

Newsletter

Faculty Research Publications



China Depth, Global Breadth

Published Articles

Chen, Charles J.P., Ding, Yuan and Xu, Bin. forthcoming. "Convergence of Accounting Standards and Foreign Direct Investment". *The International Journal of Accounting*.

Abstract: Since the development of the eclectic paradigm by Dunning (1977; 1988; 1993), many studies have investigated different forms of location advantages that attract foreign direct investment (FDI). In this study, we consider accounting standards as a component of the institutional infrastructure of a location and hypothesize that the convergence of domestic and International Financial Reporting Standards (IFRS) promotes FDI as it reduces information processing costs for foreign investors. We also hypothesize that the effect of reduced information costs is stronger for partner countries whose accounting systems showed greater pre-convergence differences because they magnify the facilitating role of accounting standard convergence for FDI. Using bilateral FDI data from 30 OECD countries between 2000 and 2005, we find evidence generally consistent with these hypotheses.

Paper:

<http://www.business.illinois.edu/accountancy/research/vkzcenter/conferences/greece/papers/Chen.pdf>

Contact: ccharles@ceibs.edu, dyuan@ceibs.edu, xubin@ceibs.edu

we estimate a dynamic structural model of minute usage and obtain discount factors that would normally be unidentifiable. The identification rests upon imputing the utility using decisions made in a context where the future is inconsequential; then using these utilities to identify discount rates when consumers were switched to a three-part tariff where dynamics became material.

We find that the estimated weekly discount factor (0.90) is much lower than the value typically assumed in empirical research (0.995). When using a standard 0.995 discount factor, we find the price coefficient is underestimated by 16%. Moreover, the predicted intertemporal substitution pattern and demand elasticities are biased, leading to a 29% deterioration in model fit; and suboptimal pricing recommendations that would lower potential revenue gains by 76%.

Paper:

http://faculty.fuqua.duke.edu/~mela/bio/papers/Rates_2011.pdf

Contact: jwchiang@ceibs.edu, yxchen@ceibs.edu

Wang, J. and Kim, T.-Y.. forthcoming. "Proactive Socialization Behavior in China: The Mediating Role of Perceived Insider Status and the Moderating Role of Supervisors' Traditionality". *Journal of Organizational Behavior*. (A*).

Abstract: This paper identified the dimensions of proactive socialization behavior among Chinese employees. We examined the mediating effects of perceived insider status on the relationships between proactive socialization behavior and socialization outcomes, and the moderating effect of supervisors' traditionality on the relationship between proactive socialization behavior and perceived insider status. Results from 280 newcomer-supervisor pairs supported the hypotheses that proactive socialization behavior was positively associated with task performance and social integration through perceived insider status. In addition, supervisors' traditionality significantly influenced the indirect relationships that proactive socialization behavior had with task performance and social

Inside this issue:

Published Articles	10
Books	2
Book Chapters	1
Cases	13
Awards and Honors	2

Yao, Song, Mela, Carl F., Chiang, Jeongwen and Chen, Yuxin. forthcoming. "Determining Consumers' Discount Rates with Field Studies". *Journal of Marketing Research*. (FT45).

Abstract: Determining Consumers' Discount Rates With Field Studies

Because utility/profits, state transitions and discount rates are confounded in dynamic models, discount rates are typically fixed to estimate the other two factors. Yet these rate choices, if misspecified, generate poor forecasts and policy prescriptions.

Using a field study wherein cellphone users transitioned from a linear to three-part-tariff pricing plan,

Newsletter

Faculty Research Publications

integration via perceived insider status, such that the relationships became weaker as supervisors' traditionality increased.

Paper: <http://onlinelibrary.wiley.com/doi/10.1002/job.1811/abstract>

Contact: tykim@ceibs.edu

Useem, Mike and Liang, Neng. 2012. "Globalizing the Company Board: Lessons from China's Lenovo". *Corporate Governance Asia*. April-June, pp.1-6.

Paper:

<http://www.ceibs.edu/faculty/lneng/Globalizing%20the%20Company%20Board.pdf>

Contact: liangneng@ceibs.edu

McKern, Bruce. 2012 Jan. "Can China Innovate?". *The Explorer – Shell Journal of Projects & Technology Innovation. Special: China Innovation. Issue 28*, pp. 38-40.

Abstract: Western firms' preconceptions about China's slowness in radical innovation are misplaced. They must prepare for a tsunami of competition from China-based multinationals, which increasingly see the markets of the developed world as their targets. Multinationals must actively participate in innovation in China with the aim of using China as a platform for global innovations.

Paper:

<http://www.ceibs.edu/cc/i/images/2012/02/17/6C55A2EE44B2F58AD321AFE92C364D97.pdf>

Contact: bmckern@ceibs.edu

Ramasamy, B. and Yeung, M.. 2012. "Ethical Distance and Difference in Bilateral Trade". *The Journal of World Investment and Trade*. Vol. 13, pp. 420-441.

Abstract: Cultural, institutional, and psychic distances between countries are critical determinants of bilateral trade. In this paper we examine if ethical distance and difference between an exporting country and an importing country matter in international trade. Using data from 53 countries that participated in the World Values Survey, we show that the closer the ethical distance between countries the greater the trade. We also find that the ethicality of importers matter more than exporters as a determinant of bilateral trade.

Paper: <http://www.unescap.org/tid/artnet/pub/wp11012.pdf>

Contact: bramasamy@ceibs.edu

Firth, Michael, Rui, Oliver M. and Wu, Wenfeng. 2011 Aug. "The Effects of Political Connections and State Ownership on Corporate Litigation in China". *Journal of Law and Economics*. (A*) Vol. 54, pp. 573-607.

Abstract: We examine the effects of corporate lawsuits in China and find that litigation announcements depress the stock prices of both defendant and plaintiff firms. Financially distressed defendants suffer lower

stock returns. We find that politically connected defendants are favored in the judicial process: they have higher stock returns and are more likely to appeal against adverse outcomes and to obtain a favorable appeal result. State-controlled defendants fare better than privately controlled defendants when it comes to appeals but do not have higher stock returns. The evidence suggests that there is bias in the judicial process.

Paper:

<http://www.jstor.org/discover/10.1086/659261?uid=8248968&uid=3737800&uid=2134&uid=2&uid=70&uid=3&uid=67&uid=20615&uid=62&sid=47699091491807>

Contact: oliver@ceibs.edu

Wu, Wenfeng and Rui, Oliver M. and Wu, Chongfeng. 2012. "What Drives Regional Differences in the Stock Market Wealth Effect in China". *Applied Economics Letter*. Vol. 19, Issue 12, pp. 1157-1160.

Abstract: This article investigates the determinants of stock market wealth effect across regions. Using panel data from China, we find that the stock market wealth effect is more prevalent in regions with more stockholders, regions in which households have higher levels of stock ownership and regions in which households have lower incomes.

Paper:

<http://www.tandfonline.com/doi/abs/10.1080/13504851.2011.617679>

Contact: oliver@ceibs.edu

Thompson, M. J.. 2012. "China's Corporate Governance - In Theory And Practice". *Directors & Boards*. Second Quarter, pp. 60-61.

Contact: mthompson@ceibs.edu

Xu, Bin. 2012 June. "Casting an Eye Over the Yuan's Future". *Hurun Report*.

Contact: xubin@ceibs.edu

Newsletter

Faculty Research Publications

Books

Paliwoda, Stanley and Andrews, Tim and Chen, Junsong. 2012 July. *Marketing Management in Asia. Routledge Studies in International Business and the World Economy (1st. Edition)*. Routledge, Taylor & Francis Group, New York.

Abstract: Asia is no longer simply the continent to which the world turns for outsourcing and off shoring of production, leaving retailing to Western countries. Asia now contains many of the world's largest markets plus many emergent markets as well. North America is fast ceding ground to China as the world's largest economic power. Europe has been able to make productivity gains from trade, fiscal and monetary harmonization to remain globally competitive while Africa, whose nations practice free trade, is largely ignored both in terms of forgiving debt and providing further credit. Each chapter of this volume details the characteristics of an individual market in Asia and demonstrates the challenges that marketers are likely to face in these environments. Covering not just production or consumption but trade as it is practiced now, this book outlines the new norms, conventions and service performance levels that these markets demand.

Paper: <http://www.routledge.com/books/details/9780415523172/>

Contact: cjunsong@ceibs.edu

Yeung, Arthur. 2012. *Breakthrough in Organizational Capabilities (组织能力的突破: 从杨三角看领先企业成功之道)*. China Machine Press.

Paper: <http://www.hzbook.com/Books/6235.html>

Contact: ayeung@ceibs.edu

Book Chapters

Thompson, M. J. 2012. "Dilemmas inside and outside the Securities Markets (证券市场内外之惑)", Jiang Heng and Wang Zhile. *Compliance-The New Development Trend of Global Companies (合规—全球公司发展新趋势)*. China Economic Publishing House.pp.145-147.

Contact: mthompson@ceibs.edu

Cases

Shao, Clement Shao and Atuahene-Gima, Kwaku. 2012. "Neusoft Corporation: Business Model Innovation Starting with Xikang". CC-312-008 (ENG).

Contact: kwaku@ceibs.edu

Shao, Clement and Atuahene-Gima, Kwaku. 2012. "Kingdee Interna-

tional Software Group Company Limited: Business model transformation from software-based product assembly to knowledge-based service integration". CC-312-018.

Contact: kwaku@ceibs.edu

Lockstrom, Martin and Callarman, Thomas and Shen, Li. 2012. "Indirect Purchasing at BMW: Competitive Tender for All Industrial Robots Worldwide". CC-612-014.

Contact: tecallarman@ceibs.edu

Lockstrom, M., Callarman, Thomas and Nguyen, Peter Hiep. 2012. "Sustainable Supply Chains at Siemens". CC-612-017.

Contact: tecallarman@ceibs.edu

Lockstrom, M., Callarman, Thomas and Zhang, Linda. 2012. "Strategic Sourcing at Whirlpool China: Finding the Ideal Supplier". Richard Ivey School of Business, 9B12D012.

Abstract: It was April 10, 2011, when the head of Whirlpool's Asia International Procurement Office in Shanghai was informed by his colleagues that the company was about to launch a new energy-efficient refrigerator model in just six months. For the new refrigerator model, the basic difference was in the motor; the current AC motor would need to be replaced with a DC motor, which was more efficient but also more expensive. He would have to find a suitable supplier of DC motors in a very short time. Delayed sourcing of components would cause delays in the production of a new refrigerator, and thus, a later launch of new products. Within the home-appliance industry, the fierce level of competition meant that any delays in launching new products would result in a loss of sales for the stragglers. How should Whirlpool go about the process of finding a suitable supplier for the required DC motor parts? Should the company explore the possibility of developing their current supplier, or should they quickly engage an existing supplier of DC motors?

Order: <https://www.iveycases.com/ProductView.aspx?id=55251>

Contact: tecallarman@ceibs.edu

Velamuri, R., Ding, Yuan and Zhu, Jianhua. 2012. "Noah Wealth Management (诺亚财富管理)". CC-812-010 (ENG).

Contact: rvelamuri@ceibs.edu, dyuan@ceibs.edu

Velamuri, R., Ding, Yuan and Zhu, Jianhua. 2012.

"中国私人银行和财富管理分析". CC-812-011.

Contact: rvelamuri@ceibs.edu, dyuan@ceibs.edu

Schütte, Hellmut and Chen, Shang en. 2012. "Reaching High: Sany's Internationalization (A)". CC-312-019.

Newsletter

Faculty Research Publications

Contact: hschutte@ceibs.edu

Schütte, Hellmut and Chen, Shang en. 2012. "Reaching High: Sany's Internationalization (B)". CC-312-020.

Contact: hschutte@ceibs.edu

Thompson, M. and de Reuver, A. 2012. "Investing In Longtop: The Case of Longtop Financial Technologies (A)". CC-112-012 (ENG). CI-112-012 (CN).

Abstract: This is part of a case series. Longtop Financial Technologies ('Longtop'), a company registered in the Cayman Islands, was IPO'd on the NYSE in 2007. After four years of significantly above average revenues and profits, Citron Research, a research firm that specialises in exposing fraud among Chinese stocks, posted an on-line report on Longtop, accusing the company of fraudulent accounting: 'It is the opinion of Citron that every financial statement from its IPO to this date is fraudulent'. In May 2011, Longtop's auditors, Deloitte Touche Tohmatsu CPA Ltd (China) ('Deloitte Shanghai') resigned saying that Jia Xiao Gong, Longtop's chairman had admitted that 'there were fake revenue (sic) in the past so there were fake cash recorded on the books'. On 14 December, the SEC revoked the registration of Longtop for failing to file required annual reports and audited financial statements with the SEC. Longtop investors had already filed a lawsuit against the company to recover losses incurred on their securities being made substantially worthless as a result of allegations.

Order:

<http://www.ecch.com/educators/search/results?s=514E0AEF9948FB E88D28832E2DBB6671>

Contact: mthompson@ceibs.edu

Thompson, M. and de Reuver, A. 2012. "Investing In Longtop: The Case of Longtop Financial Technologies (B)". CC-112-013 (ENG). CI-112-013 (CN).

Abstract: This is part of a case series. Longtop Financial Technologies ('Longtop'), a company registered in the Cayman Islands, was IPO'd on the NYSE in 2007. After four years of significantly above average revenues and profits, Citron Research, a research firm that specialises in exposing fraud among Chinese stocks, posted an on-line report on Longtop, accusing the company of fraudulent accounting: 'It is the opinion of Citron that every financial statement from its IPO to this date is fraudulent'. In May 2011, Longtop's auditors, Deloitte Touche Tohmatsu CPA Ltd. (China) ('Deloitte Shanghai') resigned saying that Jia Xiao Gong, Longtop's chairman had admitted that 'there were fake revenue (sic) in the past so there were fake cash recorded on the books'. On 14 December, the SEC revoked the registration of Longtop for failing to file required annual reports and audited financial statements with the SEC. Longtop investors had already filed a lawsuit against the company to recover

the NYSE in 2007. After four years of significantly above average revenues and profits, Citron Research, a research firm that specialises in exposing fraud among Chinese stocks, posted an on-line report on Longtop, accusing the company of fraudulent accounting: 'It is the opinion of Citron that every financial statement from its IPO to this date is fraudulent'. In May 2011, Longtop's auditors, Deloitte Touche Tohmatsu CPA Ltd. (China) ('Deloitte Shanghai') resigned saying that Jia Xiao Gong, Longtop's chairman had admitted that 'there were fake revenue (sic) in the past so there were fake cash recorded on the books'. On 14 December, the SEC revoked the registration of Longtop for failing to file required annual reports and audited financial statements with the SEC. Longtop investors had already filed a lawsuit against the company to recover losses incurred on their securities being made substantially worthless as a result of allegations.

Order:

<http://www.ecch.com/educators/search/results?s=5136A91FB0E3F7 CE41EC79B27186C23D#>

Contact: mthompson@ceibs.edu

Thompson, M. J. . 2012. "Sex in the Sky". CEIBS Case No.:CC-612-026 (ENG). CI-612-026 (CN) .

Contact: mthompson@ceibs.edu

Fu, Xin and Wang, Gao. 2012. "Li-Ning: Make The Change (李宁 让改变发生)". CI-512-007 (CN).

Contact: wgao@ceibs.edu

Awards and Honors

The paper "CEO Functional Background: New Evidence from China's Top 100 Listed Firms", co-authored by **Professor Liang Neng, Professor Han Jian** and former CEIBS RA, Ms. Wang Lan (now a Ph.D. student in the US) has won the best international paper award for the Careers Division at "the Academy of Management (AoM) Conference 2012".

News: <http://www.ceibs.edu/media/archive/104400.shtml>

Prof. Ding Yuan will serve on the Editorial and Advisory Review Board for *Issues in Accounting Education* beginning in January of 2013. Published by American Accounting Association, *Issues in Accounting Education* is considered as the worldwide top academic journal in the area of accounting teaching and education.

News: <http://www.ceibs.edu/media/archive/103948.shtml>