

# Newsletter

## Faculty Research Publications



China Depth, Global Breadth

### Published Articles

**Sylvie Laforet and Junsong Chen. 2012. "Chinese and British Consumers' Evaluation of Chinese and International Brands and Factors Affecting Their Choice." *Journal of World Business*.**

**Abstract:** This paper examines Chinese and British consumers' evaluations of Chinese, and international brands, and factors affecting their brand choice. The results support recent findings of a decline in Western brands' preference in China. But, these are attributed to several factors. The findings show country of origin does not affect Chinese brand choice, has a great effect on British choice between Chinese and other brands; brand value, and brand familiarity influence Chinese choice whereas brand reputation, and brand trust determine British choice. Implications for Chinese domestic and international expansion strategies, demographics' influence, and cultural differences are discussed.

**Paper:**

<http://www.sciencedirect.com/science/article/pii/S1090951610000775>

**Contact:** [cjunsong@ceibs.edu](mailto:cjunsong@ceibs.edu)

**Sylvie Laforet, Paliwoda Stanley and Junsong Chen. 2012. "Editorial - Internationalization of Chinese Firms." *Journal of World Business*.**

**Paper:**

<http://www.sciencedirect.com/science/article/pii/S1090951610000714>

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**Chng, D., Rodgers, M. S., Shih, E., & Song, X. B. forthcoming. "When does incentive compensation motivate managerial behaviors? An experimental investigation of the fit between incentive compensation, executive core self-evaluation, and firm performance." *Strategic Management Journal*. (FT45)**

**Abstract:** We develop and test an integrative model that examines the fit between compensation schemes, executives' characteristics, and situational factors. We propose that a fit among all three factors

is crucial to motivate desirable managerial behaviors. Using a specially designed management simulation, our study demonstrates that the effectiveness of incentive compensation to motivate managerial behaviors depends on executives' core self-evaluation and firm performance. Our results show that, relative to fixed salary compensation, executives with higher core self-evaluation respond to incentive compensation with greater perseverance, competitive strategy focus, ethical behavior, and strategic risk taking during organizational decline. However, these interaction effects are not present during organizational growth. Our theory and empirical evidence provide significant insights into the complex relationships among compensation schemes, executives' characteristics, firm performance, and managerial behaviors. Copyright © 2012 John Wiley & Sons, Ltd.

**Paper:**

<http://onlinelibrary.wiley.com/doi/10.1002/smj.1981/abstract>

**Contact:** [dchng@ceibs.edu](mailto:dchng@ceibs.edu)

**Francois Degeorge, Yuan Ding, Thomas Jeanjean and Hervé Stolowy. forthcoming. "Analyst Coverage, Earnings Management and Financial Development: An International Study." *Journal of Accounting and Public Policy*.**

**Abstract:** Using data from 21 countries, this paper analyzes the relation among analyst coverage, earnings management and financial development in an international context. We document that the effectiveness of financial analysts as monitors increases with a country's financial development (FD). We find that in high-FD countries, increased within-firm analyst coverage results in less earnings management. Such is not the case in low-FD countries. Our results are economically significant and robust to reverse causality checks. Our findings illustrate one mechanism through which financial development mitigates the cost of monitoring firms and curbs earnings management.

**Paper:**

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2031992](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2031992)

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## Faculty Research Publications

Contact: [dyuan@ceibs.edu](mailto:dyuan@ceibs.edu)

Gerry Johnson, George S. Yip and Manuel Hensmans. 2012 March. "Achieving Successful Strategic Transformation." *Sloan Management Review*. (FT45)

Paper: <http://sloanreview.mit.edu/the-magazine/2012-spring/53308/achieving-successful-strategic-transformation/>

Contact: [gyip@ceibs.edu](mailto:gyip@ceibs.edu)

Tourigny, L., Baba, V., Han, J. and Wang, X.Y. forthcoming. "Emotional Exhaustion and Job Performance: The Mediating Role of Organizational Commitment." *International Journal of Human Resource Management*.

**Abstract:** We analyze the impact of emotional exhaustion on turnover intention, task performance, and organizational citizenship behavior among hospital nurses in China. The differential mediating effects of affective organizational commitment on the associations between emotional exhaustion and turnover intention, task performance, and organizational citizenship behavior were examined. Data were collected from both nurses and their supervising physicians using a questionnaire survey in Mandarin. The results revealed full mediation effect for turnover intention and for organizational citizenship behavior directed at the organization. There was a significant indirect effect for organizational citizenship behavior directed at individuals and no mediation effect for task performance.

Contact: [jianhan@ceibs.edu](mailto:jianhan@ceibs.edu)

Marinova, S. V., Moon, H., & Kamdar, D. forthcoming. "Getting ahead or getting along? The two faces conceptualization of conscientiousness and leadership emergence." *Organizational Science*. (FT45), conditionally accepted April 2012

Contact: [hmoon@ceibs.edu](mailto:hmoon@ceibs.edu)

Moon, H., Quigley, N., Carson, J. 2012. "How interpersonal motives explain the influence of organizational culture on organizational productivity, innovation, and adaptation: The Ambidextrous Interpersonal Motives (AIM) model of organizational culture." *Organizational Psychology Review*.

Contact: [hmoon@ceibs.edu](mailto:hmoon@ceibs.edu)

Gong, Y., Kim, T.-Y., Zhu, J., & Lee, D.-R. forthcoming. "Team Goal Orientation and Creativity: A Multilevel Study". *Academy of Management Journal*. (FT45)

**Abstract:** Adopting a multilevel approach, we examined how team goal orientation may relate to team creativity and individual creativity. We also theorized and examined the bottom-up process linking individual creativity and team creativity. Multi-source data were collected from 485 mem-

bers and their leaders within 100 R&D teams. The results indicated that the team learning goal and team performance approach goal were positively, whereas the team performance avoidance goal was negatively, related to both team creativity and individual creativity through team information exchange. Furthermore, a trust relationship with the team leader played a moderating role: when the trust was stronger, the indirect positive relationship with team creativity and individual creativity was stronger for the team learning goal, but weaker for the team performance approach goal. It is also found that average individual creativity within a team was positively related to team creativity (above and beyond team information exchange) through a supportive climate for creativity.

Contact: [tykim@ceibs.edu](mailto:tykim@ceibs.edu)

Kim, T.-Y., & Kim, M. forthcoming. "Leaders' Moral Competence and Employee Outcomes: The Effects of Psychological Empowerment and Person-Supervisor Fit." *Journal of Business Ethics*. (FT45)

**Abstract:** This study examined how leaders' moral competence is linked to employees' task performance and organizational citizenship behaviors. Based on a sample of 102 employee-supervisor pairs from seven organizations in South Korea, the results of this study revealed that leaders' moral competence was positively associated with employees' task performance and organizational citizenship behaviors towards leaders (OCBS). As expected, employees' psychological empowerment partially mediated the relationship between leaders' moral competence and employees' task performance and OCBS. Furthermore, person-supervisor fit (PS fit) moderated the relationship between leaders' moral competence and employees' psychological empowerment such that the relationships became stronger for individuals higher rather than lower in PS fit.

Contact: [tykim@ceibs.edu](mailto:tykim@ceibs.edu)

Aryee, S., Chu, C. W. L., Kim, T.-Y., & Ryu, S.-M. forthcoming. "Family-Supportive Work Environment and Employee Work Behaviors: An Investigation of Mediating Mechanisms." *Journal of Management*. (A\*)

**Abstract:** This study examined psychological mechanisms that underpin the relationships between perceived organizational family support (POFS) and a family-supportive supervisor (FSS) on employee work behaviors. Based on data from employed parents and their supervisors (N = 230) in 12 South Korean organizations, structural equation modeling results revealed three salient findings: (1) POFS and FSS are indirectly related to contextual performance through control over work time, (2) FSS is indirectly related to both contextual performance and work withdrawal through organization-based self-esteem (OBSE), and (3) control over work time is indirectly related to the two work outcomes through OBSE. The authors interpret these findings as indicating support for the focus on informal workplace family support and the need for research to examine the psychological resources they engender if we are to understand why these forms of support have their demonstrated outcomes.

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per: <http://jom.sagepub.com/content/early/2012/02/17/014920631143>

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## Faculty Research Publications

[5103.abstract?rss=1](#)

Contact: [tykim@ceibs.edu](mailto:tykim@ceibs.edu)

**Mike Thompson & Zhu Xiaoming. 2012 Jan. "Towards Mature Corporation Governance Standards. 证券市场内外之惑" *CEIBS Business Review*.**

Contact: [mthompson@ceibs.edu](mailto:mthompson@ceibs.edu) ; [zxiaoming@ceibs.edu](mailto:zxiaoming@ceibs.edu)

**Prats, J., M. Sosna and S. R. Velamuri. forthcoming. "Managing in Different Growth Contexts". *California Management Review*. (FT45)**

**Abstract:** Existing frameworks on growth do not make a distinction between the managerial challenges of different growth contexts; they place considerable emphasis on the overall quality of companies' portfolios of strategic units, but less on how different units should be managed according to the growth scenario they are in. We argue that the managerial challenges of generating growth in low growth contexts are very different from those of managing growth in high growth contexts. We introduce a matrix framework that draws four growth scenarios, which firm-units can map themselves on to, and outline the major barriers they face in each of these scenarios as well as the actions needed to overcome them. Our results are based on longitudinal research on cross-national samples of small, medium, as well as large organizations.

Contact: [rvelamuri@ceibs.edu](mailto:rvelamuri@ceibs.edu)

**Ke, B, O. Rui and W. Yu. 2012. "Hong Kong stock listing and the sensitivity of managerial compensation to firm performance in state-controlled Chinese firms." *Review of Accounting Studies*, 166-188. (FT45)**

**Abstract:** We compare the sensitivity of managerial cash compensation to firm performance, the level of long term managerial incentives, and the sensitivity of CEO turnover to firm performance for three types of state-controlled Chinese firms: A shares (firms incorporated and listed in mainland China), H shares (firms incorporated in mainland China but listed in Hong Kong), and Red Chip shares (firms incorporated outside mainland China and listed in Hong Kong). We find no difference in the three pay-for-performance sensitivity measures between H shares and A shares. The cash pay-for-performance sensitivity and the level of long-term managerial incentives are higher for Red Chip shares than for the other two firm types. However, the sensitivity of CEO turnover to firm performance is insignificant for all three firm types. Our study illustrates the complexity in the influence of mainland China's versus Hong Kong's institutional forces on state-controlled Chinese firms listed in Hong Kong.

**Paper:** <http://www.springerlink.com/content/e35wtmh116881777/>

Contact: [oliver@ceibs.edu](mailto:oliver@ceibs.edu)

**Wu, W., O. Rui and C. Wu. Forthcoming. "Trade credit, cash holdings, and financial deepening: Evidence from a transitional economy." *Journal of Banking and Finance*. (A\*)**

**Abstract:** This paper investigates the effect of financial deepening on

the relationship between trade credit and cash holdings among Chinese listed firms. We first document an asymmetric effect of trade payables and receivables on cash holdings, in that firms hold an additional \$0.71 of cash for every \$1 of credit payable but use \$1 of receivables as a substitute for only \$0.15 of cash. We then find that firms in regions with higher levels of financial deepening hold less cash for payables while substituting more receivables for cash. A more highly developed financial sector helps firms to better use trade credit as a short-term financing instrument. Finally, we find that the ratio at which receivables are substituted for cash increased following the implementation of the new receivables pledge policy in 2007, which allowed firms to use receivables as security for loans. This policy event represents an exogenous shock that mitigates the endogeneity concern.

**Paper:**

<http://www.sciencedirect.com/science/article/pii/S0378426611001488>

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**Firth, M., O.M. Rui and X. Wu. 2012. "How Do Various Forms of Auditor Rotation Affect Audit Quality? Evidence from China." *International Journal of Accounting*, 109-138**

**Abstract:** The Enron/Arthur Andersen scandal has raised concerns internationally about auditor independence, audit quality, and the need for regulatory action such as mandatory auditor rotation. China's unique institutional features provide a setting in which we can compare comprehensively the various forms of auditor rotation at different levels (partner vs. firm) and in different settings (voluntary vs. mandatory). In addition, institutional conditions vary dramatically across China, which provides us with an opportunity to test whether the development of market and legal institutions affects the impact of rotation on audit quality. We expect that auditors are less (more) constrained by market forces and less (more) self-disciplined to maintain audit quality in regions with less (more) developed market and legal institutions. Therefore, mandatory rotation may play a more (less) important role in less (more) developed regions. Using auditors' propensity to issue a modified audit opinion (MAO) as a proxy for audit quality, we find that firms with mandatory audit partner rotations are associated with a significantly higher likelihood of an MAO than are no-rotation firms. However, this effect is restricted to firms located in less developed regions. We find similar evidence for voluntary audit firm rotation although the significance level is much weaker than for mandatory partner rotation. Other forms of auditor rotations (i.e., mandatory audit firm rotation and voluntary audit partner rotation), have no effect on MAOs.

**Paper:**

<http://www.sciencedirect.com/science/article/pii/S002070631100118X>

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**Xu, Dean, and Meyer, Klaus E. forthcoming. "Linking theory and context: "Strategy research in emerging economies" after Wright et al. (2005). " *Journal of Management Studies*. (FT45)**

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## Faculty Research Publications

**Abstract:** Emerging economies provide a laboratory for investigating the interaction between firm strategies and local contexts. Mike Wright and colleagues (2005) have shaped this research agenda by creating legitimacy for this line of research, and by outlining how research in four types of strategy contexts can advance theories. We assess how this agenda has progressed in eight leading journals in the past decade, particularly during the five years following their review, with the aims to identify broad trends of theorizing, and to outline future research challenges. Emerging economy contexts challenge some of the assumptions of theories originally developed for markets that are relatively stable and efficient. Researchers have advanced several theoretical perspectives by addressing these challenges. Wright and colleagues focused on institutional theory as a major foundation for such work, and we find it continuing to be the most popular theoretical perspective. In addition, new perspectives have emerged focusing on respectively learning, relationships, real options, and spillovers as focal concepts for theorizing.

**Paper:** <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-6486.2012.01051.x/abstract>

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Zhou, Kevin, and Xu, Dean. forthcoming. "How foreign firms curtail local supplier opportunism in China? Detailed contracts, centralized control, and relational governance." *Journal of International Business Studies*. (FT45)

**Abstract:** An ongoing debate in the interfirm exchange literature concerns whether economic and social governance mechanisms function as substitutes or complements. We advance a more nuanced approach to examining how detailed contracts and centralized control interact with relational governance differentially in curbing local supplier opportunism in emerging markets. We suggest that where legal institutions are weak, detailed contracts are ineffective in containing partner opportunism in contractually specified areas. Under such circumstances, relational governance provides a proxy for legal institutions to ensure contract execution. Meanwhile, relational governance serves as an alternative mechanism to centralized control for ensuring contingency adaptations. Based on a sample of 168 foreign buyer-local supplier exchanges in China, we find that relational governance complements detailed contracts but substitutes for centralized control in curtailing opportunism. Therefore foreign firms must be cautious in their combinative use of social and economic mechanisms in governing exchanges with local suppliers in emerging markets.

**Paper:** <http://www.palgrave-journals.com/jibs/journal/vaop/ncurrent/full/jibs20127a.html>

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### Books

Jean Lee. 2012. *China SheEO中国 (SheEO:“她时代”下的商界女性素描)*, Fudan Publication.

**Book:** <http://www.fudanpress.com/root/showdetail.asp?bookid=7720>

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### Book Chapters

Titus Fossgard-Moser, Terence Tsai and Yuan Lu. 2012. "Strategic Responses of Multinational Corporations to Environmental Protection in Emerging Economies: the Case of the Petroleum and Chemical Sectors in Latin America and the Greater China Region." In the book, Diego Vazquez-Bust and Joseph Sarkis, ed. *Green-Growth: Managing the Transition to Sustainable Capitalism-Learning by doing in East-Asia and Europe*. Springer. ISBN: 978-94-007-4416-5.

**Book:**

[http://search.yahoo.com/r/\\_ylt=A0oGdVLxMoZPlwoAq3JXNyoA:\\_ylu=X3oDMTE1OGY4bDI1BHNIYwNzcqRwb3MDMQRjB2xvA3NrM-QR2dGikA01TWTawN18xNzl-](http://search.yahoo.com/r/_ylt=A0oGdVLxMoZPlwoAq3JXNyoA:_ylu=X3oDMTE1OGY4bDI1BHNIYwNzcqRwb3MDMQRjB2xvA3NrM-QR2dGikA01TWTawN18xNzl-)

[/SIG=15dvrkob3/EXP=1334223729/\\*\\*http%3a//gin.confex.com/gin/2010/webprogram/Manuscript/Paper3087/Prof%2520%2520Terence%2520Tsai%2520GIN%2520conference%2520IBE-](http://SIG=15dvrkob3/EXP=1334223729/**http%3a//gin.confex.com/gin/2010/webprogram/Manuscript/Paper3087/Prof%2520%2520Terence%2520Tsai%2520GIN%2520conference%2520IBE-)

[Env%25202010%2520revised.pdf](http://Env%25202010%2520revised.pdf)

**Contact:** [terence@ceibs.edu](mailto:terence@ceibs.edu)

Julan Du, Oliver M. Rui and Sonia M. L. Wong. "Financial Development under Financial Repression: An Analysis from the Perspective of the Behavior of the Listed Companies in China." in *Economic Growth in China and Europe: Development in the Financial Sector and the Labor Market* edited by Ma, Taube and Cassel., Metropolis.

**Book:**

<http://www.buchhandel.de/detailansicht.aspx?isbn=9783895188855>

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### Cases

Jian Han and Xin Fu. "Hotwind Fashion Chain (A): HR Dilemma Faced by Chinese Private Enterprises During the Period of Rapid Expansion 热风时尚连锁 (A): 中国民营企业在快速扩张期的人才管理困境"

CEIBS Case No. CI-411-007, 2011

**Contact:** [jianhan@ceibs.edu](mailto:jianhan@ceibs.edu)

Jian Han and Xin Fu. "Hotwind Fashion Chain (B): HR Dilemma Faced by Chinese Private Enterprises During the Period of Rapid Expansion 热风时尚连锁 (B): 中国民营企业在快速扩张期的人才管理困境"

CEIBS Case No. CI-411-008, 2011

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