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INTERNATIONAL BUSINESS IN THE INFORMATION AGE

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Editors

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C2.3.4 - Governance, institutions and performance in the multi-national context

Track: International Finance, Accounting and Corporate Governance

Session chair: Luciano Quinto Lanz

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.06

Family firms and the choice between WOS and JV: a Transaction Cost Economics approach

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Using a transaction costs framework, this study examines the effects of family control on entry mode choice. Using a dataset of 951 foreign investments in Italy from 2005 to 2015, we investigate the role of family involvement. After controlling for endogeneity issues, we find that if the investing company and the local are family firms, joint venture is the preferred choice, while when only the investor is a family firm full acquisition is more likely. Overall, these findings show that family involvement has an impact on the ownership choice and that previous studies ignoring this aspect miss a crucial variable.

Governance of family firms and entry mode choice in foreign markets

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Although the entry strategy in foreign markets has been widely investigated, the role of corporate governance remains surprisingly unexplored. This paper contributes to fill this gap, by studying how and when the main governance features and mechanisms in Family Firms influence their choice between establishing a foreign operation from scratch or buying an existing foreign entity. By relying on the socioemotional wealth (SEW) approach, we argue that non-family directors mitigate the families' risk-aversion, and determine a different corporate equilibrium between the FF's parties, resulting in higher recourse to acquisitions. We also tackle the gap in the understanding of how family specificities moderate the role of the board, and the latter's influence on the company's strategic choices. Namely, we claim that the presence of the founder, and the later generations do attenuate the influence of non-family directors. Our econometric analysis, run on 1,849 manufacturing initiatives undertaken abroad by 532 Italian FFs, in the period between 2000 and 2013, confirm our expectations.

How do institutions matter in international business: The review of theoretical contradictions

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This paper reviews the current state of institutional theory in international business (IB). While research has widely accepted the importance of institutional environment, the dominant view of the institutions is that they act as constraints on the ability of actors to respond and potentially drive the institutional change. Only recently, there has been a growing interest among IB scholars to look at the opposite relationship, which refers to the strategic responses of firms and their purposive behaviour of reshaping the institutional context. I seek to understand how the researchers apply the institutional theory to IB studies and as such I identified four areas of problematisation to propose the possibilities of advancement to this interdisciplinary research. These are formulated as four paradoxes: enabling versus the constraining power of institutions, firm similarity versus differentiation, passive versus active behaviour of firms and endogenous versus exogenous institutional change. Finally, based on the review and proposed concepts the paper presents promising avenues for future research.

C2.3.5 - Consumer behaviour and corporate reputation

Track: International Marketing Session chair: Minnie Kontkanen

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.07

Understanding the mediating effects of the relationship between Consumer's Need-For-Touch and Online Purchase Propensity: a comparison study between China and Portugal

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This study analyses the impact of Need-for-Touch (NFT) on the online purchase propensity by evaluating the influence of the individual consumer country of origin. Although, NFT has been a major topic of research over the past years, the link between NFT and purchase propensity have rarely been empirically proven. For the purpose of assessing this relationship an online questionnaire was applied in Portugal and China and the data studied through exploratory and confirmatory factor analysis, namely multivariate analysis of variance and structural equation modelling. The results indicate that consumer's country of origin seem to affect the relevance of the sense of touch for a sweater.

Consumers with high levels of NFT are more likely to engage in additional brand touch-points and consequently to have stronger brand experiences. Also, the findings confirm the impact of the perceived information credibility and the brand experience on the perceived product quality, which influences the propensity to search and to purchase online.

Identification of barriers to co-create on-line: the perspectives of customers and companies

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Value co-creation is an important topic of interest in the marketing domain for the last decade. Co-creation via the Internet has received a particular attention in the literature. Although there have been substantive number of studies of what motivates customers to participate in value co-creation in the Internet-based platforms, there is a lack of research of what the deterrents are that may prevent customers from contributing their ideas online. This qualitative research based on twenty in-depth interviews with customers and twenty in-depth interviews with marketing specialists from different companies was undertaken in order to define the deterrents from the customer's and company's point of view, as a basis for future survey to be delivered to the customers. The results show that although there is a repetition of the mentioned constraining factors indicated by the both groups of the interviewees, the ranking of the barriers is distinctive. This paper is of a special value on one hand for academia, as it will serve as a starting point for numerous future research lines; and on the other, will bring more insights to the topic for practitioners.

Resilience in global supply chains: An inter-organizational and cultural perspective

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This paper introduces the four basic inter-organizational perspectives, along with cultural perspectives, that may serve as building resilience in global supply chains: institutional perspective, environmental perspective, economic perspective and behaviourist perspective. Given that a supply chain is a sequential network of interrelationships between two or more supply chain partners, cultivating strategic alliances and cooperation, we argue that it is possible to integrate these different perspectives, without nullifying each other, and then develop an integrated theatrical mode with the testable propositions, that has stronger and broader explanatory power of organisational resilience in supply chain setting than the initial perspective. This can be achieved by identifying the viewpoints from which each theory applies and the circumstances when these theories are interrelated.

Diverse Roles of Corporate Reputation Dimensions for MNCs: An Analysis across Nations

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Although multinational corporations increasingly manage their reputation across nations to attract local consumers, employees, or the public, reputation is mostly analyzed holistically. Little is known about the role of the dimensions which constitute reputation of multinational corporations. Whether and how, for example, a multinational corporations' perceived product quality, social responsibility, or financial strength affect customers across nations is unclear. To provide insights into these issues, the authors refer to hierarchical data on 32,811 consumer evaluations of a multinational corporation in 44 countries. The results of the novel multilevel structural equation modeling underline a strong relationship between perceived reputation in general and consumers' loyalty. However, the relationships are different for the dimensions which constitute corporate reputation (i.e., two dimensions dominate). National culture and country development variously moderate the relationships. Knowing the effects of the reputation dimensions and their contextual boundaries is of paramount importance for multinational corporations' reputation management across nations.

C2.3.6 - MNE subsidiary strategy and performance

Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks

Session chair: Rian Drogendijk

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.05

How does a foreign unit's differentiation strategy fit the competition context?

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This study contributes to international business literature by addressing the important issue of contextual boundaries to the effectiveness of differentiation strategies of industrial firms' foreign units, notably wholly owned subsidiaries and co-operations. A model was tested using data from 166 foreign units of Swedish firms. For the first-tier boundary of price competition, a positive association was found between technology leadership and the unit's performance. The association between market responsiveness and performance is strengthened if the firm is the sole owner of the unit and is able to fully control the strategy. For value-based competition, a positive association was found between market responsiveness and performance. Here, the second-tier boundary of market experience strengthens the association between technology leadership and performance. Contributions to literature are discussed.