

# Newsletter

## Faculty Research Publications



### Published Articles

**Ramasamy, Bala and Yeung, Matthew. 2016. " wooing the new Chinese businesses: five short-term policies to attract direct investment". *Journal of Business Strategy*. 37, 5, 3-11.**

**Abstract:** The purpose of this paper is to identify location factors that Chinese managers look for when making internationalization decisions and how the factors stack up in perceived importance. Over the past ten years, Chinese enterprises have become more multinational in nature. China's outward foreign direct investment (FDI) has been growing at a phenomenal rate. In 2012, China became the third largest investor, after the USA and Japan; and the largest investor among developing countries. How can host governments attract more of this Chinese capital? What are some short- to medium-term policies that host governments can initiate to make their respective nations attractive to Chinese companies? Design/methodology/approach: The authors consider these questions by using a best-worst choice exercise among 114 senior corporate decision makers of Chinese companies who have or are planning to globalize. We rank 16 most common determinants that influence FDI location choice and evaluate their degree of importance. Findings: The authors propose five? low hanging fruits? that policy makers should consider that could ensure their countries come within the radar of Chinese multinationals. These include promoting a clean and efficient business environment and strengthening/establishing political and economic relationships with China. Originality/value: The originality of this study lies in the methodology of the study that forces respondents to make a trade-off in their decisions, which in a way is closer to reality. The respondents are also actual decision makers in their companies with regards to international investment decisions.

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**Bark, Alina S. Hernandez, Escartin, Jordi, Schuh, Sebastian and Dick Rolf van . forthcoming. "Who Leads More and Why? A Mediation Model from Gender". *Journal of Business Ethics*. (FT45).**

**Abstract:** Previous research has shown that female leaders lead slightly more effectively than male leaders. However, women are still under-

represented in higher management. In this study, we seek to contribute to a deeper understanding of this paradox by proposing and testing an innovative model that integrates different research streams on gender and leadership. Specifically, we propose power motivation and transformational leadership as two central yet opposing dynamics that underlie the relation between gender and leadership role occupancy. We tested this model in a sample of 256 employees. Results provided support for the proposed relations. These findings contribute to a more detailed and comprehensive understanding for central dynamics that link gender and leadership role occupancy. Moreover, they provide important insights for interventions that are targeted at reducing the gender gap in leadership. We discuss the theoretical and practical implications of these findings.

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

**Cao, Jerry, Ding, Yuan, and Zhang, Hua. 2016. "Social capital, informal governance and post-IPO firm performance: A study of Chinese entrepreneurial firms. (FT45) 134, 4, 529-551.". *Journal of Business Ethics*.**

**Abstract:** The economic miracle of the Chinese Diaspora in Southeast Asia has been attributed to their unique economic culture forged from Confucian thought and the emigration experience. However, this Spirit of Overseas Chinese Capitalism (SOCC) hypothesis, based largely on qualitative research, has not been validated through quantitative work. This paper provides, for the first time, empirical evidence from a values survey and experiment which show that only some of the hypothesised SOCC values and behaviours differentiate the Chinese from less economically successful ethnic groups in Malaysia. While we find no evidence that Confucian values explain the success of the Overseas Chinese we do find it may lie in their (a) more conducive work values and (b) greater intra-ethnic cooperativeness, both accentuated by the emigration experience.

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

**Choi, Tsan-Ming, Cheng, T.C.E. and Zhao, Xiande. 2016 Jan. "Multi-Methodological Research in Operations Management". *Journal of Product Innovation Management*. (FT45) 25, 3, 379-389.**

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**Abstract:** The major research methodologies deployed for operations management (OM) research include analytical modeling research (e.g., optimization, computational, and simulation models), quantitative empirical research (e.g., surveys, and event studies), and case study research. In recent years, there is an emerging trend toward employing a multi-methodological approach (MMA) to address complex and intriguing OM issues. The MMA helps derive solid research results and boost the scientific merit of OM research. We examine this research trend and present some MMAs germane to the pursuit of rigorous and scientific OM research. We also discuss the strengths and weaknesses of such MMAs.

**Paper:** [http://xueshu.baidu.com/s?wd=paperuri%3A%2838164b81bb7627b67b5c2c7bc90b6cd0%29&filter=sc\\_long\\_sign&tn=SE\\_xueshusource\\_2kduw22v&sc\\_vurl=http%3A%2F%2Fonlinelibrary.wiley.com%2Fdoi%2F10.1111%2Fpoms.12534%2Fabstract&ie=utf-8&sc\\_us=11020561052648451940](http://xueshu.baidu.com/s?wd=paperuri%3A%2838164b81bb7627b67b5c2c7bc90b6cd0%29&filter=sc_long_sign&tn=SE_xueshusource_2kduw22v&sc_vurl=http%3A%2F%2Fonlinelibrary.wiley.com%2Fdoi%2F10.1111%2Fpoms.12534%2Fabstract&ie=utf-8&sc_us=11020561052648451940)

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

**Chng, Daniel Han Ming and Wang, Joyce Cong Ying. 2016. "An Experimental Study of the Interaction Effects of Incentive Compensation, Career Ambition, and Task Attention on Chinese Managers' Strategic Risk Behaviors". *Journal of Organizational Behavior*. (A\*) 37, 719-737.**

**Abstract:** Building on the person–pay interaction model, we developed and tested a model for the influence of managers' career ambition and task attention on their responses to incentive compensation under different conditions of firm performance. We argued that managers with greater career ambition and task attention will be more responsive to incentive compensation, thereby engaging in more strategic risk behaviors, such as strategic risk taking and strategic change. Results of our experiment using a managerial decision-making game with a sample of Chinese managers partially supported this contingency perspective. Under the condition of performance decline, managers' career ambition only accentuated the positive relationship between incentive compensation and strategic change. By contrast, task attention strengthened the positive relationships between incentive compensation and both strategic risk taking and strategic change. However, under the condition of performance growth, neither managers' career ambition nor their task attention influenced their responses to incentive compensation. We discuss the implications for how organizational leaders can use incentive compensation to influence the strategic risk behaviors of managers.

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

**Ding, Yuan and Hannu, Schadewitz. 2016. "Firm-level Disclosure in the Baltic and Nordic Regions Before and After the Mandatory Adoption of the IFRS ". *Business Quest*.**

**Abstract:** This study systematically examines the levels of disclosure (i.e. the availability of firm-specific information to those outside publicly traded firms, measured by disclosure indices) in the annual reports of firms from the Baltic states of Estonia, Latvia and Lithuania, and compares the results with a sample of Nordic firms. The Baltic and Nordic regions are members of the EU and have had the same accounting regulations and stock market structure since 2005. In order to focus on and isolate the effect of regulation change on disclosure as reliably as possible, the time period used in this paper is 2004 and 2006, i.e. one year before and one year after the mandatory adoption of the IFRS.

NASDAQ OMX owns and operates (with similar trading and quotation mechanisms) the stock exchanges that list all of our sample firms. The countries in our sample also have similar corporate governance regulations and recommendations for their listed firms. These similarities enable us to analyze whether other institutional and economic related factors, i.e. remaining matters that rule, regulate and monitor firms' legal duties and the role of stock markets in an economy, and the principal societal differences in the sample countries, influence firms' disclosure practices. We find that the level of financial reporting disclosure in annual reports is lower for Baltic firms than for Nordic firms, both before and after the introduction of the EU mandated International Financial Reporting Standards (IFRS) in 2005. However, the regulated financial reporting disclosure of Estonian firms matches that of their Nordic counterparts. This outcome is in line with the early proactivity and long-range strategy of regulators in Estonia aligning Estonia's GAAP with the IAS/IFRS. Our results support the conclusion that disclosure practices are affected by factors beyond the IFRS and the similarity between the regions' market trading and quotation mechanisms. This study provides evidence that systematic and strong-enough regulatory actions influence disclosure practices. We also hope that the disclosure indices described in this paper will help managers recognize the potential and richness of financial reporting disclosure as a communication tool.

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**郭桂霞, 赵岳, 巫和懋. 2016. "我国“走出去”企业的最优融资模式选择: 基于信息经济学的视角". *金融研究*. 434, 8, 111-126.**

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

**Harford, Jarrad, Wang, Cong and Zhang, Kuo. 2016 Sep. "Foreign Cash: Taxes, Internal Capital Markets, and Agency Problems". *The Review of Financial Studies*. (FT45).**

**Abstract:** The greater is the fraction of a firm's cash held overseas, the lower shareholders value that cash. This goes beyond a pure tax effect — the repatriation tax friction disrupts the firm's internal capital market, distorting its investment policy. Firms underinvest domestically and overinvest abroad. Our findings are more pronounced when firms are subject to higher repatriation tax rates, higher costs of borrowing, and more agency problems. Overall, our evidence suggests that a combination of taxes, financing frictions, and agency problems leads to a valuation discount for foreign cash and documents real effects of how foreign earnings are taxed.

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

**He, Xianjie, Pittman, Jeffrey, and Rui, Oliver. Forthcoming. "Reputational Implications for Partners after a Major Audit Failure: Evidence from China". *Journal of Business Ethics*. (FT45).**

**Abstract:** We analyze whether audit partners suffered damage to their professional reputations with the demise of Zhongtianqin (ZTQ), formerly the largest audit firm in China, after an audit failure enabled a major client, Yinguangxia (YGX), to fraudulently exaggerate its earnings in a high-profile scandal resembling the Andersen–Enron events in the US. This involves evaluating whether the reputational damage sustained by partners implicated in the scandal spreads to other partners in the same audit firm. We isolate whether impaired reputation impedes partners who were not complicit in the ZTQ–YGX events from attracting new clients or keeping existing ones. Our evidence implies that the

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market shares of these partners fell after ZTQ's collapse, supporting that guiltless partners' reputations were tarnished. We also find that these partners are less likely to be employed by reputable audit firms. The clients of these partners tend to have lower earnings response coefficients, implying that investors downgrade the perceived quality of their audits. Moreover, compared to a matched sample, the former ZTQ partners tend to charge lower audit fees after the firm's collapse. Finally, we exploit the unique structure of ZTQ to provide evidence consistent with the prediction that the former partners from the branch that handled the YGX audits experienced worse damage to their reputations. In a setting with minimal auditor discipline stemming from civil litigation, our results lend support to the intuition that partners' reputation concerns motivate them to protect audit quality by closely monitoring other partners in the firm.

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**He, Qing and Rui, Oliver M.. 2016 Apr. "Ownership Structure and Insider Trading: Evidence from China". *Journal of Business Ethics*. (FT45) 134, 553-574.**

**Abstract:** In this paper, we examine the information content of insider transactions in China and analyze how ownership structures shape market reaction to these transactions. We find that the cumulative abnormal return (CAR) to insider purchases is a convex function of the percentage of shares owned by the largest shareholder. Further, the CAR to insider purchases is lower when the largest shareholder is government-related, or when the control rights of the largest shareholder exceed its cash flow rights. We also find that the market reaction to insider purchases is more positive for firms audited by Big4 auditors. However, we do not find a significant relationship between an ownership structure and the market reaction to insider sales. Our results are remarkably robust to alternative model specifications, corporate insider identities, and recent corporate news releases on price-sensitive events. Finally, we show that market reaction to insider purchases is larger for firms with less severe expropriations, as captured by the use of other receivables.

**Paper:** <http://link.springer.com/article/10.1007/s10551-014-2384-4>

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

**Huah, S.H., Hoffmann, R., Ramasamy, Bala. and Jonathan H. W. Tan. 2016 June. "Is there a Spirit of Overseas Chinese Capitalism?". *Small Business Economics*. 2016: 1-24.**

**Abstract:** The economic miracle of the Chinese Diaspora in Southeast Asia has been attributed to their unique economic culture forged from Confucian thought and the emigration experience. However, this Spirit of Overseas Chinese Capitalism (SOCC) hypothesis, based largely on qualitative research, has not been validated through quantitative work. This paper provides, for the first time, empirical evidence from a values survey and experiment which show that only some of the hypothesised SOCC values and behaviours differentiate the Chinese from less economically successful ethnic groups in Malaysia. While we find no evidence that Confucian values explain the success of the Overseas Chinese we do find it may lie in their (a) more conducive work values and (b) greater intra-ethnic cooperativeness, both accentuated by the emigration experience.

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

**Huo, Baofeng, Ye, Yuxiao, Zhao, Xiande and Shou Yongyi. 2016 Aug. "The impact of human capital on supply chain integration and competitive performance". *International Journal of Production Economics*. (A\*) 178, 132-143.**

**Abstract:** With the rapid development of theories and practices in supply chain management (SCM), supply chain integration (SCI) has become a popular research topic. Many studies have examined the relationship between SCI and firm performance; however, few have investigated the enablers of SCI. Considering the important role of people in SCM, investigation of the antecedents of SCI from a human resources perspective is needed. Using the resource-based view as a theoretical lens, this study investigates the impact of human capital (e.g., organizational commitment and multi-skilling) on SCI (e.g., internal integration, supplier integration, and customer integration) and competitive performance. On the basis of data collected from 317 manufacturers in 10 countries, we test the proposed model using structural equation modeling and regression analysis. We find that organizational commitment is positively related to the three dimensions of SCI. Manager's multi-skilling and employee's multi-skilling are positively related to internal integration. We also find several interactive effects. The results show that internal integration is related to customer and supplier integration and that internal and customer integration are related to competitive performance. This study contributes to the SCM and human resources literature and has managerial implications for the implementation of SCI.

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**Huo, Baofeng, Ye, Yuxiao, Zhao, Xiande and Zhu, Kaihang. forthcoming. "Supply chain quality integration: A taxonomy perspective". *International Journal of Production Economics*. (A\*).**

**Abstract:** Quality management has received increasing attention in supply chain management. The concept of supply chain quality integration (SCQI) is used to explain how a focal manufacturer integrates with its upstream suppliers and downstream customers for quality improvement. Although the contingent effects of SCQI on quality-related performance have been studied, SCQI patterns and their relationships with performance remain unknown. Using data collected from 317 manufacturers across 10 countries, this study adopts a configuration approach to identify SCQI patterns and their relationships with quality-related performance. Five SCQI patterns composed of different levels of supplier, internal, and customer quality integration are identified. We describe these SCQI patterns in terms of the strength and balance of manufacturers' quality integration. The ANOVA results show that quality-related performance varies according to different SCQI patterns. Interestingly, product quality is not distinguishable across SCQI patterns. Delivery performance is improved in patterns with a high level of balance of quality integration. The cost of quality is lower in patterns with a high level of customer quality integration. Flexibility is achieved in patterns with high balance and strength of quality integration. This study contributes to the supply chain management and quality management literature, and provides suggestions for managers to adopt different SCQI configurations to improve different types of quality-related performance.

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Huo, Baofeng, Fu, Dijia, Zhao, Xiande and Zhu, Jingwen. forthcoming. "Curbing opportunism in logistics outsourcing relationships: The role of relational norms and contract". *International Journal of Production Economics*. (A\*).

**Abstract:** Logistics outsourcing, as a strategy to obtain competitive advantages, is prevalent in today's business world. However, we know little about logistics outsourcing, especially with regard to opportunistic behavior types and their relational antecedents (e.g., contracts and relational norms) of their opportunism in the third party logistics (3PL) user-provider relationships in emerging economies. Using China's developing 3PL industry as a research context, and social exchange theory and transaction cost economics as the theoretical lenses, we examine how three dimensions of relational norms (information exchange, flexibility, solidarity) influence two dimensions of contracts (detailed contracts, contract application), and how relational norms and contracts simultaneously influence 3PL providers' opportunism. Using data collected from 247 manufacturing and service firms in China, we empirically test the proposed model and find that detailed contracts and solidarity are effective safeguards in reducing 3PL providers' opportunistic behavior, while the contract application process leads to opportunism. Furthermore, flexibility is positively related to detailed contracts and the contract application process, which can influence 3PL providers' opportunism negatively and positively, respectively. This study contributes to the logistics outsourcing, opportunism, and relationship management literature and provides managerial implications for 3PL practices in China.

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

Kang, Jae Hyeung, Matusik, James G., Kim, Tae-Yeol and Phillips J. Mark. 2016. "Interactive effects of multiple organizational climates on Employee Innovative Behavior in Entrepreneurial Firms: A Cross-Level Investigation". *Journal of Business Venturing*. (FT45) 31, 628-642.

**Abstract:** Given that organizations need to manage complex situations, multiple organizational climates can coexist and these climates can jointly influence employee behaviors. However, the mechanisms through which the latter relationships operate are poorly understood. We take a multilevel approach to examine the mechanisms that link organizational innovative climate and employee innovative behavior, and the moderating effects of organizational proactive and risk-taking climates on these relationships. Using multisource data from 105 managers and 39 CEOs, we found that innovative climate was positively related to employee innovative behavior indirectly through employee passion for inventing. In addition, the relationship between innovative climate and passion for inventing became stronger as proactive climate increased, and the relationship between passion for inventing and employee innovative behavior became stronger as risk-taking climate increased. Our study contributes to entrepreneurial research by highlighting the interactive effects of multiple organizational climates on employee innovative behavior.

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

Oh, Won-Yong, Chang, Young Kyun and Kim, Tae-Yeol. forthcoming. "Complementary or Substitutive Effects? Corporate Governance Mechanisms and Corporate Social Responsibility". *Journal of Management*. (FT50).

**Abstract:** Management researchers have investigated how cor-

porate governance mechanisms influence corporate social responsibility (CSR). The previous literature has been largely based on agency theory, which emphasizes the roles of effective monitoring and incentive alignment, but the empirical evidence has been mixed. This inconsistency may result from the assumption that each governance mechanism functions independently, even though they interact with one another to affect CSR. On the basis of a perspective of bundle of governance mechanisms, we examined whether multiple governance mechanisms act as complements or substitutes for each other in promoting CSR. Using a panel sample of U.S. firms for the years 2004 to 2010, we found that multiple governance mechanisms mainly act as substitutes to promote CSR. Our findings suggest that a similar level of CSR can be achieved with different combinations of governance mechanisms. Our study contributes to the fields of both corporate governance and CSR in theory and practice.

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

Prashantham, Shameen and Yip, George S. forthcoming. "How Should Multinationals Engage with Start-ups in Emerging Markets". *MIT Sloan Management Review*. (FT45).

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Schuh, Sebastian C., Quaakebeke, Niels, Van, Keck, Natalija, Göritz, Anja, S., Cremer, David De and Xin, Katherine R.. forthcoming. "Does it Take More Than Ideals? How Counter-Ideal Value Congruence Shapes Employees' Trust in the Organization". *Journal of Business Ethics*. (FT45).

**Abstract:** Research on value congruence rests on the assumption that values denote desirable behaviors and ideals that employees and organizations strive to approach. In the present study, we develop and test the argument that a more complete understanding of value congruence can be achieved by considering a second type of congruence based on employees' and organizations' counter-ideal values (i.e., what both seek to avoid). We examined this proposition in a time-lagged study of 672 employees from various occupational and organizational backgrounds. We used difference scores as well as polynomial regression and response surface analyses to test our hypotheses. Consistent with our hypotheses, results reveal that counter-ideal value congruence has unique relations to employees' trust in the organization that go beyond the effects of ideal value congruence. We discuss theoretical and practical implications of this expanded perspective on value congruence.

**Paper:** <http://link.springer.com/article/10.1007/s10551-016-3097-7?no-access=true>

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

Velamuri, S. R and Liu, W.. 2016. "Ownership Structure, Insider Behavior and IPO Performance of SMEs in China".

*Small Business Economics Journal*. 2016: 1-23.

**Abstract:** This paper examines the drivers of IPO performance of 783 SMEs in China between 2009 and 2012 that were listed on the SME and Growth Enterprise Boards. The study finds that firms that had prior venture capital (VC) investment did not perform better than those that did not. Among VC invested firms, ventures i) with strong VC control rights relative to those of the largest block shareholder, ii) with former ownership affiliation between the VC and the underwriter, and iii) that paid higher IPO fees had a negative long term performance. The negative relationship

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between VC-underwriter ownership affiliation and long term performance decreases as the reputation of the underwriter increases.

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**Wang, Qiang, Zhao, Xiande and Voss, Chris. 2016 Jan. "Customer orientation and innovation: A comparative study of manufacturing and service firms". *International Journal of Production Economics*. (A\*) 171, 221-230.**

**Abstract:** This study investigates the effect of customer orientation on innovation performance in manufacturing and service firms by comparing their innovation mechanisms. Based on a sample of 1646 manufacturing firms and 686 service firms, our results indicate that customer orientation positively affects service innovativeness and product innovativeness in service firms and manufacturing firms, respectively, and that such effects are mediated by two important firm resources: supplier collaboration and technological capability. However, customer orientation has a stronger total effect on innovativeness and supplier collaboration has a stronger mediating effect on the relationship between customer orientation and innovativeness in service firms. Although many previous studies have indicated that technological capability is relatively unimportant in service firms, our analyses indicate that it is now an equally important factor in service innovation and manufacturing innovation. These findings contribute to our understanding of innovation in the service and manufacturing industries, and to the literature on customer orientation, the resource-based view of the firm, and service-dominant logic.

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**Wu, Ho-Mou and Zhao Yue. forthcoming. "Optimal Leverage Ratio and Capital Requirements with Limited Regulatory Power". *Review of Finance*. (FT50).**

**Abstract:** This article discusses the optimal leverage ratio and capital requirements when asymmetric information exists between the bank and the regulator. We show that the optimal requirements take different forms in the short and long run. In either case, imposing the risk-weighted capital requirement without considering the incentives of the bank to misreport its risk profile is never optimal by itself. In the long run, the optimal requirements take the form of a leverage ratio requirement on top of the risk-weighted capital requirement. The add-on leverage ratio requirement, which serves as a compensation for the limited supervisory power of the regulators, should be set such that the risk-taking behavior of the bank is unchanged from the situation in which the regulator uses the risk-weighted capital requirement alone, and the misreporting incentive of the bank is eliminated by the add-on leverage ratio requirement.

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**Yang, Qian and Zhao, Xiande. 2016 Jan. "Are Logistics Outsourcing Partners More Integrated In a More Volatile Environment". *International Journal of Production Economics*. (A\*) 171, 211-220.**

**Abstract:** This study examines how integration, an emerging innovative approach in inter-firm relationship management, between the vendor and the client in logistics outsourcing relationships is influenced by environmental uncertainties. Building on transaction cost theory, we develop the hypothesis that integration decreases to cope with supply volatility and technology un-

certainty, and increases to cope with demand volatility and legal unenforceability. These four interrelated yet distinct characteristics jointly describe environmental uncertainties in a logistics outsourcing relationship. Our analysis of 264 such relationships suggests that integration does decrease with supply volatility and technology uncertainty and increase with demand volatility and legal unenforceability. By enhancing operational performance, integration improves outsourcing performance in terms of both financial performance and overall satisfaction. Lastly, operational performance also contributes to financial performance.

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**Yang, Qian, Zhao, Xiande, Yeung Hor Yan Jeff and Liu Yan-ping. 2016 May. "Improving logistics outsourcing performance through transactional and relational mechanisms under transaction uncertainties: Evidence from China". *International Journal of Production Economics*. (A\*) 175, 12-23.**

**Abstract:** Although previous studies have extensively examined the effectiveness of the two important control mechanisms in inter-firm relationship management – contracts and relational norms – their relative usefulness under different transaction constraints is still unclear. This study extends existing research on relationship management by exploring the effects of various transaction constraints on the use of contracts and relational norms. It also examines the effects of these two mechanisms on outsourcing performance. The analysis of data from 264 Chinese firms engaged in logistics outsourcing indicates that demand volatility has a negative effect on contracts but has no significant effect on relational norms. Supply volatility exerts an inverse U-shape effect on relational norms, but has no significant effect on contracts. When technology uncertainty prevails, firms are likely to increase their use of either contracts or relational norms. In contrast, when vendor contribution is highly unpredictable, firms will simultaneously reduce their use of contracts and relational norms. Furthermore, although relational norms enhance satisfaction more effectively than contracts, their positive effects on financial performance are not significantly different. These findings enrich relationship management research, especially with regard to control mode selection in situations of transaction uncertainty.

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

**Zhang, Min, Zhao, Xiande, Voss, Chris and Zhu, Guilong. 2016 Jan. "Innovating through services, co-creation and supplier integration: Cases from China". *International Journal of Production Economics*. (A\*) 171, 289-300.**

**Abstract:** To develop and gain competitive advantage, Chinese manufacturers are innovating by developing solutions that include both tangible and intangible components. Service-dominant logic, which views supply chains as co-creation and resource integration networks, provides a useful perspective for investigating the roles of services, suppliers and customers in innovation. This study empirically explores how innovations are developed through services, co-creation with customers and supplier integration in China. This study uses an exploratory multiple-case-study approach. The data collection involves six manufacturing firms from the Pearl River Delta in China. We empirically identify two types of services (support services and solution services), two methods of co-creation (information acquisition and co-production) and two types of integration (internal integration and supplier integration). This study finds that support services and internal integration

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This study finds that support services and internal integration positively associate with information acquisition from customers. Solution services require both supplier integration and co-production with customers. This study contributes to the literature by providing empirical evidence on the roles of services in innovation and how to acquire resources and knowledge that is critical for innovation through collaboration with supply chain partners. The findings also provide guidelines to managers on how to use services, co-creation and integration to innovate efficiently and effectively.

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### Cases

Chang, Vincent and Zhao Liman. 2016. "“CEIBS eLab: Helping New Ventures Grow from IDEAs”". CC-816-046.

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Chen, Weiru and Zhao Ziqian. 2016. "上汽拥抱互联网：孵化车享网". CI-016-006.

Chen, Weiru and Zhao Ziqian. 2016. "中国运动服装行业的逆袭者：安踏的多品牌战略". CI-316-043.

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Gong, Yan and Zhu, Qiong. 2016. "捷越联合信息：探索P2P金融之路". CI-816-058.

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Gong, Yan and Zhao, Liman. 2016. "不忘初心，不断创新：两鲜的精益创业之路". CI-816-052.

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Lee, Jean and Zhao Ziqian. 2016. "Dawu Group : Family Business Inheritance under Republican Corporate Governance". CC-316-047.

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

Liang, Neng and Wang Song. 2016. "柳传志削山头 ". CI-316-035.

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Rui, Oliver and Xie, Chun. 2016. "维信理财：互联网时代的数据金融服务商". CI-116-018.

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Rui, Oliver and Xie Chun. 2016. "LOHHAS: Money or Purpose? VINCENT CHANG". CC-316-056.

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Rui, Oliver and Xie Chun. 2016. "通威合肥：并购后的崛起(A)". CI-316-053.

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Rui, Oliver and Xie Chun. 2016. "通威合肥：并购后的崛起(B)". CI-316-054.

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Rui, Oliver and Xie Chun. 2016. "通威合肥：并购后的崛起(C)". CI-316-055.

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Rui, Oliver and Yu, Feng. 2016. "华瑞银行". CI-016-061.

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Wang, Gao and Chen Dengbiao. 2016. "中国保险行业". CI-316-039.

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Xiang, Yi and Zhu Qiong. 2016. "虎扑体育（A）". CI-316-044.

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

Xiang, Yi and Zhu, Qiong. 2016. "虎扑体育（B）". CI-316-045.

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