



CONFERENCE PROGRAM

**SMS SPECIAL
CONFERENCE**

June 13-15, 2014

Copenhagen



In partnership with



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Nicolai Foss
Copenhagen Business School
Program Chair



Torben Pedersen
Bocconi University
Program Chair

Dear Conference Participants,

We warmly welcome you to the SMS Copenhagen Special Conference, "Microfoundations for Strategic Management Research: Embracing Individuals." Why microfoundations? The quest to build microfoundations has become increasingly important in our field over the last decade. The fact that this Special Conference has had a record number of proposal submissions indicates that microfoundations are high on the research priorities of the strategic management research community.

The interest in microfoundations is partly a matter of a natural wish to connect levels of analysis that for too long have been separate. But perhaps more importantly, it is a matter of bringing individuals back in, of highlighting how heterogeneous individuals interact and produce firm-level phenomena, such as competitive advantage, capability, and innovation. While we have made progress in understanding these issues, many questions still remain open in the quest to furnish microfoundations for strategic management research.

The conference's four-track program features close to 300 scholars from around the globe who are conducting cutting-edge research on microfoundations as they relate to knowledge and innovation, entrepreneurship, strategic human resources, the role of top-management teams and other key strategy issues. We have lined up an exceptional group of keynote speakers and contributors, including thought leaders in strategy, economics, and sociology. We feature a series of panels with leading scholars who will discuss key questions related to such micro-foundational issues as the psychological foundations of strategic management research, the role of foresight in strategic decision-making and the role of CEOs in causing firm performance.

Copenhagen is a popular international tourist destination with a youthful atmosphere, lots of restaurants, bars, parks, funky neighborhoods, and many and highly varied cultural offerings. We hope you will be able to sample a bit of Copenhagen during your stay here.

We would like to thank our sponsoring institutions and foundations that have made this conference become a reality, including the Copenhagen Business School-Department of Strategic Management and Globalization, The Otto Mønsted Foundation, The Hedorf Foundation, CBS-Competitiveness Platform, and the Danish Society for Education and Business.

We would also like to express our gratitude to the many individuals who volunteered their time to serve as track chairs, workshop organizers and panelists, reviewers, session chairs, discussants, and facilitators. Finally, a particularly huge thank you to the staff of the SMS Executive Office for their amazing assistance.

Nicolai Foss

Torben Pedersen

Program Chairs



Dear Conference Participant:

We bid you a warm welcome to our Special Conference in Copenhagen; we are very happy to have you with us!

This Special Conference will focus on microfoundations and how they have become increasingly influential in strategic management research. The basic argument is that individuals and their interaction matter fundamentally to strategic issues. However, if a micro-foundations focus in the field is to become viable it needs to grapple with important questions of theory development, operationalization, aggregation, empirical measurement, data collection, and statistical implementation that are currently unresolved. Microfoundations must also seek to make a substantive difference in the way we teach and pursue research in strategic management.

In contrast to the SMS Annual Conference, special conferences provide a smaller forum for discussion and debate, thus allowing a more in depth examination of a specific topic. They also offer opportunities for members to meet and collaborate, as well as give the SMS the ability to grow our presence in different regions of the world. Thank you again for joining us for this event.

We would like to take this opportunity to thank those instrumental in organizing this conference. Without the hard work of our Program Chairs Nicolai Foss and Torben Pedersen this event would not be a reality. We also would like to recognize the Copenhagen Business School and Department of Strategic Management and Globalization for helping to co-organize this event, as well as DSEB, Hedorfs Fond and Otto Monsteds Fond for their generous sponsorship of this event.

We hope that you have an enlightening and enjoyable conference. Please enjoy your stay in beautiful Copenhagen!

Bob Hoskisson
President

Nikolaus Pelka
Executive Director





The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world.

The SMS is membership-based and was founded at an inaugural meeting in London in 1981. Today, it enjoys the support of close to 3,000 members representing over 1,200 institutions and companies in over 80 countries. Our activities are made possible through the dedicated support from hundreds of individuals who take on a variety of responsibilities, volunteering their time and expertise.

MEETINGS

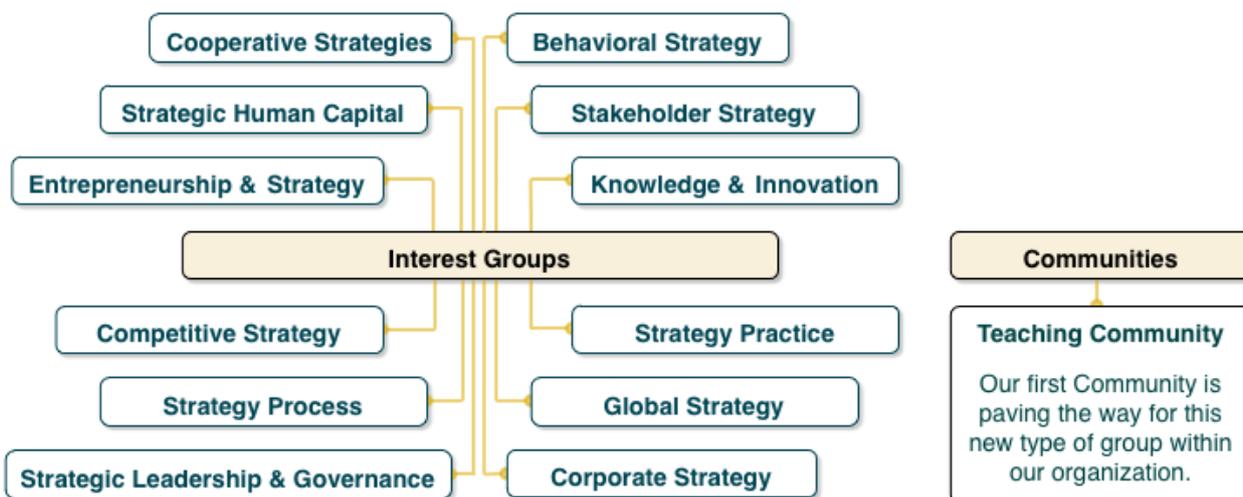
The SMS holds an annual meeting at various sites around the world, typically alternating between North America and Europe; some past locations included Amsterdam, Baltimore, Barcelona, Berlin, Boston, Chicago, London, Mexico City, Montreal, Orlando, Paris, Philadelphia, Phoenix, San Francisco, San Juan, Stockholm, Toronto, Vancouver, Vienna, San Diego, Washington DC, Rome, Miami, Prague, and most recently, Atlanta. Each conference addresses a current theme, with specific tracks addressing sub-themes, and presents multiple sessions by leading experts in the field from around the world.

The SMS has responded to membership interest in special topics through its introduction of a series of smaller, regionally based meetings addressing more specific industry or subject themes. Conferences have taken place in such places as Shanghai, Catania, Rio de Janeiro, San Diego, Singapore, Guangzhou, Glasgow and Tel Aviv.

PUBLICATIONS

The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than three decades have been vital tools for the benefit of researchers and practitioners in the field. The Strategic Management Journal (SMJ) has since its inception in 1980 been the official journal of the Strategic Management Society. This Class A journal is consistently rated one of the top publications in the management area. We also offer two quarterly journals, the Strategic Entrepreneurship Journal (SEJ) and the Global Strategy Journal (GSJ). The intent is for these two publications to become Class A journals that promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as their sister publication, the SMJ has done for many years. The SMS Book Series focuses on cutting edge concepts/topics in strategic management theory and practice. The books emphasize building and maintaining bridges between theory and practice. They generate and test theories of strategic management and demonstrate how to learn, understand and apply these theories in practice.

SMS INTEREST GROUPS AND COMMUNITIES (IG&C) The primary purpose of the Interest Groups and Communities within the SMS is to act as a catalyst for building and disseminating new ideas in research, practice, and teaching around a set of core issues in strategic management. Each Interest Group and Community recognizes a major, individual stream of practice and research interest, and aims to serve the needs of members with special interests in this stream of work. Members of the SMS can elect to join up to two Groups and one Community of their choice; additional Interest Groups may be added for a nominal fee.



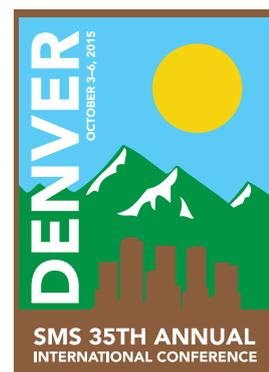
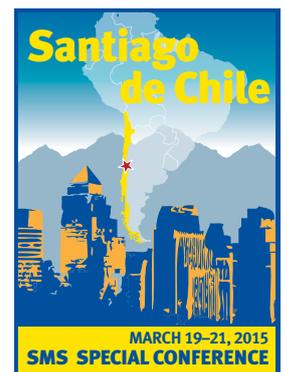
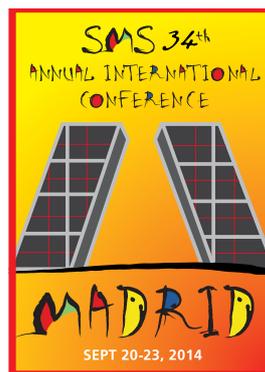
ANNUAL CONFERENCES

- 2013 ATLANTA
- 2012 PRAGUE
- 2011 MIAMI
- 2010 ROME
- 2009 WASHINGTON DC
- 2008 COLOGNE
- 2007 SAN DIEGO
- 2006 VIENNA
- 2005 ORLANDO
- 2004 PUERTO RICO
- 2003 BALTIMORE
- 2002 PARIS
- 2001 SAN FRANCISCO
- 2000 VANCOUVER
- 1999 BERLIN
- 1998 ORLANDO
- 1997 BARCELONA
- 1996 PHOENIX
- 1995 MEXICO CITY
- 1994 PARIS
- 1993 CHICAGO
- 1992 LONDON
- 1991 TORONTO
- 1990 STOCKHOLM
- 1989 SAN FRANCISCO
- 1988 AMSTERDAM
- 1987 BOSTON
- 1986 SINGAPORE
- 1985 BARCELONA
- 1984 PHILADELPHIA
- 1983 PARIS
- 1982 MONTREAL
- 1981 LONDON

RECENT SPECIAL CONFERENCES

- 2014 TEL AVIV, ISRAEL
Startup and Restart Strategies
- 2013 MOHALI, INDIA
Strategic Leadership: An Emerging Market Perspective
- 2013 GLASGOW, SCOTLAND
Strategy in Complex Settings
- 2013 LAKE GENEVA, SWITZERLAND
Strategizing Practices from the Outliers: Enabling "Big Bang" Innovations
- 2012 GUANGZHOU, CHINA
Competing and Cooperating in and for China
- 2012 SINGAPORE
Globalisation Of Innovation Strategies: Novel Moves for a Global Game
- 2011 SAN DIEGO, USA
CK Prahalad: Reaching Over Boundaries and Expanding Possibilities
- 2011 RIO DE JANEIRO, BRAZIL
Latin America's Burgeoning Strategic Role in Global Development
- 2010 LAPLAND, FINLAND
Intersections of Strategy Processes and Strategy Practices
- 2008 HYDERABAD, INDIA
Emerging India: Strategic Innovation in a Flat World
- 2007 CANTANIA, ITALY
New Frontiers in Entrepreneurship: Strategy, Governance and Evolution

UPCOMING CONFERENCES



Recommended Dress

Business casual attire is recommended for all conference sessions.

Friday, Saturday and Sunday Evening Events

The dress for these events is business casual & conference name badges are required for entrance into the event.

Name Badges

Name badges must be worn by attendees and guests at all times. Your name badge will be your ticket to luncheons and evening events. Access to these functions will be denied if you are without your name badge.

Exchange of Handouts and Presentations

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

No Smoking Policy

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

Copenhagen Evening Events

FRIDAY, JUNE 13 2014

We invite conference attendees to join us for a Welcome Reception at Solbjerg Plads 3, which is located on the campus of the Copenhagen Business School. There will be food and drink, as well as a cartoonist to help kick off the conference.



SATURDAY, JUNE 14 2014

Conference attendees will have the pleasure of a private dining event at Moltke's Palace. This historic building dates back to 1702 and was later enlarged in 1878 and 1932 respectively. The building has served a myriad of purposes over its time-honoured history, namely as a home for nobles, merchants, a dowager queen, a Danish prime minister and an array of upper class personages. The highly acclaimed Danish female vocalist Kira Skov will perform. This event is not to be missed!

SUNDAY, JUNE 15 2014

Attendees are invited to come together one last time for a closing reception at Kilevej 14a, which is located on the campus of Copenhagen Business School. There will be beer and light hors d'oeuvres served at this reception.

EXECUTIVE SEMINAR

Microfoundations in Action

In conjunction with our Special Conference, Copenhagen Business School in cooperation with the CBS Competitiveness Platform, is hosting an Executive Seminar titled Next Generation Companies. This event will engage academics, practitioners, and consultants. The aim is to highlight practical perspectives in the context of emerging new strategic paradigms based on the unprecedented CEO, innovative surprises, and new people-based ways of value creation. Separate registration for this event is not required and all SMS Conference Attendees will have the opportunity to join without paying an additional registration fee.

Friday, June 13
17:00 - 19:00
Room s.01



Get instant conference updates
[#smscopenhagen](#)

The individuals listed below worked with the Conference Theme Track Chairs, Udo Zander, Rajshree Agarwal, Russell Coff and Teppo Felin to review proposals for the conference. We appreciate and gratefully recognize the amount of time and effort spent making this a successful event.

Alexander Alexiev
Vrije Universiteit Amsterdam

Pauli Alin
Aalto University

Björn Ambos
University of St. Gallen

Kristina Vaarst Andersen
Copenhagen Business School

Linn Andersson
Institutet of Economic Research at Lund University

Nicholas Argyres
Washington Univeristy-St. Louis

Yerodin Bermis
University of Texas-Austin

Matthew Bidwell
University of Pennsylvania

Lyda Bigelow
University of Utah

Julian Birkinshaw
London Business School

Daniela Blettner
Simon Fraser University

Kristin Brandl
Copenhagen Business School

Flore Bridoux
University of Amsterdam

Rhett Brymer
Miami University

Eugenia Cacciatori
Swiss Federal Institute of Technology Zurich

Benjamin Campbell
Ohio State University

Seth Carnahan
University of Michigan

Clint Chadwick
University of Kansas

Pao-Lien Chen
National Tsing Hua University

Der Chao Chen
National Central University

Massimo Colombo
Polytechnic University of Milan

Alia Crocker
University of Massachusetts-Amherst

Craig Crossland
University of Notre Dame

Giovanni Battista Dagnino
University of Catania

Henrik Dellestrand
Uppsala University

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Francesco Di Lorenzo
Copenhagen Business School

Magdalena Dobrajka
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New York University

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Universitat Pompeu Fabra and Barcelona GSE

Bo H. Eriksen
University of Southern Denmark

Martin Friesl
Lancaster University

Martin Ganco
University of Minnesota

Marta Geletkanycz
Boston College

Brett Anitra Gilbert
Rutgers University

Paul Gooderham
Norwegian School of Economics

Konstantinos Grigoriou
Florida International University

Thorsten Grohsjean
LMU Munich

Niklas Hallberg
Lund University

Nina Katrin Hansen
University of Hamburg

Johann Piet Hausberg
University of Hamburg

Koen Heimeriks
Tilburg University

William Hesterly
University of Utah

Tim R. Holcomb
Miami University

Florence Honore
University of Minnesota

Chihmao Hsieh
University of Amsterdam

Rob Jansen
Tilburg University

Rebecca Kehoe
Rutgers University

Patricia Klarner
University of Munich

Ingo Kleindienst
Aarhus University

David Kryscynski
Brigham Young University

Rajesh Kumar
Nottingham University Business School

Tomi Laamanen
University of St. Gallen

Marcus Møller Larsen
Copenhagen Business School

Yong Li
State University of New York-Buffalo

Stefan Linder
ESSEC Business School

Jacob Lyngsje
Copenhagen Business School

Alison Mackey
California Polytechnic State University

Tammy Madsen
Santa Clara University

Elizabeth Maitland
University of New South Wales

Franco Malerba
Bocconi University

Mark Maltarich
University of South Carolina

Gerry McNamara
Michigan State University

Markus Menz
University of St. Gallen

Stewart Miller
University of Texas-San Antonio

Denisa Constanta Mindruta
HEC-Paris

Mahka Moeen
University of South Carolina

Michael Mol
University of Warwick

Thomas P. Moliterno
University of Massachusetts-Amherst

Janice Molloy
Michigan State University

Marie Louise Mors
Copenhagen Business School

Anna Nadolska
Erasmus University-Rotterdam

Bo Nielsen
Copenhagen Business School

Anthony Nyberg
University of South Carolina

Maximilian Palmié
University of St. Gallen

Krsto Pandza
University of Leeds

Vassilis Papadakis
Athens University of Economics and Business

Lamar Pierce
Washington University-St. Louis

Christos Pitelis
University of Bath

Shameen Prashantham
University of Nottingham

Lihong Qian
Portland State University

Greg Reilly
University of Connecticut

Michael Roach
Duke University

Andre Sammartino
University of Melbourne

Henry Saueremann
Georgia Institute of Technology

Brian Saxton
Heidelberg University

Andreas Schotter
Western University

William Schulze
University of Utah

Brian Silverman
University of Toronto

Scott Snell
University of Virginia

Wolfgang Sofka
Copenhagen Business School

Deepak Somaya
University of Illinois-Urbana Champaign

Nils Stieglitz
Frankfurt School of Finance & Management

Bryan Stroube
University of Maryland

PuayKhoon Toh
University of Minnesota

Anja Tuschke
University of Munich

Daniel Tzabbar
Drexel University

Markus Venzin
Bocconi University

Gianmario Verona
Bocconi University

Henk W. Volberda
Erasmus University-Rotterdam

Timo Vuori
Aalto University

Heli Wang
Singapore Management University

Libby Weber
University of California-Irvine

Randall Westgren
University of Missouri

Margarethe Wiersema
University of California-Irvine

Patrick Wright
University of South Carolina

Robert Wuebker
University of Utah

Toru Yoshikawa
Singapore Management University

Kenneth Younge
Purdue University

Ivan Zupic
University of Ljubljana

SPECIAL CONFERENCE AWARD FINALISTS

The Strategic Management Society is pleased to present two awards at our Special Conference in Copenhagen. The Award Committee included Ronaldo Parente, Steven Tallman and Magdalena Dobrajska who worked to identify the finalists named below. The winners will be announced at the conference and will be presented with a commemorative certificate and a cash award. The Award Committee will base their decision on the following criteria:

- Soundness of the conceptual development
- Originality and new contribution(s)
- Appropriate methodology well applied
- Effective communication of the central ideas of the work
- Relevance to the conference key themes



SPECIAL CONFERENCE COPENHAGEN BEST PROPOSAL PRIZE

FRIDAY

SESSION 15 | 13:45 – 15:00

Driving Between-Firm Human Capital Heterogeneity: Rationales for Pipeline Formation and Maintenance

Rhett Brymer, *Miami University*
Janice Molloy, *Michigan State University*
Brett Anitra Gilbert, *Rutgers University*

FRIDAY

SESSION 49 | 13:45 – 16:00

Diversity and Dharma: How Structural Dominance, Networks and Multiplex Ties Influence Performance in Bollywood Film Production

Kristina Vaarst Andersen, *Copenhagen Business School*
Mark Lorenzen, *Copenhagen Business School*

FRIDAY

SESSION 21 | 15:15 – 16:30

Crisis of Leadership or Leadership Through the Crisis? CEO Performance During the Financial Crisis

Daniel Braun, *Georg-August-University Göttingen*
Michael Wolff, *University of Göttingen*

FRIDAY

SESSION 21 | 15:15 – 16:30

Seemingly Equal but Still Different: Performance Effects of Socio-Cultural Diversity in the Boardroom

Marius Luber, *University of Munich*
Anja Tuschke, *University of Munich*

SATURDAY

SESSION 9 | 15:30 – 16:45

Wanting to Play on a Winning Team: Utility Cascades and Competitive Advantage from Human Capital

Benjamin Campbell, *Ohio State University*
Russell Coff, *University of Wisconsin-Madison*
David Kryscynski, *Brigham Young University*



SPECIAL CONFERENCE COPENHAGEN BEST PHD PROPOSAL PRIZE

FRIDAY

SESSION 51 | 13:45 – 15:00

Uncertain But Able: Entrepreneurial Self-Efficacy and Novices' Use of Expert Decision-Logic Under Uncertainty

Yuval Engel, *VU University Amsterdam*
Nicoletta Dimitrova, *VU University Amsterdam*
Tom Elfring, *VU University Amsterdam*

FRIDAY

SESSION 21 | 15:15 – 16:30

Seemingly Equal but Still Different: Performance Effects of Socio-Cultural Diversity in the Boardroom

Marius Luber, *University of Munich*
Anja Tuschke, *University of Munich*

FRIDAY

SESSION 21 | 15:15 – 16:30

Crisis of Leadership or Leadership Through the Crisis? CEO Performance During the Financial Crisis

Daniel Braun, *Georg-August-University Göttingen*
Michael Wolff, *University of Göttingen*

SATURDAY

SESSION 10 | 11:30 – 12:45

Origins of Organization-level Absorptive Capacity: Exploring Macro-Micro and Micro-Macro Effects

Andreas Distel, *University of Mannheim*

SUNDAY

SESSION 20 | 8:30 – 9:45

Being Motivated to Acquire: The Impact of CEO Regulatory Focus on Firm Acquisitions

Daniel Gamache, *Michigan State University*
Gerry McNamara, *Michigan State University*
Michael Mannor, *University of Notre Dame*
Russell Johnson, *Michigan State University*

FRIDAY, JUNE 13, 2014

- 13:45 — 15:00 Parallel Paper/Common Ground/
Panel Sessions
- 15:15 — 16:30 Parallel Paper/Common Ground/
Panel Sessions
- 16:30 — 17:00 Coffee Break
- 17:00 — 19:00 **Executive Seminar:
Microfoundations in Action**
- 19:30 — 22:00 Welcome Reception at CBS,
Solbjerg Plads 3

SATURDAY, JUNE 14, 2014

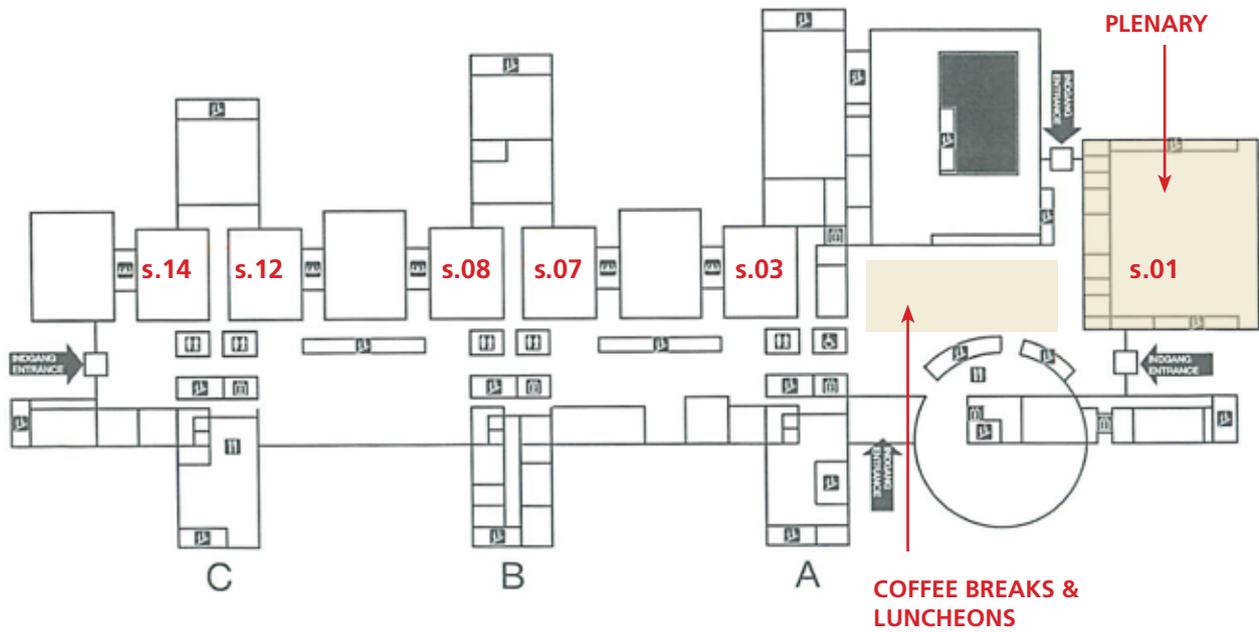
- 08:30 — 08:45 Opening of Conference
- 08:45 — 09:45 Keynote I: Micro-Foundations of
Advantage
- 09:45 — 10:15 Coffee Break
- 10:15 — 11:15 Plenary Panel/Motion: Let it be
Resolved that the Individual is the
Indispensable Starting Point for
Theorizing in Strategy
- 11:30 — 12:45 Parallel Paper/Common Ground/
Panel Sessions
- 12:45 — 14:00 Lunch
- 14:15 — 15:15 Keynote II: How Social Networks
Create Competitive Advantage:
Hubs, Brokers, and Structural Holes
- 15:30 — 16:45 Parallel Paper/Common Ground
Sessions/Panel Sessions
- 16:45 — 17:15 Coffee Break
- 17:15 — 18:15 Showcase Panels
- 19:30 — 22:30 Conference Dinner at Moltke's
Palace

SUNDAY, JUNE 15, 2014

- 08:30 — 09:45 Parallel Paper/Common Ground/
Panel Sessions
- 09:45 — 10:15 Coffee Break
- 10:15 — 11:15 Keynote III: Formation and
Obstacles for High Performance
Work Systems
- 11:30 — 12:30 Plenary Panel: How Much Foresight
Should We Assume of Managers in
Strategy Research?
- 12:30 — 13:45 Lunch
- 14:00 — 15:15 Parallel Paper/Common Ground/
Panel Sessions
- 15:15 — 15:30 Coffee Break
- 15:30 — 16:45 Parallel Paper/Common Ground/
Panel Sessions
- 17:00 — 18:00 Plenary Panel: Do CEOs Matter?
- 18:00 — 19:30 Farewell Reception at CBS,
Kilevej 14a

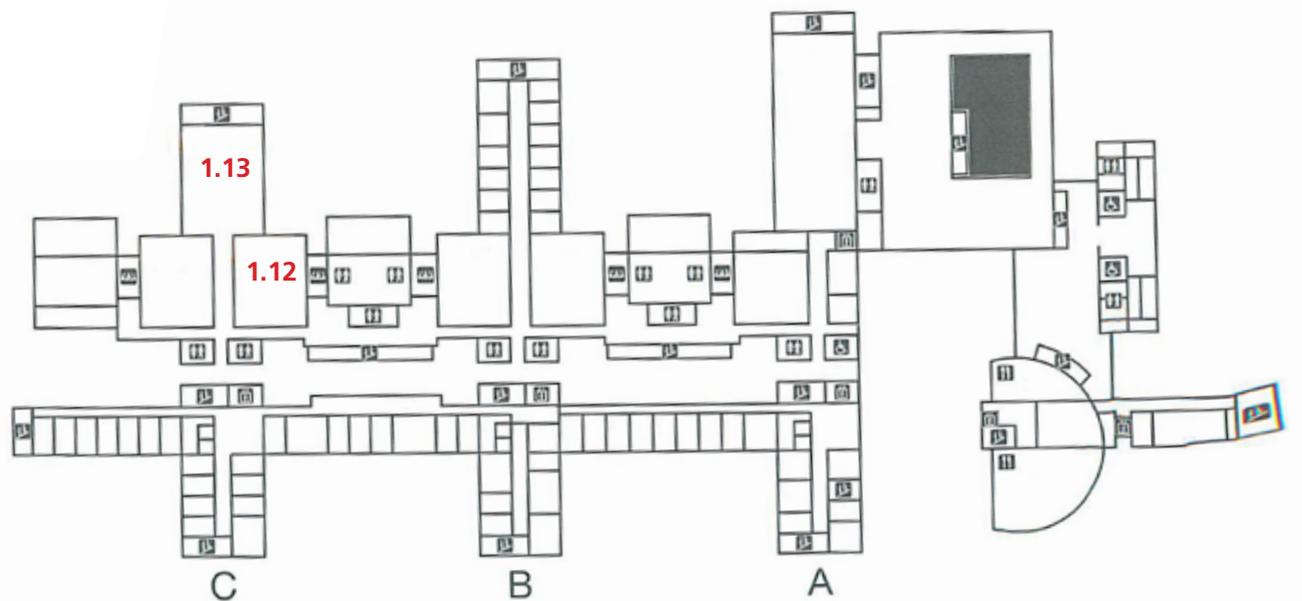
SOLBJERG PLADS 3 GROUND FLOOR

All Paper Sessions will be held on this floor

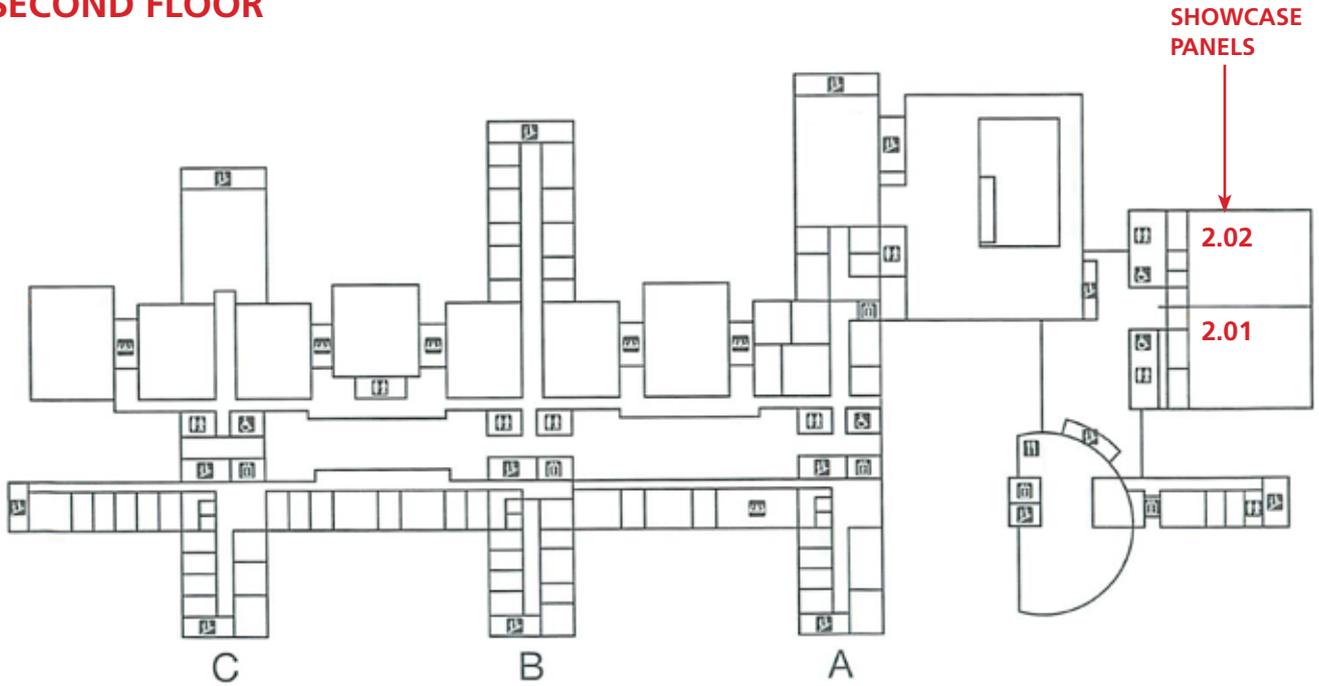


SOLBJERG PLADS 3 FIRST FLOOR

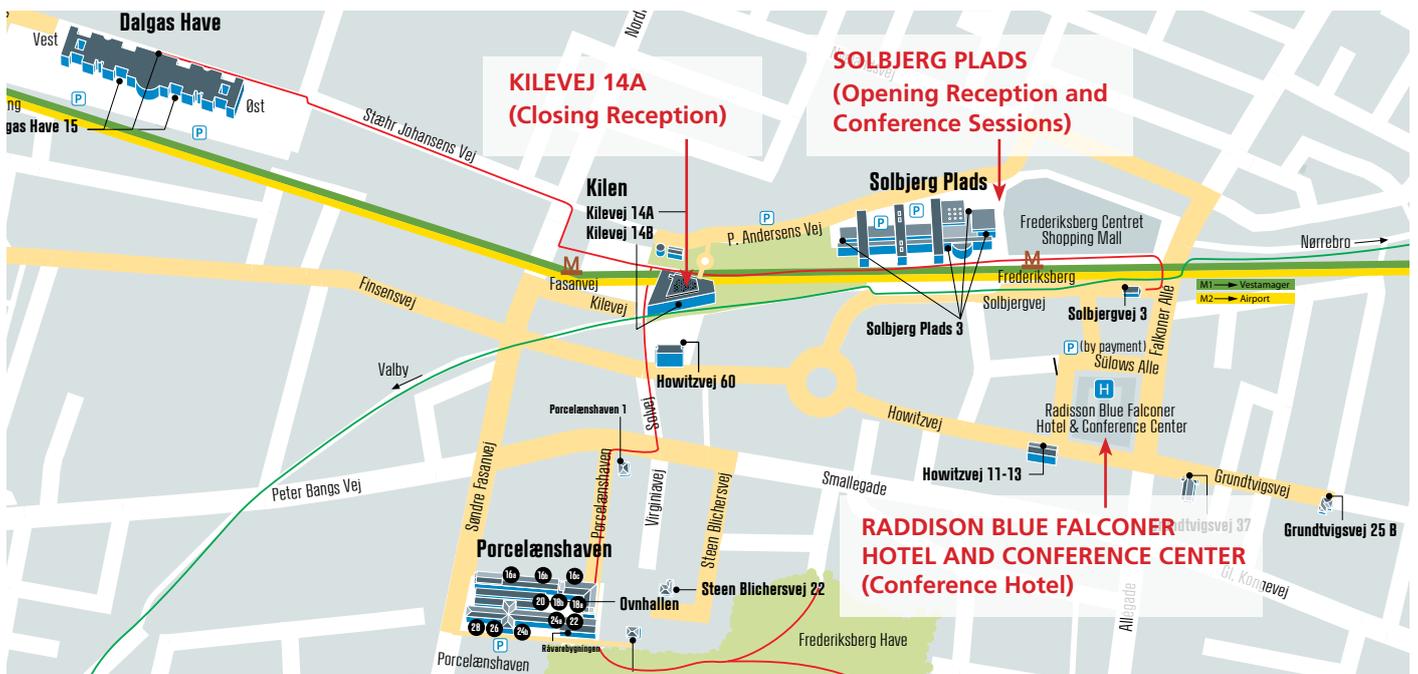
All Common Ground Sessions will be held on this floor



**SOLBJERG PLADS 3
SECOND FLOOR**



CBS CAMPUS MAP



SESSION 32

LEARNING, INNOVATION, AND CHANGE

THEME A	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Common Ground	Room	1.12
Facilitator	Anna Grandori, <i>Bocconi University</i>	

Ambidexterity-in-Practice: A Multi-Case Investigation of Managerial Action at the Level of the Project

Neil Turner, *Cranfield University*
 Juani Swart, *University of Bath*
 Harvey Maylor, *Cranfield University*
 Elena Antonacopoulou, *University of Liverpool*

The literature on ambidexterity is dominated by theoretical development and does not fully explain how ambidexterity is manifested in practice. Empirical work has been undertaken primarily at the organisational level and there is limited focus on the managerial actions in day-to-day operations that enable this important organisational capability. Using extensive data from eight case studies in the IT-services sector, we pay attention to the underlying resources in terms of intellectual capital (namely human, social and project capital), and develop a fine-grained understanding of ambidexterity-as-practiced. Within this context we identify five managerial practices ('buffering', 'gap-filling', 'integration', 'role-expansion', and 'tone-setting') that project managers use to combine resources which bring about two distinctly different forms of project-level ambidexterity ('distributed' and 'point' ambidexterity). We identify the interrelationships between these managerial actions and find that 'integration' acts as the fulcrum for the other four actions.

Knowledge-Based Microfoundations for Developing Open Innovation Capabilities

Dirk Schneckenberg, *ESC Rennes School of Business*

While open innovation has been recognised as strategic option of firms to adapt to rapidly changing industry contexts, the application of the framework in corporate practice still poses challenging questions for the reorganisation of internal processes and resources. One area with a lack of empirical research is the systematic development and enacting of open innovation capabilities at firm level. This paper investigates with close reference to the dynamic capabilities framework knowledge-based microfoundations for open innovation capabilities in a longitudinal case study in a leading industrial and healthcare equipment provider. Preliminary findings from the data analysis, which triangulates interviews with a range of complementary archival records, indicate the importance to understand open innovation as multi-level phenomenon which comprises different processes at different organisational levels.

Organizational Capability, Reciprocal Influences and Identity: You are What You Do Best

Krsto Pandza, *University of Leeds*
 Abdelghani Es-Sajjade, *University of Leeds*

In this paper we argue that distinctive social identities of groups within a firm influence reciprocal interactions between organizational capabilities and managerial actions. Perception of a distinctive organizational capability triggers the process of social identification and this leads to internal heterogeneity of group-level identities. Identity-driven autonomous and induced actions shape interactions among groups, produce new resources with impact on organizational level capabilities.

Service Innovation and Management Innovation: The Moderating Role of Service Tangibility

Alexander Alexiev, *Vrije University Amsterdam*
 Matthijs Janssen, *Eindhoven University of Technology*
 Pim den Hertog, *Diallogic Innovation & Interaction*

The burgeoning research on innovation has not fully explored the relationship between different forms of innovation. In this paper, we examine how service innovation is related to management innovation. We posit that service innovativeness can put demands on and increase dissatisfaction with existing management processes, structures and practices and stimulate organizational changes towards innovating those as well. However, in the context of services, this relationship will be dependent on the level of service tangibility. Our findings show that for some dimensions of service innovation, service tangibility will moderate the relationship with management innovation.

Solve, Buy or Broadcast Search? An Empirical Investigation of R&D Managers' Governance Choices for Problem Solving

Christoph Ihl, *RWTH Aachen, Technology and Innovation Management Group*
 Dirk Lüttgens, *RWTH Aachen University*

Theoretically grounded research on the adoption of specific open innovation practices is still rare. We build on recent notable conceptual exceptions by Afuah & Tucci (2012) and Felin & Zenger (2013) to empirically investigate managers' governance choice of "broadcast search" to solve R&D problems. This search mode for unknown solvers or solutions via open innovation platforms is compared to inhouse problem solving and self-reliant search for designated external solvers. R&D problems are dimensionalized according to knowledge governance and problem solving arguments, next to transaction cost, real options and resources based theory. We seek to explain observed governance choices of 221 R&D managers by the proposed problem dimensions and to analyze them in terms of misalignment and performance effects. A follow up discrete choice experiment allows constructing individual levels of misalignment and to integrate the influence of platform, individual and firm level characteristics.

Winds of Change: A Behavioral Model of the Dynamics of Exploration and Exploitation

Dovev Lavie, *Technion-Israel Institute of Technology*
 Patricia Klarner, *University of Munich*

Scholars have underscored the consequences of exploration and exploitation, yet research on their behavioral antecedents remains sparse. We examine managers' cognitive and behavioral biases that influence firms' tendencies to explore versus exploit. Our conceptual model departs from the static perspective that underscores the need for balancing exploration and exploitation by identifying conditions that enable firms to dislodge from such balance. Specifically, we contend that the CEO's risk propensity affects the firm's transition between exploitation and exploration. We propose that this effect is moderated by the CEO's tenure, the firm's exploration-exploitation experience, and the tendency of competitors to explore versus exploit. Our study contributes to the literature by conjecturing on the interplay of individual, organizational, and industry-level mechanisms that shape the dynamics of exploration and exploitation.

SESSION 24

CAPABILITIES IN AN INTERNATIONAL CONTEXT

THEME A	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Paper	Room	s.03
Session Chair	Elizabeth Maitland, <i>University of New South Wales</i>	

Headquarters Deployment of Capabilities in the MNC: The Micro-foundational Domains of Activity, Conceptual, and Network Fit

Henrik Dellestrand, *Uppsala University*
 Francesco Ciabuschi, *Uppsala University*
 Ulf Holm, *Uppsala University*
 Olof Lindahl, *Uppsala University*

This paper explores the determinants of the performance of headquarters deployment of capabilities to sub-unit innovation projects in the multinational corporation. Headquarters deployment of capabilities concerns the attempt to introduce a specific capability to a sub-unit innovation project with the intention of strengthening the innovation project by reproducing the achievement of the capability's specific end result. We address the research question: Why does the performance of headquarters attempts to deploy the same capability across different innovation projects of sub-units vary? We suggest a model that elucidates determinants of the performance of headquarters capability deployment on the basis of the capability microfoundations and the innovation project's network related activities and interdependencies.

Individuals' Assessment Schemas as Micro-foundations for IB Theory

Elizabeth Maitland, *University of New South Wales*
 Andre Sammartino, *University of Melbourne*

While key concepts in the dominant schools of International business thought (IB) are cognitive in nature, the firm remains the persistent unit of analysis. The micro-foundational role of individual decision-makers in identifying opportunities, and assessing this interplay between location and advantage, is typically overlooked. We present an empirical examination of the cognitive efforts of key individuals involved in the assessment of an international acquisition. We find substantial diversity in the knowledge domain schemas they drew on to assess the internationalization opportunity. We argue that these schemas represent potential building blocks for opportunity assessment routines and capabilities. We identify three important implications for IB theory that stem from recognizing these cognitive micro-foundations.

Microfoundations of Disseminative and Absorptive Capacities in HQ-Subsidiary Knowledge Flows: Interactions of Ability, Motivation and Opportunity

Ieva Martinkenaite, *BI Norwegian Business School*

This paper finds that the knowledge transfer debate in MNC studies and broader strategy literature underestimates the micro-level foundations of disseminative and absorptive capacities of firms and ignores the existence of a continual dynamic interaction between these two organizational learning capabilities. I develop a co-evolutionary, micro-process based model of disseminative and absorptive capacities where a three-way interaction of ability, motivation and opportunity to transfer and absorb knowledge explains how these organizational learning capabilities interact and change over time. The paper builds on a longitudinal, exploratory case study of HQ-subsidiary knowledge flows in the emerging economies.

The Role of the Center, Templates and Replication Orientation: Building Microfoundations for Dynamic Capabilities in a Project-Based MNC

Ryan Hammond, *SKK Global School of Business*
 Shad Morris, *Brigham Young University*

Knowledge-based views point to an organization's ability to develop superior dynamic capabilities as key to sustained competitive advantage. However, theoretical development and empirical study of the microfoundational dynamics that produce variation in these capabilities has remained sparse. We hypothesize how the efficacy of two key individual-level knowledge transfer strategies – the degree of "replication orientation," and the number of working examples consulted - is contingent on core structural organizational decisions of whether the knowledge governance of the routine is central or local. Testing these hypotheses suggests that a knowledge transfer strategy which emphasizes replication and the consultation of multiple working models leads to an effective exploitation of a firm's routines when the routines in question are centrally-governed, but significantly hurts routines that are locally-governed.

SESSION 28

UNCONVENTIONAL DRIVERS OF STRATEGY

THEME A	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Paper	Room	s.07
Session Chair	Quy Huy, <i>INSEAD</i>	

Passion of the Soul or Slave of your Passion: CEOs' Passion and Firm Strategy and Performance

Christine Scheef, *University of St. Gallen*
 Quy Huy, *INSEAD*

Passionate CEOs do not always benefit the firm's strategy and performance. Drawing on upper-echelons theory and the dualistic model of passion, we propose that CEOs share the strong inclination to their job, but differ in the perceived importance that the passionate job takes in their life and how strongly they define themselves through their job. We develop and will test hypotheses that obsessive passionate as opposed to harmonious passionate CEOs increase strategic persistence and diminish firm performance. Moreover, we establish contingencies, such as market concentration and dynamism, under which these relationships hold. This first empirical study on CEOs' passion contributes to the upper-echelons research as well as to the micro-foundations of strategy.

The Metacognitive Microfoundations of Strategic Adaptation

Peter Bryant, *IE University*

Researchers seek to derive principles which may help to guide strategic adaptation, or the selection of which game to play and how to play it. In other words, they seek principles of meta-strategic choice. This implies the need for deeper research into metacognitive reasoning in strategic decision making. Moreover, this research project is inherently microfoundational, given its focus on cognitive psychological processes within strategy selection. My paper explores this problem. To begin with, I analyze the metacognitive aspects of strategizing within dynamic environments. I then report an exploratory mixed methods study of strategic thinking and decision making by founder CEOs. The results suggest that metacognition plays a significant role in strategic adaptation, warranting further research on this topic.

The Role of Identity Threat and Emotion in Strategic Initiative Performance

Rebekka Skubinn, *Leibniz University Hanover*

Strategic initiative performance is decisive for organizational renewal and success. The majority of research investigating resource allocation processes of strategic initiatives focuses on analyzing organizational contexts. Following research recognizing the role of microfoundations in strategy, we investigate the impact of identity threat and emotion on social recategorization actions and strategic initiative resource allocation decisions. We develop a conceptual model demonstrating how social identity threat leads to social recategorization actions which in turn negatively impact strategic initiative resource allocation decisions. This relationship is intensified by negative emotions, which result from social identity threat and increase social recategorization actions.

The Unintended Consequences of Seeking Celebrity

Anastasiya Zavyalova, *Rice University*
 Michael Pfarrer, *University of Georgia*
 Rhonda Reger, *University of Tennessee*

We propose that organizational research has underemphasized the downside of seeking celebrity. We argue that while seeking celebrity may lead to prominence, it does not necessarily lead to gaining celebrity. Constituents are more likely to attribute causes of positive as well as negative events to a celebrity-seeking organization, and as a result they experience extremely positive as well as negative emotions toward this organization. These evoked emotions can lead to both celebrity and infamy among different constituents for the same organization, developing identification and disidentification, which affects how constituents interpret and react to disconfirming media coverage about the organization. Despite the support an organization may receive from high-identification constituents following negative media coverage, high identification is less persistent to disconfirming information than high disidentification.

FRIDAY 13:45 – 15:00



SESSION 49

FAMILY FIRMS: INDIVIDUAL AND SOCIAL IDENTITY

THEME B	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Paper	Room	s.08
Session Chair	Randall Westgren, <i>University of Missouri</i>	

★ **Diversity and Dharma: How Structural Dominance, Networks and Multiplex Ties Influence Performance in Bollywood Film Production**

Kristina Vaarst Andersen, *Copenhagen Business School*
Mark Lorenzen, *Copenhagen Business School*

The paper unbundles four different components of social capital investigates their effect on resource orchestration performance, and develops theoretical propositions on the underlying mechanisms. First, we align with extant theory on how network centrality facilitates resource search through access to information. Second, we suggest that structural dominance facilitates resource pre-emption through power and basking in reflected glory-effects. Third, we suggest that tie multiplexity has negative performance effects due to resource iteration, and we propose that such multiplexity may arise through a 'dharma' effect of actors self-selecting into projects out of blind loyalty. Fourth, we suggest that brokerage has two effects: It facilitates resource diversity through preventing resource lock-in, and it builds auxiliary value around existing resources. The paper is based on a mixed-method study of Bollywood film production, integrating quantitative analysis of attributional and relational data with 58 on-site interviews.

Founder-CEOs and Management Myopia

Charlotte Schuster, *University of Oldenburg*
Jantje Halberstadt, *University of Oldenburg*

To date, Founder-CEOs received very little attention in the field of Strategic Management. This holds for the role of founder-CEOs regarding the company's long-term performance and competitive advantages, as well as for differences in decision-making behavior when compared with salaried CEOs. Founders and family members usually have larger shares in the company and, due to their participation when building up the company, generally a more requisite knowledge, stronger voice and decision-making power. Their long and personal affiliation to the company also effectuates a more intrinsic motivation and a more emotional attachment compared to salaried CEOs. In this paper, we analyze whether founder-CEOs are less susceptible to myopic behavior than salaried managers.

The Effect of Owners' Prediction and Control Behaviors on the Entrepreneurial Orientation of SMEs

Maximilian Palmié, *University of St. Gallen*
Peter Hürzeler, *University of St. Gallen*
Dietmar Grichnik, *University of St. Gallen*
Oliver Gassmann, *University of St. Gallen*
Marcus Matthias Keupp, *Swiss Federal Institute of Technology*

In a pioneering approach, our paper discusses behavioral antecedents of entrepreneurial orientation (EO) in owner-centric firms. Based on a theoretical framework that links the three salient behavioral antecedents affordable loss, pre-commitments, and prediction to the EO of the firm, we elaborate hypotheses and test these with a unique sample of 148 firms operating in the highly dynamic renewable energy and energy efficiency industries. Our results suggest that both affordable loss and pre-commitments behavior are negatively associated with EO, whereas prediction behavior is positively related to EO. The contributions of these findings to entrepreneurship research and management practice are discussed.

The Microfoundations of Collective Entrepreneurship

Peter Hofherr, *University of Missouri*
Randall Westgren, *University of Missouri*

We examine the microfoundations of the formation and operation of a new entrepreneurial venture that is comprised of small enterprises seeking the payoffs from collective action. We use Ruef's (2010) relational demography model of group entrepreneurship, extended from the intra-firm group to the inter-firm collective. The group identity, as constructed by the actions of the individual firm-members, is examined as the salient microfoundation for the collective entrepreneurial venture. An empirical

test is made for eight wine trails in the central US. We also test for the perceptions by trail members that the group's identity-based strategy conflicts with the individual members' identities as firms with their own brand, reputation and strategy.

SESSION 51

NASCENT MARKETS AND FIRMS

THEME B	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Paper	Room	s.12
Session Chair	Nilanjana Dutt, <i>Bocconi University</i>	

Regulatory Uncertainty and Managerial Attention in the U.S. Renewable Electricity Industry

Nilanjana Dutt, *Bocconi University*

Top managers' attention to new problems has important consequences for the firm and is often triggered by environmental factors such as uncertainty. In this research, we draw from behavioral theories of uncertainty avoidance and managerial attention, to examine how headquarter and subsidiary top managers change their attention to a new problem under regulatory uncertainty. We find subsidiary top managers exhibit classic uncertainty avoidance by reducing attention to the problem, while headquarter top managers increase their attention to the problem under regulatory uncertainty. We test these ideas using a setting where U.S. electric utility firms are attending to new developments in the renewable electricity sector from 2000 to 2010.

✿ **Uncertain But Able: Entrepreneurial Self-Efficacy and Novices' Use of Expert Decision-Logic Under Uncertainty**

Yuval Engel, *VU University Amsterdam*
Nicoletta Dimitrova, *VU University Amsterdam*
Tom Elfring, *VU University Amsterdam*

Entrepreneurs' initial strategy choices are made in the face of inherently uncertain and fundamentally unpredictable futures. Yet, unlike experts, novice entrepreneurs still tend to rely on predictions and forecasts as they move their ideas through the venture creation process. This study examines the factors that mitigate novices' "experience deficit" and promote the use of effectuation - a non-predictive logic associated with entrepreneurial expertise. Specifically, we investigate the role of entrepreneurial self-efficacy (ESE) and situation framing in shaping novices' reliance on effectuation. The results of a randomized experiment show that, in contrast to a control group, individuals who experienced an increase in ESE were more likely to use effectuation under uncertainty. This relationship was partially mediated by the framing of the situation as an opportunity.

Value Capture in Nascent Industries: The Case of the Emerging Offshore Renewable Industry

Truls Erikson, *University of Oslo*
Nicolai Lovdal, *University of Oslo*
Arild Aspelund, *NTNU*

The current study departs from entrepreneurship seen as judgment and co-creation under conditions of Knightian uncertainty. In other words, this study combine the subjective with the intersubjective, and explore the effects of the actions successful technology entrepreneurs in the emerging offshore renewable energy industry make in order to build their companies. Inspired by earlier studies on market entry, combined with new ways to understand the development of the firm (subjectivity), and co-creation (intersubjectivity), we find that successful entrepreneurs benefit from leapfrogging typical stages in the technology development process and rather devote time and efforts on business development activities towards investors and potential international alliance partners. We suggest that the most important value capturing heuristics are those related to hybrid governance.

What Matters To Managers Making The Decision? A Microfoundational View Of Global Market Entry Mode Choice

Weiqiang Tang, *University of Technology Sydney*
Timothy Devinney, *University of Leeds*

This study aims to examine global strategic theories built on macrofoundations via a series of choice experiments with managers

who actually make strategic decisions. We choose global market entry mode as a particular strategic decision and will test hypotheses rising from mainstream theories of the global strategic domain. This study will contribute both microfoundational evidence of the managerial experiments to global strategic theories and an experimental methodology to microfoundational research routines.

SESSION 15

COMPETITIVE HETEROGENEITY: SHOULD I STAY OR SHOULD I GO (TO THIS SESSION)?

THEME C	Date	Friday, Jun 13
	Time	13:45 – 15:00 h
Paper	Room	s.14

Session Chair Rajshree Agarwal, *University of Maryland*

★ **Driving Between-Firm Human Capital Heterogeneity: Rationales for Pipeline Formation and Maintenance**

Rhett Brymer, *Miami University*
 Janice Molloy, *Michigan State University*
 Brett Anitra Gilbert, *Rutgers University*

This paper addresses an important disconnect between the practices organizations use to hire employees and our scholarly understanding of these practices. Specifically, this study extends emerging research on human capital pipelines by articulating the motivations firms (and nested individuals within firms) have for forming and maintaining pipelines. We are also propose to examine the extent to which managers foresee the social and competitive implications of pipelines as they initiate and continue hiring from particular source organizations. Our paper enriches our understanding of foundations of pipeline existence and can be used by strategic human capital and microfoundations scholars alike to deepen understanding of resource heterogeneity and competitive advantage.

Excess Capacity and Human Capital: A Multi-Level Analysis

Eirik Sjaholm Knudsen, *Norwegian School of Economics*
 Lasse Lien, *Norwegian School of Economics*
 Julian Johnsen, *University of Bergen*

We focus on the human capital consequences of excess capacity. This is important because excess capacity leads to increased human capital investments when incentives to hoard labor are strong, and to layoffs, when incentives to hoard labor are weak. In turn, this will affect how a spell of excess capacity impacts human capital stocks in a firm, and ultimately competitiveness. We use the shock to capacity utilization created by the recession of 2008-9 as a natural experiment, and combine three levels of data in order to understand the probability that a given individual will be hoarded or laid off by a given firm. While our specific setting is a recession, we believe the mechanisms we discuss are generalizable to both industry- and firm specific shocks.

Incumbent Status, Interfirm Mobility, and Entrant Growth

Tammy Madsen, *Santa Clara University*
 Gordon Walker, *Southern Methodist University*
 Bo Kyung Kim, *Southern Methodist University*

In this paper, we examine how personnel flows from incumbents to entrants affect entrant growth after a significant break in the rules governing competition in an industry. We argue that the time-varying network of personnel mobility between incumbents produces a status hierarchy and measures how technical knowledge and social resources are distributed among them. This hierarchy includes three discrete groups – high, middle and low status firms. We find that hires from middle-status incumbents are more oriented towards growth and suffer less status incongruence than hires from high status incumbents. We also show that the network structure converges over time to a stable high-status and middle-status pattern and that the effect of incumbent status hierarchy on entrant growth increases as the hierarchy becomes refined.

What Goes Around Comes Around: When Early Turnover Hurts Firm Performance

Bo H. Eriksen, *University of Southern Denmark*

In situations when the costs of obtaining information about the quality and fit of a new hire rule out efficient screening among applicants before making job offers, many firms resort to on-the-job screening to get rid of low performers. Since the use of on-the-job screening as a recruiting strategy lowers the average skill among the firm’s new hires, there may be a negative externality associated with this strategy which depends on the extent of complementarities between capital and skills. In this study of 2,999 Danish firms 1995-2007, I examine the feasibility of on-the-job screening when there are complementarities between labor and capital. I find evidence in support of negative externalities that reduce the benefits associated with on-the-job screening.



SESSION 35

KNOWLEDGE, ROUTINES, AND CAPABILITIES

THEME A	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Common Ground	Room	1.12
Facilitator	Stephen B Tallman, <i>University of Richmond</i>	

Acquiring Routines: The Micro-Foundations of Post-Acquisition Integration

Nicola Mirc, *University of Toulouse 1 Capitole*
 Audrey Rouzies, *University Toulouse 1 Capitole*
 Kathrin Sele, *University Toulouse 1 Capitole*

Building on the endogenous routine dynamic perspective, we aim to understand the micro-foundations of capability transfer in post-acquisition integration. We use this theoretical lens to study the planned combination of two existing routines in an acquisition process. We analyze a single, longitudinal in-depth case study of an acquisition in the consultancy sector. Our findings show that seemingly matching capabilities might not be compatible in practice as the sequences of action cannot be easily combined. Our article sheds light on the role of routines for successful integration and opens up the black box of capability transfer in post-acquisition integration.

Assembly of Routines in Knowledge-Intensive SMEs: Exploration and Exploitation as a Shaping Force

Jose Carrasco, *DICTUC*
 Stephen Zhang, *Catholic University of Chile*
 Julio Pertuze, *Pontifical Catholic University of Chile*

The assembly of routines at the micro-level is affected by managerial discretion. Such management discretion can be affected by a fundamental tension in strategy –exploration and exploitation. Through exploratory case studies of knowledge intensive SMEs, we identify the influence of exploration and exploitation on the assembly of capabilities. This study advances our understanding of the assembly of routines in knowledge intensive organizations. We identified the model of exploration and exploitation not as a simultaneous ambidexterity but instead as a punctuated equilibrium. The speed of switching is also found to be an important factor influencing the assembly of routines.

Boundary Capability in MNCs: Transforming Knowledge for Creative Solution Development

Esther Tippmann, *University College Dublin*
 Andrew Parker, *Grenoble Ecole de Management*
 Pamela Sharkey Scott, *Dublin Institute of Technology*

This study examines knowledge transformation as critical boundary capability in MNCs and its influence on the development of creative solutions. Using detailed questionnaire data on 67 problem solving processes driven from 29 subsidiaries, our analysis offers two important findings. First, we theoretically and empirically validate knowledge transformation in the MNC context, showing what micro-level actions and activities of collaborators constitute this capability. Second, we find that knowledge transformation influences creative solution development if collaborators are able to use the organizational challenge to form an opportunity. These insights contribute by revealing some of the micro-foundations of a boundary capability and underlying mechanisms of generating creative outcomes in distributed organizations.

Choice Strategies in the Four Armed Bandit Task: Implications for a Discussion about the Micro-foundations of Routines

Daniella Laureiro-Martinez, *ETH Zurich*
 Stefano Brusoni, *Swiss Federal Institute of Technology*
 Amulya Tata, *Swiss Federal Institute of Technology*
 Maurizio Zollo, *Bocconi University*

This paper aims at explaining differences in decision making performance on the basis of choice strategies implemented by a sample of 89 participants while playing a four armed bandit task. By analyzing the emergence of choice strategies, we study the individuals and the processes that are at the origins of routines (Felin et al., 2012). We observe the emergence of strategies which differ in terms of content and ultimate performance. Such choice strategies provide information about search behavior, learning and routines development. Our results extend current research on the relationship between attention control and routinization propensity (i.e. the tendency to develop simple strategies of choices to solve complex

problems) by revealing the actual content of the strategies deployed to solve problems. Our results can contribute to provide a micro-founded explanation for the individual level origins of organizational routines.

Rocking and Rebalancing the Boat: How Offshoring Elicits Reconfiguration of Service Production Systems

Kristin Brandl, *Copenhagen Business School*
 Michael Mol, *University of Warwick*
 Bent Petersen, *Copenhagen Business School*

Service production systems can be seen as a configuration of the resources employed in producing the services, the practices through which the services are produced, and the services output as received by the client. Offshoring acts as an exogenous shock to such a service production system. Drawing on practice theory and applying a multiple case methodology we investigate how offshoring elicits a reconfiguration and realignment of resources, practices and outputs of different service production systems in a large, multinational shipping company. The cases reveal substantial managerial challenges in the realignment process prompted by the relocation. We find that the offshore employment of relatively well-educated human resources, but with limited industry experience, gives way to new, more standardized organizational practices.

The Role of Business Groups in Fostering Absorptive Capacity

Pasquale Massimo Picone, *University of Catania*
 Naga Lakshmi Damaraju, *Indian School of Business*
 Giovanni Battista Dagnino, *University of Catania*

Absorptive capacity develops progressively and accumulatively over time by means of the interaction with a variety of inter-organizational elements. This study explores to what extent the diversity and overlap of knowledge among affiliated firms generated by the business group's diversification strategy impact on the firm's absorptive capacity. Furthermore, we aim to test whether absorptive capacity represents a generative mechanism through which the diversified business group affiliation is able to influence the affiliated firms' performance.

SESSION 39

COGNITION AND DECISIONMAKING II

THEME A	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Common Ground	Room	1.13
Facilitator	Peter Bryant, <i>IE University</i>	

Analogical Thinking in the Generation of Strategic Options: An Experimental Study

Dan Lovallo, *University of Sydney*
 David Bardolet, *Bocconi University*

This study investigates the use of analogies in the option generation stage of strategic decision making. It also investigates what analogies people consider to be helpful in order to generate ideas or strategies. Experiment 1 shows that exposing participants to multiple remote analogies has the strongest positive effect on the number of generated strategies although any number or type of analogy is found to increase the number of strategies participants generate, relative to using no analogies. Experiment 2 shows that people do not believe multiple and remote analogies are of the most effective ones when trying to generate strategies, which might help explain why analogical thinking is misused in a good number of situations. Our study includes additional experiments on other dimensions of analogies.

Closing the Behavioural Integration-Effectiveness Gap: The Role of Affective Climate and Polychrone Culture

Truls Erikson, *University of Oslo*
 Daniel Leunbach, *University of Oslo*
 Max Rapp Ricciardi, *University of Gothenburg*

In this study, we combine the upper echelon theory with the emerging creative team act theory, and show how affective climate in venturing teams mediates the relationship between sociobehavioural integration and team effectiveness in science-based start-ups. The rationale for focusing on affective climate is that it not only behaviourally promotes and activate these teams, but affective climate may also serve as the antidote to team disintegration under conditions of repeated setbacks

– which is often the case with new ventures in unreceptive markets. We also made the counterintuitive discovery that polychronicity, not only has a surprising negative direct effect on venturing teams' effectiveness, but a positive moderating effect on the relationship between sociobehavioural integration and venturing teams' effectiveness. Implications for theory and practice are discussed.

Estimate formation and search behavior: An Experimental Investigation

Stephan Billinger, *University of Southern Denmark*
 Nils Stieglitz, *Frankfurt School of Finance & Management*
 Terry Schumacher, *Rose-Hulman Institute of Technology*

In this study we examine estimate formation using a laboratory experiment that confronts individual participants with a combinatorial search task. We find that both estimation and search behavior shape performance. High or optimistic estimates narrow the breadth of search and increase the likelihood of search stop. Participants develop a sense of whether or not their estimates are correct, since inaccurate estimates lead to a longer-lasting updating of estimation. This creates a tradeoff between the need for estimate formation through sustained search, and the need for an early stopping of search which precludes estimate updating but restrains potential opportunity cost. We also find that estimates are stationary, i.e. they are formed and stable for some time and become basins of attraction which guide search.

Great Minds Think Alike and Fools Seldom Differ: The Correlated Expectations Theory of Trade

Ulrik Nash, *University of Southern Denmark*
 Thorbjørn Knudsen, *University of Southern Denmark*
 Michael Christensen, *Strategic Organization Design*

Achievement in markets depends on evaluation and trade of resources, but current theories explaining performance in product markets are not generalizable to financial markets. Motivated by the absence of theory capable of connecting empirical observations in markets populated by firms, and those populated by speculators, we develop the correlated expectations theory of trade to investigate market outcomes when participants use information efficiently, subject to their cognitive constraints. These forces generate likemindedness contingent on intelligence, hence the title of our paper. Comparison of predictions with known empirical observations creates high confidence, which is further boosted by the ability of our model to also identify previously unattended phenomenon. Together these results suggest that central phenomena studied within finance and business strategy have a common cognitive cause.

Implementation Process Success through Employees' Consensus: The Moderating Role of Social Context and Strategic Consensus

Antonia Lampaki, *Athens University of Economics and Business*
 Vassilis Papadakis, *Athens University of Economics and Business*

Strategy literature has emphasized on how strategic decisions are formulated at the expense of how they are actually implemented. To ensure implementation success, firms use a process to implement the strategic decision which includes communication, sanctions, and interactions. In this paper, we argue that employees' consensus mediates the relationship between the implementation process and implementation success. The proposed framework draws from social exchange theory to suggest that the organization's social context provides cues (i.e., justice, politics, support) that guide employees' perceptions about the trustworthiness of the firm's strategy and, as such, moderate the relationship between implementation process and implementation success. Also, we propose that this relationship is contingent on strategic decision making consensus.

The Role of a Manager in a Small Global Factory

Mari Ketolainen, *University of Turku*
 Taina Eriksson, *University of Turku*

The starting point of the study is that extant literature on the global factory does not acknowledge the role of a manager (cf. Aharoni et al., 2011; Buckley, 2009a). We find this omission problematic, and examine the smaller firm that operates a global factory structure, and scrutinize the role of an individual manager and his/her social connections. Thus, we suggest that a manager's social connections are highly influential and need to be considered in research. Further, we argue that the manager is not necessarily always purely making rational, cost-based decisions. This is a conceptual paper that is inspired by the contradiction between extant literature and our earlier empirical findings. Therefore, the paper draws illustrative examples from our earlier empirical research in the form of citations.

SESSION 21

INDIVIDUALS AND TOP MANAGEMENT

THEME A	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Paper	Room	s.03
Session Chair	Jaana Woiceshyn, <i>University of Calgary</i>	

Building a Microfoundation on the Basis of the Upper Echelon Theory

Åsa Devine, *Linnaeus University*

The upper echelon (UE) theory is a strategic management strand in which the individual is explicitly placed in focus, in order to explain firms' strategic choices and outcomes. Despite the UE's emphasis on the psychological characteristics of individuals in determining strategic choice, demographic characteristics have often been used as substitutes. Here this common practice of substitution is questioned while adhering to the call for considering demographics as antecedents to psychological characteristics of individuals. With a base in the upper echelon theory, a conceptual model is presented integrating elements from the intervening process theory and the theory of planned behavior.

★ ❁ Crisis of Leadership or Leadership Through the Crisis? CEO Performance During the Financial Crisis

Daniel Braun, *University of Göttingen*
 Michael Wolff, *University of Göttingen*

The influence of CEOs on company outcomes is a frequently analyzed concept in individual-level strategic management research. While there are some concepts of what constitutes successful CEOs, the issue of the CEO as a crisis manager has not caught much attention yet. By looking at the recent financial crisis we analyze what characteristics of CEOs determines overall performance outcome and make comparisons to non-crisis times. We use an extensive dataset collected from databases to analyze CEOs' career paths and draw conclusions on how they determine the cognitive framing of CEOs and therewith their decision making. We find support that experience in adapting to new organizational settings underlie some of the variance in crisis management skills of CEOs.

Integrative Cognitive Microfoundations of Strategy: A Case of a Fortune 500 Bank and its CEO

Jaana Woiceshyn, *University of Calgary*

How does a strategy develop in a manager's mind and how does it translate into a physical strategy at the organizational level? Based on a retrospective case study of a former CEO during his 20-year tenure at the helm of a successful Fortune 500 bank, this paper seeks an answer to that question. Drawing from research on managerial cognition, the psychological perspective on strategy, and an integrative theory of epistemology, the paper provides an explicit description of the CEO's—known as an efficacious strategist—thinking process and its relationship to his firm's strategy and performance, thus illuminating the strategy's cognitive microfoundations. Implications for research and strategic thinking are suggested.

★ ❁ Seemingly Equal but Still Different: Performance Effects of Socio-Cultural Diversity in the Boardroom

Marius Luber, *University of Munich*
 Anja Tuschke, *University of Munich*

While prior research has started to disentangle the impact of foreign directors from different nationalities on firm outcomes, less attention has been devoted to diversity in domestic directors' socio-cultural backgrounds. Based on Hillman et al.'s (2008) framework of multiple board identities and upper echelons theory (Hambrick & Mason 1984), we argue that social categorization due to diverse domestic socio-cultural backgrounds of directors impedes collaboration in the boardroom and results in poor firm performance. Moreover, we propose that the effect of directors' domestic socio-cultural diversity on performance is contingent on other dimensions of board heterogeneity. Analyzing panel data from the largest publicly-listed German firms between 2004 and 2011, we find support for our theoretical framework.



SESSION 43

STARS, TEAMS AND KNOWLEDGE MANAGEMENT

THEME B	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Paper	Room	s.07
Session Chair	Michelle Rogan, <i>INSEAD</i>	

Microfoundations of Knowledge Recombination: A Theoretical Model of Peripheral Knowledge and Breakthrough Innovation in Teams

Martine Haas, *University of Pennsylvania*
Wendy Ham, *University of Pennsylvania*

Strategy scholars have long argued that breakthrough innovation is generated by recombining knowledge from distant domains. Even if firms have the ability to access and absorb knowledge from distant domains, however, they may fail to recognize the potential of such knowledge because it is seemingly irrelevant to their tasks. We draw attention to this problem of knowledge relevance and develop a theoretical model to illuminate the processes through which, and conditions under which, ideas from seemingly irrelevant (i.e., peripheral) domains can generate breakthrough innovation. We situate our theoretical model in the context of teams in order to develop insight into the microfoundations of knowledge recombination within firms. Our model reveals paradoxical requirements for teams that help explain why breakthrough innovation is so difficult

Stars and their Constellations: Great Person or Great Team?

Denisa Constanta Mindruta, *HEC-Paris*
Janet Bercovitz, *University of Illinois-Urbana Champaign*
Maryann Feldman, *University of North Carolina-Chapel Hill*

This paper examines star scientists and team performance in the context of academic entrepreneurship. We employ a matching model of value creation to estimate complementarities between team leaders and teams. Through an extension of the matching model, we explore whether the “penalty” of not being matched efficiently is greater for the stars than for their teams. We find that counterfactual pairing of stars with non-star teams creates lower synergies than counterfactual pairing of star-teams to non-star principal investigators. We take this result as an indication that the contribution of the constellations to overall joint performance is relatively more significant than the contribution of the stars. This study illuminates the micro-foundations of performance heterogeneity and draws attention to inherent trade-offs in research team organization.

The Effect of Entrepreneurial Teams’ Prior Shared Experience and Job Hopping on Start-Ups Survival

Florence Honore, *University of Minnesota*

Start-ups founded by teammates with prior shared experience tend to perform better than other start-ups. However, we know little about the interactions between shared experience and other types of experience. I use a novel approach to depict experience combination by highlighting the role of job hoppers. Using a sample of start-ups from an employer-employee linked dataset, I found that job hoppers who worked outside the start-up industry positively moderates the effect of prior shared experience in the start-up industry on survival while job hoppers who worked in the start-up industry positively moderates the effect the prior shared experience outside the start-up industry. The paper uncovers specific mechanisms that underlie the foundation of knowledge complementarities in entrepreneurial teams and contributes to the spinout literature by comparing prior shared experiences.

Trading Off Status for Autonomy? Mobility and Entrepreneurship of Star Creative Directors in the Advertising Industry

Michelle Rogan, *INSEAD*
Andrew von Nordenflycht, *Simon Fraser University*

In this paper, we analyze data on creative directors in advertising firms to investigate under what conditions “stars” are likely to leave their current firms and either switch to a higher status firms or start their own firms. We argue that among star creative directors, the likelihood of starting a new firm is highest for directors who have won multiple awards because their status position is more stable. In contrast, the status of single award winners more fragile, and therefore, they are more likely to switch to a higher status ad firm than start a firm. The implication of these arguments is that entry into entrepreneurship by “stars” is not only a function of prior performance but also the stability of their status within the industry.

SESSION 14

REWARDS & AGENCY: INCENTIVE TO ATTEND THIS SESSION

THEME C	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Paper	Room	s.12
Session Chair	J Myles Shaver, <i>University of Minnesota</i>	

Cleaning House: The Impact of Information Technology Monitoring on Employee Theft and Productivity

Lamar Pierce, *Washington University-St. Louis*
Daniel Snow, *Brigham Young University*

This paper examines how firm investments in technology-based employee monitoring impact both misconduct and productivity. We use unique and detailed theft and sales data from 392 restaurant locations from five chains that adopt a theft monitoring information technology (IT) product. We use difference-in-differences models with staggered adoption dates to estimate the treatment effect of IT monitoring on theft and productivity. We find significant treatment effects in reduced theft and improved productivity that are driven by changed worker behavior rather than worker turnover. These findings are consistent with employees under a pay-for-performance system increasing selling effort to compensate for lost theft income.

Contract Choice and Peer-Effects: Evidence from Supermarkets

Francisco Brahm, *Catholic University of Chile*
Marcos Singer, *Pontifical Catholic University of Chile*

Peer effects may be affected by contract choice. We study competitor peer-effect using micro-data from the replenishment operations of two fiercely competing beverages firms in 212 supermarket stores that make different agent monitoring and pay for performance choices. Our results show that increased productivity by competitor increases own productivity. However, this competitor peer-effect depends on the interplay of contract choice and production technology: while high monitoring and pay-for-performance generates responsive individual agents, low monitoring and fixed wage generates responsive teams. These results highlight the influence of structure on employee behavior and suggest that models of contract choice would benefit from incorporating their impact on peer-effects.

Firm Resistance to Resource Replacement: Inertia or Purposeful Commitment?

Heli Wang, *Singapore Management University*
Rong Li, *Washington University-St Louis*

A firm’s need to induce its employees to invest in specific human capital that helps more effectively deploy the firm’s existing core resources affects its trade-off between committing to prolonging the exploitation of the existing resources and maintaining the flexibility for resource renewal, which renders the existing core resources and employees’ specific investments obsolete. Thus under certain conditions, a firm’s resistance to resource renewal may be considered a purposeful commitment behavior that facilitates employee investment incentives. Based on a formal model, we derive several factors that affect employee incentives to make specific investments, as well as those that influence the value of organizational commitment.

Paying \$30,000 for a Gold Star: An Empirical Investigation into the Value of Peer Recognition

Ian Larkin, *University of California - Los Angeles*

This study estimates the value software salespeople at a leading vendor place on a major award: induction into the vendor's "Sales Club," given annually to the top 10% of salespeople. The award carries no cash prize, but significant recognition. Some salespeople can increase the likelihood they win the award by effectively reducing their own pay, allowing estimation of the award's value to the average salesperson: approximately \$27,000, or over 5% of total pay. We show that winning the award carries no identifiable increases in future pay or career benefits, suggesting this \$27,000 valuation is composed entirely of non-monetary factors. Male and more experienced salespeople have significantly higher valuations, suggesting that a desire for competition, and not a drive for status, may underlie these results.

SESSION 56

THE METHODS OF MICROFOUNDATIONS

THEME D	Date	Friday, Jun 13
	Time	15:15 – 16:30 h
Paper	Room	s.08

Session Chair Jacob Lyngsie, *Copenhagen Business School*

Connecting the Theory and Empirics of Capabilities: What's the Logic

Richard Burton, *Duke University*
Jon Fjeld, *Duke University*

Although we believe that the study of capabilities is fundamental to the field of strategy, we find that there is a significant discrepancy between the theoretical contributions and much of the empirical research. Our argument rests on concepts from the philosophy of science. We use actual management examples to argue that the conceptual foundations of capabilities theory are sound and critical attention should be directed at the methodology of empirical research. We develop three criteria: a causal model, the "manipulationist" principle, and a principle of capability as mechanism. We use the criteria to examine some empirical studies. Finally, we highlight examples of empirical research that is consistent with the theoretical foundations and propose research approaches for future studies: comparative field studies and computational modeling.

Experiments as an Answer to Methodological Challenges in Micro-founded Organisation Studies

Elisabeth Does, *University of Zurich*
Patrick Haack, *University of Zurich*

The call for micro-foundation of organisation studies and management (Devinney 2013; Felin, Foss, Heimeriks, & Madsen, 2012; Lammers, Cornelissen, Vaara, Durand, & Fiss, 2013) raises an important question: What methods are appropriate for such an approach? We suggest that experiments are a valuable method for advancing our understanding of micro-foundations in organisation studies for two reasons: their suitability for multi-level and mixed-method analysis. We lie out these two aspects by referring to organisational risk taking as an example. Furthermore, we discuss our suggestions from a philosophy of science perspective to address issues that might emerge from the (in)commensurability of different research paradigms and methods.

Microfoundations for Strategy Research: Methodological Considerations

Herman Aguinis, *Indiana University*
José F. Molina-Azorin, *University of Alicante*

Microfoundational research is becoming an important domain in strategy. However, given the abundance of conceptual compared to empirical work, there is a need for methodological tools that will allow researchers to conduct empirical research to understand the when, why, and how of microfoundations of strategy. Our manuscript offers a description of two types of methods, multilevel modeling and mixed-methods, that are particularly suited to carry out an empirical research agenda based on microfoundations of strategy. We offer a description of issues that need to be considered as well as illustrations of substantive questions about the microfoundational project that can be addressed by each of these types of methods.

Relating Microprocesses to Macro-outcomes in Qualitative Strategy Research

Saoure Kouame, *HEC-Montreal*
Ann Langley, *HEC-Montreal*

Linking micro-level processes and macro-level outcomes remains a challenge for researchers. Qualitative studies may assist with this, but such a move requires qualitative researchers to find ways of both conceptually and methodologically linking micro and macro levels of analysis within individual studies. This paper asks how this is done concretely. Based on published examples of qualitative studies that have attempted to make this link explicit, we identified three strategies for linking, namely correlation, instantiation and temporal recursion. We discuss these strategies and show how and to what extent they can enable researchers to address key methodological challenges, in their effort to relate microprocesses to macro-outcomes.

FRIDAY 15:15 – 16:30



EXECUTIVE SEMINAR

	Date	Friday, Jun 13
	Time	17:00 – 19:00 h
Presentation	Room	s.01

CBS Executive Seminar

In conjunction with our Special Conference, Copenhagen Business School in cooperation with the CBS Competitiveness Platform, is hosting an Executive Seminar titled Next Generation Companies. This event will engage academics, practitioners, and consultants. The aim is to highlight practical perspectives in the context of emerging new strategic paradigms based on the unprecedented CEO, innovative surprises, and new people-based ways of value creation.

Separate registration for this event is not required and all SMS Conference Attendees will have the opportunity to join without paying a separate registration fee.

SESSION 8

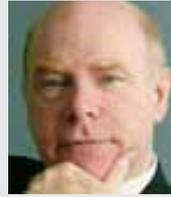
PLENARY TRACK

TRACK P	Date	Saturday, Jun 14
	Time	08:45 – 09:45 h
Presentation	Room	s.01

Microfoundations of Advantage

Keynote

Richard Rumelt, *University of California-Los Angeles*



Richard P. Rumelt is the Harry and Elsa Kunin Chair in Business and Society at the UCLA Anderson School of Management, and is a towering figure in the strategy field. Often seen as one of the founders of the resource-based perspective, Richard Rumelt's research on corporate diversification strategy, the sources of sustainable advantages, and the conceptual and theoretical foundations of strategy has been highly influential. He was one of the first scholars to systematically explore microfoundational issues in strategy. Richard Rumelt was President of the Strategic Management Society in 1995-98. He received the Irwin Prize for his book *Strategy, Structure, and Economic Performance*. His current research interests center on the dynamics of industry transitions.

SATURDAY PLENARY



SESSION 1

PLENARY TRACK

TRACK P	Date	Saturday, Jun 14
	Time	10:15 – 11:15 h
Plenary Panel	Room	s.01

Let it be Resolved that the Individual is the Indispensable Starting Point for Theorizing in Strategy

Session Chair

Jay Barney, *University of Utah*

Panelists

Russell Coff, *University of Wisconsin-Madison*

Rodolphe Durand, *HEC-Paris*

Teppo Felin, *University of Oxford*

Michael G. Jacobides, *London Business School*

The conference kicks off with the controversial issue of whether micro-foundations in strategy must always involve individuals. Does this unnecessarily hinder research? Is it possible to begin from, e.g., routines? Or, is the argument that only individuals act so compelling that individuals must always be the starting point. This panel will be organized as a set of brief pro and con talks for the motion.



Jay Barney is a Presidential Professor of Strategic Management and Pierre Lasseonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. He is an associate editor for the *Journal of Management* and senior editor for *Organization Science* and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management. He has received honorary doctorate degrees from the University of Lund, the Copenhagen Business School, and Universidad Pontificia Comillas (Madrid), and has honorary visiting professor positions in New Zealand and China.



Russell Coff is the Wisconsin Naming Partners Professor of Strategic Management at the University of Wisconsin-Madison. His research explores the role of knowledge-based assets in creating and sustaining competitive advantage. For example, he studies management dilemmas associated with human assets including how buyers cope in mergers and acquisitions that involve human assets, rent appropriation in the

context of a knowledge-based advantage, and organizational design under conditions of asymmetric information and uncertainty. Russell Coff received his Ph.D. from UCLA and has previously been a faculty member at Emory and Washington Universities. He has served the research community through his participation on a variety of editorial boards including *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, *Strategic Management Journal*, and *Strategic Organization*. He also chaired the Business Policy and Strategy Division of the Academy of Management and the Strategic Human Capital Interest Group of the Strategic Management Society.



Rodolphe Durand is professor at HEC Paris where he chairs the Strategy department, and is in charge of the MBA and PhD specialization in strategy. He is Visiting Professor at Cass Business School (City University, London). He graduated from HEC (MSc and PhD) and La Sorbonne (MPhil). His primary research interests concern the analysis of firm performance from a dynamic perspective using philosophical and sociological approaches. His works have been published in journals including *Academy of Management Review*, *American Journal of Sociology*, and *Strategic Management Journal*. Rodolphe received national and international awards (including the "R. Scott Award" (American Sociological Association, 2005), the "HEC Foundation Best paper of the year (2006 and 2009), and the "Euram/Imagination Lab award" (2010). Rodolphe Durand is also a prolific author of books, including *Guide du Management Stratégique* (Dunod, 2003), *Organizational Evolution and Strategic Management* (Sage, 2006), and *Strategor* (co-editor, Dunod, 2009).



Teppo Felin is Professor of Strategy at Saïd Business School, University of Oxford. His research focuses on the microfoundations of strategy, organizational capabilities, theory of the firm, aggregation and emergence, complex systems and entrepreneurship. His research has been published in *Organization Science*, *Research Policy*, *Academy of Management Review*, *Strategic Entrepreneurship Journal*, *PLOS ONE*, *Managerial and Decision Economics*, *Erkenntnis*, *Academy of Management Annals*, *Journal of Institutional Economics* and other research outlets. He is a co-editor of the journal *Strategic Organization*. He also serves on several journal editorial boards, including the *Academy of Management Review* and the *Journal of Management*. Prior to his academic career, he worked in the venture capital industry (in Munich, German and Amman, Jordan). He was raised in Helsinki, Finland. He has four daughters and resides in Summertown, Oxford.



Michael Jacobides is Associate Professor of Strategic and International Management at London Business School, and Sumantra Ghoshal Fellow at the Advanced Institute for Management Research. He also holds the Sir Donald Gordon Chair of Entrepreneurship and Innovation. He studied in Athens, Cambridge, Stanford and Wharton and has visited/taught in Wharton, Harvard and Columbia. His research focuses on industry/value chain evolution and profit migration, identifying the new strategic dynamics of changing "industry architectures": He looks at how technology, competition and de-regulation re-shape sectors, changing "who does what" and, as a result, "who takes what". He also studies strategic design, looking at how to restructure and reconfigure value propositions and value chains to cope with domestic and global forces. He works with organizations such as the WEF, ZFS, Barclays, HSBC, Abbey, Pirelli, Intel, BT, EDS, Bertelsmann, IBM, PwC, Saatchi & Saatchi, Lufthansa, EADS and UNCTAD, and writes for outlets such as the *Financial Times* in addition to the major academic journals.

SESSION 22

EXPLORATION AND EXPLOITATION

THEME A	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Paper	Room	s.03

Session Chair Timothy Devinney, *University of Leeds*

Holistic and Analytic Attention: A New Cognitive Mechanism on Organization Learning and Strategic Adaptation

Seung-Hyun Rhee, *Northwestern University*
William Ocasio, *Northwestern University*

This study explores how executive's cognition differentially influences a firm's explorative and responsive capability for new business opportunities in a fast-changing, technology-intensive industry. Drawing on psychology literature, we introduce two attention styles, holistic and analytic attention, as a cognitive mechanism, and suggest two hypotheses. The first hypothesis is that executives with holistic attention are more likely to respond to the emergence of external business opportunities in a timely manner than those with analytic attention. Second, we argue that executives with analytic attention are more likely to create new business opportunities than those with holistic attention. By studying public firms in the US software industry from 2001 to 2010 and using quarterly earnings conference calls transcripts, we will measure each firm's attention style and test the hypotheses.

Multilevel Ambidexterity: Managing the Interface of Individual and Organizational Identities in the Quest for Performance

Nicole Rosenkranz, *ETH Zurich*

Ambidexterity research asserts that firms pursuing exploitation and exploration achieve above average firm performance. Yet, no consistent positive performance implications have been empirically corroborated. Surprisingly, while research asserts that individuals are pivotal to a firm's ambidexterity activities, no effort has been made to explain how individuals might drive performance results within the organizational context. I develop a multi-level model, based on identity theory, highlighting how individual and organizational identities interact. Research asserts that both individuals and organizations have the ability to sustain multiple identities, which are defined as role identities and hybrid identities respectively. In matching individual inclinations for role management and organizational identity structures, I claim that contextual and structural ambidexterity are not freely applicable to any type of organizations, suggesting inconsistent performance effects.

Strategic Outsourcing Contract Choice: How Much Do Managers Consider Value Creation Compared to Value Appropriation?

Nidhitha Lin, *University of Newcastle*
Timothy Devinney, *University of Leeds*
Tim R. Holcomb, *Miami University*

Research has discussed value creation and value appropriation as two major components in outsourcing contract decision making. However, far less attention has been paid to empirically examining the trade-offs managers make when considering value creation compared to value appropriation in outsourcing contract choices. In a study of 1,728 decisions made by 72 managers, we examine how managers distribute value among these value components, and whether or not heterogeneity exists in managerial preference models. Our analysis shows a significant moderating effect of value appropriation on the relationship between value creation and outsourcing contract choices, which strengthens when value that is created involves a shared investment. We also find significant idiosyncrasy in managerial preference models, which in several cases is largely explain by the characteristics of the decision maker.

Stuck in the Middle? Impact of Top Management Boundary-Spanning

Lotte Glaser, *Erasmus University-Rotterdam*
Tom Elfring, *VU University Amsterdam*

This study provides new insights into the configuration of multilevel boundary-spanning that enables or constrains managers from maximizing their units' exploratory innovation. Analyses of multi-source and multilevel data (72 top-managers and 397 middle-managers within 34 business units) indicated that top management boundary-spanning is positively related to their units' exploratory innovation, but at the same time increases middle managers' role conflict. This, in turn, offsets some of the benefits gained through the boundary-spanning efforts of top managers. Contrary to expectations, middle managers' boundary-spanning does not relate to exploratory innovation. Yet, we also show that role conflict is reduced when considering the fit, in terms of (a) relative size and (b) overlapping ties, between top and middle managers' boundary-spanning.

SESSION 31

LEARNING AND IMITATION

THEME A	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Paper	Room	s.07

Session Chair Daniela Blettner, *Simon Fraser University*

How Can Imitation Increase Inter-firm Heterogeneity?

Hart Posen, *University of Wisconsin*
Dirk Martignoni, *University of Zurich*
Markus Lang, *University of Zurich*

Imitation is thought to decrease inter-firm heterogeneity. This outcome rests on the assumption that imitation engenders only one type of implication for the imitating firm: an endowment of knowledge about successful practices that makes the imitator more similar to its target. Yet research in the Carnegie tradition points to a second mechanism - imitation moderates a firm's post-imitation adaptation, which we term the generative effect of imitation. In this paper, we use a computational model to examine the implications of this dual role of imitation for inter-firm heterogeneity. Our results suggest that the generative effect of imitation produces a bimodal performance distribution; some firms achieve significant benefits from imitation, while many others find themselves significantly worse-off than they would have been had they foregone imitation.

Individual Differences in Aspiration Adaptation: Self-Esteem and Regulatory Focus

Daniela Blettner, *Simon Fraser University*
Jon Carr, *Texas Christian University*
Isabell Welppe, *Technical University of Munich*
Marius Meeus, *Tilburg University*

Goals or aspirations are central to management. The theory of aspirations in management is grounded in The Behavioral Theory of the Firm (Cyert and March, 1963) according to which organizational decision makers adapt their aspirations based on prior aspiration, prior performance, and reference group's prior performance. This model has generated rich insights. However, this model and the empirical literature based on it do not account for individual differences in feedback interpretation. To address this, we undertook a longitudinal study of German entrepreneurs. We hypothesize that self-esteem and regulatory focus (promotion versus prevention focus) moderate the aspiration adaptation process. Our paper contributes to a better understanding of the psychological processes underlying aspiration adaptation.

Market Orientation and Absorptive Capacity

Alex da Mota Pedrosa, *University of Southern Denmark*
Claudia Jasmand, *Imperial College London*
Wolfgang Gerstlberger, *University of Southern Denmark*

The critical role of a firm's absorptive capacity (ACAP) in leveraging external knowledge for successful innovation is undisputed. Yet, we lack an understanding of what determines the value of external knowledge and what motivates ACAP. We propose that proactive market orientation motivates firms to absorb external technological knowledge and makes such absorption purposeful, because it determines which technological knowledge is valuable. Our empirical study shows that the effect of proactive market orientation



SATURDAY 11:30 – 12:45

on innovation performance is carried by the exploration, acquisition, transformation, and exploitation (i.e., ACAP) of technological knowledge. These mediating effects vary with the level of environmental turbulence.

Microfoundations of Inter-organizational Imitation Strategy: Local Social Identity's Role in Business Model Innovation Processes

Olga Ryazanova, *University College Dublin*
 Padraig O'Donnell, *University College Dublin*
 Peter Mc Namara, *National University of Ireland Maynooth*

This study focuses on business model innovation of a peripheral organization as a response to environmental uncertainty triggered by an abrupt industry-level change. Building on business model research and inter-organizational imitation literature, we explore the process of the selective imitation of practices from local and distant role-models and the emergence of a new business model design as a 'patchwork quilt' of absorbed practices. Seeking to understand the microfoundations of imitation decisions, we look at two main filters that guide the selection process: the firms' resource position relative to a role-model and the decision-makers' embeddedness into the local community's identity. A case study of the Irish Rugby Football Union brings together qualitative data from 33 interviews and participant observation and quantitative on-field and financial performance data.

SESSION 52

COGNITIVE PERSPECTIVES AND ENTREPRENEURSHIP

THEME B	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Common Ground	Room	1.12
Facilitator	Peter Klein, <i>University of Missouri</i>	

An Incomplete Due Diligence Theory of Overly Optimistic Entrepreneurial Entry Decisions

David Croson, *Southern Methodist University*

The decision to undertake entry into a market, particularly for the first entrant, depends critically on separating desirable from undesirable opportunities. Pre-entry due diligence is necessarily incomplete, however, due to both resource constraints and time pressure. This paper, which offers a simple model of incomplete entrepreneurial due diligence, demonstrates that errors in such market entry decisions are not symmetric and that they systematically lead to overoptimism, which leads to excess entry – integrating and extending the existing winner's curse and "overconfidence" literatures. For parameters where "more is better" (e.g., market size, return on invested capital, etc.) this upward bias leads to over-aggressive entry and subsequent business underperformance (and, perhaps, failure.) Empirical implications are presented for subsequent research.

Bringing Belief Back in: Dancing with Change and Impact on Entrepreneurship

Bing Ren, *Nankai University*
 Tian Zhang, *Tsinghua University*

While individual characteristics matter to entrepreneurship, there is little research examining entrepreneurs' personal belief system and its role on entrepreneurship. Personal belief system is foundation for entrepreneurs' design and action in business operation. There is great diversity in entrepreneurs' personal belief system. Different belief systems matter in different ways. Entrepreneurs in contexts with turbulent environments may especially emphasize belief system to seek core competence and legitimacy. However, so far, what belief system do entrepreneurs adopt and how personal belief influence entrepreneurial process and outcome in turbulent environments remain voids. This proposal brings belief back in entrepreneurship by examining how personal belief system influences entrepreneurs' opportunity seeking, formation of core competence and organizational culture, and maintaining survival. Attending to China's turbulent and uncertain institutional environments, we examine these issues in China.

Making and Breaking Sense: About the Intersubjective Nature of Entrepreneurial Opportunity Development

Gabi Kaffka, *Dutch Institute for Knowledge-intensive Entrepreneurship*
 Raja Singaram, *University of Twente*
 Jeroen Kraaijenbrink, *University of Twente*

Sense-making processes are essential to entrepreneurial opportunity development. Sense-breaking describes the part of sense-making processes which challenge a person's existing cognitive structures, thus facilitating the reception of new and different information. We applied the concept of sense-breaking to the study of entrepreneurial opportunity development. The results of our study yield an important, essential difference between the sense-breaking mechanisms of reframing and redirecting. Redirecting instances trigger the (re)consideration of other or new methods, techniques or pieces of information and advice. Reframing forces the entrepreneur to reflect on his own thinking, and thus facilitates the development of entrepreneurial cognitive strategies in general.

Neither Biasing, Nor Frugal: Complex Heuristics for Innovative Strategic Decision Making

Magdalena Cholakova, *Erasmus University-Rotterdam*
 Anna Grandori, *Bocconi University*

This paper aims to revitalize recent work on positive heuristics in strategic decision making. Contrary to existing approaches that address cognitive effort-saving or experiential effectiveness criteria, we apply an epistemic rationality criterion and outline a set of complex heuristics, which are deemed better suited to conditions of high uncertainty. We use a simulation of early-stage project evaluations by expert investors and an innovative process tracing technique, and find that not only such complex epistemic heuristics are successfully applied and improve judgment, but also that there is a complementarity in their application. Furthermore, relying on fuzzy-set methods, we provide initial evidence of the configurations of such epistemic heuristics, which can effectively support strategic decision making and innovation.

Opportunity Identification and Stakeholder Enrollment Under Conditions of Risk and Uncertainty

Barclay Burns, *University of Utah*
 Ryan Angus, *University of Utah*
 Heidi Herrick, *University of Utah*
 Jay Barney, *University of Utah*

There is continuing interest in the actions that individual entrepreneurs can take to create and exploit opportunities. Two of these actions—identifying opportunities and enrolling stakeholders to help exploit these opportunities—have received particular attention. While prior work has established the importance of these two processes, less work has focused on how the context within which these processes unfold can affect them. There is even less work on how this context can affect the relationship between opportunity identification and stakeholder enrollment. This paper examines these two related issues by examining entrepreneur's opportunity identification and stakeholder enrollment processes under conditions of risk and uncertainty. The paper argues that under conditions of risk opportunity identification takes place before stakeholder enrollment and that under conditions of uncertainty stakeholder enrollment takes place before opportunity identification.

Shifting Focus: Sources of Managerial Attention to New Activities in the Venture Capital Industry

J.P. Eggers, *New York University*
 Violetta Gerasymenko, *New University of Lisbon*

While research on the importance of managerial attention has flourished, less research focuses on the attention dynamics – factors leading managers to change attention patterns. We offer three views of what might lead managers to attend to new activities based on problems, experience, and constraints. Using a novel dataset of the relationship between venture capitalists (VCs) and their portfolio ventures, we find that both venture problems and positive VC experience leading VCs to attend to new activities, but no support for constraints. Additional analysis shows that managers attend to new activities by adding them to routine activities, and that attending to new activities may actually diminish venture performance. These results provide insight into the dynamics of managerial attention and the evolution of VC-venture relationships.

SESSION 44

INTRAPRENEURSHIP AND INNOVATION MANAGEMENT

THEME B	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Paper	Room	s.08
Session Chair	Henry Sauermann, <i>Georgia Institute of Technology</i>	

Autonomy in Knowledge-Intensive Activities; Efficiency or Incentives?

Pooyan Khashabi, *Bocconi University*
 Alfonso Gambardella, *Bocconi University*
 Claudio Panico, *Bocconi University*

Autonomy is a key dimension of firms' knowledge-intensive activities. Vast literature addresses how job autonomy affects employees' satisfaction and organizational performance, yet it is not clear how job autonomy relates to employee's personal characteristics (skill, knowledge, or experience), or to the fit between employees and firm activities. In this paper, we empirically investigate the relation among job autonomy, employees' characteristics, and fit. Using a novel dataset which is based on a specifically designed survey of inventors, we first provide evidence of some unexpected patterns. Second, we propose that there are two main reasons why firms may grant job autonomy: for efficiency purposes and to better motivate their employees. Our theory has elements of novelty that allow to answer the empirical observations.

Enabling Constraints: When Constraining Organizational Search Improves Innovative Performance?

Martin Ganco, *University of Minnesota*

I systematically examine how constraining the degrees of freedom during organizational search affects performance. I label such constraints as "enabling," reflecting the fact that constraints may channel the collective search toward a better performance. In prior research, constraints in the search process that are imposed by strategy or organizational structure are typically associated with tradeoffs. For instance, constraints may improve average performance at the expense of discovering radical new solutions. I show a more refined view in which the tradeoffs apply only to a portion of the parameter space. The study has implications for the design of effective organizations. It also helps to explain why existing organizations may not exploit all profitable opportunities.

Fire in the Belly? Employee Motives and Innovative Performance in Startups versus Established Firms

Henry Sauermann, *Georgia Institute of Technology*

This paper compares startup employees' pecuniary and non-pecuniary motives with those of employees working in small and large established firms and examines the extent to which existing differences in motives distinguish employees' innovative performance. Using data on over 10,000 U.S. R&D employees, we find significant differences across firm types with respect to motives, although these differences are more nuanced than commonly thought. We also observe that startup employees have higher patent output, an effect that is associated primarily with firm age, not size. Moreover, we find evidence that differences in employee motives may indeed be an important factor distinguishing the innovative performance in startups versus established firms. Rather than intrinsic motives or the quest for money, however, it is employees' willingness to bear risk that appears to play the most important role.

How Mapping Employee Mental Models Can add Value to Strategy: Theory, Methods and Empirical Application

Siri Boe-Lillegraven, *Aarhus University*
 Peter Kesting, *Aarhus University*

We seek to understand the topic of strategizing for innovation using mental models as a key construct and cognitive mapping as a specific method. We argue that the understanding of how mental models are updated is particularly useful for crafting and implementing strategies that stimulate employee-driven innovation. We also show that insight into employee mental models is relevant for researchers seeking new knowledge about the microfoundations of innovative behavior, and for all managers seeking to find appropriate frames for new goals. We offer a grounding framework for investigation of the micro-drivers of innovation

in the work-place and include methodological considerations. The practical usefulness of the approach is demonstrated through examples from business settings where mapping of mental models was used to add value to strategy.

SESSION 16

HUMAN CAPITAL & STRATEGY: SURPRISE SESSION

THEME C	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Common Ground	Room	1.13
Facilitator	Pamela Barr, <i>Georgia State University</i>	

Individual Resilience Despite Corporate Downsizing: Positioning in the Formal Network

Hendrik Leendert Aalbers, *Radboud University*
 Wilfred Dolfsma, *University of Groningen*

While unavoidable at times, corporate downsizing is widely believed to hurt a firm's innovativeness. This paper studies a firm as it endures downsizing. While reducing the absolute size of the innovation community substantially, we find, downsizing does not disrupt the overall structure of an individual's network. Largely unmandatory involvement of the individual with innovation can be remarkably resilient despite the considerable slimming down of the formal organization structure. We show that this resilience stems from the position of employees in the flow of information in the formal network prior to downsizing. These findings underscore the relevance of the micro foundations of the firm in the context of strategic change. Our findings have important micro level implications on how firms can prepare towards periods of organization turmoil.

Individual's Competitive Behavior When Facing Former Employers and Colleagues

Thorsten Grohsjean, *LMU Munich*
 Pascal Kober, *LMU Munich*
 Leon Zucchini, *FactWorks*

We study how hiring employees from rival firms affects competitive behavior. Specifically, we discuss how informational and psychological ties to former organizations and colleagues may influence employees' competitive behavior towards them. Using data on the National Hockey League we find that employees exhibit less competitive behavior against former colleagues but more against former organizations. We conclude that hiring from rivals may have detrimental effects on competitive behavior. We contribute to research on learning-by-hiring that has previously only identified positive effects of hiring from rivals and has not yet analyzed competitive behavior.

Intra-Personal Determinants of Global Team Effectiveness

Yves Doz, *INSEAD*
 Hae-Jung Hong, *NEOMA Business School*

Over several decades of sustained scholarly attention the focus of research on multinational companies' organizational forms has moved from macro-analysis of corporate structures to increasingly micro-levels of analysis. Perhaps the end-point of this evolution is to focus on the intra-individual personality characteristics in strategic situations in MNCs. In the research reported here we focus on the contributions of multicultural managers to the effectiveness of global innovation teams, and on the possible development of cross-cultural integration skills by non-multicultural executives over time. In short, we found multicultural executives contributing mainly to five key processes: discovering opportunities for new products, preventing the "lost in translation" syndrome by interpreting contexts across cultures, integrating new team members over time, mediating with hierarchies where senior executives are primarily monocultural, and integrating between home country R&D specialists and international subsidiaries. We observed that given the right circumstances mono-cultural expatriates might develop most of the same skills.

SATURDAY 11:30 – 12:45



Opening the Black Box between HPWS and Firm Performance: The Role of Employee-Related Mediating Mechanisms

Nina Katrin Hansen, *University of Hamburg*
Dorothea Alewell, *University of Hamburg*
Sven Hauff, *University of Hamburg*

This empirical study tackles the question how employee-related mediating mechanisms shape the relationship between High Performance Work Systems and firm performance. Four central mediating mechanisms can be identified: the availability and effectiveness of human capital as well as employee and operational performance. Structural equation models reveal a positive relationship between HPWS, the four mediating mechanisms and firm performance using data from 1000 German companies operating in four different sectors: banking and insurance, chemicals and pharmaceuticals, mechanical engineering and professional services. Our empirical study contributes to the recent discussion on micro-foundations in strategic management research and a better understanding of the strongly criticized “black box” between HRM and firm performance. It furthermore highlights the intersection of management fields and the relevance of a multi-level approach.

Organizational Citizenship Behaviors and Networking Patterns: Mapping the Formal and Informal Organizational Networks through an Individual Behavioral Lens

Nikolaos Smyrlakis, *Bocconi University*
Giuseppe Soda, *Bocconi University*
Alessandro Iorio, *Bocconi University*

In this paper the relationship between organizational citizenship behaviors (OCBs) and centrality among various formal and informal organizational networks is analyzed and empirically examined. We try to unravel some of the foundations behind intraorganizational network behaviors by establishing organizational citizenship behaviors as an individual antecedent and a factor of tie formation. The data comes from a global luxury sunglasses firm, combining self-report and supervisor-report measures of employees OCBs and network ties spanning across various departments and geographical locations. We investigate the employees' centrality and brokerage measures within the various formal and informal intraorganizational networks.

Who are We Becoming? Consequences of Innovations for Members' Identification with their Organization

Philipp Bubenzer, *Fribourg School of Business Administration*
Klaus Weber, *Northwestern University*

A ‘pro-innovation bias’ in management and innovation research has been voiced since several decades. However, comparatively little research has explicitly addressed the unintended consequences that innovative changes in a firm's product/market strategies may have at the individual level. We examine mechanisms through which product/market innovations may change members' identification with their organization. We use data from a survey of the salesforce of a large healthcare organization to test psychological mechanisms consistent with this perspective. We find that the very same innovative organizational actions are differently ‘made sense of’ by organizational members and that these perceptual differences are significantly related to members' level of identification with their organization. Theoretical and managerial implications of the findings are derived.

SESSION 10

HUMAN CAPITAL AGGREGATION: A LEVEL HEADED LOOK

THEME C	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
	Room	s.12

Paper

Session Chair Thomas P. Moliterno, *University of Massachusetts-Amherst*

Firm Specific Human Capital and Performance at Different Levels of Analysis: Evidence For Curvilinearity

Mahesh Subramony, *Northern Illinois University*
Clint Chadwick, *University of Kansas*

We conducted two studies to examine the relationship between one measure of firm specific human capital - employee tenure, and performance at the level of individual employees and establishments. Preliminary results indicate that after controlling for a variety of individual (e.g., attitudes, demographics), and establishment-level (e.g., size, busyness, training) characteristics, tenure is positively related to performance outcomes. We also found evidence suggesting diminishing returns in this relationship at extreme values of tenure.

✿ Origins of Organization-level Absorptive Capacity: Exploring Macro-Micro and Micro-Macro Effects

Andreas Distel, *University of Mannheim*

Although the concept of absorptive capacity has gained wide acceptance in the literature, our understanding of the origins of a firm's ability to absorb and leverage new knowledge is limited. Drawing on Coleman's (1990) ‘bathtub’ framework, this article explores the multilevel antecedents of absorptive capacity. Survey data gathered at different levels of analysis in 106 medical technology firms indicate that formal and informal integration mechanisms positively influence absorptive capacity at the organizational level and that this relationship is mediated through an individual-level process. The findings reveal that knowledge workers' cognitive process of perspective taking and their creative behavior are important microfoundations of absorptive capacity. Moreover, the results emphasize the critical role of key employees for explaining firm-level heterogeneity in building organizational capabilities.

The Microfoundations of Open Innovation: The Role of Individual Diversity in Firm-Level Openness

Marcel Bogers, *University of Southern Denmark*
Nicolai Foss, *Copenhagen Business School*
Jacob Lyngsie, *Copenhagen Business School*

The use of external knowledge to accelerate internal innovation has recently received much attention in the strategic management and innovation literatures. However, the literature has mainly considered organization-level antecedents of open-innovation strategies, while early research on the firm internal/external knowledge interface explicitly embraces individuals, notably gatekeepers. In this paper, we specifically investigate the microfoundations of open innovation to better understand how individual-level antecedents affect firm-level openness. In particular, we argue that individual-level diversity affects the extent to which individual organizational members rely on external knowledge sources in the internal innovation process. We combine three data sources and use regression analysis, and we find support for our hypotheses that the diversity of work history and educational diversity are positively associated with firm-level openness.

The Role of Team Social Capital in Affecting Employees' Intention to Share Knowledge: a Multilevel Investigation

Emanuele Lettieri, *Polytechnic University of Milan*
Giovanni Radaelli, *Polytechnic University of Milan*
Nicola Spiller, *Polytechnic University of Milan*
Matteo Mura, *University of Bologna*

This study provides arguments and empirical evidence that team social capital promotes knowledge sharing among team members by affecting their intention and control. Our work assesses the linkages between three dimensions of social capital and the psychological antecedents of knowledge sharing behavior. A survey was used to collect data from 226

employees (representative of 39 teams in four Hospice & Palliative Care Organizations). Results support the notion that the three dimensions of social capital (i.e. structural, relational, cognitive) are conducive to knowledge sharing through different mechanisms, (i.e. attitude, subjective norm, perceived behavioral control). These findings help pave the way for a micro-foundation of other models and techniques developed in such diverse fields as Human Resource Management, Strategy and Organizational Behavior.

SESSION 58

MICROFOUNDATIONS, LEARNING AND DYNAMICS

THEME D	Date	Saturday, Jun 14
	Time	11:30 – 12:45 h
Paper	Room	s.14
Session Chair	Thorbjørn Knudsen, <i>University of Southern Denmark</i>	

Benchmarking for Routines and Organizational Knowledge

Mircea Epure, *Universitat Pompeu Fabra and Barcelona GSE*

We use best practice benchmarking rationales to propose a dynamic research design that accounts for the endogenous components of across-firms heterogeneous routines to study performance changes and their link to organizational knowledge investments. We thus contribute to the operationalization of management frameworks based on resources and routines. The research design employs frontier measures for industry-level benchmarking in organizational settings, and proposes indicators for firm-level strategic benchmarking. A profit-oriented analysis of the U.S. technology industry during 2000-2011 illustrates the design's usefulness. Industry revival following economic distress comes along with wider gaps between best and worst performers. Also, intangibles stocks are positively associated with fixed target benchmarking, while R&D spending is linked to local frontier progress. Managerial interpretations for control mechanisms and reward systems are developed.

Building Theory based on Variability: Reinterpreting the Contradictions of Resources in New Ventures

Fabrice Cavarretta, *ESSEC Business School*
 Nathan Furr, *Brigham Young University*

Research mostly predicts average outcomes, yet average outcomes may differ from what occurs in the extremes, an important nuance in our complex business world. In this paper, we discuss the effect of factors on outcome variability and illustrate it by an empirical example in entrepreneurship, exploring the role of resource abundance in human and financial capital. An exploration in a panel dataset of 4928 new firms over their first 4 years illustrate that the primary impact of financial and human resources may be through performance variability across firms and the incidence of extreme performance outcomes such as failure or fund-raising.

Differentiation and Integration in Organizational Learning

Sangyoon Yi, *University of Southern Denmark*
 Nils Stieglitz, *Frankfurt School of Finance & Management*
 Thorbjørn Knudsen, *University of Southern Denmark*

An organization is a context where its members are assigned tasks and learn from their work experiences. Although researchers agree that organization structure influences organizational learning, the literature has not forcefully examined its micro-level process. As an initiative effort, we tap the potential of the garbage can model and extend it to accommodate individual learning and knowledge diversity. While confirming the conventional wisdom regarding the specialization-coordination tradeoff, our simulation analysis reveals an underexplored merit of hierarchical structures: tightly constrained participation for low-level members promotes their specialization which helps, rather than hinders, dynamic coordination driven by high-level members under loose participation constraint and thus with broad experiences and knowledge. This advantage becomes pronounced when the organization faces more difficult problems and its members learn faster.

The Co-Evolution of Corporate Parent and Business Unit Capabilities: Examining the Micro-Foundations of Corporate Strategy

Ari Ginsberg, *New York University*
 Joakim Netz, *Stockholm University*

Studies of corporate strategy focus on how diversification and specialization drive structural design and subsequent value creation. However, there is a dearth of research regarding the micro-foundations of radical change in multi-business configuration and coordination capabilities. To address this gap, we conducted a longitudinal study of the Saab Group - a diversified corporation that underwent strategic renewal between 1995 and 2010 during periods of major environmental turbulence. Over this period, one of Saab's business units – Saab Training Systems – played a key role in the corporation's strategic renewal. We used an abductive case method approach that enabled us to discover five key insights regarding recursive interactions of corporate- and business unit-level capabilities that our initial theoretical focus had not anticipated.

SATURDAY 11:30 – 12:45



SESSION 7

PLENARY TRACK

TRACK P	Date	Saturday, Jun 14
	Time	14:15 – 15:15 h
Presentation	Room	s.01

How Social Networks Create Competitive Advantage: Hubs, Brokers, and Structural Holes**Keynote**

Ronald Burt, *University of Chicago*

Social networks are performance-relevant because they locate a person or team in the sticky-information market of behavior and belief that extends within and across organizations. So called “network brokers” and “network hubs” have advantages of information breadth, timing, and arbitrage, advantages associated with higher compensation, promotion, and recognition relative to peers. However, there are significant contingencies. Network advantage is associated with stunning achievement for some people, and nothing at all for others. This session is a quick summary of what we know about the mechanism responsible for network advantage and the significant contingencies in its returns.



Ronald S. Burt is the Hobart W. Williams Professor of Sociology and Strategy at the University of Chicago Booth School of Business. His research addresses how social networks create competitive advantage for individuals and organizations. He is a Fellow of the American Academy of Arts and Sciences, was the Academy of Management's 2007 Distinguished Scholar of Organization and Management Theory, and received in 2011 the Academy of Management's George R. Terry award for his book, *Neighbor Networks: Competitive Advantage Local and Personal*.

SESSION 36

COGNITION AND DECISIONMAKING

THEME A	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Common Ground	Room	1.12
Facilitator	Seung-Hyun Rhee, <i>Northwestern University</i>	

Dead-End or Part of the Process? The Effects of Creative Process Scripts on Strategic Problem-Solving

Alexander Bolinger, *Idaho State University*
 Julie Stanton, *Penn State University*

This proposal introduces the concept of creative process scripts, which refer to individuals' assumptions about whether the creative process associated with solving complex, ill-structured strategic problems is linear or recursive. The process scripts members of management teams hold involve taken-for-granted assumptions that may be outside individuals' conscious awareness but which may influence their reactions to setbacks in solving strategic problems. In this paper, we categorize three configurations of creative process scripts in management teams (shared linear scripts, shared recursive scripts, or asymmetries among team members' process scripts) and discuss how each configuration may influence solution quality as well as intrateam conflict. We conclude by discussing the implications of the proposed study for research on strategic decision-making and the micro-foundations of strategy.

Does Magic Matter? Examining Superstition in Strategic Decision Making

Dong Chen, *Loyola Marymount University*
 Sijun Wang, *Loyola Marymount University*
 Junwu Dong, *Guangdong university of foreign studies*

This research is intended to investigate the role of superstition in strategic decision making. We propose that, in addition to rational and intuitional approaches, managers may rely on supernatural or non-physical causality, i.e., superstition, when they make strategic decisions. Two studies were conducted, one using survey data on 353 top managers in China, and the other using experiment data on MBA students. Preliminary results show that managers' promotional orientation, organizational past performance, and decision importance are positively related to the usage of superstition, which seem seems to improve psychological comfort but reduce decision effectiveness. Moreover, our data show that superstitions exist at both conscious and non-conscious levels, and positive superstitions encourage safer decisions while negative ones encourage riskier decisions.

Reductive Bias in Managerial Cognition and Implications for Strategic Decisions

Shayne Gary, *University of New South Wales*

We propose five dimensions of difficulty that characterize many of the dynamic decision making strategy problems faced by managers. The five dimensions of difficulty are: 1) Interdependencies, 2) Time Delays, 3) Dynamics, 4) Nonlinearities, and 5) Stock and Flow Accumulation Processes. To cope with these dimensions of difficulty, managers' cognitive representations tend to be reductive—that is, managers systematically reduce complexity on each dimension by adopting a simplifying assumption. Reductive bias helps us understand the types of systematic simplifications managers make when faced with complex strategic situations. The five types of simplifications are harmful for strategic decision making—not useful reductions of complexity—and a number of the harmful consequences are identified.

The Complexity of Simple Rules: The Micro Foundations of Organizational Heuristics in Strategic Decision Making

Tatjana Kazakova, *University of Hamburg*
 Daniel Geiger, *University of Hamburg*

Recent research indicates that firms learn simple rules whilst coping with strategic processes. However, surprisingly little is known about their functioning mechanisms. Drawing upon the individual heuristic theory as developed in cognitive psychology, we aim at extending insights into the micro foundations of organizational judgment in strategic decision processes. Based on a longitudinal qualitative study a more complex understanding of judgment is elaborated. We can show that firms learn generalizable rule patterns over time to overcome uncertainty in strategic decision making. Thereby we contribute to the strategic decision making

debate by providing a concept of organizational heuristics, which are rule patterns that enable a fast and frugal processing and evaluation of information in strategic decision making.

The Micro-foundations of Entry Mode: An Experimental Study of Managers' Entry Mode Preferences

Africa Ariño, *IESE Business School*
 Xavier Sobrepere, *IESE Business School*
 Jeffrey Reuer, *Purdue University*
 Beverly Tyler, *North Carolina State University*

We change the focus of entry mode research from decision outcomes to elements of the decision-making process -- in particular to managers' entry mode preferences, -- and in this way we contribute advancing our understanding of the micro-foundations of entry mode. Using field-experimental techniques, we examine how psychic distance from the managers' country of birth to the host country, and their own international joint venture (IJV) and international acquisition experiences impact their entry mode preferences, and how their firm's experience with these entry modes moderates these effects. We find that IJVs are preferred by managers from countries distant to the host country and more experienced with acquisitions, and that these effects are moderated by firm's IJV or acquisition experience.

The Micro-foundations of Strategic Decision-Making: A Familiar but Underexplored Avenue

Rob Jansen, *Tilburg University*

This review gathers what is known about micro-foundations in the field of strategy, in particular the area of strategic decision-making (SDM). By reviewing studies in this area, we seek to learn from this subfield in strategy what micro-foundations look like and how emergence occurs. SDM processes are in part shaped and formed by individual participants and their interactions. Traditionally, the individual has received a lot of attention in decision making studies in general, and in strategic decision-making in particular. By looking at how and why decision makers affect decision outcomes and organizational outcomes through the emergent process of SDM, we develop a literature-based assessment of what we already know about micro-foundations and how the emergent SDM process relates to relevant process and organizational outcomes.

SESSION 54

NEURO-FOUNDATIONS OF STRATEGIC DECISIONS

THEME A	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Panel	Room	s.01

Session Chair

William Ocasio, *Northwestern University*

Panelists

Stefano Brusoni, *Swiss Federal Institute of Technology*
 Daniella Laureiro-Martinez, *ETH Zurich*
 Maurizio Zollo, *Bocconi University*

In this session, panelists will build on empirical work based on a combination of fMRI brain imaging, psych scales and strategy simulations to study innovation and sustainability-related decision-making. Some of the empirical work that will be presented is forthcoming on SMJ, Org Sci and Frontiers in Neuroscience, other results are work-in-progress or at WP stage.

SATURDAY 15:30 – 16:45



SESSION 46

INSTITUTIONAL THEORY, IDENTITY AND ENTREPRENEURSHIP

THEME B	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Paper	Room	s.03
Session Chair	Jose Mata, <i>Nova School of Business and Economics</i>	

A Foot in Both Camps? The Effect of Self-Monitoring on Academics' Engagement with IndustryValentina Tartari, *Copenhagen Business School*

In this paper we seek to understand who in an organization is more likely to span across multiple logics. To do so, we focus on a specific personality trait, namely self-monitoring. According to self-monitoring theory, individuals differ in the extent to which they are willing and able to monitor and control their self-expression in social situations. Using data from a survey administered to 6,000 academics in physical sciences faculties in UK universities, this paper suggests that high self-monitoring individuals collaborate more with industry than their low self-monitoring colleagues, across a variety of channels of interaction. Furthermore, the influence of self-monitoring on researchers' collaboration activities is moderated by both individual and environmental characteristics.

Entrepreneurial Firms Created Abroad: Liability of Foreignness and SurvivalJose Mata, *Nova School of Business and Economics*Claudia Alves, *Nova School of Business and Economics*

We study the survival of firms created by foreign entrepreneurs and reach the following findings. Survival of firms created by foreign entrepreneurs is lower than that of comparable domestic ones. Survival of firms created by foreign entrepreneurs is particularly low for entrepreneurs originating from less developed countries and from countries in which institutions are more similar to those in the host country. Previous experience in the host country increases the prospect of survival of firms created by foreigners.

Identity-based Governance: Managing Social Aggregation and Joint Production Motivation in Emerging OrganizationsJana Thiel, *ESADE*Caroline Kaehr Serra, *University of Geneva*

This study explains how social aggregation and joint entrepreneurial action in emerging organizations can be managed through identity-based governance. By addressing a multi-level phenomenon of individual-level identity interacting with a co-created emerging organizational identity, we posit that identity-based governance provides an efficient strategy to motivate, guide and align individual human actors toward a common goal. We add to the stream of literature on the question of joint production motivation as well as social aggregation as a core tenet of the microfoundations of strategic action. This study also contributes to practice by providing entrepreneurial managers with a clear guidance on mechanisms and structures that efficiently govern a team's goal-directed collaboration in uncertain and ambiguous environments.

Is Entrepreneurship Genetic? Advances about the Interaction between the Genetic Effect and The EnvironmentDiego Zunino, *Boston University*

Entrepreneurship literature does not provide an answer about the relative importance of "nature" and "nurture" in the decision to become entrepreneur. We analyze data on 1404 twins from Registro Nazionale Gemelli (2012) of Istituto Superiore di Sanità of Rome. We exploit the information on zygosity to measure the effect. The results confirm the finding of Nicolaou et al.(2008). Then, we look at the difference in expected probability of having both twins self-employed between mono- and dizygotic in heterogeneous environments. We perform a number of robustness checks using observations from several subsamples. We argue that the impact of genetic factors on entrepreneurial orientation varies with context. While the decision to engage in entrepreneurship is largely determined by genetic "predisposition", institutional and social factors mediate this effect.

SESSION 50

ENTREPRENEURSHIP AND STAKEHOLDER VIEW

THEME B	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Paper	Room	s.07
Session Chair	Maryam Zehtabchi, <i>Bocconi University</i>	

Do the Ends Justify the Means? Examining the Consequences of Founder-CEOs' Extreme ActionsBret Fund, *University of Colorado-Boulder*

This paper develops a theoretical model to explain what constitutes an extreme action by an entrepreneur as well as how these extreme actions are undertaken, assessed and rewarded/punished by key stakeholders. I identify two mechanisms that influence the stakeholders' evaluations of the Founder-CEO and discuss the factors that influence the initial consequences to the entrepreneur and how these outcomes are subsequently altered or reinforced as a result of stakeholders' prior evaluations in light of the actual results of the extreme action. I further consider how these stakeholders' assessments ultimately shape the Founder-CEO's reputation, compensation, leadership capabilities and discretion.

Equity Division in New Venture Formation: Missed Opportunities and Unfair ArrangementsMohammad Keyhani, *University of Calgary*Justin Weinhardt, *University of Calgary*

We use modeling and simulation to develop theory on the psychological and economic micro-foundations of equity division in new venture formation. In our model, the equity division offer is proposed by the idea generator to other members and is determined jointly by competitive equilibrium as defined by competitive equilibrium, fairness considerations, and psychological bias as justified by existing research. We evaluate the costs of psychological bias in terms of both the number of missed opportunities and the perceived unfairness of accepted agreements. We also explore whether deviations from fairness can also result in economic costs due to decreased robustness to changes in the economic situation.

How Does Relationship Learning with Customers Influences a Firm's Exploratory Innovation and Exploitative InnovationCornelis Vincent Heij, *Erasmus University-Rotterdam*Henk W. Volberda, *Erasmus University-Rotterdam*

Although co-creation between a firm and its customers is increasingly recognized as a source of value, few scholars examined how relationship learning with customers influences a firm's exploratory innovation and exploitative innovation. In this paper we address this gap in the literature from a knowledge based view. Findings, based on a large-scale survey, indicate that relationship learning with customers has an inverted U-shaped effect on exploitative innovation and a positive effect on exploratory innovation. Furthermore, exploitative innovation partly mediates the relationship between relationship learning with customers and exploratory innovation in the sense that it, surprisingly, increases exploratory innovation. These findings provide new insights how micro-foundations for strategic research in the form of interaction between organizational members and customers influence a firm's level of product innovations.

The Impact of the Geographical Distance on the External Sources of Knowledge SpilloverMaryam Zehtabchi, *Bocconi University*

This paper focuses on private sources of knowledge specifically customers and competitors as sources of innovative activity. Our main argument is that the two sources are correlated even after controlling for several factors at the level of technology, individual and organization. What is more, we show that the geographical distance of these sources modifies the intensity of this correlation, in a way that locally the two sources are more correlated. The underlying theoretical mechanism that explains the different roles is the randomness of local interactions as opposed to planned-ness of distant interactions.

SESSION 12

KNOWLEDGE & ROUTINES: LEARNING DISABILITIES?

THEME C	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Common Ground	Room	1.13
Facilitator	Martine Haas, <i>University of Pennsylvania</i>	

Beneath the Surface: The Role of Individual Learning in the Emergence Absorptive Capacity

Karl Joachim Breunig, *Oslo and Akershus University College*
Ieva Martinkenaite, *BI Norwegian Business School*

Drawing on the micro-foundations view of strategy, we examine the role of individuals and reveal the micro-macro interactions underpinning the emergence of absorptive capacity. Whereas most theoretical and empirical research on absorptive capacity has focused on interaction of external and internal environments, we emphasise the dynamic interplay between organizational and individual levels of absorptive capacity. Examining seminal works by Cohen and Levinthal we discover that micro-level issues of the nature of knowledge, the role of individuals and their social interactions are explicitly addressed. However, these micro-level considerations are insufficiently problematized in subsequent research. This neglect has resulted in limited explanations of how absorptive capacity emerges as an organizational-level phenomenon. Based on a longitudinal case study, we re-conceptualize absorptive capacity as a set of three, sequentially linked learning processes in which individual and organization interact and suggest three propositions for further empirical research.

Do Individuals Absorb Knowledge?

Claudia Jasmand, *Imperial College London*
Alex da Mota Pedrosa, *University of Southern Denmark*

Many studies demonstrate the critical role of organizations' absorptive capacity (ACAP) in leveraging external knowledge for innovation, adaptation, and performance. Yet, an understanding of its microfoundations—an organization member's ACAP—is lacking to date, despite the need for more knowledge individuals' actions and behaviors explain differences in organizational constructs such as ACAP. Therefore, this article conceptualizes individual-level absorptive capacity (iACAP) and develops a corresponding measure. Our scale development relies on various samples, ranging from part-time and full-time employees, to top management team members, and to members of learning organizations, in traditional and non-traditional work contexts, and on self-report and objective data.

Explaining Individual Influences on Knowledge Utilization: The Moderator Effect of the Task Context

Sara Lombardi, *LUISS Guido Carli University*

Micro-foundations are attracting the attention of different research fields. Their argument that higher-level outcomes should be analyzed by firstly considering the underlying individuals' behaviors is particularly relevant when knowledge processes are to be studied. However, so far our understanding of how micro-foundations contribute to their explanation is limited. In order to fill this gap, this proposal analyzes the relationship between individuals' variables and their knowledge utilization behaviors and empirically tests a sample of 741 employees from two Danish consulting firms. The aim is to contribute to the call for more research that investigates the individual-level of analysis in order to better explain higher level-phenomena and to extend existing research on knowledge processes by devoting attention to the less explored knowledge utilization dimension.

Interactional Microfoundations of Organizational Routines: Improving Formation, Efficiency and Resilience through Cross-Understanding

Niranjan Janardhanan, *University of Texas-Austin*
Kyle Lewis, *University of Texas - Austin*

Routines are repetitive patterns of interdependent actions carried out by multiple actors in organizations. They are central to the functioning of organizations and are often the engines for continuous improvement and organizational change. Although past scholars have examined the various aspects of routines and organizational learning, little research has been done to understand the interactional microfoundations which lead to the

formation, execution and evolution of routines. We propose that cross-understanding, defined as the extent to which team members understand each others' mental models, enables the strengthening of routines and makes them more resilient to complexity and change.

Organizational Citizenship Behavior and the Enhancement of Absorptive Capacity

J. Bruce Gilstrap, *University of Southern Mississippi*
Timothy Hart, *Oklahoma State University*
Mark Bolino, *University of Oklahoma*

Absorptive capacity has been conceptualized as one of a firm's most critical learning processes by which it identifies, assimilates/transforms and exploits new knowledge, yet the role of individuals in developing organizational absorptive capacity has been largely ignored. Individual-level behaviors known as organizational citizenship behaviors have long been presumed to contribute to organizational performance, yet there have been relatively few theoretically-based arguments supporting this presumption. In this proposal, we suggest a model that depicts how the organizational citizenship behaviors of individuals act as micro foundations for enhancing a firm's absorptive capacity. Specifically, we outline our investigation into how citizenship behaviors moderate the relationship between routines and processes and the exploratory, assimilative, transformative and exploitative learning capabilities that comprise organizational absorptive capacity.

Organizational Routines: Microfoundations of the Ostensive-Performative Cycle

Maximilian Eberl, *Bundeswehr University Munich*
Florian Johannes Osterrieder, *Bundeswehr University Munich*
Robert-Patrick Wagner, *Bundeswehr University Munich*
Stephan Kaiser, *Bundeswehr University Munich*

Recent research highlights that routines are not rigid but subject to change. However, we still lack knowledge about the micro-processes of routines and about potential influence factors. Using the ostensive-performative cycle of Feldman and Pentland (2003) as a starting point, we contribute to this discussion by identifying and presenting a central mediator, and five moderators: First, we present antecedents of contextual ambidexterity as a central mediator for the movements between the ostensive and performative aspect of routines. Second, we identify five moderators that influence the movements within the ostensive-performative cycle. Based on the mediator and moderators we add to the understanding of micro-processes of routines and give directions for further research. Our results are based on a multiple-case design and data from five plant-engineering projects.

SESSION 9

STARS (SO YOU WANT TO BE A...)

THEME C	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Paper	Room	s.08
Session Chair	Martin Ganco, <i>University of Minnesota</i>	

Is There a Manning Effect? Star Human Capital Mobility and the Performance of NFL Teams

Matthew Barlow, *University of Utah*
William Hesterly, *University of Utah*
William Schulze, *University of Utah*

Recent research questions the strategy of hiring stars to improve organizational performance. This prior research finds that when a star is hired, the star tends to perform at a lower level than in his or her previous firm. This suggests that firms that hire stars may suffer in terms of lower performance. Many of these studies overlook the possibility that a star's abilities can spillover and affect their new colleagues. This paper examines the effects star mobility in the National Football League. We find that changing teams reduces the chances of a star performing at the same level as with his previous team, but that his new team actually performs at a higher level due to the improvement in their new colleague's performance.

SATURDAY 15:30 – 16:45



Reaching for the Stars: The Contingent Firm Performance Effects of Collaborative Basic-Research with Star Scientists

Relinde Colen, *University of Leuven*
Rene Belderbos, *University of Leuven*
Bart Leten, *University of Leuven*
Stijn Kelchtermans, *University of Leuven*

We investigate under which conditions collaborative basic research with academic 'star' scientists improves firms' technological performance. First, we expect the benefits of star collaboration to be unevenly distributed across firms. Second, collaboration may be most beneficial with 'translational' star scientists, academics who also collaborate with the firm on applied research. Third, the strongest performance effects may occur if the collaboration is exclusive -the star does not collaborate with rival firms. We analyze these issues on publication and patent data of 153 R&D intensive firms in the biopharmaceutical sector (1991-2003). Results, based on quantile regression analysis, indicate that collaboration with academic stars only benefits high-performing firms and show that an exclusive collaboration with a translational star entails the highest performance premium.

Team-Based Outlier Innovations in Pharmaceutical R&D: Evidence based from 1980s Patent Law Changes

Kevin Miceli, *University of North Carolina-Chapel Hill*
Matthew Pearsall, *University of North Carolina-Chapel Hill*
Atul Nerkar, *University of North Carolina-Chapel Hill*

Inventors and their research teams produce innovations that can contribute great value for firm performance. We investigate changes in research team membership that allows us to address individual and team contributions to extreme success. Such changes greatly affect the outcomes between success and failure. Our analysis compares successful and unsuccessful innovation outcomes experienced by a focal inventor nearly contemporaneously. By doing so, we are able to analyze the effects of team characteristics controlling for the inventor. Utilizing social network theory and team-level diversity and status characteristics, we evaluate how a team is recombined such that the focal inventor produces outlier organizational outcomes. This contributes to the literature on strategic human resources for team design and mapping such team composition to extreme strategic performance.

★ Wanting to Play on a Winning Team: Utility Cascades and Competitive Advantage from Human Capital

Benjamin Campbell, *Ohio State University*
Russell Coff, *University of Wisconsin-Madison*
David Kryscynski, *Brigham Young University*

Exceptional human capital may be a source of advantage. In this context, extant research has explored how employees' private utility gains (preferences) may be critical in attracting/retaining talent. A firm's string of successes may create additional private utility benefits that further fuel the advantage. We highlight these utility cascades as a virtuous cycle through which success may feed workers' private utility gains. We explore how being on a winning team affects NBA player salaries and find that while average players play at a discount, stars earn rents for being on a winning team. Thus, most employees may accept less pay to work for an exceptional firm while stars reap financial gains. Implications of utility cascades for human-capital-based advantages are discussed.

SESSION 57

MICROFOUNDATIONS AND THEORY: NEXT STEPS

THEME D	Date	Saturday, Jun 14
	Time	15:30 – 16:45 h
Paper	Room	s.12
Session Chair	Randall Westgren, <i>University of Missouri</i>	

Micro – Yes! Foundations – No!

Andrey Pavlov, *Cranfield University*
Cliff Bowman, *Cranfield University*

This paper offers a critique of the micro-foundations agenda by arguing that excessive attention to macro-level concepts and their origins threatens to derail the true potential of micro-foundations research – the resurgence of the interest in micro-level phenomena. The paper offers a critical analysis of the role that macro-level constructs play in both management theory and practice, questioning the value of such constructs and, by implication, the value of the search for their origins. The paper concludes that the micro-foundations project is better served by moving away from the focus on macro-level constructs and instead looking for theoretical lenses that provide a direct link between observable micro-level phenomena and equally observable organization-level outcomes.

Microfoundations and Technology

Paul Nightingale, *University of Sussex*

What role should a focus on technology play in strategy research and the microfoundations (MF) research agenda? The idea of microfoundations has its own foundations in ideas that complex phenomena should be explained by the behaviour of component parts. These foundations have a unclear relationship to technology, which is mind-dependent and largely irreducible (software, laws, money). However, technology is vital to the practice of firm level strategy and defines industries. This paper uses an exploration of what technology is to better understand the MF agenda. It highlights seven ways of thinking about technology that are related to different areas of management research. The paper highlights the problems technology poses for a MF research agenda, and suggests a solution can be found by thinking of MF approaches in terms of models rather than unmediated truth. This opens up new research agendas, but will require broadening the MF agenda.

Microfoundations in Strategy and Explanatory Reductionism

Andre Ariew, *University of Missouri*
Randall Westgren, *University of Missouri*

We examine the call for development of microfoundations for strategy research. We argue for a thorough understanding of the mainstream philosophy of science approach to reductionism, where the central issue concerns explanation. We note that the common invocation of mechanistic explanation as a microfoundation in organization research is fraught with ontological and epistemological problems, especially when routines are used as the mechanism. Further, the nature of organization (system)-level strategy makes the decomposition of the system into meaningful components for mechanistic explanation difficult – a lesson that Herbert Simon tried to teach us. We build our argument around examples where explanatory reductionism fails as a replacement for macro-level explanation. But we do not argue for the dismissal of microfoundations; we seek clarity for their effective use.

Toward New Theory for Strategy's Microfoundations: Understanding Social Emergence

Robert Wuebker, *University of Utah*
Peter Klein, *University of Missouri*
Russell McBride, *University of Utah*

Strategic management is increasingly interested in its microfoundations. However, research in microfoundations has been hampered by a lack of theory. It is incumbent on strategy scholars to develop theories of aggregation and emergence that appropriately represent the factors that shape behavior and performance in organizations, explaining exactly how aggregate phenomena emerge from the preferences, beliefs, and actions of individuals. This paper attempts to clarify the concept of social emergence using a particular set of constructs from the philosophy of language, what has come to be called social ontology. Social ontology's focus on the structure of social reality provides a fruitful starting point for exploring challenges associated with the development of novel theory for social emergence in strategy.

SESSION 3

PLENARY TRACK

TRACK P	Date	Saturday, Jun 14
	Time	17:15 – 18:15 h
Showcase Panel	Room	2.02

The Role of Organizational Design in the Microfoundations of Strategy

Session Chair

Henk Volberda, *Erasmus University-Rotterdam*

Panelists

Thorbjørn Knudsen, *University of Southern Denmark*

Tobias Kretschmer, *University of Munich*

Todd Zenger, *Washington University-St. Louis*

Individuals are embedded in organizational designs that influence their actions and their interaction. The panelists will explore various ways in which organizational design matters to the micro-foundations of strategy, including how organizational designs make firms different.

SATURDAY 17:15 – 18:15



Henk Volberda is Professor of Strategic Management and Business Policy and Director of Knowledge Transfer of the Department of Strategic Management & Business Environment at the Rotterdam School of Management, Erasmus University, and Scientific Director of INSCOPE. He has been a visiting scholar at the Wharton School at the University of Pennsylvania and City University

Business School, London. Henk Volberda obtained his doctorate cum laude in Business Administration of the University of Groningen. His research on organizational flexibility and strategic change received the Igor Ansoff Strategic Management Award 1993, Cap Gemini Ernst & Young Strategy Award 2003, the Erim Impact Award 2003 and 2005 and the SAP Strategy Award 2005. His work on strategic renewal, coevolution and new organizational forms has been published in *Academy of Management Journal*, *Management Science*, *European Business Forum*, as well as other journals. Moreover, his research on absorptive capacity and internal networks (together with Raymond van Wijk and Frans van den Bosch) received an honorable mention of the McKinsey/SMS Best Conference Paper Prize. Henk Volberda has worked as a consultant for many large European corporations and published in many refereed books and journals.



Thorbjørn Knudsen is a Professor at the University of Southern Denmark. He teaches in the Department of Marketing within the School of Business and Economics. His area of expertise is Behavioral and Evolutionary Economics, Economic Architecture, Strategy, Applied Statistics and Market Research. He serves as a reviewer for several leading journals and also as a consultant for Business and Government within Denmark.



Tobias Kretschmer is Professor of Strategy, Technology and Organization (ISTO) at the University of Munich and Head of Centre “Industrial Organisation and New Technologies” at the Ifo Institute Munich. He holds a PhD in Economics from London Business School and an MSc in Strategy from the University of St. Gallen. He is a Research Affiliate at the Centre

for Economic Performance at LSE and an Adjunct Professor in the SOD Group at the University of Southern Denmark. His work spans the economics and management of high-technology industries, the impact of managerial and organizational practices on firm performance, and information and communications technologies (ICT) on firm productivity. His work appeared or will appear, among others, *American Economic Review*, *Management Science*, *Information Systems Research*, *Strategic Management Journal*, *Organization Science*. He is a member of the editorial board of *Strategic Management Journal*, *International Journal of Industrial Organization*, *Information Economics and Policy* and the *Journal of Organization Design*.



Todd Zenger is the Robert and Barbara Frick Professor of Business Strategy at the Olin Business School of Washington University where he serves as Area Chair in Strategy, and has previously served as Senior Associate Dean, and Chair of the tenured faculty. He completed his undergraduate degree in economics at Stanford University and his PhD in strategy and organization at UCLA.

Todd Zenger's research focuses on topics of human capital, organizational design and incentives, and the theory of the firm. Todd Zenger has published in a wide range of leading academic journals, including *Strategic Management Journal*, *Human Resource Management*, *Administrative Science Quarterly*, *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, and *Management Science*. He currently serves or has previously served on the editorial boards of many of these same journals. He has also been on the Executive Board of the BPS Division of AOM and Chair of INFORMS College on Organization Science.



SESSION 5

PLENARY TRACK

TRACK P	Date	Saturday, Jun 14
	Time	17:15 – 18:15 h
Showcase Panel	Room	2.01

Psychological Foundations of Strategy Research

Session Chair

Shad Morris, *Brigham Young University*

Panelists

Gerard P. Hodgkinson, *University of Warwick*

Libby Weber, *University of California-Irvine*

Maurizio Zollo, *Bocconi University*

Microfoundations seem to naturally direct the attention to psychology. But what kinds of psychology are relevant? And whose psychology is it we are interested in -- that of top-managers mainly? Or, does the psychology of other organizational members matter for the understanding of strategy issues?



Shad Morris (Ph.D. Cornell University) is Assistant Professor of Global Leadership and Strategy at the Marriott School, Brigham Young University. He conducts research at the intersection of human resource management and strategy. In particular, he explores both theoretical and empirical problems related to how firms draw upon human capital and social capital to build organizational capabilities. Professor Morris is a recipient of the International HRM Scholarly Research Award from the Academy of Management and he has co-authored multiple articles related to the strategic management of human capital in journals such as *Academy of Management Review*. In addition, he has served as a co-organizer and founder of multiple conferences, including the Strategic Human Capital Interest Group's mini-conference at The Ohio State and University of Utah and Wharton's 1st and 2nd Annual People and Organizations Conference.



Gerard P. Hodgkinson is Associate Dean (Programme Quality), Head of the Behavioural Science Group, and Professor of Strategic Management & Behavioural Science at Warwick Business School. From the mid-1980s onwards, the bulk of his research activity has centered on the psychological foundations of strategic management, in particular, the analysis of cognitive processes in strategic management (especially the socio-cognitive analysis of competitive business environments and the development and evaluation of techniques for mapping strategic knowledge). His most recent work has been concerned with the application of advances in the social neurosciences (social cognitive neuroscience and neuroeconomics) to the analysis of cognitive processes in strategic decision making (including the nature and role of intuition) and the evaluation of techniques for overcoming cognitive bias and inertia in such decisions.



Libby Weber is an Assistant Professor in the Strategy Area at the Merage School of Business at the University of California, Irvine. She received her Ph.D. in Strategic Management from the Marshall School of Business at Southern California University. Her research combines traditional strategy theories with cognitive and social psychology to examine interfirm relationships, including contracts, alliances, M&A integration, trust development and learning from prior exchanges. Her work has been published in the *Academy of Management Review* and the *Academy of Management Journal*. Libby Weber is also on the editorial board at the *Academy of Management Journal*, and has served as a reviewer for the Cooperative Strategies Interest Group and the SMS Best Paper prize.



Maurizio Zollo is the Dean's Chaired Professor in Strategy and Sustainability at the Management and Technology department of Bocconi University, and director of the Center for Research in Organization and Management (CROMA). He also has a part-time chair appointment at the Vienna School of Economics and Business (WU) and a visiting professorship at the Sloan School of Management of the M.I.T. He is currently the president of the European Academy of Management (EURAM), after having served as editor of the *European Management Review*, EURAM's official journal. His current research activity focuses on directing the Global Organizational Learning and Development Network (GOLDEN) for Sustainability and on applying neuroscience to study the micro-foundations of strategic decisions related to innovation and sustainability. At SMS, he chaired the Innovation and Knowledge Interest Group, was one of the co-chairs of the 2010 annual conference in Rome, and co-founded the Stakeholder Strategy Interest Group.

SESSION 34

PERSONALITY, IDENTITY, AND STRATEGY

THEME A	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Common Ground	Room	1.12
Facilitator	Chet Miller, <i>University of Houston</i>	

CEO Career Horizon, Economic Rationale, and Psychological Characteristics: An Integrative Framework

Chittima Silberzahn, *EMLYON Business School*
 Pierre Yves Gomez, *EMLYON Business School*

Current literature, based on economic rationale, suggests that near-retirement CEOs tend to be risk-averse and short-termist because they want to preserve or maximize their wealth before retirement. We argue however that their human dimension should not be underestimated. We propose incorporating three psychological characteristics that can alter their behavior as predicted by economic rationale: hubris, loyalty and aspiration level. We contribute to a better understanding of the determinants of the strategic decision making of CEOs in the particular context of near retirement and to corporate governance more generally so that boards of directors can structure more appropriate mechanisms to control and motivate CEOs. Consequently, firms can more effectively benefit from the CEO's human and social capitals associated with long experience even near retirement.

Hybrid Upper Middle Managers' Strategizing Practices: Linking Strategic Roles, Contingencies and Archetypes

Julie Davies, *Association of Business Schools*

While middle management research has with upper echelons literature succeeded in re-humanising the field of strategic management (Hambrick, 1989), it has often neglected to differentiate individuals (Wooldridge et al, 2008) vertically by seniority or horizontally by function. This paper reflects on Barney and Felin's (2013: 145) distinction between microfoundations and strategy-as-practice. It links the micro-practices of senior middle managers in a professionalised context within Floyd and Wooldridge's (1992, 1994, 1996) typology of four middle management strategic roles to five meso and macro level contingencies. A model is developed that combines role, practice and contingency theories. Seven ideal types of strategist are derived from the data.

Independent Directors' Professional Role Identities, Board Effectiveness, and Firm Performance

Ying Feng, *Erasmus University-Rotterdam*
 Jatinder Sidhu, *Erasmus University - Rotterdam*
 Frans A.J. Van Den Bosch, *Erasmus University-Rotterdam*

This paper explores how role identities and identification of industry association official independent directors shape their board behavior and the consequences for firm performance. Our study reveals that identities anchored in external roles, which have a bearing on how strongly individual board members identity with the focal firm, determine the diligence of themselves and other independent directors in executing functions on board. Our analysis moreover suggests that, by intervening in strategic decision making, role identities of industry association official independent directors also affect firm's short-term and long-term performance. We consider the implications for the literature on organizational identity and corporate governance.

Reinforcement Makes You Think Fast and Wrong. The Micro-foundations of Hubristic Behavior

Nausheen Niaz, *Copenhagen Business School*
 Thomas Z. Ramsøy, *Center for Decision Neuroscience*
 Nina Refskou Jensen, *Steria Group*
 Ricky Wilke, *Copenhagen Business School*

Historically and contemporary, hubris is a well-known decision-making bias, but little is known about its actual psychological constituents. On the one hand, hubristic behavior can occur only after a long line of escalating events, but possibly also after just a brief exposure to positive events. We demonstrate that poor decision-making can be caused by positive factual and social reinforcement ranging from minutes to hours. Specifically, we observe that reinforcement is related to decisions that were both faster and erroneous. We suggest that positive reinforcement may be associated

with a stronger reliance on immediate, intuitive responses at the expense of executive control. Our results can be interpreted in light of a dual system approach to human decision-making, in which reinforcement leads to increased System 1 behavior.

The Impact of Core Self-Evaluations on Organizational Practice Adoption in the Multinational Corporation

Adrian Schulte Steinberg, *University of St. Gallen*
 Björn Ambos, *University of St. Gallen*
 Sven Kunisch, *University of St. Gallen*

The adoption of organizational practices is known to be elementary in the creation of sustained competitive advantage for the multinational corporation (MNC). In this study, we explore the role of the subsidiary managers' personality in the adoption of practices mandated by a corporate headquarters to subsidiary units in a large European MNC. We analyzed 130 cases of practice adoption in a large European MNC and found that managers' core self-evaluation (CSE) is a significant factor with respect to the implementation of practices. In addition, the empirical findings suggest that the organizational context moderates the relationship between managers' personality and practice adoption. The study contributes to the emerging literature on the role of individual's personality in practice adoption and the microfoundations of knowledge transfers in large organizations.

The Microfoundations of Middle Manager

David Cohen, *Skidmore College*

Strategic management has been fundamentally concerned with organizational level explanations for strategic phenomena, in particular the determinants of organizational performance. Recently, however, strategy researchers have begun to focus on the micro level mechanisms that underpin strategy and performance. In this conceptual paper, I explore the microfoundations of middle management led strategic change by modeling how some middle managers working upward and divergently come to influence the course of organizational strategy. I present propositions describing how organizational strategic heterogeneity can combine with middle manager heterogeneity in structural position to lead to organizational level strategic change. In so doing, I contribute to the relatively new literature on the microfoundations of strategic management, the middle management perspective on strategy process and our understanding of strategic change.

SESSION 20

COOPERATIVE STRATEGIES: MERGERS AND ACQUISITIONS

THEME A	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Paper	Room	s.03

Session Co-Chairs Dovev Lavie, *Technion-Israel Institute of Technology*

Being Motivated to Acquire: The Impact of CEO Regulatory Focus on Firm Acquisitions

Daniel Gamache, *Michigan State University*
 Gerry McNamara, *Michigan State University*
 Michael Mannor, *University of Notre Dame*
 Russell Johnson, *Michigan State University*

Regulatory focus theory proposes that decision-making and goal pursuit occur via either a promotion focus (a sensitivity to gains and a desire for advancement and growth) or a prevention focus (a sensitivity to losses and a desire for stability and security). We provide one of the first empirical examinations of this issue by examining the impact of CEO regulatory focus on firm acquisition activity. Further, we explore the importance of aligning CEO incentive compensation to CEO regulatory focus. Our findings indicate that CEO regulatory focus impacts both the firm's acquisition activity and the stock market reaction to those acquisitions. We also find that these relationships are moderated by stock option pay.



Individuals as Boundary Spanners: International Experience and Target CEO Departure in Cross-Border Acquisitions

Andrea Boellis, *Polytechnic University of Milan*
Lucia Piscitello, *Polytechnic University of Milan*
Cristina Rossi Lamastra, *Polytechnic University of Milan*

The present paper investigates whether and how target CEOs bridge cultural distance in cross-border acquisitions. Originally enough, we integrate mainstream literature on cross-border acquisitions with insights from theories which are inherently micro-founded and put individuals at the core of their inquiring. Specifically, taking inspiration from the Upper Echelons Theory, we argue that the probability of target CEO departure in post-acquisition decreases with the cultural distance between the acquirer and the target. Moreover, this relation is negatively moderated by the general and specific international experience of the target CEO. Preliminary estimations on a sample of 93 acquisitions support our conjectures.

Steady as She Goes: Female Board Representation and Corporate Mergers and Acquisitions Activity

Guoli Chen, *INSEAD*
Craig Crossland, *University of Notre Dame*
Sterling Huang, *INSEAD*

Although a growing body of literature continues to explore the performance implications of board gender diversity, this work has shown inconsistent findings. Furthermore, little research has comprehensively examined a crucial intervening step between female board representation and performance outcomes – firm-level strategic behavior. We consider this issue via a detailed investigation of corporate mergers and acquisitions activity. Our results show that female board representation is associated with fewer acquisitions, smaller acquisitions and greater diversification. We demonstrate the robustness of our results via a supplementary difference-in-difference analysis of a sub-sample of firms that experienced exogenous changes in board composition following director deaths.

The Right Team for the Job: Integrating the Roles of Corporate Strategy, Top Management Team Composition, and Learning

Mario Schijven, *Texas A&M University*
Anna Nadolska, *Erasmus University-Rotterdam*
Mark Boons, *Erasmus University-Rotterdam*
Harry Barkema, *Erasmus University-Rotterdam*

We study how top management team (TMT) composition impacts the effectiveness with which their firms engage in acquisitive and organic growth. After theorizing about how these two types of growth differ in terms of their performance implications over extended periods of time, we posit that acquisitive and organic growth contrast sharply in terms of the TMT composition that is conducive to their success. Subsequently, we argue that the potential benefits of TMT homogeneity (efficiency and local search) and heterogeneity (creativity and distant search) can only be effectively unlocked if the TMT possesses sufficient shared task experience. We test our theory using panel data on firms in a variety of industries undertaking almost 1600 acquisitions and 500 startups over a period of four decades (1966-2005).

Thematic vs. Taxonomic Similarity: How Type of Similarity affects Investor Reactions to M&A Announcements

Julia K. Froehlich, *University of Bern*
Martin Hoegl, *LMU Munich*
Ingo Kleindienst, *Aarhus University*
Denis Schweizer, *WHU-Otto Beisheim School of Business*
Tomi Laamanen, *University of St. Gallen*

Recent research in cognitive psychology highlights the existence of two different types of similarity: taxonomic, which is feature-based similarity, and thematic, which is based on external relations of entities. We apply this distinction of similarity to investor reactions to mergers and acquisition (M&A) announcements, and empirically test market reactions. We hypothesize that investor reactions to taxonomic deals are more positive directly after the announcement, and that it takes more time for investors to understand thematic deals. Our explorative empirical investigations support this view. We observe, on average, positive announcement return for taxonomic deals, and negative for thematic deals. However, the negative announcement return for thematic deals reverses, on average, after three trading days, and seems to converge with the average announcement return for taxonomic deals.

SESSION 23

TOP MANAGEMENT NETWORKS, POWER, AND STATUS

THEME A	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Paper	Room	s.07
Session Chair	Christine Scheef, <i>University of St. Gallen</i>	

A Social Status Perspective on CEO Dismissals: Evidence from a Stakeholder Environment

Markus Wrage, *University of Munich*
Anja Tuschke, *University of Munich*
Rudi K F Bresser, *Free University of Berlin*
Miriam Flickinger, *University of Passau*

In this study, we address the question of why some CEOs stay in office during a performance downturn while others don't. Taking a social status perspective, we argue that an individual's board network embeddedness – as reflected in the number of outside directorships – plays an important role in dismissal decisions. We predict that a high social status protects the CEO against dismissal, while the tendency of boards to dismiss an underperforming CEO is moderated by their own social status and their independence from the corporate elite. Using longitudinal data of large German corporations, we find support for our predictions.

I've Got the Power! Chief Strategy Officer's Influence Within the Firm

Christine Scheef, *University of St. Gallen*
Markus Menz, *University of St. Gallen*

We build on intraorganizational power literature to study the influence of the chief strategy officer (CSO) within organizations. We argue that the CSO's individual characteristics – structural power, expert power, and prestige power – as well as institutional forces of the firm's environment – cultural power distance and industry power level – affect the extent of the CSO's actual power over a broad range of strategic decisions. Further, we hypothesize that the CSO's actual power is positively associated with firm performance. An analysis of survey and archival data of 104 European firms reveals that the host country's cultural power distance and the industry's power level, however, not the CSO's individual characteristics, determine the CSO's actual power within the firm. Moreover, we find that firms benefit from powerful CSOs.

The Relationship Between CEO Political Ties and Firm Performance: A Corporate Governance Perspective

Weiting Zheng, *Hong Kong Polytechnic University*
Yi Tang, *Hong Kong Polytechnic University*

We examine the relationship between CEO political ties and firm performance by offering an agency-based perspective. Specifically, we argue that corporate governance mechanisms installed in a firm may strengthen or weaken the effect of CEO political ties on performance in that, interest alignment measures such as managerial equity ownership may encourage CEOs to contribute their personal level political resources for their firms thus enhancing firm performance, and monitoring measures such as the presence of independent directors may constrain CEO's utilization thus the impact of their political ties on firm performance. Empirical evidence from electronics and IT firms in China between 2000 and 2009 provide support to our predictions.

We Do What We Are: The Effect of CEO's Motivation and Identity on Firm Performance

Olga Zarzecka, *Copenhagen Business School*

The size of CEO external network represents the potential amount of knowledge that might be acquired through social ties and applied in strategic decision-making. It has therefore been argued that the size of the CEO network is positively associated with firm performance. Recent studies, however, deliver empirical evidence to the contrary. In this paper I argue that the answer might be in the underlying micro foundations of strategic decision-making. Motivational factors and issues of identity may affect senior managers' decision-making. Self-determination and social identity theories provide better insight into how differences in CEO motivation and identity can affect decision making, and ultimately aim to explain the conflicting effects of CEO network size on firm performance.

SESSION 53

BEHAVIORAL THEORY AND ENTREPRENEURSHIP

THEME B	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Common Ground	Room	1.13
Facilitator	Yves Doz, <i>INSEAD</i>	

Building and Rebuilding Capability and the Strategic Entrepreneurship

Yoshikazu Sakamoto, *Chiba keizai University*
 Ibuki Ishikawa, *Ritsumeikan University*

This paper shows the framework to examine the managers' roles of how to building and rebuilding capability. In this framework this paper emphasizes the managers' roles to perceive internal and external change. The perception is considered to be important factor to activate organizational process. This paper examines on the entrepreneurship of managers as the method of perception. This topic includes various arguments and recent developing argument of strategic entrepreneurship. Therefore the paper focuses on the L. M. Lachmann's subjectivism of Austrian School and propose the possibility to utilize his thought as managers' entrepreneurship (strategic entrepreneurship) to perceive change.

Continuing, Closing, or Transferring Existing Businesses: The Role of Entrepreneur's Individual Ability

Bernardo de Melo Pimentel, *Nova School of Business and Economics*
 Jose Mata, *Nova School of Business and Economics*

The present work uses new a measure for individual-level ability to analyse the entrepreneurial choices of keeping, closing, or transferring an existing venture. We find entrepreneurs with higher-than-average ability levels to be 87% more likely to transfer their ventures and 14% more likely to close them, when compared to those who chose to continue managing. Transferred businesses have better quality and longer longevities than others. Results are consistent with the portrayal of the entrepreneur as an individual with superior environmental scanning and opportunity exploring abilities.

Enabling Employees to Contribute to the Firm's Dynamic Capabilities: Managerial Impact through Control and Trust

Veit Wohlgemuth, *European University Viadrina*

The debate on micro-foundations of dynamic capabilities has among others focused on the respective impact of managers versus subordinates. In this paper the effects of facilitating subordinate actions by management are investigated. Specifically, the impact of managerial trust in employees and the control of employees by management as well as peers on the firm's dynamic capabilities are examined. To avoid disturbing effects of multiple managerial levels, the sample is drawn from small manufacturing companies with only one manager on top and one echelon level below. Preliminary results indicate that social control and outcome control have a positive effect on dynamic capabilities. Trust appears to have an indirect effect through social control as a mediator. The hypothesized negative impact of behavioral control could not be supported.

Microfoundations of Organizational Birth: a Behavioral Theory of Founding Team Formation

David Clough, *INSEAD*

Prior scholarship has established the path-dependent nature of resource evolution. Resource differences can therefore be traced back to organizational birth, yet little is known about where resources originate in de novo firms. This paper takes the starting point for resources to be the firm's founding team, and addresses the question of how the founding team comes together in the first place. A behavioral theory of team formation is developed, in which an aspiring entrepreneur searches within their social network for co-founders who meet their aspiration levels on key dimensions: trust, affect, shared beliefs and competence. The theory provides a micro-level view of entrepreneurial action driven by individual agency, while reconciling this with the empirical regularity of homophily in founding teams.

Middle Manager Engagement in Autonomous Strategic Action: Opening the Black Box

Stefan Linder, *ESSEC Business School*
 Simon S. Torp, *Aarhus University*

Literature today generally recognizes the important role of autonomous strategic actions for strategic renewal and firm longevity. Yet, we still know fairly little about the factors that influence the level of middle managers' engagement in such free-wheeling intrapreneurial activities. Relying on data collected from the largest firms in Denmark at two points in time – 2009 and 2013 – the proposed paper aims at narrowing this gap. We shed light on the role of the factors within a firm's structural and strategic context that foster middle manager engagement in autonomous strategic action. Surprisingly, some factors that have - based on cross-sectional evidence - been submitted in extant literature as important for fostering autonomous strategic action seem not to play a role in our lagged data.

Responsive Innovation: Why Central Management Should Rely on Peripheral Sensing

Carsten Pedersen, *Copenhagen Business School*

Although interest in the ability of lower-level employees and customers to be at the forefront of emergent developments has grown dramatically in recent years, an integrative framework that incorporates their collective sensing into innovation processes has remained elusive. In this paper, it is argued that traditional linear and sequential innovation models are insufficient in hypercompetitive environments. It is therefore proposed that companies should ground their innovation processes in the collective sensing of frontline-employees and customers from the organizational periphery. With this perspective, I develop the concept of responsive innovation, where individuals from the organizational periphery collectively identify problems and central managers subsequently solve them.

SESSION 45

SPINOUTS: INCIDENCE, KNOWLEDGE TRANSFER AND PERFORMANCE

THEME B	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Paper	Room	s.08
Session Chair	Evan Rawley, <i>Columbia University</i>	

Corporate Venturing, Inventor Mobility and Knowledge Transfer: The Case of Intel

Francesco Di Lorenzo, *Copenhagen Business School*
 Vareska Van de Vrande, *Erasmus University - Rotterdam*

Research on entrepreneurial start-ups has been blooming over the past decade. Entrepreneurial ventures are playing an important role in today's economy and there exists an interesting tension between them and incumbent firms (Katila et al., 2008). In this paper, we explore how new ventures can learn from incumbents, and how this is affected by the transfer of human and financial capital. In fact, recent studies on inventor mobility have looked at spinouts, or entrepreneurial spawning (Andersson et al., 2012), as one way in which internal knowledge and capabilities can be further developed outside the parent firm. Our results suggest that human capital and financial capital might be substitute as inputs in the innovation process, predicting in opposite ways the incumbent-startup knowledge flows.

Knowledge Inheritance, Vertical Integration and Entrant Survival in the Early U.S. Auto Industry

Nicholas Argyres, *Washington University-St. Louis*
 Romel Mostafa, *University of Western Ontario*

We analyze the conditions under which knowledge that is useful for carrying out a key value chain activity is inherited from a parent firm. We explore the mechanism through which such an inheritance shapes an entrant's strategies and, in the process, influences its performance. Evidence from the early US auto industry indicates that employee spinoffs generated from incumbents that had integrated a key value chain activity were more likely to integrate that activity than other entrants. We suggest that this reflects the application of knowledge inheritance relative to that activity. Moreover, we find that the integration of the key value chain activity, spurred by knowledge inheritance, improved survival chances by enabling inheriting entrants to establish defensible strategic positions.



Learning on the Job? Entrepreneurial Spawning in the Asset Management Industry

Evan Rawley, *Columbia University*
 Aaron Chatterji, *Duke University*
 Rui De Figueiredo, *University of California-Berkeley*

We present a new mechanism by which prior employment can influence transitions into entrepreneurship: some employees divert effort toward unproductive activities to learn about their fitness for alternative employment. Based on the results of this costly learning experience, or “experiment,” some employees will spawn into related industry segments. Others will remain in the same industry segment. We develop a theoretical model to explicate these propositions, and test them using data from the mutual fund and hedge fund industries. We find evidence that individuals who engage in excessive risk-taking at mutual funds are more likely to transition into hedge funds. Taken together, our findings suggest that learning on the job through experimentation is an important mechanism for enabling entrepreneurial spawning.

The Effect of Founder’s Technological and Market Knowledge on Spin-Offs Survival

Ana Venancio, *ISEG - Economic and Business School*
 Antonio Amaral, *University of Lisbon*

The present paper focuses on the impact of market and technological knowledge on spin-offs’ early survival (first 4 years). We use rich Portuguese matched employer-employee microdata to characterize the parent firms and to trace the mobility and career histories of the spin-off founders. Our results show that spin-offs are more likely to survive the first four years compared to start-ups founded by an inexperienced individuals. The specific knowledge gained by the founder while working at the parent firm reveals different effects on survival. While market knowledge has a positive impact on intra spin-offs’ survival, no evidence is observed on the impact of technological knowledge on survival. In contrast, for inter-industry spin-offs technological knowledge increases the survival rate while market knowledge reduces firm survival.

SESSION 17

KNOWLEDGE CREATION: AN INNOVATIVE SESSION

THEME C	Date	Sunday, Jun 15
	Time	08:30 – 09:45 h
Paper	Room	s.12
Session Chair	Hart Posen, <i>University of Wisconsin</i>	

Firm Performance and External Links of Managers in an Evolving Industry Environment

Pao-Lien Chen, *National Tsing Hua University*

This paper explores the interplay between the environmental scanning capabilities and intra-industry capabilities of managers in causing performance differences among firms entering the industry of cellular phone services from 1983 to 1998. Empirical findings showed that an entrant’s environmental scanning through managers’ links to intra-industry association positively moderated the relationship between managers’ intra-industry experience and the entrant’s increase in subscribers at the early stage of the industry but this positive moderating effect decreased as the industry aged. Moreover, an entrant’s environmental scanning through managers’ intra-industry links to competitors enhanced the positive impact of intra-industry experience of managers on the entrant’s increase in subscribers. Finally, environmental scanning through managers’ links to other firms outside the industry showed no moderating impact at all.

Formal Management Intervention and Employee Innovative Involvement

Wilfred Dolfsma, *University of Groningen*
 Hendrik Leendert Aalbers, *Radboud University*

Managers intervene in firms as a matter of course, and yet, because of the complex nature of firms, the micro-level effects of these interventions are ill-understood. We study how a seemingly straightforward intervention, that takes effect through the formal and informal organization, affects a firm’s innovation network over time. We show that two characteristics of employees: sheer number of relations (degree centrality) and number of relations across unit boundaries (tie diversity)– increase for those whose core activity is innovation (‘creators’) and yet much more so for employees for whom innovation is only a secondary activity (‘realizers’). A second striking finding is the large number of ‘newcomers’ as a result of the intervention. A formal management intervention can thus have substantial unexpected micro level consequences.

Microfoundations of Knowledge Creation in Business Schools: Multilevel Exploration of a ‘New Career’ Perspective

Olga Ryazanova, *University College Dublin*
 Peter McNamara, *University College Dublin*

The paper explores microfoundations of knowledge creation in research-intensive organizations. We bring together socialization-based and pro-activeness based perspectives on the emergence of human capital in scientific organizations, and explore direct and cross-level effects and interactions in multilevel quantitative analysis. We compare the contribution of organizational-level and individual-level factors to individual knowledge creation and reveal significant complementarity of two perspectives. To test our hypotheses in a global sample of researchers we analyze the career strategies and research productivity of 550 tenured academics from 30 business schools ranked on top of the Financial Times MBA and Masters in Management rankings. Our study contributes to the debate on the viability of a ‘new career’ perspective and has implications for multiple stakeholders in knowledge-intensive organizations.

Toward an Architectural Model of Human Capital within the Multinational Corporation

Shad Morris, *Brigham Young University*
 Scott Snell, *University of Virginia*
 Ingmar Bjorkman, *Aalto University*

One of the unique characteristics of the multinational corporation is that it is comprised of a geographically dispersed and heterogeneous workforce that embodies both firm-specific and location-specific human capital. This paper takes an architectural approach to describe how different types of human capital emerge from the individual to subunit to firm levels to develop a global human capital portfolio. Depending upon the company’s international strategy (multi-domestic, global, transnational), different configurations of the human capital portfolio tend to be emphasized and integrated to achieve competitive advantage. Implications for theory are discussed and a research agenda is introduced.

SESSION 4

PLENARY TRACK

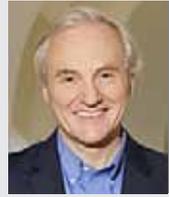
TRACK P	Date	Sunday, Jun 15
	Time	10:15 – 11:15 h
Presentation	Room	s.01

Formation and Obstacles to High Performance Work Systems

Keynote

Ernst Fehr, *University of Zurich*

High performance work systems require the simultaneous implementation of various complementary organizational features. They give employees high discretion about their work effort and keep effort monitoring at a minimum. They rely on gift exchange, incentivize employees by the payment of efficiency wages that give employees a rent. Finally, they are based on intensive screening of workers to avoid hiring low performers. Screening is not just based on indicators of skill but also on personality, i.e., employee reputations that signal “cooperative types” are key. These claims are based on clean laboratory evidence that shows the complementarity of (i) high work discretion, (ii) payment of efficiency wages that trigger gift exchange and, (iii) screening based on “personality”. If any of these features is absent, performance is much lower indicating the necessity of the simultaneous implementation of these features.



Ernst Fehr is one of Europe’s foremost economists. He is a Professor of Microeconomics and Experimental Economic Research and chairman of the Department of Economics at the University of Zürich, Switzerland. He has made seminal contributions to the understanding of the evolution of human cooperation and sociality, in particular fairness, reciprocity and bounded rationality. Ernst Fehr has also made important contributions to the emerging field of neuroeconomics, as well as to behavioral finance and experimental economics. His research has been published in the leading economics journals.



SESSION 2

PLENARY TRACK

TRACK P	Date	Sunday, Jun 15
	Time	11:30 – 12:30 h
Plenary Panel	Room	s.01

How Much Foresight Should We Assume of Managers in Strategy Research?

Session Chair

Robert Hoskisson, *Rice University*

Panelists

Jay Barney, *University of Utah*

Giovanni Gavetti, *Harvard University*

Sidney Winter, *University of Pennsylvania*

Strategy involves planning, and it is therefore hard to imagine strategy without foresight? However, much foresight should we feature in models and theories of strategic managers? Is such foresight partly context dependent or dependent on the psychology of decision makers?



Robert E. Hoskisson's research topics focus on corporate governance, acquisitions and divestitures, international diversification, privatization and cooperative strategy. He teaches courses in corporate and international strategic management, cooperative strategy and strategy consulting, among others. He has served on several editorial boards for such publications as the *Academy of Management Journal* (consulting editor), *Strategic Management Journal*, *Journal of Management* (associate editor) and *Organization Science*. In addition to co-authoring two books, his research has appeared in numerous leading publications. He is a Fellow of the *Strategic Management Society* and the *Academy of Management*.



Jay Barney is a Presidential Professor of Strategic Management and Pierre Lasseonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm

skills and capabilities and sustained competitive advantage. He is an associate editor for the *Journal of Management* and senior editor for *Organization Science* and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the *Academy of Management*. He has received honorary doctorate degrees from the University of Lund, the Copenhagen Business School, and Universidad Pontificia Comillas (Madrid), and has honorary visiting professor positions in New Zealand and China.



Giovanni Gavetti is an Associate Professor of Business Administration in the Strategy area at the Harvard Business School. He received his B.A. in Economics from Bocconi University in Milan and his M.A. and Ph.D. in Management from The Wharton School, University of Pennsylvania. He is currently teaching "The Psychology of Strategic Leadership" in the second year of the M.B.A. program, and the strategy module in the "Program for Leadership Development" in the Executive Education program. His research explores cognitive and behavioral foundations of competitive strategy.



Sidney G. Winter is the Deloitte and Touche Professor of Management, Emeritus, at The Wharton School of the University of Pennsylvania. During his career he has held regular or visiting appointments at seven universities, served on the staffs of the U.S. General Accounting Office, the RAND Corporation and the U.S. Council of Economic Advisers, been a consultant for various

governmental and non-profit organizations, and appeared as an expert witness in antitrust and other litigation. With Richard Nelson, he co-authored *An Evolutionary Theory of Economic Change* (1982). His recent research focus has been on the study of management problems from the viewpoint of evolutionary economics. He is an elected fellow of the *Econometric Society* and of the *American Association for the Advancement of Science*. Sidney Winter is a graduate of Swarthmore College, and received his doctorate in economics from Yale University. He is also a member of the *SMS Fellows*.

SESSION 37

STRUCTURE, INTERACTION, AND ROLES

THEME A	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Common Ground	Room	1.12
Facilitator	Ronaldo Parente, <i>Florida International University</i>	

Boundary Spanners in Multinational Enterprises: Disentangling Macro-Micro versus Micro-Macro Linkages

Andreas Schotter, *Western University*

While innately micro-foundational, a critical question about the boundary-spanning function in inter- and intra-organizational coordination processes is whether the presence of a boundary spanner is a cause or an effect of organizational structure. In an attempt to answer this question we conducted field research in ten large MNEs. We identified how one group of MNEs deployed organizational structures and values that institutionalized the boundary-spanning function, effectively showing evidence for macro-micro linkages. In another group of MNEs that lacked those explicit organizational mechanisms we could observe how individual managers filled structural voids without explicit organizational mandates. The latter observations provided evidence for micro-macro linkages.

Micro-Foundations of Contract Management: Organizational Roles, Relational Learning, and Contract Structure

Beverly Tyler, *North Carolina State University*
 Janet Bercovitz, *University of Illinois-Urbana Champaign*
 Loire Marteney, *Novozymes*

As companies have grown, functional specialization has become more important to success. In their organizational roles, functional specialists have been given the responsibility to attend to certain organizational objectives, scan certain environments, and make decisions for the good of the company. Thus, a number of functional specialists of necessity are involved in contracting. Our study delves into the micro-foundations of contracting in a large multinational industrial biotechnology company. Through a series of semi structured interviews with a stratified sample of functional specialist and company contracts, we build an understanding of how different functional roles impact contract-related strategic decision-making. We investigate how employees' roles and responsibilities in a company influence initial contract term specification, localized learning, selective diffusion of knowledge, and the subsequent evolution of contracts.

Revisiting the Ambidexterity-Performance Relationship: Embracing Personality

Adrian Enke, *University of Giessen*
 Andreas Bausch, *University of Giessen*

Organizational ambidexterity is widely believed to increase firm performance. Nevertheless, past research has also shown that the strength of this positive relationship is influenced by contingency factors on the corporate level. Contingency effects on the individual level, however, have not been researched so far. This study takes a micro-perspective and examines how a CEO's personality influences the ambidexterity-performance relationship. In particular, we study CEO's narcissism and locus of control as two fundamental personality traits and their moderating effect on this relationship. We use secondary data from S&P 500 firms to validate our research model. This study contributes to extant organizational literature and upper echelon theory and raises awareness for the importance of a top manager's personality in effectively deploying an ambidextrous strategy.

The Effects of Strategic Decision Making Processes on Internationalization Speed

Ioannis Thanos, *University of Glasgow*
 Shameen Prashantham, *University of Nottingham*
 Andreas Petrou, *Cyprus International Institute of Management*
 Pavlos Dimitratos, *University of Glasgow*

Our knowledge regarding the effects of strategic decision making processes on internationalization outcomes has been very incomplete. Drawing on 175 Small and Medium Enterprises (SMEs) from two countries (USA, UK) we examine the effects of the three most important strategic decision making processes (i.e. procedural rationality, political behaviour,

lateral communication) on internationalization speed. The results of this study suggest that procedural rationality and lateral communication are positively related to internationalization speed while political behaviour is negatively associated with internationalization speed. We thus contribute to the literature by studying internationalization outcomes from another perspective (i.e., strategic decision making). The implications of these findings for theory and practice are briefly discussed.

The Impact of Leadership Behaviors and Organizational Culture on Middle Manager Involvement

Nicole Knight, *University of the West Indies Cave Hill Campus*

Management scholars have paid attention to employee involvement in strategy within organizations given their significance to the organization's success. Despite their contribution to the organizations' well-being middle manager involvement in the process of change is limited. Mintzberg (1994) suggests that the primary cause of ineffective strategic management and planning is due to poor decision making. Floyd and Wooldridge's (1990) study shows that middle manager involvement in strategy results in enhanced decision making. The Caribbean region has been noticeably absent from the management research literature (Nurse & Punnett, 2002; Punnett, Dick-Forde & Robinson, 2006). The study presents a model that attempts to fill this gap through investigating middle manager involvement within a Caribbean context.

The Microfoundations of Relational Ambidexterity: A Study of Lamborghini's Supply Network

Brice Dattee, *EMLYON Business School*
 Paolo Barbieri, *University of Bologna*
 Thomas Lawton, *The Open University*
 Anna John, *The Open University*
 Paolo Aversa, *City University London*
 Duncan Angwin, *Oxford Brookes University*

It is generally accepted within management studies that the balancing of exploration and exploitation (ambidexterity) within organizations has a positive impact on firm performance and competitiveness. However, research has shown that in networked competition the sources of competitive advantage extend beyond the firm's boundaries to involve the strategic suppliers. This paper identifies the micro-foundations enabling the development of ambidexterity within dyadic alliances with strategic suppliers aimed at developing innovative technological solutions and components. Our results based on a multiple case study in the Lamborghini supply network show the balancing of exploratory and exploitative dyadic inter-organizational micro-routines improve project's innovation and as well as relational rents.

SESSION 25

KNOWLEDGE AND CAPABILITIES

THEME A	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Paper	Room	s.03
Session Chair	Stefano Brusoni, <i>Swiss Federal Institute of Technology</i>	

"There's Got to be a Better Way": Insight Triggers and the Development of New Practices

Aneesh Banerjee, *City University London*
 Joseph Lampel, *City University London*
 Ajay Bhalla, *City University London*

Practice is often viewed as a deductive process to match 'supply' of resources and capabilities to the 'demand' of problems, in order to meet a desired outcome. Over time practices become routine and form the basis of predictable patterns or 'production techniques'. It is argued that a subsequent mismatch of supply and demand in the process can trigger managerial insight into new and better routines to achieve the desired outcome under conditions of high aspirations and resource constraints.



Do External Advisors Matter? On the Contextually Contingent Role of Codification in Acquisition Integration Performance

Koen Heimeriks, *Tilburg University*
Melissa Graebner, *University of Texas-Austin*

Prior research highlights the benefits of codification on acquisition integration performance. However, it is unclear whether these benefits depend on codification coming from external advisors or internal acquisition integration experts. Based on unique interview and survey data of 115 active acquirers that report on 2,748 acquisitions over a 10-year period, we find that reliance on codified knowledge from external advisors is less beneficial, even negatively related to performance. Interestingly, tacit knowledge by advisors positively influences performance. Moreover, the more complex the focal acquisition, the greater the benefits of tacit knowledge by advisors. Our findings have implications for the tension between flexibility and efficiency and microfoundational processes in complex decision making.

Strategy Practices and the Micro-foundations of Advantage

Cliff Bowman, *Cranfield University*
Andrey Pavlov, *Cranfield University*

Resource-based advantages are 'built', not bought, and have typically emerged from complex development processes that are, to a significant degree, 'unmanaged'. Set against this reality are strategy process prescriptions that encourage managers to adopt deliberate, formal, analytical approaches to deriving strategies. Thus, our understanding of what gives a firm unique advantage seems to be at odds with generic strategy practice prescriptions. To address this paradox, we examine the micro-foundations of advantage, showing that it is processual in nature and that it resists disaggregation that would make it amenable to designed managerial interventions. We then suggest strategy practices that may be more congruent with the fundamental nature of resource-based advantages. Such practices should enable the firm to continually adapt to the unfolding environment.

The Performance Implications of Managerial Resource Cognition and the Moderating Role of Centralization

Andreas Distel, *University of Mannheim*

Recent research highlights the concept of managerial resource cognition as a fruitful element in understanding the underlying micro-level mechanisms of organizational resource transformation. However, it remains unclear under what conditions this managerial capability leads to superior firm performance. Using data from a multi-informant survey of top managers in 127 firms, this article conceptualizes resource cognition in terms of cognitions about the firm's market and technology-related resources and tests the effects of these dimensions on distinct performance indicators. Moreover, the study identifies the degree of centralization of decision-making as an important moderator of these relationships through its influence on information flow. The findings have major implications for research into managerial cognition, dynamic managerial capabilities, and the role of organizational design in the microfoundations of competitive advantage.

SESSION 29

IDENTITY AND BEHAVIOR

THEME A	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Paper	Room	s.07

Session Chair Samina Karim, *Boston University*

Defending Home Turf: Examining Identity Domain Theory and Competitive Dynamics in the U.S. Airline Industry

R. Scott Livengood, *Ohio State University*
Trevor Foulk, *University of Florida*

Identity domain theory, defined as the cognitively-created competitive space that best represents a firm's identity in the market, has been introduced to explain possible psychological and cognitive antecedents to competitive activity. Consistent with this theory, we predict competitive activity of a firm to be more intense within an area considered an identity domain than competitors that do not consider such a domain. In addition, we predict a firm's competitive activity will also be more intense within its

own identity domain than in other less psychologically important markets in which it competes, regardless of that market's strategic importance. Results support these hypotheses and add important dimensions to multimarket competition above and beyond extant work that has focused on strategically important markets based solely on economic rationality.

Delegation of Decision Authority in Complex Task Structures: An Empirical Investigation of Decentralization

Samina Karim, *Boston University*
Stephan Billinger, *University of Southern Denmark*
Magdalena Dobravska, *Copenhagen Business School*

We investigate tradeoffs associated with delegating authority over multiple interrelated decisions in a complex task structure. The empirical setting is a business process of a global Fortune 50 firm. The firm decentralized its organization and redefined decision authority across organizational hierarchies between 2008 and 2011. We employ regression analysis of micro-level data on the allocation of decision authority between formal and real authority, and further on the organization design of 761 decision tasks within a hierarchy. Our findings show how the specialization of decision-relevant knowledge, the matching of required knowledge and managers' expertise, and information processing intensity affect the occurrence of delegation, and, if delegation occurs, how far down the organizational hierarchy authority is delegated.

Host Country Stereotyping as Competitive Advantage: A Microfoundational Perspective on Foreignness

David Cohen, *Skidmore College*
Sudhir Nair, *University of Victoria*
Grace Guo, *Sacred Heart University*
Kimberly Sherman, *University of Massachusetts-Amherst*

Firms entering a foreign market often have a competitive advantage or disadvantage based on their home country. This is based in part on the characteristics of their home market, but it also depends on the perception of that home country by individuals in the host country and their expectation that firms will conform to their stereotypes. Using self-categorization theory we identify individual level processes that implicitly attribute characteristics to foreign firms based upon the perceived alignment of industry and the firm's home-country. Regardless of whether the overall view of the firm's home country is considered positive or negative, if industry and home align, the firm has a competitive advantage. Managers can use this alignment to choose markets to enter.

Strategic Agility as a Collective Capability:

Yves Doz, *INSEAD*

Strategic Agility is a collective organizational capability that individual managers, in all positions, have to enact. Strategic Agility is fundamentally dependent on the quality of the leadership of an organization. The key to Strategic Agility is not just "good" strategy from superior minds (Rumelt, 2011) or thoughtful and effective organizational design (Simons, 2005) but the full set of practices, behaviors, values and beliefs that permeate the organization. We identify this set from earlier work on strategic agility and analyze the individual-level contributions to organizational strategic agility. Three vectors enable strategic agility: strategic sensitivity, resource fluidity and leadership unity. We analyze and review how specific individual behaviors, skills, and practices affect the strength of each vector.

SESSION 48

RESOURCE BASED VIEW AND ENTREPRENEURSHIP

THEME B	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Paper	Room	s.08

Session Chair Michael Leiblein, *Ohio State University*

Converting Technological Knowledge: Reconciling Internal and External Views of Firm Growth in Competitive Environments

Steven Bradley, *Baylor University*
 Daniel Halvarsson, *Ratio institute*
 Sven-Olov Daunfeldt, *HUI Research*
 Karl Wennberg, *Stockholm School of Economics*

While resource-based theories of new firm growth emphasizes growth as an outcome primarily of firm-specific resources, theories originating in industrial organization economics explain new firm growth as driven primarily by the external environment. This paper seeks to reconcile these views by investigating how technological knowledge relevant for firm growth is conditioned by both the internal and external environment. Using a population of new firms in the Swedish knowledge intensive industries during 1995-2002, our results indicate that internal knowledge-based factors such as the share of workers with a technological degree, as well as managers industry and entrepreneurial experience, are more important for employment growth than external conditions. However, the effect of technological knowledge on firm growth also seems to be influenced by the competitive environment.

How to Overcome Organizational Inertia against Business Model Innovation

Stephan von Delft, *University of Muenster*
 Sebastian Kortmann, *University of Amsterdam*

We build on the emerging strategy and innovation literature on business models as a key micro-foundation of dynamic capabilities to empirically investigate how established firms can overcome organizational inertia, such as resource dependency, cultural inertia, and internal policies, during the development of new business models. Our study among senior executives provides empirical evidence that a firm’s ability to reallocate and reconfigure its organizational resources, processes and strategies as well as a firm’s proficiency at delivering knowledge from past strategic experiments with the business model design and subsequently acting on that knowledge are preceding capabilities that enable firms to overcome organizational inertia during business model innovation. Further, we find that a turbulent environment positively moderates the relationship between these dynamic capabilities and business model innovation.

Leadership Succession as a Microfoundation of Dynamic Capabilities

Biagio Ciao, *University of Milan-Bicocca*

This paper analyses the microfoundations of dynamic capabilities in family businesses. Scholars have focused on knowledge transfer from predecessors to successors. Instead this paper shows how knowledge may be transferred from successors to predecessors. This paper analyses the “opposite direction” of knowledge transfer which makes succession an opportunity. It argues that succession can be a microfoundation of dynamic capabilities, because successors can start learning processes. Succession can become a learning opportunity rather than a concern. This paper shows how succession can trigger a learning process. Four case studies prove that successors can: introduce new technologies; supply embodied competences or embrained skills; develop encultured knowledge and collective understanding.

Resource-, Relational-, and Positional- Views of Performance Advantage: the Contingencies of their Relative Importance

Alena Clarke, *Ohio State University*
 Michael Leiblein, *Ohio State University*

Contributing to research on the performance heterogeneity of firms we propose a comparison of the resource-, relational-, and positional-views of advantage and an assessment of their contingencies in the context of the product market environment. Research on these three perspectives has largely occurred in isolation leaving some scholars in

disagreement as to whether these theories offer overlapping or distinct views of performance heterogeneity. Through our efforts we propose an understanding of competitive advantage via a multimode network representing both the resource and product markets of firms, allowing us to describe whether and how the explanatory power of the resource-, relational-, and positional-theories of advantage are affected by simultaneous consideration of the product-market environment.

SESSION 18

HUMAN CAPITAL & STRATEGY: GRAB BAG (SEE WHAT YOU TAKE AWAY)

THEME C	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Paper	Room	s.12

Session Chair Gerry McNamara, *Michigan State University*

Evidence and Impact of Social Proximity: A Study of Caste-based Hiring of Indian CEOs

Naga Lakshmi Damaraju, *Indian School of Business*
 Anil Makhija, *Ohio State University*
 Scott Yonker, *Indiana University*

Social proximity leads to inefficient outcomes if there is favor for one’s own group members and discrimination against others for “taste-based” reasons (Becker, 1957). But, if preference for members of one’s own group is associated with trust and enhanced information, social proximity and discrimination can be economically efficient. The caste system of India and its many religions offer a natural setting, with serious consequences for theory and practice, to study social proximity. In this paper, we examine the role of Hindu castes and other religions in the appointments of 854 CEOs during the period 2001-2009 by the largest 1,000 firms listed on the Bombay and National Stock Exchanges.

From Self-Alignment to Organisational Alignment

Ashish Hajela, *Indian Institute of Management - Ranchi*

Strategy research and organizational theory are replete with the notion that organisational alignment is necessary for effective organizational performance. Different scholars have studied organizational alignment in different forms, modes and conceptual approaches. Each perspective addresses a certain dimension of organizational alignment, while the latter is holistic in nature and necessitates an integrative approach for its study. Rooted in yog practices of Indian spiritualism and dynamic capabilities view, the extant paper attempts a comprehensive approach towards organizational alignment through self-alignment in the individual. The paper discusses Indian spiritualism, yog traditions and development of self-alignment and outlines the causal linkage of self-alignment with organizational alignment. The paper addresses the measurement issue through neuroscience technique.

Ideological Misfits: Political Affiliation and Employee Departure in the Private Equity Industry

Rory McDonald, *Stanford University*
 Yerodin Bermis, *University of Texas-Austin*

Building on social psychological theories of organizational fit we develop theory to explain how ideological misfit between an individual and their organizational peers impacts the likelihood of firm departure. Tracking the movement of over 40,000 investment professionals within the U.S. private equity industry over ten years, we investigate how impact of ideological misfit that arises when individuals hold political ideologies that depart substantially from the dominant ideology of the firm. We suggest that ideological mismatch substantially increases the probability of departure above and beyond a variety of formal factors including macroeconomic conditions, human capital, and organizational features. We also highlight organizational and institutional factors that may moderate this effect.



The Differing Effects of Human and Social Capital on Employees' Strategic Orientation: A Knowledge-based Perspective

Karynne Turner, *University of South Carolina*
Mona Makhija, *Ohio State University*

Drawing on the knowledge-based view, researchers have noted that both human and social capital contribute to the firm's ability to achieve competitive advantage. Nonetheless, it is unclear how each differs in influencing achievement of the firm's strategic priorities. The purpose of this research is to gain insight into this issue by considering how the knowledge embedded in human and social capital influences employees' orientation towards two key strategic priorities—low cost and differentiation. We argue that the more specialized knowledge embodied in human capital will enhance their orientation towards low cost, while greater appreciation for others' knowledge created through social capital will increase employees' orientation towards differentiation or quality. Using a unique database of manufacturing employees' work-related knowledge, our findings support our arguments.

SESSION 59

NEW APPROACHES TO MICROFOUNDATIONS

THEME D	Date	Sunday, Jun 15
	Time	14:00 – 15:15 h
Common Ground	Room	1.13
Facilitator	J Myles Shaver, <i>University of Minnesota</i>	

Career Concerns and Strategic Renewal: Results from a Natural Experiment in India

Shinjinee Chattopadhyay, *Columbia University*
Prithwiraj Choudhury, *Harvard University*

In this paper we shed light on the mechanism through which managers are able to impact firm performance. We exploit a natural experiment in India where individuals working for the Indian Administrative Services (IAS) are randomly assigned to work in environments with varying degrees of favorability. We find that those assigned to more distressed environments outperform those assigned to less distressed situations. We speculate that in the presence of high levels of uncertainty, individuals are driven by implicit career concerns, and exert a higher level of effort. This is the mechanism through which they can turn around firms' performance. The randomized allocation of managers helps resolve the underlying concerns of endogeneity present in a conventional empirical setting where firms select managers, and manager contribution cannot be disentangled from firm fundamentals.

How Patent Experts Create Patent Breadth

Karin Beukel, *Copenhagen University*

Science as an input to patented inventions is a fundamental of economic growth. However, our understanding of how science is transformed into patents is limited. In the present paper I seek to fill this gap by examining the micro-foundations of science-patent transformations. Using an inductive, grounded theory approach to study the transformation of 12 scientific discoveries into patents I recast the relationship between science and patents: I show it as a particular process that affects patent breadth. Exploiting surplus patent breadth depends on the processes of abstraction and cognitive variety, which can be mobilized by patenting experts. The theory is tested using a recently published algebraic interpretive method for examining causal relationships in small-N studies.

On the Microfoundations of Inferior Innovations Winning Standard-Battles

Johann Piet Hausberg, *University of Hamburg*
Sebastian Spaeth, *University of Hamburg*

Lack of knowledge about the true quality of alternative products (ambiguous innovations), social pressure through information bandwagon effects based on word-of-mouth, and the existence of network externalities can entail socially undesirable lock-in effects, often leading to the persistence of products in the market even if superior alternatives have become available. But can also ex ante inferior innovations win standard-battles over superior ones? We implement an agent-based computer simulation model to support our claim that a strong variance in the evaluation of the ambiguous innovations by customers can favor the diffusion of ex ante inferior innovations in the presence of local network externalities, even if there is no systematic bias in the estimation of the innovation's true stand-alone value.

The Missing Middle: A Proposed Big Tent Model

Kunal Banerji, *Eastern Michigan University*
Alankrita Pandey, *Eastern Michigan University*
Stephanie Newell, *Eastern Michigan University*

Strategic management research has generally focused on the firm as the fundamental unit of analysis. By way of contrast organizational behavior research generally focuses on individuals and teams as the unit of analysis. Building on Arrow's (1962) argument that the firm is an abstraction which exists only because of the individuals that constitute it, we develop a model that focuses on the missing middle. The model we propose here attempts to integrate the micro elements of organization behavior research with the macro elements of strategic management research. We posit four quadrants based on qualitative and quantitative research methodologies and micro and macro level of analyses. We suggest a fifth position – the missing middle or Big Tent – with a convergent focus and mixed or meso-methodology.

Uncovering Alfred Chandler's Hidden Contribution to Strategic Management Theory: The Multiple Facets of Bounded Reliability

Liena Kano, *University of Calgary*
Alain Verbeke, *University of Calgary*

Alfred Chandler is often regarded as an intellectual father of modern Transaction Cost Economics (TCE). We revisit Chandler's classic work to investigate whether Chandler endorsed the concept of opportunism – a key behavioural assumption of TCE. We uncover an important hidden contribution to the field of strategic management: Chandler's historical narrative offers a rich description of the reasons for failed human commitments in the large corporation, which can be conceptualized as representing multiple facets of 'bounded reliability' – a concept that is developed here as a new behavioural foundation for strategic management theorizing. We suggest that adopting bounded reliability as a central concept in the study of the firm may increase the legitimacy of TCE in strategic management research and more generally in the social sciences.

Viewing Human Capital Resources through a Microfoundational Lens: Implications for Management Scholarship

Janice Molloy, *Michigan State University*
Tyson Mackey, *California Polytechnic State University*

This proposal outlines research that addresses pressing needs at the intersection of microfoundations and human capital scholarship. For the microfoundations movement to advance, scholars need to demonstrate that microfoundations substantively enhance management scholarship. Simultaneously, strategic human capital scholars need to reconcile the conflicting predictions about relationships between human capital and firm performance that the psychology and economics disciplines advance. The research summarized herein addresses these pressing needs by applying a microfoundations lens to theorizing about human capital resources and performance. Using a proprietary matched employee-employer dataset, firm-specific relationships between human capital resources and firm performance are estimated with Bayesian hierarchical modeling. The research demonstrates the benefits of using a microfoundations lens and shows Bayesian analytical approaches are particularly well-suited for microfoundations scholarship.

SESSION 38

PERSONALITY, TEAMS AND COOPERATIVE STRATEGY

THEME A	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
Common Ground	Room	1.12
Facilitator	Michelle Rogan, <i>INSEAD</i>	

Ambiguous Adaptation: The Effect of Formal Governance and Informal Adaptation on Premature Relationship Termination

Marcus Møller Larsen, *Copenhagen Business School*
Jacob Lyngsie, *Copenhagen Business School*

We investigate why some exchange relationships terminate prematurely. We argue that decision makers' investments in informal governance structures induce premature termination in relationships already governed by formal contracts. The formalized adaptive behavior of formal governance structures and the flexible and reciprocal adaptation of informal governance structure create ambiguity for individuals with diverging preferences in situations of contingencies, which, subsequently, increases the likelihood of premature relationship termination. Using a large sample of exchange relationships in the global service provider industry, we find support for a hypothesis suggesting that increased reliance on informal governance structures, given existing formal governance, increases the likelihood of a premature relationship termination. This has important implications for our understanding of the relationship between different governance structures in exchange relationships.

Helping Behavior in Multinational Executive Networks

Marie Louise Mors, *Copenhagen Business School*
Stewart Miller, *University of Texas-San Antonio*
Michael McDonald, *University of Central Florida*

This study develops a framework that draws upon the socio-psychology and network literatures to explain helping behavior in an executive's multinational network. Focusing on executives' perceptions of willingness to help, we examine network structure (geographic and organizational boundaries), strength of relational ties (frequency of interaction and duration of relational ties), and relational dependence (with respect to performance and replaceability). Our empirical results show support for the ties strength and relational dependence hypotheses. Moreover, they reveal unique findings for the role of network structural characteristics in that organizational boundaries rather than geographic boundaries influence perceived helping behavior.

Matches Made in Heaven? - How Information Processing Overlaps Explain Alliance Partner Selection

Wolfgang Sofka, *Copenhagen Business School*
Florian Noseleit, *University of Groningen*
Daniela Blettner, *Simon Fraser University*
Pedro de Faria, *University of Groningen*

The decision processes explaining why some firms are more likely to form alliances together while are hardly understood. We focus on the pre-alliance stage in which managers are challenged to search for and evaluate potential alliance partners. We propose that the search and screening processes are at least partially driven by the bounded rationality of managers. Consequently, we predict that top managers of different firms who apply similar lenses to their search and screening for potential partners will be more likely to ally. Hence, we provide a theoretical reasoning based on cognitive/emotional processes in the pre-alliance stage. Both dimensions have been largely absent in existing strategy research on alliances. We test our predictions for a panel dataset of 623 firm observations from the pharmaceutical industry.

No Wo-man is an Island: Strategic Shared Leadership as Mesofoundation of DCs

Christos Pitelis, *University of Bath*
Joachim Wagner, *University of Cambridge*

The paper claims that shared strategic leadership can serve as an antecedent and a mesofoundation of the existence and manifestation of Dynamic Capabilities thereby helping address a major lacuna in the DCs perspective, namely its tendency to provide ex post explanations of performance, as opposed to ex ante predictions of it. It is claimed that

through institutionalisation and quasi-routinisation of DCs, shared strategic leadership help marry two definitional requirements of DCs, namely their ability to institute change, but in a way that is also reliable and hence relatively stable. The paper also identifies the costs of shared strategic leadership, discusses case examples that highlight its arguments and links the concept of strategic shared leadership to the definition of DCs.

The Micro-Foundations of Strategic Alliance Decision-Making: Confronting Risk in Top-Management Teams Beyond the Rational Scope

Maitane Elorriaga, *University of Deusto*
Inmaculada Freije, *Deusto Business School*
Bert Schreurs, *Maastricht University*

Adapting to the increasingly unpredictable and globalized environment is problematic for companies to achieve in the short term, and more so, in the long term. Strategic decisions always imply risk taking particularly when operating in highly unpredictable conditions. This is especially the case for strategic alliances, an increasingly adopted business alternative. Based on the emerging fields of the psychological foundations of dynamic capabilities and the behavioral strategy framework, the proposed study seeks to find the micro-foundations of strategic alliance decision-making. We propose individual affective characteristics of top-managers as antecedents of both psychological (perceived) and assumed strategic risk. Considering the top-management team as the unit of analysis (regarding team members affective composition), and the significant role of the CEO, a multi-level method will be adopted.

Understanding Drivers of Public Value at the Individual Level

Timo Meynhardt, *University of St. Gallen*
Pepe Strathoff, *University of St. Gallen*

The notion of "public value" (Moore, 1995; Meynhardt, 2009; in press) roots the value creation of an organization in perceptions of how it influences the experience of community and society. There has been some research on antecedents of public value on the organizational side (Meynhardt and Diefenbach, 2010) and the dimensions along which individuals evaluate organization's public value have been empirically validated (Meynhardt and Bartholomes, 2011). Yet, there has not been systematic research on the individual level factors that might drive public value assessments. In this paper, we develop a model of how cognitive style, socio-economic status and industry affiliation influence public value of firms. This research contributes to better understand the role of business in society.

SESSION 26

DYNAMICS OF STRATEGIC ALLIANCES

THEME A	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
Paper	Room	s.03
Session Chair	Audrey Rouzies, <i>University Toulouse 1 Capitole</i>	

From Interpersonal to Interorganizational Trust: The Role of Indirect Reciprocity

Bart Vanneste, *University College London*

How does interpersonal trust (i.e., between individuals) lead to interorganizational trust (i.e., between groups of individuals)? I propose an explanation based on indirect reciprocity, whereby A helps B and then C helps A. Using a simulation model, I analyze whether indirect reciprocity can lead to trust between two organizations even when many people are involved, when the extent of their indirect reciprocation differs, and when helping others is costly; and how the design of the interorganizational relationship affects this process. I focus on three core design elements: the hiring and firing policy (selection of individuals), specialized roles for managing the relationship (boundary spanners), and the interaction structure of individuals (formal structure).

SUNDAY 15:30 – 16:45



How Emotions Impact Alliance Relationships: Re-Conceptualizing the Role of Discrepancies

Rajesh Kumar, *Nottingham University*
Edward Higgins, *Columbia University*
Gerben Van Kleef, *University of Amsterdam*

This paper develops an integrated motivational perspective on emotions to re-conceptualize the potential impact of emotions on relationship dynamics between alliance partners. Alliance failure is endemic but we know little about how alliance partners manage the interface between them. This paper integrates the alliance discrepancy model (Kumar & Nti, 1998) with self-discrepancy theory (Higgins, 1987), the dual-concern model (Pruitt, 1983), and emotion as social information (EASI) theory (Van Kleef, 2009) in analyzing the motivational dynamics among partners within alliances. We propose that process discrepancies tend to produce agitation-related emotions, whereas outcome discrepancies tend to produce dejection-related emotions. We develop a series of propositions linking discrepancies with emotions and negotiation strategies in alliances.

Identification Dynamics in International Joint Ventures: A Model of Dual Identification of IJV Managers

Minna Paunova, *Technical University of Denmark*
Audrey Rouzies, *University Toulouse 1 Capitole*

This paper proposes a model of dual identification of managers in international joint ventures (IJVs). A classic problem of management in IJVs is the so-called conflict of loyalties problem, where managers experience conflicting pressures to be loyal to their parent company and the IJV itself. We build on two separate research streams in joint venture research, as well as on research in dual identity, to theorize how managers can begin to identify with, and thus to be loyal to, both the parent company and IJV. Specifically, we propose a model of the antecedents and consequences of dual identification, a nascent concept in social identity research, which provides a well-rounded solution to the conflict of loyalties problem.

Risk Propensity in Foreign Direct Investment Decisions

Liang Chen, *University of Leeds*

Despite the fact that foreign direct investment (FDI) is inherently risky, IB theory treats simplistically the role of risk in investment decision making. This study draws on behavioural perspective and provides a more nuanced framework to incorporate managers' view on risk. Using stated choice methods, we explore the heterogeneity of risk propensity among managers, and how a set of covariates help identify distinct groups of managers based on their decisions models and risk propensity. Our findings will open up new theoretical space for FDI decision research.

SESSION 27

GOVERNANCE AND TOP MANAGEMENT TEAMS

THEME A	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
Paper	Room	s.07

Session Chair Pieter-Jan Bezemer, *Queensland University of Technology*

Beyond the Agency Problem: Investigating the Benefits of CEO Duality at IPO Firms

Abhijith G. Acharya, *Singapore Management University*
Ryan Krause, *Texas Christian University*
David Gras, *Texas Christian University*

CEO duality, the practice of a CEO simultaneously serving as board chair, is one of the most frequently studied corporate governance phenomena. Unfortunately, nearly all research on the subject focuses on established firms. Among newly public firms (i.e. those undergoing an initial public offering; IPO), the subject has undergone almost no empirical scrutiny, none in the last decade, with the few studies examining duality reporting no support for any empirical relationship. We offer what we believe to be the first systematic investigation of CEO duality at IPO firms, predicting that CEO duality is positively associated with IPO firm performance. Furthermore, we identify board size as an important moderator of this relationship. Analysis of data from firms undergoing IPO between 2001 and 2005 supported this intuition.

Exploring Directors' Contribution to Decision-Making During Board Meetings: A Video-Observational Analysis

Amedeo Pugliese, *Queensland University of Technology*
Pieter-Jan Bezemer, *Queensland University of Technology*
Gavin Nicholson, *Queensland University of Technology*

While boards have received a lot of attention from scholars and practitioners, surprisingly little is known about how individual directors contribute to group decision-making. This study offers an inside view of director interactions during board meetings to build on two related research streams: board research calling for closer examination of board dynamics and small-group literature showing that members' participation affects group outcomes. Video-observations of six meetings at two Australian corporations together with interviews reveal noticeably different patterns of director interactions across the two boards and agenda items. Moreover, higher levels of directors' participation are associated with higher perceptions of board effectiveness. Also, we find that director interactions change with the nature of the items (strategic versus operational), board climate and board meeting arrangements.

Exploring the Determinants of TMT'S Absorptive Capacity

Ana García Granero, *INGENIO(CSIC-UPV)*
Anabel Fernández-Mesa, *University of Valencia*

The aim of this study is to clarify the influence of the CEO, the top management team and their complementarities on absorptive capacity. We argue that a full understanding of macro-level constructs requires a deep study of their micro-foundations or subsystems. Firm level constructs are created and shaped by lower-level psychological and behavioral mechanisms. Through the study of 618 medium sized firms, we propose that the top management team absorptive capacity could be more oriented to potential or realized absorptive capacity depending on the diversity of top management team and the transactional memory of the CEO. Both are necessary to achieve a good balance between potential and realized absorptive capacity.

Micro-Foundations of the Organizational Decline: The Downward Spiral and Top Management Team Demographic Faultlines

Jiatao Li, *Hong Kong University of Science and Technology*
Guoquan Wan, *Hong Kong University of Science & Technology*

We argue that top management team (TMT) demographic faultlines accelerate the downward spiral of organizational decline by hampering information processing and deteriorating TMT functioning. That is, the first performance decline more likely leads to further decline when the TMT has strong faultlines. In addition, CEO power and organizational slack buffer but market complexity escalates the detrimental effects of TMT faultlines. Data on publicly listed firms in China provides support to these predictions.

SESSION 47

COGNITIVE BELIEFS AND DECISION MAKING

THEME B	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
Paper	Room	s.08

Session Chair R. Scott Livengood, *Ohio State University*

A Judgmental Decision-Making Approach To Entrepreneurship: Toward A Behavioral Model

Michael Holmes, *Florida State University*
Tim R. Holcomb, *Miami University*
Peter Klein, *University of Missouri*
Duane Ireland, *Texas A&M University*

Over the past several years, an increasing number of scholars have called for a more robust view of the micro-foundations for strategy and entrepreneurship, typically understood as foundations that are rooted in individual cognition, behavior, and action. We offer a rich model of judgmental decision-making that captures the iterative, dynamic, and recursive nature of judgmental decision outcomes. Our theoretical framework treats judgmental decision making as an ongoing process, rather than a discreet event, and ties entrepreneurship to strategy through its emphasis on environmental scanning and analysis, action, and

resource acquisition and use. Understanding this “messy” development process is critical to understanding entrepreneurship and its relationship to strategy. Moreover, our theoretical framework builds on research describing evolutionary and discontinuous processes in entrepreneurship.

A Motivational Approach to Understanding Entrepreneurship Overconfidence

Justin Weinhardt, *University of Calgary*
 Olga Petricevic, *University of Calgary*
 Justin Davis, *University of West Florida*

We present a motivational framework for understanding entrepreneur overconfidence. We propose that overconfidence has both positive and negative effects on performance depending when they are examined during the entrepreneurial process. Our approach is multilevel and integrates work from psychology, judgment decision making, management and evolutionary psychology. In addition, we propose a dynamic multilevel research design and discuss new analytical techniques that need to be utilized to test our propositions.

Quitting Time: An Experimental Approach to Understanding Exit Delays by Entrepreneurs

Daniel Elfenbein, *Washington University-St. Louis*
 Anne Marie Knott, *Washington University-St. Louis*
 Rachel Croson, *University of Texas-Dallas*

While much attention has been focused on entrepreneurial entry, the question of entrepreneurial exit is equally important and relatively understudied. Previous work has identified the role of psychological biases in entrepreneurial entry and decision-making; in this paper we examine the role of biases in exit. We construct a laboratory experiment in which participants are allocated to firms whose profits are drawn from either a profitable or an unprofitable distribution. Participants observe profits from their distribution, and decide whether (and when) to exit the market. We find that exit decisions are significantly delayed relative to the optimum. Part of this delay can be explained by the incentives that entrepreneurs face, which we show affect their beliefs about their prospects.

Thanks, but No Thanks: Examining Entrepreneurial Optimism, External Help, and New Venture Performance

R. Scott Livengood, *Ohio State University*

Using a proprietary dataset of entrepreneurs receiving a government technology award, the impact entrepreneurial optimism has on the decision to accept external funding, to enter into joint ventures, and on firm performance are explored. Although prior research suggests optimism about the success of a venture might motivate entrepreneurs to seek outside funding and to enter in to joint venture partnerships (with mixed results on performance), how high levels of optimism would instead motivate entrepreneurs to not receive such outside help is explored. Results suggest optimism has a non-linear relationship with accepting outside help, which leads founders to instead choose to “go it alone.” Further, results show rewards for highly optimistic entrepreneurs, which is contrary to previous findings and has implications for researchers and practitioners alike.

SESSION 60 ENTREPRENEURIAL BEHAVIOR

THEME B	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
Paper	Room	s.12

Session Chair Cihmao Hsieh, *University of Amsterdam*

Ego-Network Brokerage And Involvement In Translational Research: Evidence From Biomedical Scientists

Oscar Llopis, *INGENIO (CSIC-UPV)*
 Pablo D'Este, *INGENIO (CSIC-UPV)*

Scholars studying the processes of new knowledge creation have also emphasized the role of particular network configurations in facilitating new knowledge creation. Research dealing with structural relationships and their impact indicates that both structural holes and dense networks bear a potential to generate positive effects. These effects, however, operate through differentiated mechanisms. In this paper we empirically test whether an ego-centric network rich in structural holes facilitates

the generation of knowledge among biomedical scientists. Specifically, we explore whether counting with a network rich in structural holes is conducive to the creation of knowledge with higher clinical applicability. We test our hypotheses in a sample of 1,309 biomedical scientists from Spain.

The Leveraging Role of Institutional Entrepreneur and Internationalization of Chinese Firms

Jacky Hong, *University of Macau*
 Veronica Fong, *University of Macau*

We conduct a qualitative study on the internationalization process of a Chinese multinational enterprise (MNE). Drawing on and extending from the institutional entrepreneurship perspective, we explore how the Chinese manager can adopt the role of agency and shape the course of development for the firm's internationalization. Our findings indicated the active responses undertaken by the Chinese manager as institutional entrepreneur to the changing institutional environments in China through bridging, mobilizing and transforming activities.

Unpredictably Stable. An Investigation into the Stayer-Mover Tendencies among Self-Employed

Virgilio Failla, *Copenhagen Business School*
 Francesca Melillo, *Copenhagen Business School*
 Toke Reichstein, *Copenhagen Business School*

Does entrepreneurship lower the losses associated with labor market mismatching by lowering employment turnover? This paper examines whether a transition to self-employment induces a shift into an individual's stayer-mover tendency. The hypothesis is tested on matched employer-employee data from the entire Danish population. The analysis reveals that entrepreneurs stay longer in their employment status compared to individuals in paid-employment. This effect is not explained by entrepreneurs' lower attractiveness to the wage sector (lock-in effect). We interpret this finding by crafting a theory in which entrepreneurship resolve mismatches of individuals in the labor market and inherently increases the value of non-monetary benefits, i.e. independence. This counter-intuitive finding – entrepreneurship yields greater stability, all else equal – has fundamental implications for research on the returns to entrepreneurship.

Untangling the Effects of Uncertainty Avoidance and Supply of Ambiguity on Regional Entrepreneurial Activity

Cihmao Hsieh, *University of Amsterdam*
 Wouter van Monsjou, *University of Amsterdam*

For decades, uncertainty avoidance (or tolerance for ambiguity) has been a variable of interest in entrepreneurship research. Very little organizational or management literature however, has addressed where ambiguity comes from. We therefore investigate supply of ambiguity – local source of meaning open for interpretation – and test its effects on entrepreneurial activity. In this paper we link uncertainty avoidance and ‘supply of ambiguity’ to two indicators of regional entrepreneurial activity: new firm creation and self-employment. We find that uncertainty avoidance and supply of ambiguity have distinctly independent effects on entrepreneurial activity. Whereas research linking levels of uncertainty avoidance to regional entrepreneurship has had remarkably mixed results, we find that including industry diversity data reveals statistical significance of the former that is muddled when the latter is absent.



SESSION 13

TMT IMPACT: LEADING INDICATORS

THEME C	Date	Sunday, Jun 15
	Time	15:30 – 16:45 h
	Room	1.13
Common Ground		
Facilitator	Samina Karim, <i>Boston University</i>	

CEO Functional Background, Organizational Structure and Performance: Evidence from the U.K. Healthcare Sector

Eucman Lee, *London Business School*

I develop and test a theory of how and to what extent bounded rational CEOs influence organizational performance through their impact on organizational structure. I examine the relationship between the CEOs' functional backgrounds and the changes in reporting structure across multiple levels and segments of the administrative hierarchy. I also find that these choices are associated with impacts on different domain-specific measures of organizational performance. My theory and results contribute to the strategy literature by fully articulating the mechanisms linking CEO attributes, organizational structure and performance. More importantly, I provide a novel perspective on organization design by demonstrating how local micro-structural design choices at the top of the organizational hierarchy are aggregated into the macro-structure of organizations.

Micro-foundations of Resourced-Based Theory: An Empirical Test Of Individual Leaders' Impact on Organizational Performance

W Glenn Rowe, *University of Western Ontario*

Nicole Davey Makris, *Western University*

In this paper, we contribute to the growing literature on micro-foundations of resource-based theory by examining the impact of the individual leader on the performance of the organization. We isolate a critical organizational resource – the general manager – and empirically demonstrate its linkage with value generation using a disaggregated dependent variable. In this longitudinal study, we examine the general managers of teams in the National Hockey League over 60 years. Using the context of professional sports provides indicators of team and individual performance that can be precisely measured. The results of the study suggest that general managers with different organizations have been a potential source of competitive parity, competitive disadvantage or competitive advantage which leads to normal, below normal and above normal performance, respectively.

Shaping Employees' Contributions to Organizational Core Competencies

Chen Fleisher, *VU University Amsterdam*

Svetlana Khapova, *VU University Amsterdam*

Paul Jansen, *VU University Amsterdam*

This paper aims to extend research on the consequences of employees' career development. Through a longitudinal research design we test the link between employees' investments in their careers and their individual contributions to firms' outcomes. Given that career satisfaction plays an important role in career theory, we also test the impact career satisfaction has on the examined relationship. The results reveal that through investing in their career capital (operationalized as knowing-why, knowing-how, and knowing-whom), employees also contribute to their organization's core competencies: culture, capabilities and connections. However, we also find that these links depend on the level of employees' perceptions of their career satisfaction. If employees are satisfied with their career, they contribute more to organizational culture, capabilities and connections. Specifically, individual contribution through knowing-why to organizational culture is higher for those with high career satisfaction, compared to employees with low career satisfaction.

Target CEO Departure in Acquisitions of Small High-Tech Firms: The Leading Role of Founder-CEO

Keivan Aghasi, *Polytechnic University of Milan*

Massimo Colombo, *Polytechnic University of Milan*

Cristina Rossi Lamastra, *Polytechnic University of Milan*

This study investigates on target CEO departure or retention in post-acquisition of small high-tech firms by large acquirers when the target CEO is also founder of the target. The paper is based on a sample of 372 acquisitions of small high-tech firms between 2001 and 2005. Our findings suggest that acquirers prefer to keep the founder-CEO. In addition, the results show that the value of human capital embedded in founder-CEOs is to the extent that acquirers prefer to keep them in post-acquisition even at the expense of managerial redundancies when both firms are highly related. Similarly, by ruling out coordinating role for the founder-CEO in post-acquisition when target is structurally integrated, we find that the acquirers keep them for their human capital.

The Contingent Effects of Social Status on Employees' Open Innovation Readiness

Christoph Ihl, *RWTH Aachen University*

Franziska Miebach, *RWTH Aachen University*

Companies increasingly adopt open innovation strategies to search for external knowledge and to share it internally. Implementing open innovation eventually requires changes imposed on individuals to adapt knowledge search and sharing. We investigate the effects of employees' social status in a firm's internal innovation network on their attitude to support open innovation. We develop competing hypotheses that innovative status may either be positive due to better performance expectations or negative due to expected status losses. Furthermore, we expect a positive moderation of employees' autonomous motivation to share knowledge. In an empirical study among investment bank employees, we find that social status leads to lower open innovation support and that only extrinsic career and work improvements can compensate employees to commission their status.

When Trust Matters More to Host Country Nationals' Knowledge Sharing with Expatriates

Sachiko Yamao, *University of Melbourne*

Toru Yoshikawa, *Singapore Management University*

The extant literature suggests that trust is an important factor that predicts inter-personal knowledge sharing. We first propose the importance of examining the association between a host country national's (HCN's) trust in the expatriate working in a foreign subsidiary of an MNC and the HCN's extra-role knowledge sharing toward the expatriate. We then suggest that the associations between the trust and extra-role knowledge sharing will be moderated by two factors: the expatriate's power and HCN's dual organizational identification. We present testable hypotheses and propose methods for testing them.

SESSION 6

PLENARY TRACK

TRACK P	Date	Sunday, Jun 15
	Time	17:00 – 18:00 h
Plenary Panel	Room	s.01

Do CEOs Matter?

Session Chair

Marie Louise Mors, *Copenhagen Business School*

Panelists

Morten Bennedsen, *INSEAD*

Sydney Finkelstein, *Dartmouth College*

Alison Mackey, *California Polytechnic State University*

Strategy research typically assumes that CEOs matter, not just as administrators, but also as strategists acting on behalf of the organizations they manage. How warranted is this assumption, really? And if CEOs matter, where exactly is it that they mainly make a difference?



Louise Mors is a Professor of Strategic Management and Globalization at the Copenhagen Business School. Previously she was on the faculty in Strategy and Entrepreneurship at the London Business School. She completed her PhD in Management at INSEAD in Fontainebleau. Her research focuses on how managers and firms compete on social networks and in particular on how they utilize their informal relationships to access and transfer knowledge, both within and across organizations. Her work has appeared in the *Strategic Management and Academy of Management Journals*. She is an active member of the SMS and often serves as a reviewer.



Morten Bennedsen is the André and Rosalie Hoffmann Chaired Professor of Family Enterprise. He obtained a PhD in economics from Harvard University in 1998, a Master Degree with Distinction from London School of Economics and a Bachelor Degree from University of Copenhagen. His area of teaching includes family business governance, corporate governance, applied microeconomics and firm theory. Morten Bennedsen's main research area is the governance of family firms and other closely held corporations in a global context. He has done research on family firms, closely held corporations, capital structures, venture capital, investor protection, ownership structures and privatization. His work has been published in top finance and economics journals, such as *Journal of Financial Economics*, *Journal of Political Economics*, *Quarterly Journals of Economics*, *Journal of Banking and Finance*, and *Journal of Public Economics*. Morten Bennedsen's research has been cited in many international newspapers including *Wall Street Journal*, *International Herald Tribune*, and business newspapers in Germany, Nederland, Portugal, Norway and Denmark.

Sydney Finkelstein is the Steven Roth Professor of Management, and Associate Dean for Executive Education, at the Tuck School of Business at Dartmouth College, where he teaches courses on Leadership and Strategy. He holds degrees from Concordia University and the London School of Economics, as well as a Ph.D. from Columbia University in strategic management. Sydney Finkelstein has published 17 books and 75 articles, with several bestsellers, including the #1 bestseller in the U.S. and Japan, *Why Smart Executives Fail*. Sydney Finkelstein is a Fellow of the Academy of Management, and has had three books nominated for the Academy of Management's Terry Book Award, the most prestigious such honor in the field. His research focuses on strategic leadership, corporate governance, and creating top talent. He is an active consultant and speaker to executives and boards around the world.



Alison Mackey is an Assistant Professor of Management at the Orfalea College of Business at California Polytechnic State University (Cal Poly). She received her PhD in Business Policy and Strategy from Ohio State University. She also holds a MA in Organizational Behavior and a BA in Economics from Brigham Young University. Prior to her appointment on the faculty at Cal Poly, she was on the faculty at Texas A&M University teaching in both the undergraduate and graduate programs there. Her research in the strategic human capital field is currently focused on top executives examining such issues as labor markets, compensation, value creation and value appropriation. Her research has been published in *Academy of Management Review* and *Strategic Management Journal*. In 2007 she received the Wiley Blackwell Outstanding Dissertation award from the BPS Division Academy of Management. Currently she serves on the editorial boards at *Strategic Management Journal* and *Journal of Management*.

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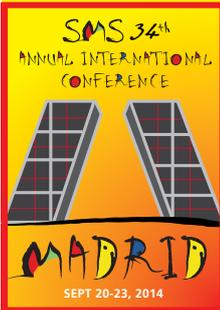
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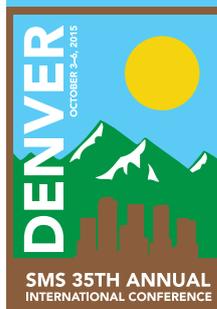
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