism. Future studies can build on our findings in larger-scale studies, and additional industry contexts.

**Practical Implications:** This research can help companies identify institutional dynamics that influence or guide foreign direct investment decisions.

**Social Implications:** This research can influence government policy to create more business-supportive and environmentally sustainable institutions to attract foreign direct investment.

**Originality/Value:** We break ground by providing finer detail and deeper understanding of the institutional dynamism that surrounds attraction of foreign investment to China or other fast growing emerging markets.

***Motivations and Determinants of Chinese FDI in Turkey: Context and Two Case Studies***

Nicholas Imparato, University of San Francisco, USA; Diana Trexler, University of San Francisco, USA; Cihan Gursoy, Sanbacl University, Turkey

**Purpose:** This study examines the determinants and motivations of Chinese OFDI in Turkey and places those considerations in the larger context of Turkey's FDI profile, Chinese OFDI generally and Chinese-Turkish relations.

**Approach:** The analysis and report reflect interviews on site in Turkey with representatives of two prominent Chinese MNCs. It also includes information from industry analysts; primary data from governmental and quasigovernmental agencies, secondary sources; and interviews and discussions with business leaders and members of investment promotion groups inside Turkey during multiple visits between 2009-2011.

**Findings:** China's OFDI in Turkey reflects market-seeking and asset-seeking motives. In both cases Turkey's location astride Europe and the MENA region and the special trade relations it enjoys with the EU have made it an attractive destination of China foreign investment. The data reveal that China's OFDI in Turkey reflects both market-seeking and asset-seeking motives and, more importantly, that the business objectives and tactics of the two firms studied are aligned with Turkey's economic and development ambitions.

**Practical Implications:** The immediate implication is that research on China's OFDI in Turkey holds lessons for a wider understanding of its investment strategies and provides lessons about Chinese investment at the intersection of European, Eurasian and Middle East markets. The

research makes clear the importance of innovation and brand as elements of corporate strategy for firms wanting to partner with Chinese enterprises.

***Internationalization of Chinese Companies in a Small Developed Economy:  
Institutional Challenges of Chinese Investment in Finland***

Erja Kettunen, Aalto University School of Economics, Finland; Riitta Kosonen, Aalto University School of Economics, Finland

**Purpose:** The purpose of the paper is to explore the experiences of Chinese companies in a Nordic country, Finland, and to illuminate the relative lack of Chinese FDI in Finland as compared to the neighboring Nordic country, Sweden.

**Methodology/Design/Approach:** Following North's institutional approach, the study is based on a qualitative analysis of a database of 39 interviews with Chinese companies, their partner companies, investment promotion agencies, and expert organizations. The study draws on the governance approach as an analytical tool to investigate the challenges and solutions of Chinese firms in the Finnish business environment.

**Findings:** We find, first, that while Chinese investments are motivated by the Finnish technology and business potential in specific sectors such as telecommunications, they are hindered by the general lack of knowledge about Finland among the Chinese. Second, Chinese companies face challenges related to constraints posed by formal and informal institutions in Finland, such as strict legislation on immigration and labor force, and differences in work cultures and cross-cultural communication. Third, Sweden's relative 'success' in attracting Chinese FDI refers to the importance of informal institutions, and is explained by an active investment promotion strategy customized for the Chinese companies as well as the larger existing Chinese networks in Sweden.

**Originality/Value:** Overall, the topic of Chinese investments in Finland has not been widely studied, partly because of the novelty of the phenomenon itself. The paper reports findings based on original data that have not been published earlier.

**Panel C: Chinese Brands**

***Meaningfulness, Memorability and Likability of Chinese Brand Names in International Markets***

Marc Fetscherin, Rollins College, USA; Rachael Abbott, Rollins College, USA

**Purpose:** The purpose of this paper is to assess Western consumers' brand name preferences of Chinese brand names. Based on the fields of psychology, linguistics and marketing, as related to brand naming, we assess the meaningfulness, memorability and likeability of Chinese brand name. Specifically, we assess the influence of the lengths as well as the semantic relevance of the Chinese brand names of consumers' brand name preferences.

**Design/Methodology/Approach:** An experimental design was used to investigate brand name preferences of Chinese automobile brand names. Brand names were categorized in a 2x2 research design, according to brand name length (long vs. short) and semantic relevance to English (with vs. without semantic relevance). A survey was used to collect data. Survey items measured consumer preferences in terms of meaningfulness, memorability and likeability.

**Findings:** Results of analysis of variance indicate that consumers' evaluation of brand name meaningfulness, memorability and likeability did vary according to brand name length and semantic relevance. Chinese brand names with semantic relevance to English were evaluated more favorably whereas the brand name lengths showed opposite effects.

**Research Limitations/Implications:** Further studies should examine other characteristics of Chinese brand names, the effect of brand name preference on purchase intentions and purchase behavior. Future research should use a larger, more heterogeneous sample of respondents and include others product categories.

**Practical Implications:** Chinese companies are going global and they should consider carefully the characteristics of brand names in terms of lengths and semantic relevance that can contribute to brand equity in building and positioning their brands in Western markets.

**Originality/Value:** The majority of research on brand name dimensions has focused on either Western brands in Western markets. Some have focused on Western brands in China, but except one study which assesses brand name translation, no study assessed Chinese brands in Western markets in terms of their meaningfulness, memorability and likability. This paper offers an important and timely contribution to the existing literature by providing new insights on Chinese brand names and consumer brand name preferences.

### ***Chinese Traditional Brands for the World***

Waldemar Adam Pfoertsch, CEIBS, China; Bei Yang

**Purpose:** In recent years, progress and industrial development in the Chinese society have overruled the achievements of the country's long history. Many of the traditional brand names have been overshadowed by modern international brands, which are favored by the younger generation. This article is the first to address this development. It analyzes and describes the development and current situation of time-honored brands in China and discusses the chances for reviving and promoting recognition around the world.

**Design/Methodology/Approach:** The research is based on a thorough examination of local Chinese sources and interaction with local and central government institutions. After the general analysis of the available literature, the specific circumstances in Beijing, Shanghai and Hangzhou were analyzed. Detailed descriptions and recommendations were developed and further steps for research identified.

**Findings:** The paper comes to the conclusion that in contrast to many other countries, China's rapid transition to the modern economy challenges the traditional brands enormously, not just economically but culturally. In response, central and local government institutions have identified the problem and are trying to support traditional Chinese brands. Through the introduction of the special title "Time-Honored Brands" (THBs) and special initiatives, resources have been allocated to identify and promote these brands. This may be one of the attempts made by China to reconcile history and development in order to achieve the ideal balance of old and new. As laid out in this paper, the challenge is not easy to overcome, as many obstacles stand in the way, but it is crucial to the survival of Chinese culture in the future.

**Research Limitations:** Many of the sources are only available in the Chinese language and require thorough understanding of the historical dimensions of the current economic situation. The groundwork has been laid on the basis of limited knowledge of the situation in China and was only possible through intensive interactions with local partners. Therefore, the finding can only be considered as initial and future research is needed.

**Practical Implications:** Since China's Time-Honored Brands are in constant competition with modern brands, both local and international, the development of this brand category indicates to consumers and companies specific national trends in the Chinese markets. Western companies are strongly advised to obtain knowledge of these developments so they can react accordingly.

**Originality/Value:** The discussion of Time-Honored Brands is one aspect China's drive to establish its identity in the business world. This paper strives to make a small contribution by opening up this conversation to the international business community by shedding some light on a few selected aspects and locations.

### ***The Evolution of China's National Branding Strategy since 1978***

Chen Liu, Beijing Foreign Studies University, China

**Purpose:** In 1978, China launched its "Reform and Opening-up". Today, few can ignore China's crucial position in the world. However, it is uncertain that what force whether the economic or

the political has been in control of the changes and how the “invisible hand” and “visible hand” have been intertwined and negotiated throughout the process.

**Design/Methodology/Approach:** Through the content analysis, case studies and historical review, the paper examined the catalyst for China’s reforms over the past three decades.

**Findings:** The study found that the start of the three decades of “world-shaking” reform was due to the demand to revive national economy which was at the edge of crisis. Likewise, the following dramatic changes, above all the launch of political reform in 1986 and the nationwide campaign of “Going Global” in 2000, in a large part were the result of economic need as well. In sum, it is the economic factor rather than political factor although it is central in China that has essentially driven China’s reform since 1978.

**Originality/Value:** The conclusion of the paper differs dramatically from that of the previous studies which always perceive the party-state leadership in China as the key to all changes in the country. As ever, the articles on the subject seldom analyzed “China issues” under the context of China’s history and culture inherent in the whole evolution. Since the judging criteria have not significantly changed, the principle/ law of China’s reforms, in particular its future trend will remain “mysterious and untouchable”. In the situation, the primary contribution of this paper to studies of “China Goes Global” lies in the assessment and verification of the part played by economic force in the negotiation with the political.

## POSTER PRESENTATIONS

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### ***Investing in China, Is What You See What You Get?***

Nigel Driffield Aston University, United Kingdom; Jun Du, Aston University, United Kingdom

**Purpose:** This paper examines the impact of ownership change of state owned enterprises (SOEs) in China. We focus in particular on acquisition by foreign firms, examining the determinants of the probability of a firm being privatised, and subsequently acquired by a foreign firm. Building on this, we then contrast the gains in terms of profitability and total factor productivity growth, highlighting the contrasts in these results in terms of returns to external stakeholders (shareholders) or internal shareholders (managers).

**Methodology/Approach/Research:** The analysis is based on a large firm level data compiled from the Annual Reports of Industrial Enterprise Statistics by the National Statistics Bureau of China over the decade of 1996-2006, containing the population of medium and large SOEs and private enterprises with annual turnover more than 5 million RMB Yuan. A minimum of 10% Chinese SOEs were observed through one mechanism or another transferred to the private sector. Methodologically, we carefully address the potential selectivity in evaluating firm post-privatization performance by applying the modified control function approach. In the first step, multiple logit estimation is adopted to identify the causes and determinants of firm’s privatization, which process is then considered in evaluating the post-conversion performance. Overall we find firm size, pre-privatization productivity, export, labour quality and existing non-state share partially explain the selection of certain ownership conversion.

**Findings:** Importantly, we find that once we control for the selection process of those being acquired, foreign acquisition does generate productivity growth, but not profits growth. This highlights the potential corporate governance issues that may be hidden in the background of large FDI flows to China that has not been previous evident.

### ***Formation of Environmental Management Strategy for Chinese Manufacturing Firms: An Integration of Institutional and Strategic Behavior Approaches***

Yuanfei Kang, Massey University, New Zealand

**Purpose:** The paper develops and empirically tests a framework for analysing the formation of environmental management strategy for manufacturing firms operating in China.

**Design/Methodology/Approach:** A theoretical framework is presented by integrating institutional theory and strategic behaviour approach. Based on the framework, hypotheses are developed and empirically tested through hierarchical regression method, using survey data of manufacturing firms operating in China.

**Findings:** Empirical findings suggest that an integration of the perspective of institutional constraints and argument of strategic behaviour is needed for a comprehensive understanding of firms' environmental management strategy, as factors drawn from these two perspectives jointly contribute to firms' choice of environmental management strategy. This study argues that the analytic framework of institutional forces needs broadening from the conventional view of only formal and regulative institutions, as informal and normative institutions play a more important role in shaping firms environmental management strategy. For the view of strategic behaviour, this study suggests that firms' strategic intent to create competitive advantage through environmental management strategy is determined by the possession of complementary assets.

**Originality/Value:** This is an exploratory and empirical study and it contributes to the literature in several ways.

***Female Entrepreneurship in China: Opportunity or Necessity Based?***

Tonia Warneck, Rollins College, USA; Nick Nunn, Rollins College, USA; Lucas Hernandez, Rollins College, USA

**Purpose:** The paper investigates the inequalities within entrepreneurship which are hindering Chinese socio-economic development.

**Design/Methodology/Approach:** This paper takes an institutionalist and gender-based approach. We establish the relationship between entrepreneurship and economic development and create a historical framework from which we examine the contemporary female entrepreneurship.

**Findings:** Females in China often engage in entrepreneurship in the informal sector, where average income is lower. Females are more likely than men to engage in necessity-based entrepreneurship rather than opportunity-based entrepreneurship in China. Therefore, the overall increase in female entrepreneurship in China in recent years does not necessarily imply improvement in living standards for those women.

**Research Limitation:** The relative lack of gender-disaggregated data in China is a limitation.

**Practical Implications:** The paper demonstrates that different classes of entrepreneurs face different barriers, and that females need targeted assistance so that the gender gap in entrepreneurship can be reduced. Government should take responsibility for deconstructing social and cultural barriers to women through policy initiatives, as well as promoting women's entrepreneurial training and capital formation.

**Originality/Value:** A fair amount of the literature on entrepreneurship considers entrepreneurs as homogenous (e.g. entrepreneurs vs. non-entrepreneurs). Our differentiation between necessity-based entrepreneurship and opportunity-based entrepreneurship is original, particularly as we contextualize it in the formal and informal sectors of the economy.

***The Emergence of Pyramidal Business Groups in the Rise of Chinese Enterprises***

Dylan Sutherland, Nottingham University, United Kingdom; Lutao Ning, Durham University, United Kingdom

**Purpose:** Firms tend to proliferate into business groups in emerging economies and they have received praise as an organic response to specific market environments. Pyramidal business groups in which a large divergence between ownership and control exists among member firms are often considered as leading to serious corporate governance problems. In the rise of Chinese multinational firms, this paper examines the extent to which Chinese firms are developing into pyramidal business groups.

**Design/Methodology/Approach:** Based on aggregate data, detailed research into 90 of China's largest groups and their subsidiaries, as well as several specific group examples, this paper illustrates how some Chinese business groups are taking the first steps towards this particular ownership and control structure.

**Findings:** There is growing evidence that pyramidal business groups are emerging in China. Their formation allows firms to quickly grow in size by drawing ever greater volumes of capital from public investors to fund new subsidiaries and international expansion without forsaking state control of ownership. This may help policy makers meet the objectives of transforming these business groups into internationally competitive multinationals.

**Implications:** The complex structure of pyramidal groups may create serious problems such as tunneling for direct private benefit to insiders and increased perception of risk for undertaking investments

**Originality/Value:** Comparatively little research on understanding the evolution of China's business groups into pyramidal structures has been done. Despite the fact that China now has 3,000 or so officially recognized groups with around 28,000 directly owned subsidiaries contributing around 34% of the nation's outward foreign investment.

### ***Venture Capital Risk in Transition Economies: Evidence from China***

Charles Chen, University of Phoenix, USA; James Richardson, University of Hawaii,

**Purpose:** We investigate how VCs use guanxi to cope with the uncertainty caused by underdeveloped and changing institutions. We extend prior work on VC firm performance by emphasizing on guanxi that is a well-functioning risk-mitigating mechanism, which can be leveraged from the personal level to firm level and can help to explain why some VCs experience better performance than others in China.

**Design/Methodology/Approach:** We surveyed 222 venture capital firms in China and identified significant direct and indirect links between guanxi networks and VC firm performance.

**Findings:** We find a number of factors that mediate and moderate the effects of guanxi networks on VC firm performance. We empirically demonstrate that VCs respond to China's transition to a market-oriented economy by using interlocking directorship, syndication, and affiliations as firm assets in order to leverage firm capabilities to improve firm performance in China. We also complement prior research by highlighting that guanxi networks are not a one-fits-all solution to the issue of turbulent environmental increases

**Originality/Value:** This study is the first of its kind to investigate interlocking directorship, syndication, and affiliations to firm performance for VCs in China.

### ***The Drivers of Investing in China: The Comparison of Perspectives of RBV and MBV***

Peter Sher, National Chi Nan University, Taiwan; Hsin-Mei Lin, National Chi Nan University, Taiwan; Wen Chung Hsu, National Chi Nan University, Taiwan; Yi-Tien Shih, National Chi Nan University, Taiwan; I-Fen Yen, National Chi Nan University, Taiwan

**Purpose:** The work of this paper attempts an analytic research on drivers of investing in China that are "going global" based on either resources-based or market-based perspective .

**Design/Methodology/Approach:** Using the data of 836 public firms in Taiwan investing in China during 1998-1999. we examine the drivers by adopting OLS model.

**Findings:** Based on the descriptive and explanatory research, this papers finds that the the RBV drivers explains the investing behavior of Taiwan firms better than MBV drivers.

**Originality/Value:** We focus on a particular institutional context of newly industrialized countries that is totally different from those of Western developed countries. A composite model is proposed which elaborate upon both perspectives' divergent source of competitive advantage with respect to the dichotic conditions for firm's motivation of internationalization(resource-

seeking or resource-exploitation) and deterministic orientation (voluntaristic- or deterministic-oriented).

***China, a Rising Power in Central Asia***

May Hongmei Gao, Kennesaw State University, USA; Sairagul Kurmanalievna Matikeeva, Kennesaw State University, USA

**Purpose:** China is becoming a crucial player in the international arena. The economic policy is a significant part of China's long term strategy. The Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI) were recognized as important tools of China's modern foreign policy. How has China's government constructed the relationships with close neighbors in the post-socialist countries of Central Asia? In fact, Central Asia is an important geopolitical link in the regional and international security. This paper aims to describe China's economic and cultural impacts in Central Asian countries for the last twenty years through the prisms of cultural globalization, transcendent cultural power, soft power, and balance of power theories. Does China play a role in balancing power in Eurasia through being involved in the economic life of Central Asian countries? Has Chinese cultural influence been realized in contemporary Central Asian countries through economic policy?

**Design/Methodology/Approach:** The qualitative approach, directed and summative content analysis and the secondary data analysis were helpful in obtaining the objectives of this paper.

**Findings:** The main finding of this research is that China does not have a systematic economic policy toward post-soviet Central Asian countries. China's modern impact in the economic development of the countries investigated is rather limited. The main limitations of this research included data in investigating questions, and absence of clear line between the definitions FDI and ODI.

**Originality/Value:** This paper is an investigation into a new and unexplored direction of China's economic policy. Therefore, some ideas and conclusions of this paper may be used in economic policy planning by the China's government toward neighboring Central Asian countries.

***The Relationships among Customer Participation, Customer Value and Satisfaction: The Case of Service Consumers in China***

Tao (Tony) Gao, Northeastern University, USA; Mingli Zhang, Beihang University, China; Wei Jia, Beijing Forestry University, China

**Purpose:** Existing research on customer participation mostly deals with its impacts on customer satisfaction, while neglecting its impacts on customer value. We seek to extend previous research by testing the mediating effect of value and examining the consequences of customer participation in the service marketing setting in China.

**Design/Methodology/Approach:** We propose an integrative conceptual model on the relationships among customer participation, customer value, and customer satisfaction. Based on that, a structural equations model is tested using data collected from 484 Chinese consumers in the personal training industry.

**Findings:** Customer participation has positive effects on both utilitarian and hedonic value perceptions. Customer value fully mediates the effect of customer participation on customer satisfaction.

**Research Implications:** Other than demonstrating the mediating effects of customer value, we also note that customers' evaluation of their "co-production" experiences will go beyond the better realization of functional objectives and extend to experiential value of the participation process itself.

**Practical implications:** Service organizations should encourage customer to play more active roles in the service production process, and using customer participation as a new resource of innovation and competitiveness. In addition, companies should make sure that customers will

indeed receive the notable value (both utilitarian and hedonic) from the participation process, and avoid inviting participation for the sake of merely involving customers.

**Originality/Value:** We address the mediating effect of value on the relationship between customer participation and customer satisfaction, and conduct the study in the China.

***Innovation Challenges: Paradoxes and Opportunities in China***

Rachid Alami, International University of Rabat, Morocco; Mathias Mondo, University of Rennes, France

**Purpose:** Innovation has been pinpointed by the Chinese Government as a springboard for sustainable economic growth that leads China to an innovation-oriented country on the basis of the enhancement of a national innovation system with sustainable innovation capacity. This paper tries to demonstrate why innovation process requires a global approach that takes into account multiple variables if foreign firms want to succeed in their R&D investments. This study summarizes and gives pathways for future research on what are these variables and how they impact the success of innovation projects knowing. How foreign organizations should deal with these paradoxes and contradiction?

**Design/Methodology/Approach:** Data was collected through self-administered questionnaires. We used statistical analysis (SPSS). The methodology used is an interpretation-based one.

**Findings:** Innovation success in China seems to be impacted by 2 major variables which are "Environment" and "Human resources". But, descriptive statistics show that other factors like resistance to change, integration costs and availability of information need to be, on the one hand, managed tightly by providing training and leading the change, especially from the human resources perspective, and on the other hand, knowing how to take advantages of what China has provided in terms of innovation incentives and facilities.

**Originality/Value:** Paradoxes in innovation process could be managed by taking into account multivariable environment. We hope that these findings would help to balance the gap between what organizations in China aspire to achieve through innovation-based projects and what Chinese culture teaches in terms of harmony and team spirit. It seems that these paradoxes are in fact superficial.

***China's Growing Role in Central Asia: Emerging New Rules of Engagement***

Oskar Kayasan, European Research Centre, United Kingdom

**Purpose:** To point out the significance of China's new ways of engagement in Central Asia extending their influence initially via economics and laying a pathway to secure natural resources. They are using a unique form of resource-generating strategies. Increasing co-operations between all parties concerned are beneficial and complementary in nature. The purpose is to explore what the main motives are behind this approach.

**Design/Methodology/Approach:** Using available documents and sources from governments, public enterprises, non-governmental and media organisations as well as private companies about the challenges facing the CA region due to China's growing influence, information was gathered and analysed regarding six Central Asian Countries.

**Findings:** The collaboration and partnership seems to offer vital resources and favourable economic conditions for perspective countries in the region. The results suggest that China's interplay of energy, politics and security is overwhelming and is creating diverse effects within the regional progress.

**Practical Implications:** The practical implication applies to China's growing involvement in Central Asia. External actors most notably Russia, India and Turkey are increasing also their influence which have historical ties with the region. This obviously complicates Central Asia into a more global geopolitical puzzle rather than regional collaboration.

**Originality/Value:** The model contributes that the strategic shift of balance towards China is now creating a new regional paradigm. China's particular approach represents a new dilemma for other regional powers such as Russia, Turkey and US. Therefore the model has a great value to researcher and practitioners as well as regional perspectives.

## SESSION 6

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### Panel A: Location Choice of M&A's

#### ***Cultural Influences, Absorptive Capacity, and Integration Mode in International Mergers and Acquisitions: Light-touch Approach of Chinese Cross Border M&A in Germany.***

Yipeng Liu, University of Mannheim, Germany; Michael Woywode, University of Mannheim, Germany

**Purpose:** Amid the globalization wave of Chinese firms, this study investigates the integration approach in the context of Sino-German cross-border M&As.

**Design/Methodology/Approach:** By using fine-grained case study approach, we conducted in-depth interviews with German CEOs and managers whose firms were acquired by Chinese investors.

**Findings:** We develop an innovative theoretical model of post merger integration based on the idea of cultural influences and absorptive capacity. Absorptive capacity is conceptualized as a multi-level theoretical construct which is able to explain the light-touch approach frequently found in Sino-German post-merger integration. Our results indicate that national and organizational cultural influences as well as absorptive capacity jointly affect the post-acquisition integration process in Sino-German M&As.

**Research Limitations/Implications:** When more cases are available the propositions can be tested via quantitative methods for instance survey data. The evaluation of consequences from the light-touch approach is difficult due to the relatively short history of Chinese cross-border M&A. We suggest scholars monitor the development of these M&A cases. The M&A cases promise significant competitive advantages in particular for the German companies and potentially also for their Chinese partners. As for policy implications, it is necessary for both countries to expand existing collaborations across different levels. A variety of intermediaries, such as governmental agencies, industrial associations, educational institutions, international organizations, and consulting firms can prepare business leaders for cross-border M&A activities.

**Originality/Value:** An innovative theoretical model of post-merger integration based on the idea of cultural influences and absorptive capacity is proposed. We provide new empirical evidence from seven qualitative in-depth studies regarding Chinese cross-border M&As in Germany.

#### ***Location Strategy and Firm Value Creation: The Case of Chinese MNEs***

Yang Yang, University of San Francisco, USA & Renmin University, China; Xiaohua Yang, University of San Francisco, USA; Barry Doyle, University of San Francisco, USA

**Purpose:** There has been a surge of overseas investment from China both to developing and developed countries. However, we have limited understanding of the impact the internationalization of these firms has on their value creation. In this paper, we draw on organizational learning theory to explore the impact of different types of FDI (i.e., exploitative and explorative FDI) and MNEs' FDI location choice on firm value creation.

**Design/Methodology/Approach:** We adopt event study methodology to measure the value created by Chinese MNE's FDI projects and hierarchical linear regression to test the hypotheses. The sample consists of 121 FDI projects publicly announced by Chinese listed companies during 2001-2009.

**Findings:** We find that FDI types affect value creation for Chinese MNEs. In addition, we empirically demonstrate that positive value is created when Chinese MNEs align their location choice with international expansion strategy.

**Originality/Value:** We contribute to the growing body of literature on internationalization of Chinese firms by empirically verifying whether international expansion creates value for the firm and whether the types of FDI and location strategies have impact on firm value creation. We also contribute to the FDI theory building by extending the traditional FDI theories to the context of emerging market MNEs, namely Chinese MNEs.

***Examining Strategic Issues in Merger of Asian and Western MNCs: Holistic Cross Cultural Imperatives***

Sajal Kabiraj, Dongbei University of Finance and Economics, China

**Purpose:** This paper is an extensive comparative study between a Chinese MNC that merged with US MNC in US and a Chinese merged MNC in China, which focuses on a comparison of cultural impact on the organization.

**Design/Methodology/Approach:** The data from two merged firms, one is Chinese MNC merged with Chinese MNC in China and the other is in Chinese MNC merged with US MNC within US are used to identify the cultural values to understand the impacts that were manifested after Asian culture penetrated the Western organization. In this paper, appropriate research methodology was utilized to find valid and reliable statistics which magnified the differences between two Asian MNCs' merges. The statistic significances has shown on the comparison in terms of power distance, uncertainty avoidance and time. It is to say the national culture has great impact on organizations.

**Findings:** The findings indicate that national culture is still manifested, and the value of employees, basically, is based upon the local orientation in Asian MNC merged with American MNC in the USA. Given such an empirical study, it is determined that local culture significantly affects their management style in merged organizations.

**Panel B: Chinese OFDI to Africa and Latin America**

***Chinese MNCs in Latin America. An Analysis of their Characteristics and a Comparison with their Investments in Developed Countries***

Gaston Fornes, University of Bristol, United Kingdom; Alan Butt-Phillip, ESIC Business and Marketing School, United Kingdom

**Purpose:** This paper analyses the characteristics of Chinese MNCs operating in Latin America vis-à-vis those found in previous studies of Chinese companies investing in developed countries.

**Design/Methodology/Approach:** It does this by studying the fit of theoretical frameworks recently developed for Chinese firms, the support from the government, and the strength of their capabilities in relation to those of local competitors. The analysis is based on case studies with data collected through seven in-depth interviews with senior managers of subsidiaries in Latin America and the president of a chamber of commerce.

**Findings:** The results show that these companies seem to be following a pattern similar to that described by Mathews' (2006) LLL, that the support from the government does not seem to play a role in their internationalization process, and that they appear to have developed a set of capabilities strong enough to compete in the host market (in particular how to combine their strengths with those of local partners). There are also findings related to the reliance on ethnically-based social networks and on the chosen entry mode.

**Originality/Value:** The findings tend to indicate that Chinese companies are following a pattern in their internationalization to Latin American emerging markets that seems to be a combination

of conventional theories (including previous studies on emerging markets-based firms) with idiosyncratic elements.

***A New Imperialism? Assessing the Impact of Chinese ODI in Africa***

Makda Maru, Kennesaw State University, USA; Senai Abraha, Kennesaw State University, USA;  
May Hongmei Gao, Kennesaw State University, USA

**Purpose:** China's Overseas Direct Investment (ODI) in Africa showed a sudden increase in 2008. It is interesting because 2008 was the year of global financial crisis. This study attempted to look at the nature of China's ODI in Africa and its implication on Africa's policies and culture. It argues for the need of a unified African policy on China.

**Methodology:** The nature, policy and cultural implication of Chinese ODI in Africa is assessed using a secondary data. Latest data, books, journals, newspaper articles and other reports in printed and electronic formats prepared by scholars, journalists, governments, NGOs as well as various regional and multilateral bodies were used.

**Findings:** The lack of African investment policy decreases the "actual benefit" while increasing the "actual cost" of China's ODI in Africa. The common notion that Chinese ODI is dominated by extractive industries (oil and mining companies) is fundamentally misguided because the total share of non extractive sectors (manufacturing, construction, finance etc) exceeds the share of mining industries. Though not currently in a sufficient degree, increasing Chinese ODI has stimulated investment policy reform initiatives in some African countries. Chinese enterprises in Africa face some cultural barriers. Yet, the general perception of Africans towards Chinese engagement there remains positive. In sum, there is a significant research gap regarding the impact of Chinese ODI on Africa's policies and culture, and this study attempts to fill that gap.

***China in Ghana: Rethinking Economic Liberalization Sub Saharan Africa***

Richard Aidoo, Coastal Carolina University, USA

**Purpose:** This paper explores China's economic engagement in Ghana within the wider frameworks of the politics of economic liberalization, and the Sino-Africa relations

**Design/Methodology/Approach:** The paper draws on both conceptual and empirical information. Conceptually, it investigates the political and most importantly, the economic aspects of the concept economic liberalization. The empirical data pertains to aid, trade, and investments in the Ghanaian economy.

**Findings:** Through the research and discussions, the paper concludes that Chinese economic relations with most of Sub Saharan Africa, particularly Ghana is greatly helped by four unique characteristics associated with Chinese economic activities in most of the developing world. These are the noninterference doctrine, state-directed approach, south cooperation, and China's environmental non-engagement.

**Originality/Value:** This country case provides a more needed nuanced look at Beijing's agenda and strategy in Sub Saharan African countries. It also contributes to the growing research and scholarship on Sino-Africa relations.

***Proactivity of the Chinese Mining Investment in Latin America***

Xiaohuan Tang, Jinzhao Mining Peru, China

**Purpose:** With the consideration of dramatic increase of Chinese mining investments in Latin America, this paper aims to figure out a way that can bring these investments into a sustainable success in the region.

**Methodology/Design/Approach:** Through analysing the evolving trend of Chinese mining investments in Latin America from the beginning of 90's to post-2010 period, the paper elaborates the idea that Chinese mining investments in the region should be shifted away from

the primary objective of quickly taking raw materials back to China to an objective of developing a long-term win-win relationship between China and Latin America's societies.

**Findings:** The paper also presents several concepts that need to be paid special attentions, such as investment proactivity and geological convergence of Chinese mining investments in Latin America. A potential case study of Acari basin in Southern Peru is introduced in the second part of the paper, in order to show how these concepts can be applied into practice to contribute to the sustainability of these investments.

**Originality/Value:** As the first kind of business-based academic research specifically focusing on Chinese mining investments in Latin America, practical examples and theoretical arguments manifested in this paper can be quite applied and prospective for further studies.

### **Panel C: China's Trade and Trade Agreements**

#### ***Trade Dispute Resolutions Under the WTO Regime: A Case Study on US-China Trade Contacts***

Dr. Pei-Shan Kao, National Chiao Tung University, Taiwan

**Purpose:** With the consideration of states' complex interdependent relations to their crisis bargaining, this paper aims to use trade disputes between the United States and China as the case study.

**Methodology/Design/Approach:** After demonstrating their complex interdependent relationship, especially in terms of trade and economic contacts, this paper examines its effectiveness and influence to US-China trade crisis bargaining.

**Findings:** The paper demonstrates that states' complex interdependent relations do provide them with a good environment for crisis bargaining hence resolves the problems without using military force.

**Originality/Value:** As the first kind of academic research specifically focusing on US-China trade crisis bargaining under the WTO regime, practical examples and theoretical arguments manifested in this paper can be quite applied and prospective for further studies.

#### ***Why China is not a Member of the Government Procurement Agreement of the World Trade Organization***

Stephane Coude, XSM2 Group Inc., Canada; Prosper Bernard Jr., City University of New York, USA; Guijiang Lu, Research Assistant, XSM2 Group Inc., Canada

**Purpose:** This paper presents a literature review on government procurement (GP) international trade with China and China buy national policies on GP. It addresses the question of why is China not a member of GPA yet and discusses the key determinants surrounding this question and provides an approach to better understand why its accession has been delayed.

**Design/Methodology/Approach:** Quantitative analysis of Chinese data on GP, FDI and GDP from 1998 to 2008 and environment analysis.

**Findings:** We find that it is reasonable to believe that GP and FDI, and FDI and GDP are strongly correlated in China as we expected based on theory; considering those relationships, it is reasonable to also believe that China is delaying its accession to GPA to increase its bargaining power with other GPA members as suggested by Gilpin (2001).

**Research Limitations/Implications:** Our data analysis shows that data are strongly correlated as expected but does not pretend to demonstrate a causal relationship between these variables as it relates to China. We know that those relationships have been demonstrated previously in other studies made in Europe. But our work provides sufficient information to conclude that it is reasonable to believe that those relationships exist also in China. More research should be done in this area to better reinforce existing theories.

**Practical Implication:** This paper helps to better understand the Chinese position and could also help actual members of GPA to better understand key factors to consider in their future negotiations with China. This research has been conducted between the end of 2009 and the beginning of 2010, and the conclusion of this paper has been confirmed to a large extent by China’s most recent negotiating Posture.

***Inside the China-EU Bilateral Foreign Direct Investment Bond***

Jeremy Clegg, University of Leeds, United Kingdom; Hinrich Voss, University of Leeds, United Kingdom

**Purpose:** EU-Chinese economic relationships have prospered over the last three decades with European firms investing in China and firms based in China exporting the EU. This relationship is getting a new dimension with the emergence of Chinese firms investing in the European Union. European Union member states are increasing their courting for Chinese investments by opening more offices in China and employing more Chinese speaking staff. It is thus the propose of our paper to assess the current level and impact of Chinese investments in the EU. We do this by looking at their investment strategies, motivation and impact.

**Design/Methodology/Approach:** We employ a review of the literature to understand the drivers and implications of European investments into China. This will also works as a background against which Chinese investments into the EU are analysed. Further, secondary data on Chinese investments is used to infer investment strategies, motivation and impact.

**Findings:** The EU is of little relevance for Chinese investors currently and Chinese investments are, despite the media and policy hype around them, of little relevance for the EU. Below 1% of extra-EU FDI comes from China. The possible positive effects from inward FDI are therefore limited.

**Research Limitations/Implications:** The research is constrained by the limited data that is available on Chinese investments and the operations of Chinese affiliates in the EU. Moreover, data on Chinese investment from different sources does not correspond well. Better data and primary data are needed to better assess investment strategies, motivation and impact. Practical implications- The paper carries significant implications for policy makers in the EU. Policies need to be informed by accurate and timely data in order to be effective. We show clearly where there is a lack of such data and improvements are needed.

**Originality/Value:** A detailed analysis of Chinese investments across the EU-27 and its consequences.

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Founded in 2003 by a core group of dedicated faculty members from Anthropology, History, International Business, Library and Modern Languages, **The China Center at Rollins College** has become a Center of Excellence comprising of cross-disciplinary scholars who promote the mission of the college for Global Citizenship.

The faculty members of The China Center are productive in their various fields of interest and have published a plethora of China related research: books, articles, presentations. In addition, they have led student, faculty and alumni groups on trips to China.

The China Center at Rollins College hosts visiting scholars and faculty from China and abroad, and helps manage some exchange agreements with academic institutions in China including East China University for Science and Technology. Faculty from the China Center have guest taught in prestigious Chinese universities including: Fudan University, Jiao Tong University, China Europe International Business School and Renmin University.

The Center holds academic and professional China-related conferences and workshops, generating knowledge both in the immediate community of Orlando and through research disseminated to the academic community globally. The Globalization of Chinese Enterprises (Palgrave MacMillan, 2008) is an exemplary output of such academic research.

In short, The Center has assisted in the establishment of Rollins College as a leader in global education, facilitated cross-cultural learning and teaching in or about China, provided opportunities for Rollins students, faculty and community to learn about China through cultural events and networking sessions, promoted China-related research, know-how, as well as faculty & student exchanges, and partnered internally with the College of Arts & Science, Crummer Graduate School of Business and the Holt School to further Rollins global footprint and outreach in Asia.

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Conference Program

*The conference organizers would like to thank the following people for their invaluable assistance*

*Trisiawati Bantacut  
James Cooney  
Brenda Costello-Williamson  
Jessica Eykholt  
Tiffany Fitzgerald  
Tim Glynn Burke  
Maureen Griffin  
Kate Hoagland  
Bruce Jackan  
Stéphane Lamour  
Jesse Ledin  
Chelsea Lei  
Laura Ma  
Christina Marchand  
Kara O'Sullivan  
Jason Pryde  
Janet Yeung  
Juanne Zhao*

*Gretchen YUAN and Xiaochen Fu and their team of student volunteers*

*And, especially,  
Melissa D'Anello  
(Harvard University)*

*Casey Silver  
(Rollins College)*

*James Hoadley  
(Georgia Tech)*

*We apologize in advance for any editing errors or typos*

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