

Newsletter

Faculty Research Publications



Published Articles

Cai, Jiangnan (John). 2014 May. "A Shanghai professor: child education in the US". *Shanghai Observation* (《上海观察》).
Contact: jncal@ceibs.edu

Cai, Jiangnan (John). 2014. "Private capital should take a leading role in tourism medicine". *Chinese Health journal*(《中国卫生》).
Contact: jncal@ceibs.edu

Cai, Jiangnan (John). 2014 Apr. "My experience of patient-physician relationship in the US". *Shanghai Observation* (《上海观察》).
Contact: jncal@ceibs.edu

Cai, Jiangnan (John). 2014. "How to realize Physicians' value?". *Chinese Health journal* (《中国卫生》).
Contact: jncal@ceibs.edu

Fernandez, Juan, Xu, Bin and Zhou, Dongsheng. 2014. "China's Business Climate Enhanced by New Government Initiatives". *The LINK*. 1, 78-87.
Paper: <http://www.ceibs.edu/link/home/03/121452.shtml>
Contact: fjuan@ceibs.edu
xubin@ceibs.edu
zdongsheng@ceibs.edu

He, Xianjie, Rui, Oliver, Zheng, Liu & Zhu, Hongjun . forthcoming. "Foreign ownership and auditor choice". *Journal of Accounting and Public Policy*.

Abstract: We take advantage of the unique institutional background of the B-share stock market in China to explore the impact of foreign investors on auditor choice. Our results show that the percentage of B-share firms audited by Big 4 auditors has decreased with both economic and statistical significance since the segmented B-share market was opened to domestic investors in 2001. We find that the negative effect of opening the B-share market on demand for high audit quality is more pronounced for firms with greater decreases in foreign ownership and for firms with strong incentives to be opaque, such as those in a weak institutional environment, firms with more "other receivables," firms with more related-party transactions, and firms with political connections. Addi-

tional analysis shows that our results are not driven by the concurrent decline in capital-raising activities in the B-share market.

Paper: <http://www.sciencedirect.com/science/article/pii/S0278425414000349>
Contact: oliver@ceibs.edu

He, Qing & Rui, Oliver . forthcoming. "Ownership and insider trading: Evidence from China". *Journal of Business Ethics*. (FT45).

Abstract: This paper examines the information content of insiders' trading in China and analyzes how ownership structure shapes the market reaction to insiders' transactions. We find the cumulative abnormal return (CAR) to insiders' purchases is a convex function of the percentage of shares owned by the largest shareholder. The CAR to insiders' purchases is lower when the largest shareholder is government related, or the control rights of blockholders exceed their cash flow rights. We also find that the market reaction to insiders' purchases is more positive for those firms audited by Big 4 auditors. However, we do not find a significant relationship between the market reaction and ownership structure for insiders' sales. Finally, we show that tunneling activities captured by the use of other receivables is less severe for the firms with larger market reaction to insiders' purchases.

Paper: http://www.uu.nl/SiteCollectionDocuments/REBO/REBO_USE/REBO_USE_OZZ/SemSeriesprin2013/Ab_He.pdf
Contact: oliver@ceibs.edu

Lee, Jean S K., Lanbc, Luh Luh & Rowleyde, Chris. forthcoming Apr. "Why might females say no to corporate board positions? The Asia Pacific in comparison". *Asia Pacific Business Review*.

Abstract: Females have obtained more senior management positions and corporate board seats in many countries. However, this is less the case in much of Asia. In short, the road to boardrooms for females can turn out to be quite long, tortuous and full of dead-ends. Who is to blame for this – businesses or females themselves or even governments – is a moot question. Here we look at this in terms of: why have females on boards; the situation in Asia in global perspective; reasons for barriers and limits.

Paper: <http://www.tandfonline.com/doi/pdf/10.1080/13602381.2014.907689>
Contact: jeanlee@ceibs.edu

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Ma, Baolong, Zhang, Lin, Wang, Gao, & Li, Fei. 2014. "The impact of a product-harm crisis on customer perceived value". *International Journal of Market Research*. 56, 3.

Abstract: The purpose of this research is to help better understand the effects of product-harm crisis on crisis and non-crisis brand's customer perceived value and market competitive structure in the auto industry. The research first develops a four-dimensional customer perceived value measure, and then uses the measure to collect data before, during and after the 2009-2010 Toyota product-harm crisis. These data are analyzed and compared to investigate the impacts of the product crisis. The results show that the crisis can have negative impact on the crisis brand's CPV and the impact from experienced customers is different from inexperienced customers.

Some non-crisis brands with the same country of origin (COO) and similar product attributes with the crisis brand will also be negatively affected by the crisis. Moreover, brands with significantly higher CPV will benefit from the crisis. However, these impacts from the product crisis are short-lived and most of the brand's CPV have recovered in the post-crisis period to the pre-crisis level. The crisis also change the competition rules of the product category by changing the weights of CPV dimensions across the pre-, during- and post-crisis periods. Therefore, all companies need to handle the product crisis carefully, so that they can adjust their strategy accordingly in the dynamic market. These findings have implications for understanding the influences of product harm crisis. The managerial implications are also discussed.

Paper: <http://crrc.sem.tsinghua.edu.cn/u/cms/crrc/201305/23152305idby.pdf>

Contact: wgao@ceibs.edu

Park, S. and Li, S.. 2014 Oct. "What makes a country rich-friendly". *FT's fDi Magazine*.

Contact: spark@ceibs.edu

Park, Sam (Seung Ho) and Li, S.. 2014 Feb. "China's family business succession problem". *Financial Times*.

Paper: <http://blogs.ft.com/beyond-brics/2014/02/27/guest-post-chinas-family-businesses-have-a-succession-problem/>

Contact: spark@ceibs.edu

Tu, Guoqian & Yu, Fang (Frank). forthcoming. "Tunneling or Not? The Change of Legal Environment on the Effect of Post-Privatization Performance". *Journal of Business Ethics*. (FT45).

Abstract: Motivated by Hoff and Stiglitz's (Am Econ Rev 94(3):753–763, 2004) theory, we examine empirically how the creation of "rules of the game" affect the behavior of economic agents in a transition economy. Using a sample of Chinese state-owned enterprises in which controlling ownership was transferred to private acquirers between 1994 and 2006, we find that the post-privatization performance (PPP) of firms depends on institutional factors. Before 2003, we observe severe post-privatization tunneling behaviors by acquirers and worse PPP. However, from 2003, when the State issued regulations against tunneling and strengthened enforcement, the incidence of tunneling behaviors declined, and PPP improved. We find that better implementation of ownership transfer and longer prior experience of private acquirers are key factors that contribute to the improvement.

Paper: http://link.springer.com/article/10.1007/s10551-014-2169-9?sa_campaign=email/event/articleAuthor/onlineFirst

Contact: fyu@ceibs.edu

Cases

Gong, Yan & Zhu, Qiong. 2014. "Tesla's China Drive". CC-814-016. CI-814-016.

Abstract: As an "exceptional" new-comer in the automobile history of 100 years, Tesla Motors is using internet mindset to change the long-standing definition of automobile and the relevant rule of game. Ten years after its foundation, Tesla begins to drive into China, a country of an utterly different culture. And then, Veronica Wu, its head of China District, was facing a great challenge of making a strategic choice and trade-off in Tesla's new market. In addition, Tesla is a cross-border innovator, and this case describes its innovative measures in the Chinese market. The management issues discussed in the case include: How to select a local strategy in the process of globalization? How does a cross-border company devise its innovation of the business model in a new market? This case is suitable for MBA students, EMBA students, and executive trainees from both state-owned enterprises and foreign firms.

Contact: gongy@ceibs.edu

Lee, Jean S K, Chung, Rebecca & An, Jing . 2014. "The Mao Family: Succession By Co-Venturing Fotile". CC-414-022. CI-414-022.

Abstract: This is a case about succession in a Chinese family business. In 1994, as the son of the business founder Mao Lixian, Mao Zhongqun decided to return to the family business. He successfully persuaded his father to choose a disordinary succession road—start up a new business, and so FOTILE was born, with the father as the chairman and the son as the general manager. After taking over power, Mao Zhongqun formulated a business vision for FOTILE: to become one of the most admired enterprises in the world. Under the leadership of Mao Zhongqun, FOTILE has continued to develop and grow, becoming a well-known enterprise in China and starting to go global. The management issues that this case explores include: How can a Chinese family enterprise choose a succession road? How can a Chinese family enterprise effectively conduct its corporate governance? How to drive a family business to grow after succession?

Contact: jeanlee@ceibs.edu

Liang, Neng & Lin, Shu. 2014. "How to run an effective BoD meeting?". CI-314-009.

Abstract: BoD meetings of listed companies are characterized by short time, multiple agenda and lack of discussion. It seems these kinds of meetings are inefficacious. Given the facts that most of Chinese listed companies are almost controlled by largest shareholders, independent directors know little about the companies' operation, and high power distance exists between chairman/CEO and other executive directors, is it possible to run more effective BoD meetings and thereby improve corporate governance?

Contact: liangneng@ceibs.edu

Liang, Neng & Lin, Shu. 2014. "Geely's Acquisition of Volvo Car: Bod Building". CI-314-010.

Abstract: On 28 March 2010, Geely, a Chinese private automaker, signed a deal to buy Volvo Cars from American automobile manufacturer Ford Motor Company. It was the largest foreign purchase by a Chinese car manufacturer. Mr. Li Shufu, Geely's founder and chairman, announced that Geely will make Volvo continue to operate independent of its new owners, instead of integrating Volvo's business into Geely's framework. In this case, how should Mr. Li reframe Volvo's organizational structure and hence rebuild its board of directors?

Contact: liangneng@ceibs.edu

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Liang, Neng & Xu, Leiping. 2011. "Anhui Xinhua: Mr. Cao Jie Takes Office (A)". CC-311-001. CI-311-001.

Liang, Neng & Xu, Leiping. 2012. "Anhui Xinhua: Mr. Cao Jie Takes Office (B)". CC-312-003. CI-312-003.

Liang, Neng & Xu, Leiping. 2012. "Anhui Xinhua: Mr. Cao Jie Takes Office (B)". CC-312-003. CI-312-003.

Liang, Neng & Xu, Leiping. 2012. "Anhui Xinhua: Mr. Cao Jie Takes Office (C)". CC-312-004. CI-312-004.

Liang, Neng & Xu, Leiping. 2013. "Anhui Xinhua: Mr. Cao Jie Takes Office (D)". CC-313-047. CI-313-047.

Liang, Neng & Xu, Leiping. 2013. "Anhui Xinhua: Mr. Cao Jie Takes Office (E)". CC-313-052. CI-313-052.

Abstract: The globe traditional book industry is confronted with the double challenges of digitalization and e-business, and a state-owned enterprise such as a provincial Xinhua Bookstore in mainland China is facing even more pressure. What this case series attempts to present is just this management dilemma. The cases use Cao Jie, the new CEO of Anhui Xinhua Distribution Group, as the protagonist to describe the problems he faced and strategic choices he could make. Case (A) introduces the conflicts between the problems Cao Jie as a new executive faced and the goals of the company; Case (B) relates Cao Jie's ideas about what to do and the measures he took in the first year; Case (C) talks about the surprises and embarrassment in the board meeting to announce Cao Jie to be the new chairman, and this indicates that Cao Jie will take over the entire management; Case (D) depicts in detail the strategy of three transformations Cao Jie took; and Case (E) presents a panorama of Cao Jie's execution of the strategy, and the new problems and challenges it caused. This case series involves the management themes such as strategic analysis, strategic assessment, strategic formation, strategic execution, CEO's role, change management, as well as reform of state-owned enterprises, and is suitable for strategy courses for MBA, EMBA, and executive training.

Contact: liangneng@ceibs.edu

McKern, Bruce, Yip, George & TAO, Xiangyi. 2013. "Yuwell Medical Equipment Inc. (A): The Jumping Fish". CC-313-063. CI-313-063.

McKern, Bruce, Yip, George, & TAO, Xiangyi. 2014. "Yuwell Medical Equipment Inc. (B): The Innovation Engine". CC-314-021. CI-314-021.

Abstract: Case (A) tells a story about a rapidly growing company. Conveying the meaning of a jumping fish, Yuyue, the company name itself, portrays a vivid picture of its vigorous growth. It took only ten years for Yuyue to transform from a Township & Village Enterprise (TVE) to a well-known public listed company. Today, it has become the leader in Chinese medical equipment market and a world champion in the sale of oxygen generators. This case explores the strategic development of Yuwell and its challenges and achievements. Case (B) describes how Yuwell implemented its innovation. In 2013, five years had passed since Yuwell first went public in 2008. Over a decade, Yuwell had experienced a remarkable expansion with quadrupled revenue and a six-fold increase in net profits. Yuwell has filed almost 100 product patents to date. Its systematic innovations had re-engineered 273 complicated manufacturing processes to just 69 simplified processes, which facilitated the fastest production line in the world for making desktop sphygmomanometers. Using this production line, it now takes Yuwell only 3.3 seconds to produce a sphygmomanometer. With a combination of manual labor and automation, Yuwell had developed the world's longest production line for live line testing of oxygen generators. This case focuses on the main following questions: How were these innovations developed? What were the characteristics of the strategy for promoting innovation at Yuwell? And what would be the possible roles of innovation in the future develop-

ment of the company?

Contact: gyip@ceibs.edu

Awards and Honors

Rui, Oliver (Meng). 2014. International Association for Chinese Management Research Best Paper Award.

Zhao, Xiande. 2014. The case "Operations Strategy at Galanz" won the best case in production and operations management award by the Case Center.

Abstract: Starting from a humble beginning of being a manufacturer of down feather products owned by Shunde Township, Galanz Enterprises Group Co Ltd (Galanz) had transformed itself into a world class manufacturer of microwave ovens producing about 50 per cent of the global output in 2003. This case describes the competitive and operational strategies that Galanz used to achieve such a meteoric growth. The company started out with a clear competitive strategy based on cost leadership. It designed and implemented operations system to help achieve lower cost through economy of scale, the transfer of production capacity from developed countries and full utilization of the available production capacity. The case aims to: (1) introduce students to the concepts of order winner, order qualifiers, operations priorities/objectives; (2) show how operations priorities should reflect customer requirements and affect the way a company wants to compete; (3) demonstrate how a company can gain competitive advantages through low cost strategy and how to support business strategy using operations strategy and capabilities; (4) show students how a company can build multiple capabilities over time and how a company's strategy and operational capabilities can change over time; (5) provide students with the opportunity to analyze trade-offs involved in making strategic, operational and marketing decisions as a business expands from the domestic to the global market and from OEM to ODM and OBM; (6) challenge students to develop coherent action plans that address future growth objectives; and (7) help understand the tremendous opportunities and challenges of managing operations and supply chain activities in China.

News: <http://www.thecasecentre.org/educators/products/view?id=96622>