

# Newsletter

## Faculty Research Publications



### China Depth, Global Breadth

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#### Peer Reviewed Journal Articles

**Chao, M. M., Takeuchi, R., & Farh, J. L.. 2017.** "Enhancing Cultural Intelligence: The roles of implicit culture beliefs and adjustment". *Personnel Psychology*. (A\*) 70, 1, 257-292.

**Abstract:** Although international experience has been proposed as an important factor contributing to the development of cultural intelligence (CQ), its effect on CQ has often been assumed. Through a contact hypothesis framework, this study advances our understanding of CQ. It examines the process through which CQ changes occur against the backdrop of international exchanges. University students who were enrolled in an international exchange program with partners worldwide participated in this study. Using a 3-wave time-lagged design, we found that implicit culture beliefs (the beliefs about fixedness or malleability of cultural attributes) influenced intercultural rejection sensitivity, which impacted the cross-cultural adjustment of sojourning students and their subsequent CQ. Specifically, we found that cross-cultural adjustment experiences, particularly in the social domain, play an important role in influencing CQ. Findings from this study raise novel research questions and underscore the need for more empirical work in this area. Theoretical and practical implications are discussed.

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

**Chen, Shimin, Ni, Serene and Zhang, Feida.** forthcoming. "CEO Retirement, Corporate Governance and Conditional Accounting Conservatism". *European Accounting Review* . (A\*).

**Abstract:** Based on 16,604 observations between 1994 and 2006, this study revisits the 'horizon problem' by examining how CEO retirement affects conditional accounting conservatism. We hypothesize and find that firms become less conservative in their financial reporting before the retirement of their CEOs, and that strong corporate governance mitigates the effect of CEO retirement. The literature concerning the horizon problem has suggested that CEOs manipulate earnings to boost short-term performance before they leave their companies (Dechow, P. M., & Sloan, R. G. (1991). Executive incentives and the horizon problem: An empirical investigation. *Journal of Account-*

ing and Economics

ing, 14(1), 51–89; Smith, C. W., & Watts, R. L. (1982). Incentive and tax effects of executive compensation plans. *Australian Journal of Management*, 7(2), 139–157), but the evidence is mixed. By examining conditional conservatism, we avoid some of the methodological difficulties that confront researchers when examining either real or accrual earnings management. Ours is the first study to provide evidence on how the horizon problem shapes conditional accounting conservatism.

**Paper:** <http://www.tandfonline.com/doi/full/10.1080/09638180.2017.1279065>

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

**Cronqvist, Henrik and Yu, Fang.** forthcoming. "Shaped by Their Daughters: Executives, Female Socialization, and Corporate Social Responsibility". *Journal of Financial Economics*. (FT50).

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

**Hobdari, Bersant, Gammelgard, Jens, Li, Jing & Meyer, Klaus E..** 2017. "The Home Country of the MNE: The Case of Emerging Economy Firms". *Asia Pacific Journal of Management*. 34, 1, 1-17.

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

**Meyer, Klaus E. & Xin, Katherine R..** forthcoming. "Managing Talent in Emerging Economy Multinationals: Integrating Strategic Management and Human Resource Management". *International Journal of Human Resource Management*.

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

**Prashantham, S., & Yip, G.S..** 2017. "Engaging With Startups in Emerging Markets". *Sloan Management Review(MIT)*. (FT50) 58, 2, 51-65.

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

**Velamuri, S. R., Harvey, W. S., and Venkataraman, S..** 2017 Mar. "Being an Ethical Business in a Corrupt Environment". *Harvard Business Review, online edition*.

**Abstract:** In environments with widespread corruption, most business leaders hesitate to take a firm stand against corruption. However, research conducted in Egypt, Zimbabwe, and India shows that organizations should view

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building a strong ethical reputation in such environments as an opportunity to differentiate themselves. To do this, companies can follow four steps. First, frame their ethical behavior in a way that resonates with as wide a network of stakeholders as possible. Second, understand that there are gradations of corruption. Third, acquire a fine-grained understanding of their stakeholders. Fourth, strategically build partnerships with high-status individuals and organizations, a tactic referred to as "reputation borrowing".  
**Contact:** [rvelamuri@ceibs.edu](mailto:rvelamuri@ceibs.edu)

**Wei, Xu, Gong, Yaxian and Wu, Ho-Mou.** forthcoming. "The Impacts of Net Stable Funding Ratio Requirement on Banks' Choices of Debt Maturity". *Journal of Banking and Finance*. (A\*).

**Abstract:** In this paper, we study the impacts of the Net Stable Funding Ratio (NSFR) requirement on banks' choices of debt maturity and asset structures, with consequences for banks' profitability and social welfare. We develop a model in which the manager of a bank determines both debt maturity structure (short-term vs. long-term debt) and asset composition (cash vs. risky assets). To address the incongruence of goals between the bank manager and the bank stakeholders, in our model we assume that the manager receives only a proportion of the bank's profit in her pay schedule. We demonstrate that the optimal choices of the manager regarding debt maturity and asset structure lead to socially inefficient (second-best) outcomes because the manager internalizes only part of the social benefit. We then study the implications of the NSFR requirement on the manager's choices and demonstrate that the NSFR requirement can enhance social welfare and reach an efficient (first-best) outcome, if a sufficiently low weight of short-term debt as available stable funding is required by regulation. Further, we find that under the same conditions the NSFR requirement reduces banks' use of short-term financing and thus increases the probability of banks' survival and profits from the ex ante point of view, while it decreases banks' profits from the ex post point of view, since it reduces the threshold for banks' survival. Our main results have some interesting empirical implications: under certain conditions, the NSFR requirement may reduce both bank failures and banks' observed profits.

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

### Trade Journal Articles

**Cai, Jiangnan (John).** 2017 Mar. "Information should be the core tool for government regulation(信息应成为政府工作的核心和抓手)". *China Health Insurance journal*(中国医疗保险).  
**Contact:** [jncai@ceibs.edu](mailto:jncai@ceibs.edu)

**Cai, Jiangnan (John) and Jiang, Tianyi.** 2017 Mar. "Why commercial health insurance is appealing but no market?(商业健康险 为何叫好不叫座?)". *China Health journal*(《中国卫生》杂志).  
**Contact:** [jncai@ceibs.edu](mailto:jncai@ceibs.edu)

**Cai, Jiangnan (John).** 2017 Feb. "It is important to liberate

physicians' labor productivity (医生的生产力获得解放)". *China Health journal*(《中国卫生》杂志).  
**Contact:** [jncai@ceibs.edu](mailto:jncai@ceibs.edu)

**Meyer, Klaus E..** 2017 Feb. "No time for unrealistic trade agreements". *EIU Executive Briefing*.  
**Contact:** [kmeyer@ceibs.edu](mailto:kmeyer@ceibs.edu)

**Prashantham, Shameen.** 2017 Jan. "How foreign firms can win in China's internet market". *Economist Intelligence Unit*.  
Paper: [http://viewswire.eiu.com/index.asp?lay-out=ebArticleVW3&article\\_id=1835003367&channel\\_id=&category\\_id=&refm=ebHome&page\\_title=Latest++management+thinking](http://viewswire.eiu.com/index.asp?lay-out=ebArticleVW3&article_id=1835003367&channel_id=&category_id=&refm=ebHome&page_title=Latest++management+thinking)  
**Contact:** [sprashantham@ceibs.edu](mailto:sprashantham@ceibs.edu)

**Prashantham, S., & Yip, G.S..** 2017. "Microsoft Starts Up". *Strategy + Business*. 10-12.  
**Contact:** [sprashantham@ceibs.edu](mailto:sprashantham@ceibs.edu)

**Sheng, Songcheng.** 2017 Jan. "当务之急是稳定人民币汇率预期". *中国改革*.  
**Contact:** [ssongcheng@ceibs.edu](mailto:ssongcheng@ceibs.edu)

**Sheng, Songcheng and Xie, Jieyu.** 2017. "服务业是深化国企改革的方向". *财新周刊*.  
**Contact:** [ssongcheng@ceibs.edu](mailto:ssongcheng@ceibs.edu)

**Xin, K. R. & Yan, J..** 2017 Mar. "Build up "Strong-cultured Organization" 《铸就“强组织”》 ". *Business Review*. 5.  
**Contact:** [katherinexin@ceibs.edu](mailto:katherinexin@ceibs.edu)

**Xin, K. R. & Yan, J..** 2017 Feb. "Dancing with "Black Swan" 《与“黑天鹅”共舞》 ". *Business Review*. 5.  
**Contact:** [katherinexin@ceibs.edu](mailto:katherinexin@ceibs.edu)

**Xin, K. R. & Yan, J..** 2017 Jan. "Break the Boundary of Cognition 《打开认知的边界》 ". *Business Review*. 5.  
**Contact:** [katherinexin@ceibs.edu](mailto:katherinexin@ceibs.edu)

**Xu, Bin and Zhou, Dongsheng.** 2017 Mar. "Reforms Fail to Impress Companies in China". *Caixin Global*.  
Paper: <http://www.caixinglobal.com/2017-03-27/101070781.html?from=singlemessage&isappinstalled=0>  
**Contact:** [xubin@ceibs.edu](mailto:xubin@ceibs.edu) [zdongsheng@ceibs.edu](mailto:zdongsheng@ceibs.edu)

### Newspaper Articles

**Sheng, Songcheng.** 2017 2017-01-09. 松绑土地财政应从改革地方财政机制入手. *人民政协报*.  
**Contact:** [ssongcheng@ceibs.edu](mailto:ssongcheng@ceibs.edu)

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### Books

Park, Seung Ho. 2017 Jan. *ASEAN Champions: Emerging Stalwarts in Regional Integration*.  
Contact: [spark@ceibs.edu](mailto:spark@ceibs.edu)

Useem, Michael, Singh, Harbir, Liang, Neng and Cappelli, Peter. 2017 Feb. *Fortune Makers*. BBS Public Affairs.  
Contact: [liangneng@ceibs.edu](mailto:liangneng@ceibs.edu)

### Book Chapters

Velamuri, S. R.. forthcoming. "Business Ethics in South Asia: Gandhian Trusteeship and its Relevance for the 21st Century". Eugene Heath, Byron Kaldis and Alexei Marcoux (eds). *The Routledge Companion to Business Ethics*.  
Contact: [rvelamuri@ceibs.edu](mailto:rvelamuri@ceibs.edu)

### Cases

Ding, Yuan, Zhang, Hua and Xie, Chun. 2017. "BYD:the Art of Precise Profit Management". 9B15B022.  
Contact: [dyuan@ceibs.edu](mailto:dyuan@ceibs.edu)  
[zhua@ceibs.edu](mailto:zhua@ceibs.edu)

Ding, Yuan, Zhang, Hua, Xie, Chun and Jiang, Ellen Jin. forthcoming. "Samper's Strategic Growth and Its Financial Implications".  
Contact: [dyuan@ceibs.edu](mailto:dyuan@ceibs.edu)  
[zhua@ceibs.edu](mailto:zhua@ceibs.edu)

Meyer, Klaus E. & Han, Alexandra. 2017. "CNOOC Engages with Canadian Stakeholders". 9B17M005.  
Contact: [kmeye@ceibs.edu](mailto:kmeye@ceibs.edu)

### Awards & Honors

Chen, Shimin. 2017. 2017 Journal of Management Accounting Research Best Paper Award, "Determinants and Consequences of Transfer Pricing Autonomy: An Empirical Investigation" co-authored with Clara Xiaoling Chen, Pan Fei and Wang Yue.

Meyer, Klaus E.. 2017. No. 3 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
Zhao, Xiande. 2017. No. 5 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
Xin, Katherine R. 2017. No. 6 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
Chen, Jieping. 2017. No. 10 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
Ding, Yuan. 2017. No. 20 on the 2016 rank of the World's

Most Cited Chinese Researchers published by Elsevier.  
Kim, Tae-Yeol. 2017. No. 22 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
Ramasamy, Bala. 2017. No. 24 on the 2016 rank of the World's Most Cited Chinese Researchers published by Elsevier.  
News: <http://china1.elsevier.com/ElsevierDNN/%E7%94%B5%E5%AD%90%E4%BA%A7%E5%93%81%E4%BF%A1%E6%81%AF/Scopus/2016%E5%B9%B4%E4%B8%AD%E5%9B%BD%E9%AB%98%E8%A2%AB%E5%BC%95%E5%AD%A6%E8%80%85%E6%A6%9C%E5%8D%95%E5%8F%91%E5%B8%83/E5%95%86%E4%B8%9A%E7%AE%A1%E7%90%86%E5%92%8C%E4%BC%9A%E8%AE%A1/tabid/3061/Default.aspx>

Prof. Chen, Weiru and Prof. Han, Jian made a list of "management thinkers most likely to shape the future of how organisations are managed and led" which was announced in February, 2017. They are among 30 thought leaders from around the world who made the Thinkers50 Radar which "recognises the talent of up and coming management gurus".

News: <http://www.ceibs.edu/media/news/awards-honors-faculty/10186>

Prof. Park, Hyun Young and Prof. Schuh, Sebastian have made Poets & Quants' 2017 Top 40 Business Professors Under 40 list which was released today. The list recognises faculty who are the rising stars at business schools around the world.

News: <http://www.ceibs.edu/media/news/faculty/10633>

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## Research Center Publications



### CEIBS-GLP Centre of Innovations in Supply Chain and Service

#### Peer Reviewed Journal Articles

**Huo, Baofeng, Flynn, Barbara B. and Zhao, Xiande.** 2017 Feb. "Supply Chain Power Configurations and their Relationship with Performance". *Journal of Supply Chain Management*. 53.

**Abstract:** In order to lay the foundation for the study of supply chain power, we study power configurations at the level of interlocking power dyads (IPDs), viewing the simultaneous effect of upstream and downstream power. We build on four key constructs: dependence asymmetry (resource dependence theory), joint dependence (embeddedness perspective), power type differential (based on French and Raven, 1959) and power source asymmetry. We examine the research question of what the relationship is between IPDs and the focal firm's operational performance, developing hypotheses based on the dependence asymmetry, joint dependence, power type differential and power source asymmetry of theoretical IPDs. A survey of over 600 respondents in China was used to collect data on focal firm perceptions of upstream and downstream power, with cluster analysis yielding eight IPDs. Inferential analysis revealed the importance of joint dependence, dependence asymmetry, power type differential and power source asymmetry to the operational performance of the focal firm.

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

**Zeng, J., Zhang W., Matsui, Y. and Zhao, X.** 2017 Mar. "The impact of organizational context on hard and soft quality management and innovation performance". *International Journal of Production Economics*. (A\*) 185, 240-251.

**Abstract:** There are conflicting arguments about the relationship between quality management (QM) and innovation. Few studies have considered the role of organization context in influencing QM for innovation achievement. Taking a multi-dimensional view of QM, this study develops a research framework that examines relationships among organization contextual factors (centralization of authority and integration between functions), two dimensions of QM (hard QM and soft QM), and innovation performance (speed of new product introduction and product innovativeness). Sur-

vey data were collected from 238 plants in three industries across eight countries, and structural equation modeling was used to test the framework. Our results indicate that two QM dimensions respectively mediate the effect of contextual factors on innovation performance. Hard QM directly influences speed of new product introduction, while soft QM directly influences product innovativeness. Centralization of authority facilitates hard QM but impedes soft QM, while a high level of integration between functions is favorable to both hard QM and soft QM. A decentralized structure combined with strong integration between functions is beneficial for fostering product innovativeness through soft QM. Some other managerial implications are discussed in this study as well.

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

**Zhang, S., Wang, Z., Zhao, X. and Zhang, M..** 2017 Jan. "Effects of institutional support on innovation and performance: Roles of dysfunctional competition". *Industrial Management and Data Systems*. 117.

**Abstract:** Purpose – The purpose of this paper is to empirically investigate the effects of institutional support on product and process innovation and firm performance and describe how dysfunctional competition influences relevant outcomes.

**Design/methodology/approach** – This study develops a research model based on institution-based view and tests it using structural equation modeling and empirical data collected from 300 manufacturers in China.

**Findings** – The results show that institutional support positively affects product and process innovation and firm performance. Both product and process innovation improve firm performance. The findings reveal that dysfunctional competition significantly reduces the positive effects of institutional support on product and process innovation but leaves the effects of institutional support and product and process innovation on firm performance unaffected.

**Originality/value** – This study contributes to innovation literature by providing insights into the impact of China's institutional environment on manufacturing firms' product and process innovation decisions. The findings also contribute to institution-based view literature by providing empirical evidence on the joint effects of institutional support and dysfunctional

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competition on product and process innovation and firm performance. This study can help manufacturers in China take advantage of institutional environment and adjust product and process innovation decisions accordingly.

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

### Centre for Family Heritage

#### Peer Reviewed Journal Articles

**Lu, Feifei, Lee, Jean & Kwan, Ho Kwong.** 2017. Why family firms engage in corruption? Effects of CEO's financial aspiration and religious belief, *Academy of Management 2017 Annual Meeting, August 6-8, Atlanta.*

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

**Lu, Feifei, Kwan, Ho Kwong & Yang, Shu.** 2017. Successor choice in Chinese Family firms: CEO's Traditionality and Social-emotional wealth, *Academy of Management Annual 2017 Annual Meeting, August 6-8, Atlanta.*

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

#### Trade Journal Articles

**Lee, Jean and Lu, Yunting.** 2017 Jan-Feb. “大家乐集团：平衡两代人的梦想”. *家族企业 (China Family Business Review)*. 51-53.

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

**Lee, Jean and Lu, Yunting.** 2017 Mar. “代际间创新创业导向差异调查报告”. *家族企业 (China Family Business Review)*. 74 -78.

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

#### Cases

**Zhao, Ziqian (Stella) and Lee, Jean.** 2017. Midea Group: Founder to CEO Succession. 9B17C012

Publication Date: 03/09/2017

<https://www.iveycases.com/ProductView.aspx?id=84379>

**Abstract:** Midea Group Co., Ltd. was a white goods empire built by its Chinese founder over several decades; consequently, the Midea brand led the home appliance industry in China. In August 2012, the 70-year-old founder and chairman retired as board chairman. The founder's chosen successor was a 45-year-old professional manager and the former chairman and chief executive officer of one of Midea Group's firms. This manager faced a grim situation as he took over the position: business performance was plummeting, Midea Group was urgently in need of a strategic transformation, senior management would likely resist taking orders from him, and, at a basic level, the organization was over-staffed and ineffective. In addition, many senior managers felt that the founder's son would have been a better choice as successor to his father, following Chinese cultural traditions. The manager knew that changes would be necessary to help Midea Group thrive, but such changes were complicated by complex organiza-

tional structures and the countless subcultures caused by Midea Group's former growth-oriented focus. How could the company successfully navigate this succession process?

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

**Lee, Jean, Zhao, Liman and Lu, Yunting.** 2017. Mary Kay China: People and Love. 9B17C006

Publication Date: 02/22/2017

<https://www.iveycases.com/ProductView.aspx?id=83898>

**Abstract:** Mary Kay (China) Cosmetics Co., Ltd. (Mary Kay China) was one of China's leading direct-enterprises in skincare products and cosmetics. In September 2015, the president of Mary Kay China was considering how best to continue to grow the company in the face of increasing e-commerce. The parent company and all its subsidiaries ascribed to the mission of enriching women's lives; its guiding principles emphasized relationships and connections between people. Mary Kay China's development was a testament to its success as a people-oriented culture that contributed to the environment and society. However, the Internet era had raised concerns about whether the connections among the company's people were strong enough to succeed against competitors who maintained a broad network developed through the Internet. Should Mary Kay China expand into e-commerce, or would relying on the Internet undermine the principles and values that grounded the company?

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

**Lee, Jean and Zhao, Liman.** 2017. Red Collar Group: Succession and Strategic Transformation (A). 9B17M003

Publication Date: 01/06/2017

<https://www.iveycases.com/ProductView.aspx?id=83120>

**Abstract:** This two-case series focuses on leadership succession and strategic transformation in a Chinese private business, Qingdao Red Collar Group Co., Ltd. (Red Collar Group).

Case A describes the strategic transformation put forward by the founder and chief executive officer, who firmly believed that the personalized customization model (i.e., the model based on made-to-order products) was the future of the traditional mass-production model. As a result of a decade of efforts and millions of dollars in investment, Red Collar Group successfully launched a global suit-customization supplier platform, Red Collar Made to Measure. In 2013, Red Collar Group upgraded its strategy, aiming to provide thorough solutions for the garment industry. Behind the strategic transformation in this case is the story of the chief executive officer, who was willing to hold on to his dream despite the lack of support from his employees. He was looking for a professional manager to succeed him as the leader of the company.

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

**Lee, Jean and Zhao, Liman.** 2017. Red Collar Group: Succession and Strategic Transformation (B). 9B17M004

Publication Date: 01/06/2017

<https://www.iveycases.com/ProductView.aspx?id=83121>

**Abstract:** This two-case series focuses on leadership succession

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and strategic transformation in a Chinese private business, Qingdao Red Collar Group Co., Ltd. (Red Collar Group). Case B illustrates the succession story from the perspective of the chief executive officer's daughter. When most of the professional managers did not meet the chief executive officer's requirements, he reached out to his children. His daughter joined Red Collar Group in 2005, and succeeded her father as president in 2009 after he had observed her good performance and strong capabilities. Although she has performed remarkably as a leader, she understood that the succession was still a work in progress and that various challenges needed to be overcome while implementing the strategy.

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