



香港恒生大學
THE HANG SENG UNIVERSITY
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School of Business
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Paper Number: MS0003

Case Study as a Research Methodology

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Paper Number: MS0003

Case Study as a Research Methodology

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ABSTRACT

This article argues that the application of major research paradigms such as positivism, critical theory, constructivism and phenomenology on a special research study is heavily depended on its context. It carries out an important goal of explaining why case study should be used for longitudinal studies.

It describes case study methodology in details including its realism with a justification of case study strategy in certain research designs. It gives a structure of quality assurance system in the context of construct validity, internal validity, external validity, reliability and how to avoid bias in case study research.

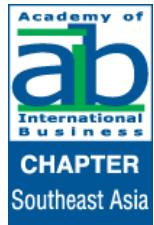
It further provides a research design including defining a case, unit of analysis, geography, sampling frame, within-case sampling and cross-case sampling.

It goes on by discussing how to select in-depth interviewee, method of in-depth interview, and how to consolidate the interviews on table.

It then employs a system approach to generate a research protocol. By using a pilot case inquiry, the research protocol is amended and a final case study protocol emerges. It also discusses on how the qualitative data are triangulated.

The article uses an example to demonstrate how to apply the above.

Keywords: Case Study, Methodology, Research Paradigm, Within-case analysis, Cross-case analysis, triangulation.



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Paper Number: MS0004

A study of New Product Performance and New Product Creativity: The Underlying Factors and their Impacts

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A study of New Product Performance and New Product Creativity: The Underlying Factors and their Impacts

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In today's business environment, creativity is a vital necessity and key determinant for the success of any organization (Amiable, 1983; Katz, 1964). Creativity, is the ability to produce new and unique ideas, and incorporates different perspectives with a freedom of restrictions from rules and written or unwritten norms, there is no innovation without creativity. The success of new product development (NPD) depends greatly on the creativity of the ideas (Scanlon and Jana 2007).

Organizations are increasingly challenged by severe competition, fast-changing market, rapid evolution of new technologies, and shorter product life cycles (Griffin, 1997). The ability to develop new and successful products has become detrimental to the survival of a company. To determine the failure or success of new product performance, multiple studies stated that an absence of new product creativity can cause a new product to fail (Cooper 1993, 1996). Along the line, many past studies also demonstrated the importance of new product development and its impact to organizational performance and product performance (Griffin and Page, 1996; Hultink et al., 1998).

New Product Development (NPD) naturally requires a certain degree of cross-functional cooperation. Successful NPD requires the exchange of information and experiences across team members, departments, and business units. Many scholars confirmed that cross-function integration shows its support on NPD and suggested it should be considered as an integral part of an organization's NPD structure (Griffin, 1997; Troy et al., 2008). However, few scholars opined that no significant correlation was proven between cross-functional integration and the success of a new product (Olson et al., 2001). In reality, the development of successful product is by no means guarantee. With the ongoing controversial, it has drawn many researchers' attention to investigate what drive the success of new product performance and how important creativity is in its role in NPD.

New product performance is critical for the success of an organization and has become a highly focused area of interest for researchers globally. Although there are plenty of research explore the effects of the mechanisms of functional integration and creativity on new product performance, very few focus on the correlation between creativity and the mechanism of communication and how this relationship affects new product performance. With this in mind, the objective of this study is to uncover what could be the best communication methods to enhance the development of meaningful product or novelty product that ultimately lead to the success of new product performance. A quantitative survey will be conducted and our target respondents are various functional managers who are involved in NPD within their respective firms. All the collected input will be analyzed through Exploratory Factor Analysis (EFA) and Multiple Regression Analysis (MRA). We expect the results will offer both practical and theoretical implications specifically to help firms developing an ideal collaborative communication methods among cross-functional team members along the NPD process. From the theoretical perspective, the findings of this study may further enhance the mechanism of

collaborative communication theory in regards to the development of meaningful product and novelty product for the manufacturing industries.

Appendix:

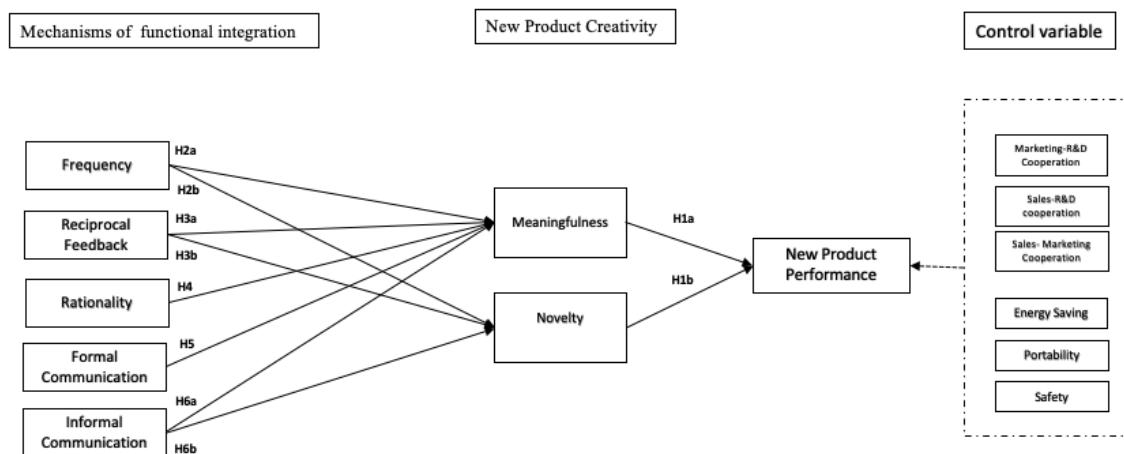


Table 1: Conceptual Framework

Hypotheses

- H1a: New product meaningfulness positively influences new product performance
- H1b: New product novelty positively influences new product performance
- H2a: Frequency positively affects the new product creativity of meaningfulness.
- H2b: Frequency positively affects the new product creativity of novelty.
- H3a: Reciprocal feedback positively affects the new product creativity of meaningfulness.
- H3b: Reciprocal feedback positively affects the new product creativity of novelty.
- H4: Rationality positively affects the new product creativity of meaningfulness
- H5: Formal Communication positively affects the new product creativity of meaningfulness
- H6a: Informal Communication positively affects the new product creativity of meaningfulness
- H6b: Informal Communication positively affects the new product creativity of novelty.

Findings

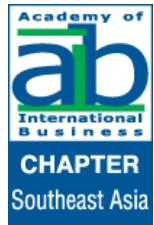
Theoretical

- Propose a new approach
- Provide empirical support for grand theories
- Supplement research on product industries

Practical

- Identify capabilities and the relationships across different departments within firms
- Provide practical guidelines to firms on implementing appropriate strategies for optimal resource allocation and developing unique set of critical capabilities

Keywords: New product performance, new product creativity, creativity of novelty, creativity of meaningfulness, mechanisms of functional integration



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Paper Number: MS0005

The Role of Consumer Ethnocentrism in the Perception of Domestic and Foreign Brand Placements

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Paper Number: MS0005

The Role of Consumer Ethnocentrism in the Perception of Domestic and Foreign Brand Placements

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ABSTRACT

Purpose/research problems

The popularity of international movies and syndicated television programs have contributed to the internationalization of product placement strategies. Despite a mixture of domestic and foreign brands integrated in media content, few studies have explored consumer perceptions toward them.

Aims/hypotheses/research framework

Building on consumer culture theory and the country of origin effect, this study utilizes and extends the framework developed by Nelson and Deshpande (2013) to explore the role of consumer ethnocentrism in the perception of domestic and foreign brand placements.

Design/methodology/approach

A large-scale survey with 1005 participants was conducted through a local marketing research agency. The sample has an almost equal distribution by gender (504 male and 501 female) and age group (343 aged 18-34, 339 aged 35-49 and 323 aged 50 or over).

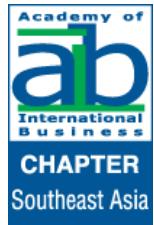
Findings

The results show that consumers who were more ethnocentric believed that television programs should integrate more domestic brands instead of foreign brands. They also found it strange to see foreign brands appearing in local television programs. Consumers who were more ethnocentric also favored more local production (e.g., music, movies, clothing, etc.). Liking of local productions was also related to a preference of placement of domestic brands over foreign brands though the correlation is not particularly strong. Individuals who exhibit a higher level of skepticism toward product placement were also found to favor the placements of domestic brands over foreign brands.

Research implications

The results have significant theoretical contributions to the field as cultural factors in the perception of product placements remain an understudied area. Future research avenues are also discussed. The managerial implications from the results help to simplify marketers' (e.g., program producers and brand managers) decisions in formulating placement strategies for domestic and foreign brands.

Keywords: consumer ethnocentrism, product placement, domestic brands, foreign brands, skepticism



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School of Business
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Paper Number: MS0006

**Applicable Law in Respect of Bilateral Investment Treaty
Arbitration under the ICSID Convention**

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Paper Number: MS0006

Applicable Law in Respect of Bilateral Investment Treaty Arbitration under the ICSID Convention

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ABSTRACT

The principal objective of this paper is to review the applicable law and choice of law issues in Bilateral Investment Treaty (BIT) arbitration in the context of the International Centre for Settlement of Investment Disputes Convention (the ICSID Convention), which is also known as the Washington Convention.

BIT is an international agreement between two different states, international investment law must be engaged and in respect of BIT claims, complex applicable law issues involving domestic law of the contracting states as well as public international law must often be dealt with by the arbitral tribunal.

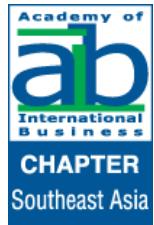
This paper attempts to discuss how applicable law issues in BIT arbitrations under the ICSID Convention are resolved and the complexities involved. In this paper, the methodology of literature review and extensive analysis of relevant cases will be adopted.

The determination of the applicable law in respect of both the jurisdiction of the ICSID arbitral tribunal as well as the merits of the case involves a complicated interplay of the ICSID Convention, investment treaty law, domestic law of the Contracting State as well as public international law. This is made more

difficult by the fact that there is no doctrine of binding precedent in international commercial arbitration, as in international law.

Notwithstanding the problems and difficulty in determining the applicable law regarding the jurisdiction of the arbitral tribunal and the merits of the case in relation to ICSID investment arbitration, arbitration under the ICSID regime does offer important advantages. Therefore, arbitration under the ICSID regime is getting more popular. Given the growing popularity of ICSID arbitration, arbitrators involved in international investment arbitration will probably have to deal with more and more applicable law issues in their conduct of investment arbitration.

Keywords: Bilateral Investment Treaty arbitration , applicable law, ICSID Convention



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Paper Number: MS0007

**The Effect of Trade Integration on Formal and Informal
Entrepreneurship: The Moderationg Effect of Economic
Development**

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Paper Number: MS0007

The Effects of Trade Integration on Formal and Informal Entrepreneurship: The Moderating Role of Economic Development

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ABSTRACT

Purpose: We analyze the effects of trade integration on total, formal, and informal entrepreneurship in countries with divergent levels of economic development.

Aims/Hypotheses: Building on economic development theory and new institutional economics, we first propose that trade integration does not have an effect on total entrepreneurship. We explain the presence of

this null effect by arguing that trade integration increases formal entrepreneurship, while decreasing informal entrepreneurship. A key mechanism helps to explain this relationship: trade agreements provide supranational institutional structures that encourage formal and discourage informal venture creation. However, we argue that these effects are stronger in the least developed countries than in middle or highly developed countries.

Methods: Analyses using a panel of 68 countries spanning 11 years (2001-2011) provide robust support for these assertions.

Findings: We provide more nuances to the understanding of the relationship between trade integration and entrepreneurship by showing that, even though the whole effect of trade integration appears to be negligible, the impact on formal (informal) entrepreneurship is positive (negative).

Keywords: Trade integration, economic development, new institutional economics, formal and informal entrepreneurship



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Paper Number: MS0008

The Effects of Formal and Informal Entrepreneurship on Economic Growth and Inequality

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Paper Number: MS0008

The Effects of Formal and Informal Entrepreneurship on Economic Growth and Inequality

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ABSTRACT

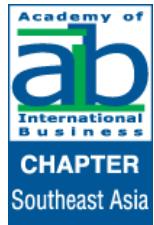
Purpose: In this paper, we examine the effects of formal and informal entrepreneurship on economic growth and inequality.

Aims/Hypotheses: Building on institutional theory and concepts of economic development, we argue that increased formal and informal entrepreneurship promotes macro-level economic growth, resulting from increased production and capital availability within a country. However, we propose that whereas formal entrepreneurship reduces inequality, informal entrepreneurship exacerbates inequality because of the inability of institutions and governments to regulate and tax these informal activities, thus aggravating unequal distribution of resources across a population

Methods: Analyses using a panel of 63 countries spanning 11 years (2001-2011) provide robust support for these assertions.

Findings: Our findings suggest that formal entrepreneurship positively encourages economic growth but informal entrepreneurship does not have a significant impact on economic growth of a country. Additionally, we find that formal entrepreneurship decreases economic inequality within a country whereas informal entrepreneurship exacerbates it.

Keywords: Formal entrepreneurship, informal entrepreneurship, institutional theory, economic development, economic equality, economic inequality



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Paper Number: MS0009

Institutional Schisms: The Impact of Intergovernmental Organizations on Entrepreneurship

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Paper Number: MS0009

Institutional Schisms: The Impact of Intergovernmental Organizations on Entrepreneurship

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ABSTRACT

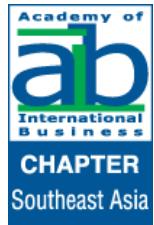
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Paper Number: MS0010

Liebherr: Family Conservatism to Long-term Profitability

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Paper Number: MS0010

Liebherr: Family Conservatism to Long-term Profitability

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ABSTRACT

Wards (2006) surveyed 200 privately owned US family firms in a 60-year period ending 1984 and found that only three could last up to the third generations. As a 100% family-owned and one of the global business leaders in its field, Liebherr's performance has been at least in par with other top family-owned businesses in the Western countries. Its superb 2019 business performance also shows that Liebherr unique family business values, together with its organizational culture, can lead the company to extend its longevity into the future.

This study aims to show that a family firm owner's value system has definitive influences on the formation of a firm's organizational culture which subsequently affects its business performance (Berson, Oreg and Dvir 2007). This dominant logic motivates the authors of this case study to accomplish the following objectives:

- 1) Determine Liebherr's family value system;
- 2) Conceive how Liebherr's family value link to its organizational culture;
- 3) Envision how its organizational culture influence firm performance;
- 4) Acknowledge the challenges that Liebherr may face in the future; and
- 5) Generate guidelines for other family firms to consider.



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Paper Number: MS0011

**Visualization of UNSDG 3/ 4/ 5 / 8/ 9/ 17 –
Entrepreneurial Spirit+ Design thinking for Women
Empowerment under Post COVID 19**

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Paper Number: MS0011

Visualization of UNSDG 3/ 4/ 5/ 8/ 9/ 17 –

Entrepreneurial Spirit+ Design thinking for Women Empowerment under Post COVID-19

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ABSTRACT

Purpose/research problems

Brooke & Parker (2009) mentioned that the perception of spirituality directly affects decisions. Human capital is most important asset of a business. “Human Capital” comprises human knowledge, human skills and human spirit as well. They believe that spirituality at work is implicit in organization because organization involves people (p. 9).

This triggers the authors to re-define the new role of women, re-visit the attributes of women in terms of knowledge, skills, spirits and values under post COVID-19. In a recent report of Women Deliver released under Post COVID-19 that “women are playing an outsized role responding to COVID-19, including as frontline healthcare workers, caregivers at home, and as mobilizers in their communities.” “Women is an important asset under pandemic as they contribute their effort in homecare, community care and workplace care to support emotional and mental support to their peers on top of job-related tasks.” However, there is still a lack of opportunity for women in policy making, decision making and strategic planning under COVID-19.

Aims/hypotheses/research framework

Under this critical moment with uncertainties, it is time to re-consider the role of women in community recovery with social and economic impacts. Women empowerment and sustainable outcomes are the key points of this article. Based on the author's life, career and study experiences, spirituality is related to the meaning in life and the values in minds. Smith & Rayment (2007 quoted in Brooke & Parker, 2009) that "spirituality in the workplace is about individuals and organizations seeing work as a spiritual path, as an opportunity to contribute to society in a meaningful way."

Besides, UN Women also highlights five priorities for long-term recovery in terms of the COVID-19 crisis on women and girls. They are: 1) Gender-based violence, including domestic violence, is mitigated and reduced, 2) Social protection and economic stimulus packages serve women and girls, 3) People support and practise equal sharing of care work, 4) Women and girls lead and participate in COVID-19 response planning and decision-making, and 5) Data and coordination mechanisms include gender perspective"

Design/methodology/approach

Based on the interview with women professionals in academic, healthcare and worldwide NGOs from America, India, Indonesia, Philippines, Hong Kong conducted in May – June, 2020, the following areas may be innovative business/ social opportunities for increasing the participation and contribution of women in achieving UNSDG# 3- well-being, 4 – knowledge transfer, # 5 gender equality, # 8 decent jobs, # 9 innovations and #17 partnership with economic impacts:

- 1) "Championship Leadership Awareness" events for capacity building and civic citizenship;
- 2) "Women Dialogue" with female leadership role played at different sectors at different levels under Post COVID-19;
- 3) "New Skills Development and Enhancement Virtual Training", for example, IT literacy, digital life cycle, risk evaluation and management with accessibility to healthcare services, trading and manufacturing industries; and
- 4) "Entrepreneurial Business/ Social Working Opportunities" to offer help for jobs loss during the pandemic

Findings

One of the interviewers highlighted that there is not much opportunity visibility for women to participate with a critical role to influence gender equality; a well balanced approach is needed between professionalism and frontline jobs with decision-making for the benefit of the community to recover under new normal of COVID-19.

Research on the integration of United Nations Sustainable Development Goals (UNSDGs), design thinking and entrepreneurial spirit with on-going projects are seldom found in the academic and industry sectors for new skills development with new values co-creation, for example, virtual women empowerment across miles with on-going dialogue and projects, is beneficial to students and industry practitioners for cross-generation harmony, capacity building and transversal competence. Hence, UNSDGs and UNPRME are recommended to be embedded into virtual seminars and projects to increase the competency of women and youth for new jobs emerged under post COVID-19.

Keywords: Entrepreneurial Spirit, Design Thinking, Women Empowerment, Post COVID-19

Appendix - The Six Principles of United Nations Principles for Responsible Management (UNPRME)

Principle 1 | Purpose: Mr. Chik helps to develop the capabilities of staff to be future leaders in identifying their potentials in creating financial value (rate of return on investments) and non-financial value (realization of sportsmanship) for individual clients and business clients for economic impacts.

Principle 2 | Values: Mr. Chik incorporates the spirit of sportsmanship into daily operation of his team of staff, over 600 people, to realize that marathon run is not just an event of social responsibility, but also builds up global network for future development

Principle 3 | Method: Mr. Chik creates educational value to his staff about participating marathon runs is a process of learning for responsible leadership

Principle 5 | Partnership: Mr. Chik interacts with internal colleagues at all levels and external affiliates of business and charitable corporations to extend his understanding of exploring potentials and meeting challenges are effective approaches to enhancing partnership

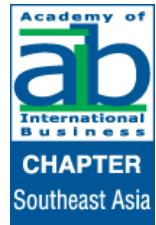
Principle 6 | Dialogue: Mr. Chik facilitates and supports on-going dialog with people who have mutual concerns in providing positive leadership in team-building in the financial industry with critical issues related to social responsibility and sustainability in finance industry and in saving the world.

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<https://womendeliver.org/covid-19-response/>

<https://www.un.org/sustainabledevelopment/gender-equality/>



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School of Business
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Paper Number: MS0012

Artificial Intelligence and Intellectual Property

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Paper Number: MS0012

Artificial Intelligence and Intellectual Property

Gregory Gerard Greer

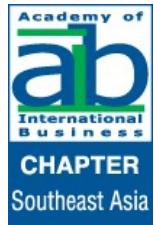
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ABSTRACT

The original intent of this dissertation was to follow up on the master's thesis research the author completed at George Mason University in Fairfax, Virginia, US, in 2012.¹ Incidental to that research was the discovery of state-of-the art machine translation (*ie* an area of computer science called computational linguistics). Since 2012, advances in machine translation have been so fantastic that artificial intelligence has overtaken machine translation. Therefore, this dissertation addresses the current and future relationship between artificial intelligence and intellectual property.

¹ Gregory Gerard Greer, 'A Case Study for American English Editors: Japanese Forward-Back Translation of the Job Descriptive Index (JDI) Job Satisfaction Measures' (MA thesis, George Mason University 2012).



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Paper Number: MS0013

Timing and Content of Corporate Social Responsibility Practices in Social Media Crises

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Paper Number: MS0013

Timing and Content of Corporate Social Responsibility Practices in Social Media Crises

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ABSTRACT

Purpose/research problems

Corporate Social Responsibility (CSR) seems to be one of the obvious solutions since it could enhance corporate image in long term. In this study, the effect of prior use of CSR before crisis and post crisis use of CSR practices are compared. The fitness of CSR practices with Travel agency business operation will be examined.

Aims/hypotheses/research framework

Corporate Social Responsibility is always a strategic business direction to travel industry companies. It is argued that prior effort on CSR can form a shield to protect the company from reputation damage from crisis. The study is trying to compare the pre and post effect of CSR initiatives on crisis management.

According to Heider (1946)'s balance theory, one would prefer a consistency view of their world. The consistency between CSR initiatives and corporate business is an important perception for the stakeholder. Fit is an important factor that stakeholders would perceive positively on corporate motives on CSR with corporate efforts. Otherwise, CSR becomes a potential liability of company.

Hypothesis 1: There is significance difference in reputation rating between CSR practice performed before the crisis and CSR practice performed after the crisis

Hypothesis 2: There is significance difference in reputation rating between unfit CSR practice and fit CSR practice

Methodology

Quasi-Experimental design was used to investigate the effect of CSR practice. A group of randomly selected respondents will be presented an introduction of a Travel agency company and their sustainable tourism initiatives or animal rights before a negative social media post. Another group of respondents will be presented the same introduction of the Travel agency and CSR initiatives after a negative social media post.

Findings

It was found that the CSR practices should be considered within the expertise of the corporation and effect of timing of CSR practice is not significant in this study.

Keywords: Corporate Social Responsibility, Timing, content, social media crises

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School of Business
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Paper Number: MS0014

**Exploring the Impacts of Intangible Resource on Firms
Internationalization**

Tsui-Yii Shih

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Exploring the impacts of intangible resource on firms internationalization

Abstract

- *Purpose/research problems:* This research explores what intangible resource factors are critical and worth cultivating for enterprises' sustainable operations in terms of the changing industrial environment and international situation.
- *Aims/hypotheses/research framework:* It constructs a conceptual model using intangible resources as the main factor and verifies the research concept of the creation of an intangible resources-internationalization-performance model. The models introduce the factors identified as being influential from the literature review. All firms should define their managerial characteristics, network ties capability, product and Internet marketing capability, DOI, and performance in comparison with firms' competitors.
- *Design/methodology/approach:* We choose Taiwan's machine tool and electronic information and technology industries as the sampling targets. The research invites targeted respondents to answer the questionnaire based on different considerations that relate to managerial characteristics, network ties capability, product & marketing capability, DOI, and operation performance. In total, 236 responding firms are the samples in this study thus far. The questionnaires were distributed to the sampling targets by phone, mail or face-to-face interviews.
- *Findings:* Prior international experience, management competitiveness, social network tie, product differentiation capability, and product adaption capability are significantly different among enterprises positioned in the four different DOI stages. Regarding operation performance, our regression results show that factors including management characteristics, network tie capabilities (social network tie, institutional network tie), product adaption capability, and Internet marketing capability should be strongly considered by enterprises.
- *Research limitation/implication:* There are several limitations to this study, including a lack of generalizability of the findings given the sample size. In addition, our research raises additional questions about the importance of network ties and the patterns of Taiwanese firms' management characteristics, product differentiation, adaption, and Internet marketing capabilities.

Keywords: Intangible Resource, the Process of Internationalization, Network Ties Capability



香港恒生大學
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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0015

Credit Rating, Banks' Capital Structure and Speed of Adjustment: A Cross-Country Analysis

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Paper Number: MS0015

Credit Rating, Banks' Capital Structure and Speed of Adjustment: A Cross-Country Analysis

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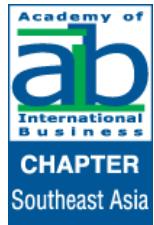
ABSTRACT

Studies examining the effects of a credit rating on firms' capital structure and its adjustment to target have focused predominantly on non-financial firms with virtually no attention given to financial institutions. Using an international sample of 391 rated commercial banks from 76 countries, this study is the first to examine the effects of credit ratings on banks' capital ratio and its speed of adjustment. We tackle the problem of endogeneity in the models by using two-step system generalized method of moments (GMM) estimator. We find that on average, banks near a credit rating upgrade have higher capital to assets ratio compared to banks not near a rating upgrade. However, the most systematically important "*too-big-to-fail*" banks near a credit rating upgrade tend to have lower capital relative to assets than the rest of banks in our sample. Furthermore, banks downgraded from an investment-grade to a speculative-grade rating, on average, hold 1% (3%) less capital relative to assets in a short (long) run. This suggest that the 3% minimum leverage ratio set in Basel III Accord is

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inadequate. As such, our study adds to the choir of prominent voices in academia advocating for a drastic increase in banks' equity levels and the 3% minimum leverage ratio. Contrary to the studies based on non-financial firms, our results show that credit ratings have a relatively little economic effect on the speed at which banks' capital is adjusted. Our results suggest that while rating agencies exert influences on banks' capital structure, they are smaller in number and tend to be weaker, compared to those documented in non-financial firms.

Keywords: Bank Ratings, Capital ratio, Speed of adjustment



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School of Business
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Paper Number: MS0016

A Relational Perspective on Firm Transformation: Network Resources

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Paper Number: MS0016

A Relational Perspective on Firm Transformation: Network Resources

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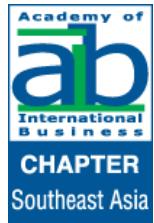
The Hang Seng University of Hong Kong

Hong Kong

ABSTRACT

To increase profit margin and reduce over reliance on overseas buyers, many Chinese suppliers are keen to transform the firm from original equipment manufacturer (OEM) to original brand manufacturer (OBM). But how this process upgrade exactly happens remain unclear. Some attributed the success of transformation to firm capability while other thought that is the result of interfirm activities. In this study, the primary focus is to conceptualize network resources to ascertain the impacts on firm transformation in an upgrading process. From a relational perspective, a strong business and political tie gives supplier an access to network resources needed for transformation. Furthermore, the effects of network resources on firm transformation are contingent on institutional and market environment. Based on a survey finding from 187 furniture manufacturers in China, it revealed the importance of network resources on firm transformation. As a result, practitioners are advised to spend more time on business networking to acquire resources for firm transformation.

Keywords: Network Resources, Firm Transformation, Business and Political Ties, Market Environment, Institutional Environment



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School of Business
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Paper Number: MS0017

Good or Bad for Young Ventures to Frame Messages Negatively in Social Media Advertising

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Paper Number: MS0017

Good or Bad for Young Ventures to Frame Messages Negatively in Social Media Advertising

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ABSTRACT

Social media advertising is an often-used marketing communication tool by startups and young ventures because of high visibility and powers to engage customers. There was a mix view regarding the effectiveness of framing strategy to persuade customers to buy products from these new brands. Is there any difference between positively and negatively framed message on customers' purchase intention? Interesting results were obtained from the survey result of 240 respondents that showed a stronger intention to purchase when customers presented with a negatively framed advertising message. It operates via brand awareness. Such effect, however, is greatly weakened by the tenses and associated emotions of customers activated by a loss message. This phenomenon is explainable by the concept of loss attention and negativity bias. Managers of young ventures are advised to use the loss strategy in message framing to increase customer purchase intention.

Keywords: Young Venture, Message Framing, Brand Awareness, Customer Emotion, Purchase Intention



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School of Business
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Paper Number: MS0019

Coaching Styles and Job Performance: Millennial Employee Characteristics in the Asian Financial Industry Context

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Chun To, Roger Luk

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Paper Number: MS0019

Coaching Styles and Job Performance: Millennial Employee Characteristics in the Asian Financial Industry Context

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ABSTRACT

Using Cognitive Resource Theory (CRT) as the overarching theoretical framework, this thesis explores the role of employees' cognitive style and motivational characteristic as moderating factors of the effect of leaders' coaching style on subordinate's job performance. Prior research on coaching style has focused primarily on the cognitive resources that the leader brought to the team or organization but was relatively silent on how subordinates' reliance on these resources would impact on their performance. In this thesis, it was hypothesized that guidance coaching from a leader would have a positive relationship on subordinate's job performance and such a relationship will be stronger for employees with high need for cognitive closure and low self-promotion impression management motives. The hypotheses were tested with data from millennial workers and their managers working for Asian financial services. The data were collected from focus group sessions and also a quantitative survey with time-lagged design. My findings based on hierarchical linear modelling showed that guidance coaching and facilitative coaching have positive and significant impact on job performance. However, guidance coaching had a stronger effect on job performance for employees who had characteristics of high need for cognitive closure and also who

used low self-promotion impression management tactics. Coaching style is a crucial managerial capability that allows subordinates to secure positive job performance. This research highlights the training that organizations might want to provide to their managers, such as awareness of subordinates' strong or weak need for cognitive closure and impression management tendencies.



香港恒生大學
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School of Business
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Paper Number: MS0020

**Empirical Study Cross Cultural Team Work Performance:
A Synthesis Approach**

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Paper Number: MS0020

Empirical Study Cross Cultural Teamwork Performance: A Synthesis Approach

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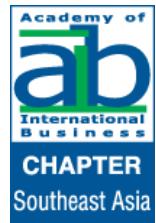
Taiwan

The submission contains only original work that has not been published elsewhere, and that it is not scheduled to be published anywhere

ABSTRACT

This research applies the input-process-output method to examine the influencing factors on cross cultural teamwork performance in Taiwanese companies. The questionnaire survey was undertaken to investigate eleven Taiwanese companies located in Chiayi, Yunlin, and Changhua. The valid return survey samples are 1072 respondents. The empirical results have shown that the input influencing factors in terms of leadership, personality, homogeneity, cultural intelligence, and the process influencing factors in terms of emotional linkage, communication, conflicts, trust, work involvement have significant influences on the output variable in terms of teamwork performance.

Keywords: input factors, process factors, output factors, teamwork performance.



香港恒生大學
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School of Business
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Paper Number: MS0021

Can Internal Carbon Pricing Reduce Carbon Emissions of Multinational Enterprise?

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Can Internal Carbon Pricing Reduce Carbon Emissions of Multinational Enterprise?

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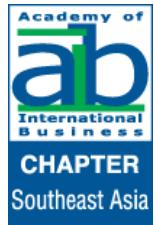
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ABSTRACT

Reducing carbon emissions has become not only a corporate social responsibility but also a key business strategy for companies to manage climate risk in their global supply chains. Multinational enterprises are using internal carbon pricing approaches, including the internal carbon fee and the shadow price, to abate carbon emissions. This research examines whether internal carbon pricing can effectively lower carbon emissions. We construct a unique dataset that tracks multinationals' use of internal carbon pricing based on their disclosure records to the Climate Disclosure Project. We employ propensity score matching and fixed-effects model on the panel data of multinationals across Europe, North America and Asia from 2013 to 2017 to address endogeneity bias. The results show that using internal carbon pricing has a significant negative effect on carbon emissions. The study provides insightful implications that internal carbon pricing could improve environmental performance of multinationals while serving as an ideal complement to government-imposed carbon pricing regulations.

Keywords: internal carbon pricing, climate change, corporate social responsibility, carbon emissions, propensity score matching



香港恒生大學
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School of Business
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Paper Number: MS0022

Implicit Belief of Conflict and Adoption of Dispute Resolution System

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Paper Number: MS0022

Implicit Belief of Conflict and Adoption of Dispute Resolution System

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ABSTRACT

In spite of the rich body of empirical research in the effectiveness of alternative dispute resolution (ADR) practices, such as mediation and adjudication, adoption of such practices is still considered uncommon. One recent movement in dispute management education is to promote having the ADR procedures, sequence, terms and conditions put in place in a contract. This is generally referred to as a Dispute Resolution System (DRS). In this study, we explored the role of an individual belief factor that would affect the adoption of DRS. Specifically, we explore how people's assumptions about conflict – whether conflict inevitably arises in the foreseeable future vs. conflict would not necessarily take place, would affect their tendencies to use DRS. We develop and validate a scale to assess the extent to which people perceive conflict as inevitable. Data collected from respondents from the US and Hong Kong were analysed in terms of factor structure, measurement invariance, reliability and validity tests. Our findings are threefold. First,

the measurement of conflict belief is substantively distinct from other related constructs such as locus of control and optimism. Furthermore, the scale showed good test-retest reliability. Thirdly, it was found that conflict belief achieved incremental value in predicting the criterion variable of adopting DRS. Implications will be discussed in terms of interpersonal trust and conflict management.



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School of Business
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Paper Number: MS0023

**Relief, Recovery and Revitalization Measures for Tourism and
Hospitality Industry during COVID-19 Pandemic:
Case Study from Taiwan**

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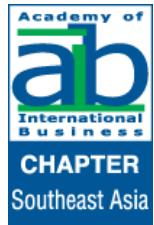
Paper Number: MS0023

Relief, Recovery and Revitalization Measures for Tourism and Hospitality Industry during COVID-19 Pandemic: Case Study from Taiwan

ABSTRACT

The Covid-19 pandemic has severely disrupted lives and economies around the world. Every part of tourism and hospitality value chain has been affected by the unprecedented travel and mobility restrictions (border control, lockdowns, quarantines, curfews, social distancing) undertaken by governments to contain the spread of the virus. This case study is an in-depth investigation on the Taiwan's government response to support tourism industry stakeholders during Covid-19 pandemic. Data is gathered from a variety of sources, including government policy, procedures, interviews with business owners and observations of day-to-day business operations. This study presents novel effective government practices and cooperation with tourism and hospitality business during Covid-19 pandemic crisis.

Keywords: COVID-19 Crisis, Tourism and Hospitality Sector, Taiwan



香港恒生大學
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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0024

**Economic Integration of Hong Kong with Chinese Mainland:
An Index and Cointegration Analysis of Socio-economic
Indicators**

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Yuho Chung
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Paper Number: MS0024

Economic Integration of Hong Kong with Chinese Mainland: An Index and Cointegration Analysis of Socio-economic Indicators

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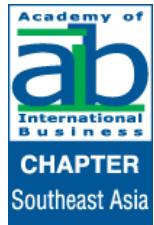
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ABSTRACT

The past four decades have witnessed a continuous economic integration between mainland China and Hong Kong, and yet amounting disparity and other problems in the territory reflected in the recent social unrest. How economic integration with mainland has affected the economy and society of Hong Kong remains unexplored. Without a proper definition and measurement, it is difficult to assess the extent of such integration, let alone its effect on socio-economic development in the territory. Drawing from the literature on economic integration (e.g., EU, NAFTA and ASEAN) and related indices (e.g., globalization), we collected data from government archives and other sources and constructed a comprehensive index of economic integration (1990 to 2016) between Chinese mainland and Hong Kong including three dimensions, i.e., driving forces, channels and consequences. The results indicate that over time the two economies have grown highly integrated and interdependent on each other. We further examine the relationship of economic integration with the key socio-economic indices of Hong Kong. To rule out spurious correlations, we conduct cointegration analyses of these time series data and find that while such integration is largely in tandem with economic development of Hong Kong (e.g., GDP, employment and property prices), it is also associated with increasing income disparity, lack of

confidence in government and the future of Hong Kong. It has not contributed to the feeling of happiness among citizens, who have shown a growing identity of themselves as Hongkongers. These findings reveal several deep-rooted problems within the society, which present significant challenges for economic development and governance under the one-country and two systems policy and have significant implications for public discourse and policy discussion.



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0025

The Discretionary Power of Hong Kong Securities and Futures Commission When Conducting Inspections on Licensed Firms

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Paper Number: MS0025

The Discretionary Power of Hong Kong Securities and Futures Commission When Conducting Inspections on Licensed Firms

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ABSTRACT

Purpose - With the emerging challenges from the application of new technology, Hong Kong Securities and Futures Commission (SFC) periodically reform the regulatory framework and conduct an increasing orderly, targeted and productive regulatory work. The licensed firms confront stricter and more frequent inspections from SFC. While SFC has the discretionary power on executing its regulatory work on specific licensed firms. This research would like to examine how SFC execute its discretionary power when conducting inspections on licensed firms. Specifically, what specific company characteristics may affect SFC's considerations on implementing its discretionary power and why SFC has such considerations.

Hypotheses- We anticipate that company size, company background (such as Hong Kong local companies, mainland China funded companies and foreign capital companies), and company cooperative and proactive steps may impact SFC's decision making on executing its discretionary power.

Methodology- The current research adopts an interpretive qualitative research approach. We conduct case studies based on the SFC's inspection reports on licensed firms from 2014 to 2020. A systematic process of data transcribing, data coding and theme development is applied to identify the common patterns to address the research question.

Findings- The initial findings show that company size, company background and company's cooperative and proactive steps have specific impacts on SFC's execution of its discretionary power.

Practical implications- Findings of this research provide practical implications for licensed firms on SFC's areas of focus and how to better deal with SFC's inspection.

Keywords: Hong Kong, Securities and Futures Commission, Compliance, Discretionary Power.



香港恒生大學
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School of Business
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Paper Number: MS0026

Role of Emotional Intelligence in Virtual Team Collaboration

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Role of emotional intelligence in virtual team collaboration

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Abstract

- *Purpose:* Use of virtual environments in global businesses and education is convenient because of its effectiveness for geographically dispersed collaborations. Now it is even more valued as the threat of COVID-19 spreads across the globe. However, virtual settings come with many difficulties. One such difficulty is its limited ability to facilitate rapport development. Lack of oneness and trust among the members can lead to inefficient collaborations. The purpose of our study is to shed light on the role of members' emotional intelligence, which has a positive correlation in building trust and unity within a virtual environment, or any team for that matter.
- *Research framework:* Extant research have studied emotional intelligence in virtual collaboration quantitatively and phenomenologically (Cogliser et al., 2012; Noteborn et al., 2012; Quisenberry, 2018). However, capturing conflicts and the development of emotional intelligence among virtual team members require intensive observations and in-depth analyses through a qualitative approach (Ayoko et al., 2012). We focused on small-sized virtual teams and aggregated deeper insights on the role of emotional intelligence in effective collaborations in virtual environments.
- *Approach:* We gathered 40 college students who major in business administration and randomly assigned them into 10 virtual teams. These teams worked on a development project spanning four months. All the members in an assigned team met the other members for the first time and needed to build interpersonal relationships from the scratch using virtual media.
- *Findings:* We found that the emotional intelligence which each virtual team member holds plays an important role in creating a comfortable atmosphere within a team, electing a team leader, changing the leader if the leader does not fulfill his/her responsibilities, supporting other members if they are behind schedule, and maintaining the unity as a team.

Keywords: College students, Emotional intelligence, Trust, Unity, Virtual team collaboration



香港恒生大學
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School of Business
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Paper Number: MS0027

Process Model as an Antecedent of Mental Models in Agile-based Global Virtual Teams

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Process model as an antecedent of mental models in agile-based global virtual teams

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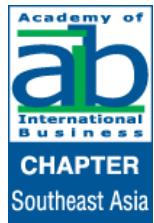
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Abstract

- *Research problems:* The use of global virtual teams (GVTs) is becoming quite common due to the rapid globalization of businesses and the advancements in information and communication technology. It is more relevant today than ever due to the global pandemic. However, forming and maintaining GVTs remain difficult because communication and coordination among geographically dispersed members pertaining to sub-teams of GVTs are quite challenging.
- *Research framework:* In this concept paper, we review the extant literature of team mental models (TMMs) to identify antecedents and their applicability to GVTs and highlight the limited applicability of the present antecedents of TMMs to GVT environments.
- *Approach:* We conjecture that the process model (PM), which reflects the life cycle of a project would play an important role as an antecedent in TMM development. Along this line of thought we provide theoretical propositions and suggest methods for testing the propositions.
- *Findings:* In testing our propositions, we suggest two types of studies: a qualitative study and a lab experiment. The qualitative study will help identify the role of the PM in the formation of team-level understandings, and the processes through which this gets shared within and among sub-teams. The lab experiment, on the other hand, will contribute to the in-depth understanding of how the sub-team members in a virtual setting develop a TMM, and whether the PM would ideally guide this process. The analysis of the results of these two studies will surely lead to a deeper understanding of how a TMM is effectively developed in GVTs, especially those that operate with a high degree of autonomy (self-organization) within extremely limited time frames (agile method).

Keywords: Agile method, Global virtual team (GVT), Process model (PM), Self-organization, Team mental model (TMM)



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0028

Don't Look Back in Anger: How Does a Troubled Past Between Host and Home Countries Affect the Expatriate Experience? Some Insights from Japanese Expatriates in Malaysia

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Paper Number: MS0028

Don't Look Back in Anger: How Does a Troubled Past Between Host and Home Countries Affect the Expatriate Experience? Some Insights from Japanese Expatriates in Malaysia

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ABSTRACT

Purpose/research problem: Within the expatriation subset of the wider IB literature, the focus of research has been on contemporary contextual factors. The purpose of this paper is to link the present to the past by investigating how the expatriate experience may be affected by a troubled historical relationship between host and home countries.

Aim: Our aim in this study is to explore how expatriates adjust both inside and outside their workplace to a host country which has had some difficult historical relations with their home country.

Methodology: Given the exploratory nature of this study, a qualitative interview-based approach eliciting thick, detailed descriptions of the practical experiences of Japanese expatriate managers working in Malaysia was adopted.

Findings: The respondents were unanimous in their view that the difficult period in Malaysian-Japanese relations during the 1940s had no negative impact on their experiences in the country. On the contrary, the expatriates all spoke positively about being welcomed by locals and that all parties (employers, employees, governments, and so on) were very much future-oriented.

Limitations: The single-context nature of the investigation limits generalization to other contexts. There are many particularities in this study (nature of Japanese-Malaysian historical relations, cultural values, elapsed time between the 'difficult' relations, and so on) that are simply not relatable to other contexts. Having said this, qualitative research is not always geared towards generalizability but rather

towards contextual intricacies and nuances.

Keywords: Expatriates, Adjustment, Historical Ties



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School of Business
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Paper Number: MS0029

Serving while (Not) being Strained? Joint Effects of Servant Leadership and Leader–Leader Exchange on Leader Psychological Strain and Leader Job Performance

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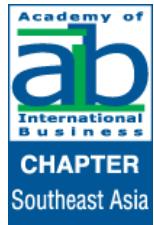
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Serving while (Not) being Strained? Joint Effects of Servant Leadership and Leader–Leader Exchange on Leader Psychological Strain and Leader Job Performance

Abstract

Extant leader-centric research has generally posited that positive leadership approaches, including servant leadership, would come at the cost of leaders by taxing their resources. Taking a more balanced approach, we draw from conservation of resources theory to contend that engaging in servant leadership behaviors would both generate and drain resources for leaders, thus affecting psychological resource availability tapped by psychological strain. The key to understanding such double-edged effects of servant leadership on leader psychological strain is whether the leaders possess strategically important resources that can help them buffer against and replenish from resource loss and generate new resources. We therefore identify leader–leader exchange (LLX) as such a crucial resource that exerts reversing moderating effects. On the basis of multi-wave, multi-source field data from 123 leaders and their 1,372 followers, we find that when LLX is higher, servant leadership brings resource gaining (i.e., low psychological strain) for leaders. Contrary to our expectation, we do not find resource draining of servant leadership even when LLX is lower. We further examine leaders' annual objective organizational performance scores that are directly tied to the achievement of organizationally relevant goals as an outcome of leader psychological strain. Our research enlightens when and how servant leadership brings benefits to leaders.

Keywords: servant leadership, psychological strain, leader–leader exchange (LLX), job performance



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School of Business
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Paper Number: MS0030

The Hidden Benefits of Social Distancing in the Workplace: Social Distancing Reduces Negative Affective Relationships

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Paper Number: MS0030

The Hidden Benefits of Social Distancing in the Workplace: Social Distancing Reduces Negative Affective Relationships

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ABSTRACT

Following measures to curb the COVID-19 pandemic, social distancing has been introduced in many organizations. Social distancing, however, is designed to reduce personal interactions, and thus it can impact workplace relationships. This paper explores how and when social distancing influences workplace relationships. Drawing on the affect theory of social exchange and the social cognition literature, we argue that when employees have negative affective relationships with their coworkers (before COVID-19), social distancing helps improve such negative affective relationships (during COVID-19) due to the reduced interactions. We also maintain that the positive effect of social distancing is stronger when the coworker is warm and competent, which are two key dimensions of person perceptions. When a coworker is kind to people in general (i.e., highly warm), the employee may perceive that it is relatively easy to “fix” the negative affective relationship with the coworker. Moreover, when the coworker possesses valuable knowledge, competencies, and other material and informational resources (i.e., highly competent), a good

relationship with that coworker can potentially bring about a number of benefits to the employee. Examples include access to key information on teams and the organization and effective execution of tasks. Consistently, social cognition literature suggests that warm and competent people explicitly aim to benefit others. We collected data on relationships that individual employees in South Korea have with their coworkers before and after COVID-19. Our hierarchical linear modeling results show that social distancing indeed reduces the negative affective relationships that employees have with their coworkers when those coworkers are viewed as warm and competent. On the contrary, social distancing does not hurt employees' positive affective relationships. These findings suggest that while the main purpose of social distancing is to restrict the spread of COVID-19, social distancing has important hidden benefits in organizations: it helps improve employees' workplace relationships.

Keywords: social distancing, COVID-19, workplace relationships, social cognition



香港恒生大學
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Paper Number: MS0031

Optimal Diversification: How Organizational Category Affects Audiences' Evaluation on Firms' Diversification Strategies

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Paper Number: MS0031

Optimal Diversification: How Organizational Category Affects Audiences' Evaluation on Firms' Diversification Strategies

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ABSTRACT

Prior research on the relationship between diversification and performance has mostly focused on the firm-side characteristics and ignored stakeholder-side influences. Recent developments in organizational theory suggest that a firm's optimal distinctiveness rests on a constant interplay between managerial agency and stakeholders evaluation and we argue that one possible way for firms to attain optimal diversification is to use audiences' category taken-for-grantedness. We situate our study in the reactions from two important types of stakeholders, security analysts and mass investors, to diversification of two categories of firms, developed economy firms and emerging market firms. In a sample 2,163 US listed firms in the manufacturing industry between 2003 and 2017, we find that the "diversification discount on legitimacy", in terms of analyst coverage, is mitigated in the category of emerging market firms but less so among those with less developed institutions while "diversification discount on valuation," in terms of corporate market value, is mitigated in the category of emerging market firms and is especially so among those with less developed institutions.

Key Words: emerging market MNEs, diversification, analysts, categories



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School of Business
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Paper Number: MS0032

**A Dynamic Analysis of Activity-System Maps:
Application of NK Model in Studying Organization Performance
and Resilience**

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Paper Number: MS0032

A Dynamic Analysis of Activity-System Maps: Application of NK Model in Studying Organization Performance and Resilience

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ABSTRACT

Although activity-system maps have values to illustrate a company's competitive advantages, a dynamic understanding of how activity-system maps will evolve over time and adapt to environmental changes is missing. The objective of this study is twofold. The first objective is to connect the dots by developing a framework—a four-step dynamic analysis of activity-system maps—to integrate the practice of activity-system maps and the NK model. The second objective is to extend the framework to simulate the effects of environmental changes on organization performance and the patterns of resilience. To demonstrate the usage of our framework, first, we build the activity-system maps of two companies—IKEA and MUJI. Second, we construct their respective NK models and propose a new exploration strategy—a customer-oriented exploration in MUJI. Third, we apply the NK model to examine how companies' activities interplay for achieving performance through different paths of exploration strategies over time. Different from the previous studies, we further employ the NK model to investigate the effects of turbulent environments (e.g., disruptive events) on organization

performance and discuss the patterns of resilience. Fourth, with the evidence of simulation results, a dynamic analysis of activity-system maps progressively becomes refined.

Our study proposes a practical framework, which offers the evidence-based insights into building a strategic organization. In stable environments, the results reveal the performance advantage of both moderate and customer-oriented exploration strategies takes time to be realized. The results also show turbulent environments help avoid the trap of reaching to a sticking point quickly. When encountering disruptive events, the results show that a less coupled organization helps to buffer shocks and a low exploration strategy can return to the original level of performance before the shock faster than the other two strategies. Our study sheds light on the research of business operating in turbulent times.

Keywords: Activity-system map, NK model, Performance landscape, Turbulent environment, Resilience



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School of Business
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Paper Number: MS0033

Promoting Creativity in Temporary Customer-Employee Workgroups? Understanding the Psychological Processes of Joint Collaboration on Ideation Performance

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Paper Number: MS0033

Promoting Creativity in Temporary Customer-Employee Workgroups? Understanding the Psychological Processes of Joint Collaboration on Ideation Performance

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ABSTRACT

Creative performance has emerged as a strategic imperative for most service firms and attracted the attention of both scholars and practitioners. The importance of collaboration with customers and employees has been widely discussed in marketing and management, yet few studies are devoted to its impact on creative performance (e.g., new idea generation). Moreover, these studies have examined the effects of customer or employee collaboration separately, without considering their joint collaboration in temporary workgroup/team settings, a practice that is commonly adopted and considered essential to creative performance and innovation.

Therefore, this project aims to examine the impacts of the joint collaboration of customers and service employees (“*JointCol*”), specifically in temporary workgroups context, on team ideation performance (i.e., idea quantity and idea quality) and thereby illuminating the

underlying psychological processes. Specifically, we build on the flow theory to propose that JointCol will influence the team's ideation performance through the experience of *team flow*. We further take a contingency approach to propose that team flow mediates the effect of JointCol on ideation performance only when *intra-team efficacy variability* is low or the team's *collective efficacy belief* is high.

With data collected from 103 teams of employee-customer (512 respondents) of an international cosmetic company, our results show that JointCol enhanced team flow, and in turn affect ideation performance including reduced idea quantity and idea feasibility, but enhanced idea novelty. Moreover, the mediation of team flow works *only* when intra-team efficacy variability is low or collective efficacy belief is high. We also identify an underlying *group depletion* state that operates as an alternative psychological route for determining the impact of JointCol when flow has not been achieved. These results offer promising guidance to managers that foster the use of temporary workgroups in encouraging customer–employee collaboration in their new service or service innovation development processes.

Keywords: Joint collaboration, Team Flow and Depletion, Ideation Performance



香港恒生大學
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School of Business
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Paper Number: MS0034

Paradoxical Leadership and Employee Work Outcomes: An Empirical Investigation

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Paper Number: MS0034

Paradoxical Leadership and Employee Work Outcomes: An Empirical Investigation

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ABSTRACT

Dealing with paradox—the coexistence of contradicting yet complementary elements—is naturally embedded in a leader's role. Among various paradoxes, being a leader inherently implies the need of managing paradox such as balancing the need of control and the need of autonomy simultaneously. Paradoxical leadership refers to the inherent needs and tasks from a leader's role in addressing the competing yet interrelated elements. In this study, the impact of five dimensions of paradoxical leadership (i.e., self-centeredness versus other-centeredness, maintaining both distance and closeness, treating employees uniformly versus allowing individualization, enforcing work requirements versus allowing flexibility, and maintaining decision-making control versus allowing autonomy) were investigated. Specifically, this study examines how paradoxical leader behaviors influences employee's job engagement, which in turn relates to their innovative behaviors. Employee-supervisor dyadic data were collected and analyzed. Our findings generally support our research model and hypotheses.



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School of Business
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Paper Number: MS0035

The Relationship between Local Language Proficiency and Burnout among Foreign Employees in Japan

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Paper Number: MS0035

The Relationship between Local Language Proficiency and Burnout among Foreign Employees in Japan

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ABSTRACT

In countries and regions with homogeneous populations such as Japan, hiring and integrating a foreign workforce is challenging. Multinational companies from these countries are increasingly hiring foreign employees in domestic workplaces. In the workplace, where the dominant employees speak the local language, foreign employees' low local language proficiency might cause some negative outcomes. In this study, we aim to understand whether and in what conditions the local language proficiency of foreign employees causes burnout and how organizations can prevent the negative effect of low local language proficiency. We theorize that local language proficiency does not directly cause burnout but that language anxiety mediates the relationship between them. We also theorize that climate for inclusion (all members feel valued and appreciated as important members of the group or organization) and idiosyncratic deals (I-deals; special employment arrangements for the work schedules and locations) in

the workplace mitigate the negative relationship between local language proficiency and language anxiety.

To test our predictions, we conducted an empirical study using a sample of 204 foreign employees working in Japanese workplaces. Surveys were conducted at different time points. At Time 1, we measured foreign employees' local language proficiency, language anxiety, and climate for inclusion. At Time 2, we measured I-deals and burnout. The results showed that climate for inclusion and I-deals moderated the negative relationship between local language proficiency and language anxiety such that the relationship was weaker when these moderators were high. Language anxiety in turn was positively related to burnout. Our findings indicate that language anxiety is more important than local language proficiency in predicting burnout of foreign employees. If organizations can develop a climate for inclusion and allow I-deals for foreign employees, the potential negative effect of low local language proficiency will be mitigated.

Keywords: Foreign employees, Burnout Format, Local language proficiency, Inclusion climate, Idiosyncratic deals



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School of Business
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Paper Number: MS0036

**Embodied Knowledge: Phenomenology as an Approach for
Studying the Complexities of Expatriate-local Interactions in
Turbulent Times**

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Paper Number: MS0036

Embodied Knowledge: Phenomenology as an Approach for Studying the Complexities of Expatriate-local Interactions in Turbulent Times

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ABSTRACT

Those who study pedagogy may be familiar with the concept of embodied knowledge, a kind of knowing not separated from doing and being, not sterilized into themes, tables, or charts, but presented as it is lived. Those not familiar with embodied knowledge formally have, no doubt, learned from one of the primary sources of embodied knowledge: stories. Embodied knowledge is most fit for application in complex situations where appropriate behavior is needed, yet elusive due to the novelty or complexity of the situation. In these situations, factual knowledge is less effective in bringing about appropriate behavior. The current turbulent international business environment demands much from cross-cultural managers, their coworkers, superiors, and subordinates. This work in progress, currently in the data collection phase, seeks to apply Max Van Manen's phenomenology of practice to study the phenomenology of expatriate-local interactions in Malaysia. The study will collect detailed narrative data from interviews with expatriates and Malaysians who work with expatriates, analyze the accounts line-by-line, discover the stable essences of ELI, and present these findings in an embodied form known as phenomenological writing. The findings will be detailed descriptions of ELI flowing into abductive

writing using the findings to evoke readers to meaningful upward thinking on ELI that can be effective in changing managerial behavior. Phenomenological writings will be practically useful for scholars as they think deeply on phenomenon of ELI and look for novel research philosophy and methods to answer challenging questions and well as managers and MNE workers who struggle to interact effectively during turbulent times.

Keywords: Qualitative research methods, phenomenology, human resources management, expatriate, cross-cultural management



香港恒生大學
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Paper Number: MS0037

Women's Careers and the Changing Japanese Labor Market

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Paper Number: MS0037

Women's Careers and the Changing Japanese Labor Market

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ABSTRACT

Purpose/research problems:

The extreme aging of Japanese society is leading to a shrinking workforce, and one remedy is to increase labor market participation by women. Prime Minister Shinzo Abe's "Womenomics" initiative makes increasing the number of women in management a priority, but only 10% of Japanese companies are meeting the government goals.

Aims/hypotheses/research framework:

The current research aims to determine how women are being incorporate into the Japanese workforce and their career future.

Design/methodology/approach:

In order to understand the challenges faced by women in the Japanese workforce, in depth qualitative interviews were conducted with 28 female professionals, ranging from entry-level professionals to senior managers. In addition, 7 male senior managers and executives were interviewed for an alternative perspective.

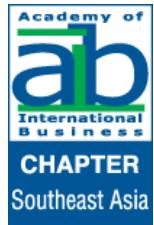
Findings:

The women that we interviewed reported that companies had largely eliminated clear discrimination against women, and that they had good working relations with their direct managers. However, at the same time they reported a total lack of “family friendly” or “women friendly” policies, as well as a lack of senior female role models.

One commonly reported impediment to advancement is that promotions in traditional companies were strongly dependent upon relationships with managers due to a lack of explicit and formal performance goals. Women reported it difficult to form the close relationships with managers necessary for advancement, and those women who did report good relationships with managers typically found them to be paternalistic in nature.

On the other hand, foreign companies, specifically targeted ambitious women in hiring, offering career opportunities which were not available in Japanese companies. Among Japanese companies, only young companies in technical or management/financial service industries appeared to be attractive to these women, as those companies typically adopted explicit performance management systems, making advancement more a matter of true merit and contribution rather than relationships with (male) managers.

Keywords: Human Resources, Japan, Women



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Paper Number: MS0038

Work-family Conflict: Does Your Life and Work Partners' Preference for Multitasking Matter?

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Paper Number: MS0038

Work-family Conflict: Does Your Life and Work Partners' Preference for Multitasking Matter?

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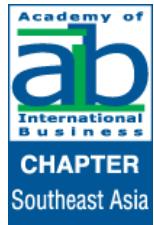
ABSTRACT

In the pandemic, a large number of employees have to work from home to protect their health. Working from home with the help of technology, however, make it difficult for many employees to compartmentalize their work and family roles and find a balance between their work and family lives. The multiple and simultaneous demands on them lead to increased work-family conflict (WFC). What can reduce the amount of WFC suffered by employees? A scarcity of research found polychronicity, an individual's preference for multitasking is associated with reduced WFC. They claimed that individuals who have a strong preference for multitasking may be better able to engage in work and family responsibilities simultaneously, and this could help to alleviate WFC. Given that jobs nowadays are mostly done by teams, it is suggested that not only an employee's preference for multitasking should be studied but also the fit with his/her team members. In addition, as family responsibilities are usually shared with one's spouse or partner, whether the significant one's time use preference is congruent with that of the employee determines amount of experienced WFC as well.

Grounded in the Person-environment fit theory, this study aims to investigate the effects of temporal orientation fit or misfit between an employee and his/her work partners as well as life partner on WFC. Furthermore, the mechanism underlying this fit-WFC relationship is through employees' perceived control of time – their perception of having enough time to finish the work. It is plausible that when the multitasking preferences are not in congruence, employees may consider they lack the time control and this in turn will lead to higher WFC. To test these predictions, data will be collected from employees,

their team members, and spouses or partners. Polynomial regression analysis will be employed to examine the proposed relationships.

Keywords: Work-family conflict (WFC), polychronicity, Person-environment (PE) fit, perceived control of time



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Paper Number: MS0039

Legitimacy Judgment in MNC members' Compliance with Language Policy

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Paper Number: MS0039

Legitimacy Judgment in MNC members' Compliance with Language Policy

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ABSTRACT

Legitimacy has emerged as a prominent perspective for MNCs to look into the implementation of HQs' controls or policies across oversea subunits. This article proposes a legitimacy-based view to explain MNC members' compliance with language policy. This view differs from the well-researched competence-based view. Other than language ability, it explicates how different implementation and internal legitimization of language policy in MNC affect employees' legitimacy judgment, which, in turn, explains their compliance.

Three scenario-based experiments, varied in their manipulations and MNC context, tested the theoretical arguments on over 400 workers with MNC experience. The findings corroborate that organizational and strategic factors, including explicitness of language policy, internal legitimization strategies, and subunits' strategic orientations, jointly shape MNC members' compliance and daily language usage. Particularly, compliance of employees increases when an MNC implements language policy explicitly or legitimately in language-sensitive HRM

practices and collective endorsement. Legitimacy judgment of members accounts for their compliance beyond their language ability in mediation analysis. That means, regardless of their language ability, MNC members may adopt the official language because they view the official language as desired and legitimate language in the workplaces. Also, we found that the relationships between language policy, legitimacy judgment and members' compliance can be enhanced or weakened by other organizational factors in the subunits, such as strategic orientations.

This article advances the understanding of how the implementation of language policy at macro-level shaped and influenced MNC members' compliance and language practices at micro-level, which has oftentimes been overlooked in existing empirical studies. By theorizing and examining legitimacy judgment as a critical mediator, this paper enriches MNCs' language policy and legitimacy research by showing the interaction between HQs' policy and MNC members' legitimacy judgment in international contexts. Theoretical implications and practical implications for designing effective and legitimate language policy are also discussed.

Keywords: Language policy, multinational corporations, internal legitimization, legitimacy judgment, experimental design



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Paper Number: MS0040

Social Impact: Review and Measurement Development

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Social Impact: Review and Measurement Development

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Abstract

Since world leaders and leading firms concern more about sustainability, the amount of social investment keeps increasing every year. A valid impact measurement is crucial for investors to ensure their funds going to the right projects and to allow them to track their project performance. However, to the best of our knowledge, a common, reliable and valid social impact measurement is not available yet. Extant impact measurement tends to be uni-dimensional and single-level, overlooking the multi-level effects or multi-dimensionality. The inconsistent concepts over social impacts is a major reason behind those incomplete measurements. With dissimilar definitions, the contents, assumptions, and boundaries of studies vary. Subsequently, the knowledge of social impacts becomes hard to accumulate for further development. To advance the practice and theory of social impact, a common definition and a reliable and valid measurement, are essential. The objectives of this paper are thus twofold. First, based on a literature review, this paper draws a comprehensive definition of social impact that comprises knowledge of prior studies and allows researchers in the field to follow. We reviewed papers about social impacts to understand the extant ground of social impact and identified three characteristics that the definition and measurement of social impacts should comprise, namely multi-dimensional, multi-level, and dynamic. Second, we aim to develop a novel impact measurement with the three characteristics to facilitate researchers and practitioners to capture impacts accurately. A six-step scale development approach will be adopted to ensure scale reliability and validity. The proposed measurement is developed based on the triple-bottom-line model that highlights the importance of ecology, socio-culture, and economy dimensions on sustainability. We categorize our indicators into these three dimensions to reflect “multi-dimensionality”. In each dimension, we include micro-level and macro-level indicators to facilitate cross-level investigation. Lastly, we suggest a multi-time-points evaluating approach to manage time effects.

(Word Count: 300)

Keywords: Social Impacts, Sustainability, Impact Measurement



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School of Business
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Paper Number: MS0041

**How Supervisors Feedback Environment Influence Employee
Creativity:
The Mediating Role of Psychological Ownership**

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How supervisors feedback environment influence employee creativity: the mediating role of psychological ownership

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Abstract

The purpose of this study is to extend our understanding of feedback-creativity relationship from a social exchange perspective. The research thus to be how supervisor feedback environment may lead to employee creativity through a psychological ownership (PO) mechanism. After 10 preliminary interviews with middle managers in Chinese IT industry, this study proposed three hypotheses. 1. Employees' perceptions of a favorable supervisor feedback environment will be positively related to their level of creative performance. 2. A favorable feedback environment is positively related to PO. 3. Employees' PO mediates the relationship between their perceptions of a favorable supervisor feedback environment and creative performance. 4. Employees' autonomy orientation will moderate the strength of the mediated relationships between PO and creative performance, such that the mediated relationship will be stronger under high autonomy orientation than under low autonomy orientation.

This study adopts a quantitative approach to test all above hypotheses. I investigated 213 employees in Chinese IT industry, results indicated that supervisor feedback environment is positively related to creative performance, PO mediates the relationship between supervisor feedback environment and creativity. This study introduces PO theory into creativity research under social information processing and social interdependent perspective. In addition, results underscore the importance for leaders' efforts of creating favorable contexts for employees to seek and give feedbacks.

Key words: Psychological Ownership; Feedback Environment; Creative Performance.



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Paper Number: MS0043

Chief Sustainability Officers: International Evidence

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Paper Number: MS0043

Chief Sustainability Officers: International evidence

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ABSTRACT

Corporate social responsibility can be broadly defined as a firm's consideration of its impact on society, the environment and other interested stakeholders when carrying out its activities – that is, its consideration of the needs of those other than owners or investors, who are more likely interested in profits. Firms' CSR practices vary considerably around the world according to the expectations of investors, consumers and the regulatory and institutional environment.

In this paper, we examine the relationship between the hiring of a Chief Sustainability Officer (CSO) and financial and non-financial performance. We use empirical archival data from a sample of stock exchange-listed companies in various countries, as firms' attitudes towards CSR and the regulatory and institutional environment vary widely across countries.

We aim to contribute to a small but developing body of literature on the role and effectiveness of CSOs on corporate policies. By using an international data set, we expect our study to be relevant to researchers, policy makers and industry practitioners around the world.

Keywords: Chief Sustainability Officer, CSO, Corporate Social Responsibility, Financial Performance, Non-financial performance

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Paper Number: MS0044

The Role of Geographic Distance in Corporate Philanthropic Disaster Response: A Study of Chinese Firms during the COVID-19 Outbreak

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Wei Liu
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Paper Number: MS0044

The role of geographic distance in corporate philanthropic disaster response: A study of Chinese firms during the COVID-19 outbreak

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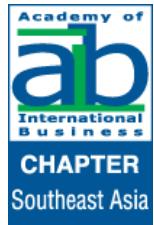
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ABSTRACT

The topic of corporate strategic philanthropy as a response to intense natural disasters, such as tsunami, flooding and earthquake, has received much attention from business and ethics academia. Drawing on the economic geography and corporate social responsibility literature, this research examines the relationship between the firm's geographical distance to the epicenter of disaster and corporate philanthropy. Based on the signaling theory, we argue that corporate philanthropic disaster response can be reflected as a signal to main stakeholders, and hence increase corporate reputation and financial performance. However, the such signal is attenuated with the increase of geographic distance. We propose that firms with further locations pay more charitable giving as the disaster response. In addition, this positive relationship will be weakened with higher level of foreign ownership in firms. We test our framework with a panel data set of listed firms in China, combining the hand-collected data on corporate

philanthropy to the COVID-19 outbreak. We set Wuhan city as the epicenter of COVID-19 in China to measure the geographic distance with our sample of firms, and empirical results largely support our hypotheses. Furthermore, we employ an additional analysis to test our hypotheses using the similar data in the context of Wenchuan earthquake in 2008 as a comparison, and find that the positive role of geographic distance is weaker in the Wenchuan earthquake sample. Based on the large difference in the information transmission infrastructure at the time of the two samples, our results also demonstrate the important role of information transmission in overcoming the information disadvantage due to geographical barriers.

Key words: geographical distance, CSR, COVID-19, information transmission, signaling theory



香港恒生大學
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School of Business
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Paper Number: MS0045

The New Argonauts: A Transnational View of Embeddedness

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Paper Number: MS0045

The New Argonauts: A Transnational View of Embeddedness

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ABSTRACT

Transnational entrepreneurs engage in economic activity simultaneously in their home and host countries and were termed “new Argonauts” by Saxenian. They operate in the cross-border zone between countries rather than embedding in local diaspora communities. Unlike local or diaspora entrepreneurs, they utilise cross-border networks and resources and are characterised by information channelling, mobility and transnational social capital. The mechanisms that lead to these characteristics have received very little attention, despite the increasing economic significance of new Argonauts. The recent literature suggests that these characteristics may be due to an unusually deep level of localisation in the host country, which contrasts interestingly with their limited local community embeddedness. To identify mechanisms behind this localisation process, a thematic analysis of interviews with 20 Chinese new Argonauts in Australia was conducted. The participants were all Chinese-born entrepreneurs who had been successful in China and had used their personal financial resources to establish significant businesses in Australia, including manufacturing and retail outlets. The selection criteria included significant evidence of cross-border networks and resources, information channelling, mobility and transnational social capital. The study identified a complex process of localisation which evolved over time, best described as embeddedness symmetry localisation. The new Argonauts were found to focus

on business development. They adopted a dynamic foreign and home country embeddedness process as they developed their business which retained balance, but also included evolution in both locations. The evolution of embeddedness was driven by the interactive and compensatory changes in the networks that they maintained in both the home and host country. These findings suggest that the mechanism that creates the characteristics of new Argonauts is embeddedness symmetry.

Keywords: Transnational entrepreneurs, new argonauts, localisation, embeddedness



香港恒生大學
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School of Business
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Paper Number: MS0046

Possible Failure of International Fast Fashion in Hong Kong

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Paper Number: MS0046

Possible Failure of International Fast Fashion in Hong Kong

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ABSTRACT

Purpose/research problems: Over the last two decades, fast fashion business dominated by retail giants Zara and H&M had been flourishing. However, in recent two years, many international fast fashion companies have reported a sharp decline in sales. The purpose of this paper is to empirically investigate the reasons for the failure of fast fashion brands in Hong Kong and provide suggestions for future development.

Aims/hypotheses/research framework: This paper aims to present a conceptual framework for a deeper understanding of the marketing environment in which business operates. International fast

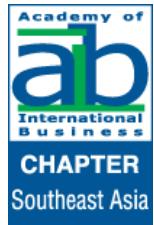
fashion brands should be well aware of the external and internal surrounding factors that affect business operations and marketing activities.

Design/methodology/approach: Based on the empirical findings, four main challenges are facing fast fashion retailers. To further investigate the underlying causes of business failure, an interview was conducted with Ms Elaine Shiu, the Founder and Executive Director of Ejj Jewellery. As an outstanding serial entrepreneur in fashion jewellery and innovative technology, she shared valuable insights and experience in fast fashion business.

Findings: The results revealed that international fast fashion companies in Hong Kong have been hit incredibly hard because of high retail rents, negative environmental impact, e-commerce trends and political crisis. To revive its business and sustain growth, it is suggested that fast fashion companies should assess its capability in entering a new market and adopt sharing economy to meet the needs of eco-conscious consumers.

Practical implications: The findings of this study provide insights into how international fast fashion companies should switch up and adjust marketing strategies to respond to changing consumer trends and shifts in business model. Fast fashion companies must constantly scan the marketing environment to deal with current situation and prepare for the future.

Keywords: fast fashion, new market entrant, sustainability, rentable fashion, e-commerce



香港恒生大學
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School of Business
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Paper Number: MS0047

Diversity Ideologies and Accusations of Cultural Appropriation

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Paper Number: MS0047

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ABSTRACT

Globalization encourages individuals to cross cultural boundaries and borrow ideas from other cultures, highlighting the benefits of the actions, such as innovation and creativity. However, cultural borrowing sometimes leads to ethical concerns. The current paper investigates who criticized cultural borrowing as cultural appropriation that detracts from originality and violates the rights of the owner groups and when such criticisms have been made. Across four studies, we explore how people's beliefs about the nature of culture and of cultural relationship-diversity ideologies shape judgments of cultural appropriation. We focused on the impacts of two diversity ideologies, multiculturalism (emphasizing cultural differences) and polyculturalism (emphasizing cultural interaction), by presenting incidents in which cultural appropriation accusations were made in various contexts adapted from real cases. In

Studies 1-3, we measured individuals' endorsement of the diversity ideology and found that people who endorsed polyculturalism were less likely judge cultural borrowing as cultural appropriation, whereas those who endorsed multiculturalism condemned cultural borrowing as cultural appropriation via feelings of disgust (Studies 2-3). In Study 3, we differentiated cultural borrowers' racial status (e.g., White vs. Black American) and found that polyculturalism lightened the judgement of cultural appropriation by reduced feelings of disgust about borrowers, especially when borrowers had high status compared to the owner group. However, regardless of the borrower's condition, multiculturalism predicted increased judgment of cultural appropriation. We replicated the findings by manipulating a different diversity ideology in Study 4. The findings connect the research on ethics in globalization with the research on diversity ideologies by identifying the psychological mechanisms of how people assess cultural appropriation.

Keywords: Cultural Appropriation, Diversity Ideology, Polyculturalism, Multiculturalism, Globalization



香港恒生大學
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School of Business
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Paper Number: MS0048

A Review on Governmental Effects on Innovation Capability of Companies: Combining University-Industry-Government (UIG) and Dynamic Capability

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Paper Number: MS0048

A Review on Governmental Effects on Innovation Capability of Companies: Combining University-Industry-Government (UIG) and Dynamic Capability

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ABSTRACT

This review examines literature from 2010 to 2019 on government impacts on innovation capability of companies. To describe the status of the subjects and identify issues for future research, we base on perspectives of university-industry-government (UIG) and dynamic capability, using bibliometric and content analyses of leading journals. The main findings are: (1) institutional interventions affect innovation capability development; (2) relationships, ties with governments and UIG relationships, affect innovation capability development; (3) government policies and university powers affect these relationships; (4) information and communications technologies (ICTs) are applied to improve government services and relationships with businesses, which is called e-government that is influenced by resource conditions; (5) innovation can be stimulated by the adoption of open government data that is influenced by perceived benefits, organizational readiness, external pressures and training for data users. Insights are also proposed for future research: (i) how do e-governments impact innovation capabilities in firms; (ii) how do e-governments influence relationships to further affect innovation capabilities in firms. This research provides a basis for studying governmental effects on innovation capability. This has significant implications for research on university-industry-government (UIG) and dynamic capability.

Keywords: bibliometric findings; UIG; innovation capability; government; e-government; open government data

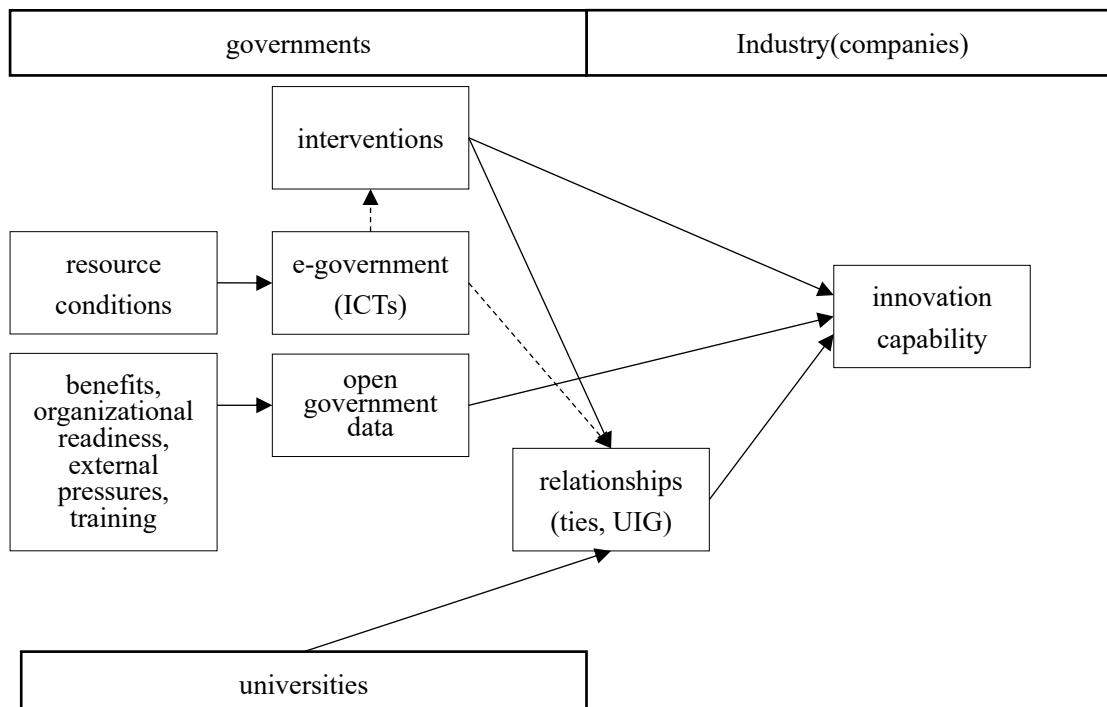


Figure1 Governmental Effects on Innovation Capability of Companies

Notes:

1. → represents effect relationships
2. - - - → represents future opportunities



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Paper Number: MS0049

**Birth Order and Innovation:
The Contingent Effect of Institutional Environment**

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Birth Order and Innovation: The Contingent Effect of Institutional Environment

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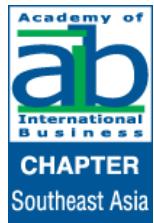
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ABSTRACT

This study aims to address the question of what affects innovation inside family firms by focusing on an understudied family structure, that is, the birth order of family CEOs. According to birth order literature, we expect that later-born family CEOs, who are more risk-taking and open to new radical ideas, are more likely to facilitate innovation compared with earlier-born family CEOs. However, birth order only captures family CEO's propensity to innovate. Whether later-born family CEOs are more likely to innovate depends on their discretion, or latitude of action, which is determined by country-level institutional factors. Building on institutional theory, we posit that the interplay between family CEO's birth order and formal and informal institutions influence family firms' innovation. Specifically, our study examines how formal institutions, such as rule of law, and informal institutions, such as cultural values of power distance and family obligation, moderate the birth order effect. We expect that better rule of law, lower power distance, and less family obligation would free later-born family CEOs from

constraints of the extended owning family. Then their risk-taking tendency is more likely to manifest in strategic decision making. We test our arguments using a sample of 1349 family firms from 31 countries. Our study contributes to innovation literature by introducing birth order of family CEOs as an important antecedent of innovation in family business. It also contributes to family business literature by enriching our understanding of how institutional differences moderate the effect of family constructs on strategic choices.

Key words: Birth order, institutions, innovation, family business



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Paper Number: MS0050

**Speed of Entry to the Belt and Road Initiative Destinations:
A Strategy Tripod Perspective**

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Paper Number: MS0050

Speed of Entry to the Belt and Road Initiative Destinations: A Strategy Tripod Perspective

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ABSTRACT

Research problem

What factors drive organizational faster participation under the BRI theme?

Research framework

Invoked on the strategy tripod perspective, we have examined how resource-, industry-, and institution-factors affect the timing decisions of Chinese listed firms' investments toward BRI destinations.

Methodology

We used the China Stock Market Accounting Research database to construct the sample and adopted the random-effect regression model to estimate the effects of strategy tripod factors in determining the speed of BRI entry.

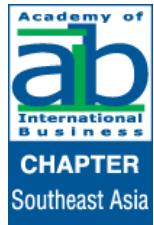
Findings

Based on a panel dataset, we have found that organizational internationalization experience and industry competition significantly facilitate the speed of BRI investments. Contrary to our speculations, however, firms with greater state ownership and located in planned BRI-participating provinces tend to enter the BRI destinations slower. Those effects are significantly different when we compare the pre-BRI and post-BRI periods, corroborating that BRI has achieved its policy expectations but unveiling that firms are still conservative about BRI.

Practical implications

Overall, the study has confirmed the generalizability of strategy tripod framework in the BRI context while identifying new antecedents of the timing decisions over internationalization. The heterogeneous effects among the three dimensions also remind policymakers to rethink about their contemporary policies.

Keywords: Belt and Road Initiative, strategy tripod, time of entry, OFDIs, China



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Paper Number: MS0051

Grand Challenges Research in Emergence: Trends and Future Directions

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Paper Number: MS0051

Grand Challenges Research in Emergence: Trends and Future Directions

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ABSTRACT

This paper aimed at evaluating the emergent academic field of grand challenges (GCs) to better understand its progress and potential within international business management studies. By examining the relationship between grand challenge management and the outcomes of sustainability development and social value creation, I examine 90 grand challenge, sustainability and social value creation articles published in leading management journals from 1995 to 2020. Clear evidence was found of a rising trend in the number of published grand challenge articles, some of them covered the latest pandemic of COVID-19. The highly integrative boundaries of grand challenges and sustainability development facilitate academic discussions with different management areas. This paper revealed three broad areas of foci with grand challenge research in general: (i) organizational motives in tackling grand challenges; (ii) organizational processes in tackling GCs including adaptation, innovation, or organizational learning; (iii) organizational outcomes of grand challenge management including resilience, sustainability development; or social value creation.

Into the unknown

<https://www.youtube.com/watch?v=GB9tK9yVUwo>

Leading Teams

<https://hbr.org/topic/leading-teams>



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Paper Number: MS0052

Is Color Space Useful to Detect a Region Rich in Human Resource? A Study of Thailand and Vietnam

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Paper Number: MS0052

Is Color Space Useful to Detect a Region Rich in Human Resource?

A Study of Thailand and Vietnam

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ABSTRACT

The purpose of this study is to detect areas rich in human resource abundance while using satellite imagery. Selecting a location rich in human resource is a hot issue for not only MNEs but also academic controversy. Using official statistics such as *Labour Force Survey* (LFS) is an option to find the location. To implement more precise estimation of the detection, applying other data source with the LFS results might be helpful. For the complementary data, we collected satellite imagery, particularly focusing on color space (red, green, and blue), which appears to reflect degree of labour force population. Using Google Earth Engine (GEE), we collected the imagery and picked the color space information up. Target year is 2018 and areas are Thailand and Vietnam, promising destinations of MNEs. To obtain the area rich in HRA, we applied K-means clustering method to the province-level LFS data. We found three areas in the followings: urban, suburban, and rural. Combining the color space data with clustering results, we examined which color space is helpful to detect the rich area while applying logistic regression with Bayesian inference.

We found that green enabled us to detect the areas precisely. Development process of the countries might affect: Green object such as tree were removed to build factory and establish road. Depending on county relationship between brightness and probability differs. In Thailand, as the brightness raises up, probability to be rural area declines and one to be suburban area increase. In Vietnam, as the brightness raises up, probability to be rural area increases and one to be suburban declines. The satellite imagery

will help detect regions rich in human resource abundance more precisely and frequently. Moreover, it will also help to consider seasonal labour movement.

Keywords

Human resource abundance; satellite imagery; labor force survey; Bayesian inference; foreign expansion



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School of Business
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Paper Number: MS0053

Reviewing Cultural and Linguistic Distance

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Paper Number: MS0053

Reviewing Cultural and Linguistic Distance

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ABSTRACT

Under globalization and the increasing amount of multinational companies, there is a prevalence of academic research in expatriates in the field of international human resource management. Expatriates, as agents of international assignments, are playing significant roles in functions such as subsidiary management and knowledge transfer. Due to their distinct backgrounds of coming from a different culture and speaking a different native language, cross-cultural adjustment is one of the main research clusters. Since culture and language are believed to hold important roles in adapting to the local environment, there is ample existing research that demonstrates the positive effect of having a high level of cultural similarities and host country language proficiency. However, in recent years, there have been a few studies showing a curvilinear relationship between cultural distance/ host country language proficiency and expatriation adjustment. The emergence of those different voices signals a need to review what we know about cultural and linguistic distance thus obtain a comprehensive understanding.

The purpose of this review paper is to study the paradoxical roles of cultural and linguistic distance in expatriation adjustment. From reviewing the outcomes of having high and low cultural and linguistic distance, this study aims to provide an updated theoretical framework of cultural and linguistic distance and attempts to initiate a discussion on an optimal distance between an expatriate and the host country. The findings indicate expatriates should not be regarded as a homogeneous. Despite individual characteristics, ones' cultural and linguistic distances between the local environment influence their

adjustment process. More importantly, when the cultural and linguistic distance between one expatriate to his or her host country is either too high or low, deviant outcomes emerge. From the discussion on the optimal cultural and linguistic distance, this study hopes to better help HR practitioners to send the most ideal expatriates.

Keywords: cross-cultural management, human resource management, expatriates



香港恒生大學
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School of Business
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Paper Number: MS0054

Thai Migrant Worker's Motivation - Case Study of a Japanese Factory in Rayong Province

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Paper Number: MS0054

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ABSTRACT

This study clarifies motivational sources and their relationship with Thai migrant factory workers' rural life who come to work in an industrial estate from rural areas. The study was done using the ethnographic method: By interview and observation. The center of the interview was about their life history. The research was carried out in a Japanese company in the Rayong Province, Thailand, in 2018 for three weeks.

Motivation has been analyzed from various perspectives, such as the relationship between compensation and motivation, the effect of work-goal and path to achieve it on motivation, etc. These targeted at present and near future as a timeline basis; workers' experience has not been focused. Therefore, this study focuses on workers' past in rural areas, present working life, and future goal to unveil their values and their effect on motivation.

As a result, it was insisted that the center of their motivation stems from Phara, which literary means duty or burden in Thai. Phara in a worker's context means the responsibility to support the

family by sending money and asset building to prepare for their future in a rural area. Thailand has been drastically capitalized since the 1990s, and cash income has become necessary. Thus, workers owe Phara to work in a factory to maintain rural life. They feel a strong identity in rural life, so they aim to retire from factory work at around forty and go back home.

The resource of motivation affects to work. Kaizen activities are one of the Japanese characteristic management methods; however, Thai workers often do not feel the value for contributing to this activity. The reason is that they aim to contribute to their home village by working, and they do not plan to work in a factory for the rest of their life. Thus, it doesn't meet with their motivation.

Keywords: Motivation, Migrant Worker, Thailand, Phara



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Paper Number: MS0055

An Empirical Study on Social Media Users' Fatigue and Discontinuing Using Social Networking Site

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An Empirical Study on Social Media Users' Fatigue and Discontinuing Using Social Networking Site

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ABSTRACT

Social media is one of the most used platforms in Taiwan and around the world. Prior study shows that the use of social media is a major factor in life fatigue. However, the discussion of fatigue-related issues in social media remains insufficient. Especially from the aspects of users' behavior, it is rare to find a complete model to explain the factors that lead to users' overload and social media fatigue. This study attempts to develop a research framework using the Cognitive Load Theory (CLT) and source-message-channel-receiver (SMCR) models to explore SMCR factors that cause information overload, communication overload, and social overload. This may lead to social media fatigue and affects the behavior of social users. The study adopts a cross-sectional quantitative empirical research method designed, and uses an online questionnaire to investigate the behavior of Taiwanese social media users. 952 valid questionnaires were collected. SPSS and SmartPLS techniques will be adopted

to analyze the data. The results show that the source diversity in the SMCR model has a significant effect on communication overload, and information irrelevance has a significant effect on information overload and communication overload; excessive use of social media, personal needs, and social needs all affect information overload, communication overload, and social overload, and the effect moving forward to lead social media fatigue, and eventually aroused discontinuing using social media. The research suggests that users can temporarily take a break using social media, avoiding register for multiple different media platform accounts, and avoid joining too many fan groups to ease social media fatigue.

Keywords: Overload, social media fatigue, discontinuing using social media, SMCR model, cognitive load theory



香港恒生大學
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Paper Number: MS0056

Consumer Attitudes towards Reporting Suspected Price-Fixing Activities in Hong Kong

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Consumer Attitudes towards Reporting Suspected Price-Fixing Activities in Hong Kong

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Price-fixing is a global issue of enormous economic significance influencing worldwide sales worth of US\$16.6 trillion dollars, making products and services more expensive for consumers. As an attempt to tackle this problem in Hong Kong, the Competition Ordinance came into full effect on 15 December 2015 criminalizing price-fixing. Problematically, in the most advanced economies like the United States, illicit price-fixing conspiracies between competitors have continued to persist despite similar competition laws, often involving some of the largest and most respected companies. The government's strategy to enforce competition laws relies extensively upon consumers voluntarily reporting suspected price-fixing activities to authorities. By receiving reports from the public of suspected price-fixing cases, the government can enforce the competition laws more efficiently.

The purpose of the research project aims to investigate consumer attitudes and intentions towards reporting suspected price-fixing activities using the decomposed theory of planned behaviour (DTPB). Prior to the data collection of online survey, eight qualitative interviews were conducted in Hong Kong in order to gain insights on the research topic. The initial findings revealed three themes: (1) consumers' *trust* in government's ability to combat the price-fixing activities; (2) consumers' *belief* in reporting of price-fixing activities; and (3) the

relationship between consumer perception of *price-fairness* and their intentions towards reporting suspected price-fixing activities. Integrating these themes in the theoretical framework, the empirical investigation (i.e. online survey) will be the next step in this on-going research.

Keywords: Price-fixing, Consumer Attitudes, Decomposed Theory of Planned Behaviour

Acknowledgement: “The work described in this study was fully supported by a grant from the Research Grants Council of the Hong Kong Special Administrative Region, China (Project No. “UGC/FDS24/B07/19”).



香港恒生大學
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School of Business
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Paper Number: MS0057

**International Project Contracting Market in Latin America:
Challenges and Countermeasures for Chinese Firms under the
Belt & Road Initiative**

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International Project Contracting Market in Latin America: Challenges and Countermeasures for Chinese Firms under the Belt & Road Initiative

Abstract: The B & R Initiative of the Chinese government and economic globalization have further tightened the economic and trade links between China and the Latin America and helped to shape unprecedented opportunities for the Chinese international project contracting firms to explore the Latin American Contracting market, which has become a key component of the driving forces for the Chinese overseas business development. For decades, many Chinese contracting firms have been operating successfully in this market and gained rapid expansion and reputations in many countries. However, there is still an obvious imbalance in relevant investment and business scope amongst the nations in this region. Furthermore, the key players are mainly large-scale SOEs rather than SMEs though the later has been strongly encouraged by the Chinese government. On top of that, there are still critical external hurdles such as political, economic, culture barriers and internal pitfalls like competitiveness, financing capacity and human resource management abilities. This paper discusses the key features and challenges facing the Chinese contracting firms in Latin America and proposes countermeasures with an objective to help relevant firms to enhance their competitiveness and overcome the potential obstacles when compete in Latin America. The author holds that, by integrating with local policies and regulations, the Chinese contractors could formulate appropriate business models in the Latin American infrastructure markets through

comprehensively enhancing their comprehensive abilities as well as promoting the internationalization of Chinese standards and human resources. The Chinese firms should further strictly follow the golden principles of the "Belt and Road Initiative": Consultation, Contribution and Shared Benefits to further the practice of localization in management and actively undertake CSR management so as to achieve public recognition.

Key words: the Belt & Road Initiative; China-Latin American Cooperation; International Project Contracting; Infrastructure Construction market; CSR



香港恒生大學
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Paper Number: MS0058

The Influences of Covid-19 on the Performance of Commercial Contracts-based on the Frustration Theory

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The Influences of Covid-19 on the Performance of Commercial Contracts---based on the Frustration Theory¹

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Abstract

The COVID-19 pandemic is having severe impact on business transactions all over the world.

As we know, it is the legal obligations of contractual parties to perform their contracting

terms. However, due to the outbreak of COVID-19, the parties of commercial contracts may

encounter various obstacles in performing contracts, and even find it impossible to complete

any agreed terms. According to the rules of contract law, the non-performance may result in a

breach of contract. We focus on the disturbance of commercial contracts influenced by

COVID-19 pandemic such as government restrictions. Does a “force majeure clause” cover

COVID-19? May the parties invoke “act of God” as a contractual defense? How to mitigate

damages to the contractual parties? In our study, we use the Frustration Theory to analyze the

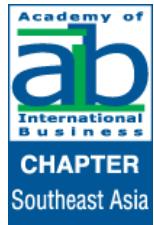
types of circumstances which would be applicable under the case law. Meanwhile, “majeure

clause” and “act of God” are comparatively studied. As a contractual provision, Frustration

¹ Subsidize by Macao Foundation

Theory is commonly applied where the events that contracting parties could not anticipate, especially out of their controls. Referring to the principle, none of the parties would be liable for the outstanding contracting terms. It is still unclear at this point as to how long the COVID-19 crisis will last, thus, we aim to illustrate the influences of COVID-19 on the performance of commercial contracts, discuss the theory of Frustration and the its effects on commercial contracts, with the purpose to relieve economic damages to contracting parties.

Keywords: COVID-19, Influences, Commercial Contracts, Frustration Theory



香港恒生大學
THE HANG SENG UNIVERSITY
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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0060

**Continuity or Conflict:
What do Entrepreneurs Pass on to their Next Generation?**

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Paper Number: MS0060

Continuity or Conflict: What Do Entrepreneurs Pass on to their Next Generation?

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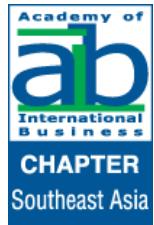
The Hang Seng University of Hong Kong
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ABSTRACT

Apart from identifying and developing new sources of competitive advantage to drive profit, many entrepreneurs of family business are also working on the succession plan. They concern how family wealth can be accumulated and preserved from generation to generation. Yet it is not an easy task. Family succession can be ended up in a family conflict instead of a business continuity. As in the US, there are not more than 40% of family businesses successfully succeeded by the second generation. The percentage was dropped to 3% of family businesses that are still in the hand of fourth generation. As the succession issue of family business is expected to be more acute in view of the retirement for many first-generation entrepreneurs in China within the coming 10-year, it is the right time to investigate family succession in Chinese family business context. In this paper, family succession is defined as the transfer of family capitals to the next generation consisting of financial capital, industrial capital, social

capital, and human capital. The readiness of family succession is defined as a result of family harmony, intergenerational communication, and successors nurturing. It is argued that the causal relationship between readiness of family succession and family capitals are contingent upon family governance, social networks, and nonfamily management. The results are expected to be useful to entrepreneurs who plan to pass on their family business to the next generation through understanding which factors and conditions are critical to the transfer of family capital.

Keywords: Readiness of Family Succession, Family Governance, Family Capitals, Social Networks, Nonfamily Management



香港恒生大學
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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0061

The Effects of Formal and Informal Family Governance on Family Harmony within Chinese Family Business

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Paper Number: MS0061

The Effects of Formal and Informal Family Governance on Family Harmony Within Chinese Family Business

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ABSTRACT

Many Chinese businesses are owned and managed by a family that family business is an integral part of the economy. Thus, proper governance of family business can drive economic growth. Family governance contains rules and procedures abided by family members to allow a better grasp of the matter behind family succession. It serves as a mechanism to resolve problems arising from the transfer of family wealth. It is of this background that a study was conducted to investigate the effects of family governance on the harmony of family relations using a questionnaire survey. Sampling controlling shareholders of family business in China from the client database of sponsoring bank, some interesting findings were emerged: 1) formal family governance reduces family harmony while the informal promotes harmonious family relations, 2) family business in the growth stage values family governance more than others in a different stage of the life cycle, and 3) the institutionalization of family governance

relates to the size of business that large family has laid down family governance to handle matter of family succession. As many Chinese family businesses are still in their infant stage, they are not ready for formal family governance. They need to resort to less formal practices in the first place on family governance. In the process of establishing family governance, professionals such as private bankers, accountants, and lawyers alike better direct the present effort of Chinese family businesses to understand and develop informal family governance first before the gradually shift to formal family governance practice in the future. Last, governments, educational institutions, research centres, and industries are suggested to work closely to facilitate the change of family governance from informal to formal practices.

Keywords: Chinese Family Business, Family Governance, Family Harmony



香港恒生大學
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School of Business
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Paper Number: MS0062

Observing Coworker Ostracism and Perceptions of Organizational Politics

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Paper Number: MS0062

Observing Coworker Ostracism and Perceptions of Organizational Politics

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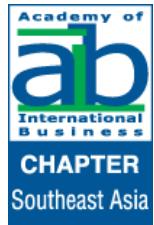
Acknowledgement: The work described in this paper was supported by a grant from the Research Grants Council of the Hong Kong Special Administrative Region, China (Project No. UGC/FDS14/B07/19)

ABSTRACT

Research has extensively examined workplace ostracism – the extent to which an individual is excluded in the workplace – as a dyadic event between a perpetrator and a target. However, as employees interact with and are nested within multiple layers in the organization, further research is needed to examine workplace ostracism as a social phenomenon in which third-party observers may also be affected through observations and awareness. Observations of coworkers' behaviors can significantly affect employees' subjective evaluations of the working environment. In particular, as ostracizing behaviors are often covert and ambiguous in nature, they may be perceived as being political or self-serving. Thus, using social learning theory and a social information processing perspective, this study investigates how observing the ostracism behaviors of coworkers can influence employees' perceptions of organizational politics and subsequently their own political behaviors. Specifically, we propose that when employees observe their coworkers engaging in ostracism or being ostracized, their perceptions of politics increase which positively influences their own level of political behaviors. We further propose two moderators: 1) when observers perceive

targets to be undeserving of ostracism, their perceptions of politics increase; and 2) that individuals who are more politically savvy are more likely to engage in politicking as they are better equipped to navigate political environments. Theoretical and practical implications are also discussed.

Keywords: workplace ostracism, social information processing, organizational politics



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School of Business
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Paper Number: MS0063

Navigating Language Melting Pots: The Impact of Linguistic Diversity on Private Participation Projects in Asia

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Paper Number: MS0063

Navigating Language Melting Pots: The Impact of Linguistic Diversity on Private Participation Projects in Asia

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ABSTRACT

Purpose/research problems: Given the ubiquity of private participation projects (PPPs) nowadays, especially in emerging economies, researchers have aimed to investigate the determinants of success or failure. However, the role of linguistic diversity has been overlooked in the literature.

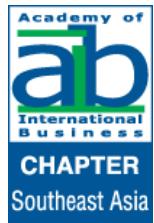
Aims/hypotheses/research framework: We argue that higher linguistic diversity is negatively associated with the performance of PPPs because the existence of multiple languages in the country makes it harder to fully understand the local idiosyncrasy and communicate with other local agents. We also argue that the negative effect of linguistic diversity on PPPs is weakened when the project is greenfield and by host government ownership.

Design/methodology/approach (mandatory): We analyze a sample of 2,921 PPPs in 7 Asian countries (1990-2013) and find empirical support for our hypotheses. PPPs in Asia is an ideal empirical setting

for testing the impact of host country linguistic diversity. Given the many different stakeholders with interests in PPPs, they are likely to be affected by host country linguistic diversity. Asia is precisely one of the regions with an increasing number of PPPs. Further, many Asian countries are characterized by the existence of multiple languages, both official and dialects, increasing the likelihood that investors in PPPs will have to deal with multiple languages.

Findings (mandatory): We find support for our hypotheses. Due to higher information gathering costs, information asymmetries, uncertainty, and overall complexity, it is more likely to make mistakes, misunderstand, and face problems related to opportunistic behaviors. Moreover, greenfield projects enjoy flexibility advantages, both in their design and development, so they can restrict their interactions to specific linguistic segments in the country, reducing the problems derived from linguistic diversity. Finally, the government can provide valuable knowledge about the host environment, access to local business networks and increased legitimacy, lowering complexity and the risk of misunderstandings.

Keywords: Linguistic Diversity; Private Participation Infrastructure Projects; Asia; Greenfield; Government Ownership.



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Paper Number: MS0065

Integrating Corporate Social Responsibility Criteria into Executive Compensation and Firm Innovation: International Evidence

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Integrating Corporate Social Responsibility Criteria into Executive Compensation and Firm Innovation: International Evidence

Abstract

Integrating corporate social responsibility (CSR) criteria into executive compensation schemes has become increasingly common for companies worldwide. We use a large sample of firms from 30 countries and find that those that integrate CSR generally have greater innovation outputs as measured by patent and citation counts, innovation efficiency, and patent value after controlling for their CSR performance. We also find a stronger effect of integrating CSR criteria into executive compensation on firm innovation in countries where the level of stakeholders' protection is weak. Further, this effect is reduced following the implementation of country-level CSR reporting regulations, after shareholders initiate proposals concerning CSR, and for firms with higher levels of CSR performance. These findings support our argument that directly integrating CSR criteria into executive compensation with the aim to encourage substantive CSR initiatives can play an influential role on fostering firm innovation. Overall, our study reveals the effect that linking executive compensation to CSR criteria has on managers' risk-taking incentives in a global context and identifies the factors contributing to the heterogeneity of this effect in various countries.

Keywords: sustainability; executive compensation; innovation; patent; international

JEL codes: G34, M12, M14, M52



香港恒生大學
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School of Business
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Paper Number: MS0066

A Neo-configurational and Asset Bundling Perspective on the Link between Subsidiary Initiatives and Performance

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Paper Number: MS0066

A Neo-configurational and Asset Bundling Perspective on the Link Between Subsidiary Initiatives and Performance

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ABSTRACT

Purpose/research problems

The purpose of our research is to shed new light on how initiatives in foreign owned subsidiaries influence their performance outcomes.

Aims/hypotheses/research framework

We employ the neo-configurational perspective and the asset bundling model to investigate how subsidiary initiatives and asset bundle complementarities influence performance outcomes.

Design/methodology/approach

We collected empirical data to test our framework through a survey of subsidiary managers located in the emerging economies of Taiwan and Thailand. We use fuzzy set qualitative comparative analysis

technique to identify asset bundle configurations that explain high as well as low performance outcomes.

Findings (mandatory)

We found that subsidiary initiative and competences are key assets for high performance outcomes. Locational and network assets seem to have complementary effects. The absence of either of those conditions, however, does not automatically imply low performance outcomes; hence, we find evidence for causal asymmetry in our results.

Research limitation/implication (if applicable)

The empirical part of this article is based on a cross-sectional sample of foreign-owned subsidiaries. However, it might well be that the role of subsidiary initiatives that cause performance high performance outcomes changes over time.

Practical implications (if applicable)

Our study showed that the success of subsidiary initiatives depends on the initiative dimensions themselves as well as complementarity of asset bundles.

Keywords: neo-configurational perspective; fsQCA; emerging markets; subsidiary initiatives; asset bundling model.



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School of Business
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Paper Number: MS0068

Product Placement Prominence and Brand Memory: A Qualitative Comparative Analysis

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Paper Number: MS0068

Product Placement Prominence and Brand Memory: A Qualitative Comparative Analysis

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ABSTRACT

Product placement is a hot research topic in the past two decades and prominence is a frequently explored execution characteristic. Prominence is a multi-dimensional concept. However, previous studies have defined and operationalized prominence in different ways and no studies have tried to systematically examine what should and should not be counted as prominence. Utilizing a content

analysis of six microfilms and an experimental study on 129 Chinese students, we systematically examined fifteen dimensions of placement prominence on the memory of placed brands. A factor analysis has reduced the fifteen dimensions into five factors include contextual, plot, sensory, exposure, and spatial. A qualitative comparative analysis (QCA) was then conducted to identify the configurations of the five factors that may lead to low and high brand memory. The optimal configurations were also contrasted across gender (i.e., male vs. female) and brand familiarity (i.e., low and high familiarity) groups. While the optimal configurations of prominence on brand memory for male and female participants were largely the same, the combinations differed for participants with low and high brand familiarity. The results contribute to the theory and understanding of the effect of placement prominence on brand memory and have significant implications to practitioners.

Keywords: product placement, prominence, brand memory, qualitative comparative analysis

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Yongfa Li is a professor of Marketing at School of Business Administration, Anhui University of Finance and Economics, Bengbu, China. His main research and teaching interests fall into areas such as business model innovation and customer values. His research has been published in *Science of the Total Environment*, *Science & Technology Progress and Policy*, and *Science Research Management*.



香港恒生大學
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School of Business
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Paper Number: MS0069

When Arab Networking Meets Western Marketing: The Role of Wasta in Initiating and Sustaining Customer Relationships

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When Arab networking meets Western marketing: The role of *wasta* in initiating and sustaining customer relationships

Abstract

This study develops and empirically tests a model that links the Eastern notion of personal ties with Western relationship marketing. Specifically, it examines the Arab concept of *wasta* (networks) to demonstrate how social ties can have a significant effect on initiating business relationships in this context. Drawing on empirical data with some 315 respondents, the findings confirm that *wasta* is beneficial for attracting customers, nurturing relationships at an early stage and enhancing relationship quality. However, there is little evidence that it plays a significant role in retaining customers. The data also reveal the significant effect of relationship marketing for generating customer loyalty. Several recommendations are made for managerial practitioners, including considering the use of *wasta* to attract customers, but more significantly, the need to effectively practice relationship marketing in order to keep these customers. The study suggests that if relationship marketing is effectively practiced, customers are highly likely to remain loyal to a firm even if they were introduced through a personal *wasta* relationship with an employee who later left to join a competitor. Some limitations of the study are discussed and suggestions offered for future research.

Keywords: *Wasta*, relationship marketing, relationship sustaining factors, relationship quality, customer retention



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0070

Children's Perception of YouTube Videos with Product Endorsements

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Paper Number: MS0070

Children's Perception of YouTube Videos with Product Endorsements

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ABSTRACT

Purpose: In the digital era, children were exposed to different forms of advertising embedded in media contents. The current literature based on the understanding of television advertising needs updating.

Aims: This study adopts a dual-process model titled “Processing of Commercialized Media Content” proposed by Buijzen, Reijmersdal, and Owen (2010). In this model, advertising persuasion process takes three different forms, including systematic processing, heuristic processing, and automatic process of cognitive messages.

Design: A qualitative face-to-face interview study was conducted among 30 Chinese children aged 10 to 12. Interviewees were asked to watch a one-minute unboxing YouTube video. Afterward, they were asked about the purposes of this kind of video and the perceived influences of these messages on purchase decisions.

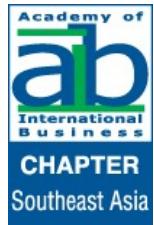
Findings: Interviewees demonstrated all three forms of cognitive processing of the commercial messages in YouTube videos. Interviewees had different understandings of the intentions of such messages. Most of the interviewees did not consider videos with brand endorsements advertising. Their judgement was based on the narrow way of defining advertising using traditional

storytelling skills in television advertising. A few interviewees demonstrated sophisticated elaboration of how YouTubers made profits through endorsing products and developing a high volume of audience traffic.

Videos with product endorsements were popular among interviewees as a source of information about new products. Interviewees learned about brands for children as well as for adults from YouTube with product endorsements. They were aware of the persuasive effects of these videos on their brand knowledge and purchase behaviors.

Research implications: There is a need to review the current policy and the investigation of compulsory disclosure of sponsored brand messages in videos and other digital social media target children.

Keywords: product placement; influencer marketing; advertising literacy; persuasive knowledge; qualitative method



香港恒生大學
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School of Business
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Paper Number: MS0072

Detecting Conflicts of Interest in Credit Rating Changes: A Distribution Dynamics Approach

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Paper Number: MS0072

Detecting Conflicts of Interest in Credit Rating Changes: A Distribution Dynamics Approach

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ABSTRACT

This paper compares the adjustments of credit ratings by an investor-paid credit-rating agency, represented by Egan-Jones Ratings Company (EJR), and an issuer-paid CRA, represented by Moody's Investor Service (Moody's), in light of conflict of interest between issuer-paid CRAs and issuers. A novel approach of distribution dynamics is employed to compute the probability distribution and hence the downgrade and upgrade probabilities of a credit rating assigned by these two CRAs of different compensation systems based on the dataset of 750 US issuers in the period of 2011-18 after the passage of the Dodd-Frank Act. It is found that investor-paid ratings are more likely to be downgraded only in the lower rating grades than issuer-paid ratings, which is consistent with the argument that investor-paid agency takes harsher attitude towards the potentially defaulting issuers to acquire reputation. We do not find evidence that issuer-paid CRAs provide

favorable treatments to the firms with threshold ratings, implying that reputation concerns and the Dodd-Frank regulation mitigate the conflict of interests and issuer-paid ratings are more concerned about providing accurate ratings.

Keywords: credit ratings; conflict of interest; distribution dynamics; issuer-paid credit rating agencies; investor-paid credit rating agencies



香港恒生大學
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School of Business
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Paper Number: MS0073

Is Guanxi Universal in China? A Review of 17 Provinces

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Paper Number: MS0073

Is Guanxi Universal in China? A Review of 17 Provinces

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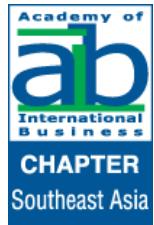
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ABSTRACT

Has guanxi outlived its usefulness? Has the advent of modernization in China made guanxi irrelevant or will it survive this period too as it has weathered other social upheavals through the centuries? Despite the growing attention being paid to guanxi, the examination of its relevancy across China has been greatly limited. Most research has focused on specific industries or specific constructs that build it. Possessing guanxi has been claimed to allow managers to better their business, avoid fines or taxes, receive business permits or receive information on proprietary technology. On the other hand, with, some scholars have maintained that the significance of guanxi is declining. They see it as an outdated model of exchange that promotes corruption and lowers market fit and profitability (Fan, 2002; Guthrie, 1998; Nie et

al., 2011). This paper examines guanxi's centrality, or absence thereof, in 17 provinces to determine if the guanxi model holds and if we can extrapolate to say that it still exists throughout China.



香港恒生大學
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School of Business
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Paper Number: MS0074

Progress Framing Effect in Hierarchical Loyalty Programs: Maintenance and Upgrading Goals

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Paper Number: MS0074

Progress Framing Effect in Hierarchical Loyalty Programs: Maintenance and Upgrading Goals

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ABSTRACT

Purpose – This research addresses an important, yet under-researched, issue concerning the management of hierarchical loyalty programs (LPs) in the hotel industry globally: how to—through tailor-made progress feedback—motivate LP members to either maintain or upgrade their membership level.

Aims/hypotheses/research framework – Drawing from the research on goal pursuit, we hypothesize that to-date feedback is more effective for motivating membership maintenance goal, whereas to-go

feedback is more effective for motivating membership upgrading goal.

Design/methodology/approach – This research uses 2 (progress feedback: “to-date” feedback framed as the progress already accomplished vs. “to-go” feedback framed as the progress yet to be accomplished) × 2 (membership goal: maintenance vs. upgrading) between-subjects experimental designs with real hotel LP members (Study 1) and general consumers (Study 2).

Findings – The two studies consistently confirmed that to-date (to-go) progress feedback highlighting the accomplished (unaccomplished) progress is effective in motivating LP members to maintain (upgrade) their current membership level. Moreover, findings of Study 2 indicate that the progress framing effect of to-date (to-go) feedback is mediated by value perception (progress expectation).

Research limitations/implications – Our research establishes progress framing as a simple and effective LP communication strategy for motivating hotel LP members to maintain and upgrade their membership level. It also enriches the theoretical insights by providing evidence to account for the underlying mechanisms of the progress framing effect.

Practical implications – This research offers practical guidance to designing progress feedback to effectively motivate global hotel LP members to pursue two common membership goals in hierarchical LPs.

Keywords: Hierarchical Loyalty Programs, Progress Framing, Membership Maintenance, Membership Upgrading, Motivation



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School of Business
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Paper Number: MS0075

Misvaluation and Corporate Uses of Cash Flow

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Misvaluation and Corporate Uses of Cash Flow

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Abstract

We model how firms allocate internal cash flow across primary uses in an imperfect and inefficient capital market, where market imperfections cause external finance to be more costly than internal funds, and market inefficiencies make their debt and equity misvalued. All cash flow uses are jointly determined and interrelated by the identity that sources of funds equal uses of funds. We model the interdependence and simultaneity of primary cash flow uses for a misvalued firm facing deadweight costs of external financing. Our model predicts that with an additional dollar of cash flow, more overvalued firms allocate more to substitute for costly external financing and less towards investment and cash savings.

Using a large panel of the U.S. firms from 1971 to 2018, we empirically test our model predictions using an integrated regression framework that simultaneously tracks all basic cash flow uses. To measure firm misvaluation, we primarily employ the firm-specific mispricing component extracted from the market-to-book equity ratio using the accounting multiples method. Besides, we use two alternative misvaluation proxies, which are future realized stock returns and the mispricing composite score constructed based on 11 stock return anomalies. We then partition the sample using these misvaluation measures and estimate the cash flow allocation for undervalued and overvalued firms separately. The empirical results confirm our model predictions.

Overall, our results imply that misvaluation impacts corporate decisions and the real economy through an internal financing channel. In other words, in response to a change in misvaluation in capital markets, firms adjust the allocation of internal cash flow across various uses to dampen the misvaluation effects that work through the external financing channel. This internal financing channel emerges because corporate decisions are interdependently and jointly made in our model.

Keywords: Cash flow, misvaluation, market inefficiencies, financial constraints, corporate policies



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Game Analysis on Food Market Supervision and Violation in Mainland China

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Abstract: Based on the game theory, this paper establishes the dynamic system of games between food market regulators and participants with incomplete information, and analyzes the illegal production behaviors in the process of government supervision. Meanwhile, it discusses the evolution and stability of the system under different circumstances. The research shows that, under the condition of incomplete information, the participants will have opportunistic behaviors. Market participants (producers or sellers) continuously observe the regulator's results of investigation and punishment of past violations, continuously revise the judge's judgment on their credibility, and speculate on how regulators will investigate and punish future violations. Then there is a learning mechanism to make a decision on whether to violate the rules.

Key words: game theory; market supervision; violation; demonstration effect; learning mechanism

In 1978, the total output value of China's food industry was 47.2 billion yuan. In 2017, the main business income of food industry enterprises above designated size was 1.14 billion yuan, more than 240 times that of 1978[1]. Chinese food industry has become the dominant industry of national economy, which will be a new big growth point of national economic development of the 21st century. Since the establishment of People's Republic of China, the food industry has gradually become the largest industry in China's modern industrial system, and has made great contributions to the stable development of China's entire industry.

Market system in mainland China has gradually well established, after nearly two decades of market practice. But in reality, the implementation of the market system is not performing well. In recent years, there have been frequent quality and safety incidents in the food production market. An important reason for this is the lack of effective market supervision. However, the report of the 19th National Congress of the Communist Party of China clearly stated that to implement a food safety strategy to make sure people feel confident about the safety of food. The food industry is a life industry related to national well-being and people's livelihood. In May 2019, the Chinese Government issued the Opinions of the CPC Central Committee and the State Council on Deepening the Reform and Strengthening Food Safety Work, which states that the food market in China needs to be further regulated, which shows that China's emphasis on food safety issues has upgraded to a higher level.

However, the normative development of the market is based on a reliable market system and effective market supervision (Eric G, 1998)[2] .The normative development of the market is the result of a series of repeated games between market participants and regulators around institutions and violations (Tirole, 1988)[3].

Food market participants (producers) want to violate because they can obtain excess return after violations. The more excess return, the greater the temptation to profit from violations, whereas market participants (producers) dare not violate because they possibly suffer severe moral and legal penalties (Klein ·B and Leffler ·K, 1981)[4]. Whether or not market participants (producers) violate greatly depends on the comparison between the temptation to profit from violations and the force of market rules. As market regulatory information is incomplete and asymmetric, market participants will adjust their strategies according to circumstances. There is a learning mechanism for the attitude of market participants (producers) towards regulators and a demonstration effect in the actual punishment of offenders by regulators (Laffont et al.,1988)[5].

From the perspective of comprehensive economic utility, taking the operation of food market safety supervision in mainland China as an example, this paper will analyze the relationship between the market supervision and violation and its demonstration effect and learning mechanism with the method of game theory.

1. Literature review

Regarding the supervision mechanism of food market safety and the measure of improving food safety, scholars at home and abroad have studied from multiple angles. At present, there are mainly two aspects.

1.1 From the perspective of government regulators and third-party testing agencies

At present, the government adopts centralized supervision on food safety, establishes special supervision agencies and establishes supporting systems to supervise food safety. Cheng Qizhi and Li Guangde (2004)[6] used the method of institutional economics to analyze and concluded that only by establishing an effective comprehensive system of government regulation can regulatory efficiency be improved. Li Huai and Zhao Wanli (2009)[7] believes that food safety cannot be solved by a single law and the key factors to ensure food safety in China are the regulatory system, incentive system and legal system. And how governments can effectively regulate food safety, Klementina and Pieterneel(2015)[8]found government needs to set food safety standards to raise the awareness of producers, because standards are an important tool to trigger the maturation of the systems as companies that were lacking any pressure to comply to standards operated at a very basic level - with only few activities implemented. Chen Chialin et al. (2014) [9]develop a model to analyze quality control in food supply chain management and found food quality distortion can be corrected by pricing and regulatory approaches. Chen Youhua et al.

(2018) [10]demonstrates a theoretical analysis about the impact of input capacity constraints on food quality and quality regulation by game theory and proves that reward is more effective in food quality guarantee programs than punishment or fine based programs. All this shows that market regulation is indispensable for food safety.

Some scholars study found that food quality and safety supervision is essentially a game between relevant government departments and food producers. Xu Jinhai (2007) [11] argue that the effectiveness of government regulation depends on lowering cost

of supervision and inspection, reducing the additional expected benefits from violations, as well as increasing the penalties for violations. Ren Yan et al. (2011) [12] use game model to analyze the behaviors of government and enterprise (market) in supervising and controlling food safety and their decision-making process, in order to find out the path to convert government functions and change enterprise from “reactive” supervision to “autonomous” supervision, and provide a new way of improving our food safety regulatory efficiency and making more innovative regulatory patterns. Zhu Lilong et al. (2013)[13] provide many suggestions for the government how to supervise effectively and manufacturing enterprise, by constructing a game model of quality supervision between the government and enterprises.

Some scholars discuss the joint supervision of the government and third parties. Marian et al. (2007) [14] found public concern about food safety is placing increasing pressure on government agencies to be more prescriptive and proactive in their regulation of the food industry and expects to achieve co-regulation, with public and private sectors working hand-in-hand to deliver safer food at lower (regulatory) cost. Li Qin (2010)[15] applies cooperative game theory to develop a model for food safety governance and analyzes the process of which the government, the market and the third sector take part in food safety governance and achieve game balance and found it is essential for us to take some measures to establish a coordinate mechanism of which the government, the market, and the third sector participate in the food safety governance. Song,C and J.Zhuang (2017)[16] studied the strategic interactions among the regulating government, manufacturers, and farmers with endogenous customer demand and found that the government has conflict between food safety regulations and taxes. Xu Xiaohua and Lei Guozhang (2019) [17] used game theory to analyze the decision-making behavior of agricultural products quality regulation among local governments, and found that local governments' poor management of agricultural products was mainly due to the high cost of implementing quality regulations and hurt economic growth, which could result in lower tax receipts. This shows that food safety requires the addition of third-party supervision in addition to government agencies.

Joint regulation is imperative, so some scholars have also carried out research on it. Li Changjian and Zhang Feng (2007) [18] demonstrated the role of the participation of the third force in food safety supervision from the perspective of a dynamic social contract, and proposed a path to build a third force to supervise food safety. Zhang Guoxing et al. (2015)[19] constructed an evolutionary game to analyze the impact mechanism of third-party supervision on the behavior of food companies and government regulators, and found that third-party supervision has a certain substitute for government supervision. Deng Ganghong (2015) [20] showed that it is an inevitable choice for China's food safety supervision mode reform to move from a single government supervision mode to a social co-governance mode.

There are many kinds of third-party forces. Zhang Man et al. (2015)[21] concludes that media and consumer associations are the major players in the third-party regulation, however NGOs and industry associations still remain in the early

development stages of food safety management.

1.2 From the perspective of food production enterprises

Investigating the reasons for violations of food production enterprises, Zhou Yingheng and Huo Lihuan (2003)[22] believes that in order to respond to market competition, food manufacturers have increased the possibility of opportunistic behavior, and companies may lower food quality to reduce production costs.

In addition to market competition factors, manufacturers can get huge profits after violations. Mao Cuihong and Qian Gang (2009)[23] used evolutionary game analysis to analyze food safety issues, and found that the main reason for food enterprises to produce unqualified food was that the enterprises had high profits from producing unqualified products, and the government regulatory department did not punish the enterprises severely enough for illegal act, therefore the enterprises were still profitable. Li Hongwei et al. (2013)[24] used a factor analysis method to study the key factors affecting the integrity of the food industry and found that low illegal detection rate and penalties are the main reasons for companies to take risks and violate the law. Wang Keshan et al. (2007)[25] based on the perspective of moral hazard model to conclude that asymmetric information provides opportunities for producers to break the law, and producers' behavior is affected by the benefits they receive in each period and the possible additional benefits. Zhang Minghua et al. (2017)[26] found that the implementation of enterprise standards in industry self-discipline and the strength of enterprise self-inspection can significantly affect the food safety behavior of enterprises.

All levels in the food production chain have an important role in ensuring food safety. Research by Wang Yanfang and Liu Yaxiang (2010)[27] found that due to the characteristics of food production chain, the safety issue is not solely determined by one party in the game, to ensure food safety requires joint efforts of all parties in the supply chain. Xu Minli et al. (2012)[28] analyzed the food quality input of suppliers and manufacturers from the perspective of evolutionary game, and found that the quality input strategy of food suppliers and manufacturers was closely related to the quality input-output ratio of both sides. When the quality input-output ratio changed, a variety of evolutionary stable equilibrium appeared.

To sum up, domestic and foreign researchers mainly focus on two aspects of food safety and quality supervision. First, most of the literature studies the existing problems of government regulatory departments and third-party testing institutions and makes recommendations for joint supervision. Second, some literatures study the causes of food production quality issues, the role of food production chains at all levels, and the impact of the industry environment of the food industry on food quality from the perspective of food production companies. Few scholars have analyzed the reasons for violations of food production enterprises and the impact of the industry environment on violations. Therefore, from the perspective of food market participants (producers), this paper explores and analyzes the compulsion of food market regulation and the temptation of illegal profits, the demonstration effect of food market regulation and the learning mechanism of participants (producers), in

order to provide the theoretical basis and referable countermeasures for the development of food production market.

2. The compulsion of food market regulation and the temptation of illegal profits

2.1 Premise

- (1) Food market participants (producers) and regulators have complete information, and the two parties play a static game. Market participants (producers) have two strategies (S): violate and not to violate. Regulators also have two strategies (S /): investigate and not to investigate.
- (2) When the food market participants (producers) do not violate the regulations and the regulators do not investigate and punish, the normal gains are R^n and N^n , and there are no excess gains or losses.
- (3) When the regulators do not investigate, the food market participants (producers) who violate the rules can obtain the illegal profits R^w (Including normal income R^n and profit from violating rules R^e , $R^w=R^n+R^e$). The regulators suffer performance, reputation, and other losses due to disrupted market order T^n . The loss is positively correlated with the offender's illegal gains, $T^n=tR^w$ (t is the loss coefficient of non-investigation, $0 < t < 1$)
- (4) When food market participants (producers) are investigated and punished by regulators for violations, their gains are R^w minus the investigated loss C , which is positively correlated with the illegal gains, $C=cR^w$ (where C is the intensity of investigation, $C > 0$). The benefit of the regulators is the normal benefit N^n minus the investigation cost A . Assume that A is positively correlated with the offender's benefit, that is, $A=aR^w$ (a is the investigation cost coefficient, $0 < a < 1$), so $N^n-A=N^n-aR^w$.
- (5) When the regulator investigates, the food market participant (producer) does not violate the rules, the regulator's benefit is the normal revenue minus the cost of investigation.

Therefore, the game strategies and benefits of food market participants (producers) and regulators are shown in table 1.

Table 1 Game strategies and benefits of food market participants (producers) and regulator

| | | The regulator | |
|--|----------------|-----------------------|-----------------------|
| | | Investigate | Not to investigate |
| The food market participant (producer) | Violate | R^n+R^e-C , N^n-A | R^n+R^e , N^n-T^n |
| | Not to violate | R^n , N^n-A | R^n , N^n |

2.2 Static Equilibrium Analysis

When the market participants (producers) do not violate the rules, the market regulators will gain more if they do not to investigate, so the best choice is not to investigate.

But when the market regulator chooses not to investigate, the market participant (producer) will gain more from violating the rules, so the best choice is to violate the rules.

When the market participants (producers) choose to violate regulations, the optimal choice of the regulator depends on the comparison of the losses of non-investigation and the cost of investigation. When the loss that is not investigated is greater than the cost of investigation, $Tn > A$, the optimal choice is investigated, otherwise, it is not investigated.

When the market regulator chooses to investigate, the optimal choice of market participants (producers) depends on the comparison between the additional gain of the violation Re and the investigated loss C : when $Re > C$, the optimal choice is the violation; otherwise, it is the non-violation.

It can be seen that when the loss of non-investigation is greater than the cost of investigation, and the loss of the offender is less than the additional benefit of the violation, that is $t > a, c < 1$, there is a pure strategic Nash equilibrium, that is (violation, investigation).

When the loss of non-investigation is greater than the cost of investigation, and the loss of the offender is greater than the additional benefit of the violation, that is $t > a, c > 1$, there is no pure strategy Nash equilibrium, but there is a mixed strategy Nash equilibrium.

In order to solve the mixed strategy Nash equilibrium, it is assumed that the probability that market participant (producer) will violate is P , the probability that it will not violate is $1 - P$, the probability that market regulator will investigate is q and the probability that it will not investigate is $1 - q$. At the same time, it is assumed that the normal income is 0, and the illegal extra income is 1. The game strategies and benefits of market participants (producers) and regulators are shown in Table 2.

Table 2 Game strategies and benefits of food market participants and regulators

| | | The regulator | |
|---|--------------------------|------------------------|---------------------------------|
| | | Investigate (q) | Not to investigate ($1-q$) |
| The food market participant (producer) | Violate (p) | $1-c, -a$ | $1, -t$ |
| | Not to violate ($1-p$) | $0, -a$ | $0, 0$ |

Therefore, the expected return of market participants (producers) is U_1

$$U_1 = p[q(1-c) + 1 - q]$$

The optimal first order necessary condition is

$$\partial U_1 / \partial p = q(1-c) + 1 - q = 0$$

The regulator's optimal investigation probability is

$$q^* = 1/c$$

The expected return of the regulator is U_2

$$U_2 = q[-ap + (1-p)(-a)] + (1-q)[-pt + (1-p)0]$$

The optimal first order necessary condition is

$$\partial U_2 / \partial q = -ap - a(1-p) + pt = 0$$

The optimal violation probability for market participants (producers) is

$$p^* = a/t$$

Therefore, when the loss of non-investigation is greater than the cost of investigation, and the loss of the offender is greater than the additional benefit of the violation, there is a mixed strategy Nash equilibrium($p^* = a/t$, $q^* = 1/c$).

- ① $p > a/t$, the best choice for regulators is investigate.
- ② $p = a/t$, the probability that regulator will investigate is $q = 1/c$.
- ③ $p < a/t$, the best choice for regulators is not to investigate.
- ④ $q > 1/c$, the best choice for participants (producers) is to not violate.
- ⑤ $q = 1/c$, the probability that participants (producers) will investigate is $p = a/t$.
- ⑥ $q < 1/c$, the best choice for participants (producers) is to violate.

The results of the six equilibria are shown in figure 1

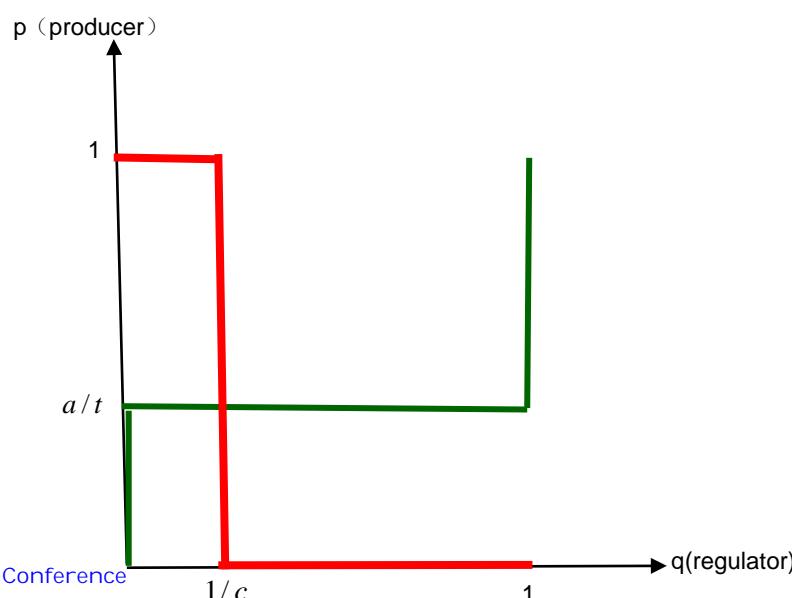


Figure 1. The game equilibrium between regulators and producers

It can be seen that the punishment intensity c , the investigation cost coefficient a and the loss coefficient t are the three key factors that determine complete information static game equilibrium. When the punishment intensity c increase, the probability of balanced investigations and actual violations decreases, and vice versa. When the market participant (producer) 's violation of the regulation's adverse impact coefficient t increase, the probability of investigation increases, and the probability of violation decreases; otherwise, the probability of violation increases.

3. Demonstration effect of food market supervision and learning mechanism of participants (producers)

Market supervision and violations are a dynamic process. At the same time, because the information is incomplete and asymmetric, every participant in the market is constantly collecting and using the latest information that they can master to modify their expectations, decisions and action. The market participants (producers) not only considers the existing nominal rules of the market, but also considers the past penalties for the offenders. Based on the actual situation of the past offenders, the probability of being investigated and punished after the violation is inferred. And the intensity of the investigation and punishment, determine whether it violates the rules on the basis of weighing the advantages and disadvantages of the violation. Therefore, in this process, market participants (producers) have a learning mechanism for regulators, and the regulators' actual penalties for violators have a demonstration effect (Krugman · P, 1991)[29].

3.1 Hypothesis and dynamic model analysis

Under the condition of asymmetric information, food market participants (producers) are not clear about the attitude of regulators to maintain market order. Suppose there are two types of regulators: strict regulator (QJ) and lax regulator (RJ). The probability of a strict regulator severely investigating violations is $P(YC/QJ)=q$, and the probability of not investigating violations is $P(YC/QJ)=q$. The probability of a lax regulator severely investigating violations is $P(YC/RJ)=p$, and the probability of not investigating violations is $P(NC/RJ)=1-p$. Obviously, $q>p$.

Therefore, without considering other factors, the probability of being strictly investigated when a participant (producer) violates the rules depends on the type of regulator and the probability of choosing to be strictly investigated. This means that the probability of a participant (producer) being severely investigated after a violation is the probability of a strong regulator $P(QJ)$ times the probability of a strong regulator $P(YC/QJ)$, plus the probability of a weak regulator $P(RJ)$ times the probability of a weak regulator $P(YC/RJ)$.

Although market participants (producers) do not know the type of regulator, the exact type of regulator can be inferred by the regulator's investigation of past violations. Therefore, suppose that at the beginning of the t phase, market participants (producers)

consider the prior probability that the type of regulator is a strict regulator is a_t and the prior probability that a regulator is a lax regulator is $1-a_t$. Then, when market participants observe the regulator's strict investigation of violations, the posterior probability that the regulator is a strict regulator is equal to the probability of the regulator being a strong regulator $P(QJ)$ multiplied by the Investigate the probability $P(YC/QJ)$ of violations and divide by the probability of strict investigation of the incident.

$$\begin{aligned} a_{t+1} &= P(QJ)P(YC/QJ)/[P(QJ)P(YC/QJ)+P(RJ)P(YC/RJ)] \\ &= a_t q / [a_t q + (1-a_t)p] \\ &> a_t \end{aligned}$$

When market participants (producers) observe that violations are being severely investigated, the probability of regulators being strict regulators increases.

Conversely, when market participants (producers) observe that violations are not strictly investigated, the posterior probability that the supervisor is a strict regulator is equal to the probability that the supervisor is a strong regulator $P(QJ)$ times the probability that the strong regulator is not strictly investigated, and then divided by the probability that the event is not be strictly investigated.

$$\begin{aligned} a_{t+1} &= P(QJ)P(NC/QJ)/[P(QJ)P(NC/QJ)+P(RJ)P(NC/RJ)] \\ &= a_t(1-q) / [a_t(1-q) + (1-a_t)(1-p)] \\ &< a_t \end{aligned}$$

At this time, the probability that the regulator is a strict regulator will decrease, and the probability that it is a weak regulator will rise. The probability that violators will not be strictly investigated after violations will increase, and the probability of violations by food market participants (producers) will also be increased.

3.2 Impact of food regulator's behavior on the decision of food market participants (producers)

Assume $q=0.9$, $p=0.1$, and the prior probability of food market participants (producers) being strict regulators before the first violation event occurs is $a_t=0.99$.

If the first violation is strictly investigated, the posterior probability that market participants (producers) consider the regulator to be a strict regulator is a_{t+1} .

$$\begin{aligned} a_{t+1} &= P(QJ)P(YC/QJ)/[P(QJ)P(YC/QJ)+P(RJ)P(YC/RJ)] \\ &= a_t q / [a_t q + (1-a_t)p] \\ &= 0.99 \times 0.1 / 0.99 \times 0.1 + 0.01 \times 0.1 \\ &= 0.999 \\ &> a_t \end{aligned}$$

If the first violation is not strictly investigated, the posterior probability that market participants (producers) believe that the regulator is a strict regulator is a_{t+1} .

$$\begin{aligned} a_{t+1} &= P(QJ)P(NC/QJ)/[P(QJ)P(NC/QJ)+P(RJ)P(NC/RJ)] \\ &= a_t(1-q) / [a_t(1-q) + (1-a_t)(1-p)] \\ &= 0.99 \times 0.1 / 0.99 \times 0.1 + 0.01 \times 0.9 \\ &= 0.917 \\ &< a_t \end{aligned}$$

This means that the probability that the regulator is a weak regulator rises from 0.01 to 0.083 ($1-0.917 = 0.083$). At this time, the probability that offenders will not be

punished after breaking the rules also rises from $0.108 (0.99 \times 0.1 + 0.01 \times 0.9 = 0.108)$ to $0.166 (0.917 \times 0.1 + (1-0.917) \times 0.9 = 0.166)$.

If the two previous violations have not been strictly investigated, the market participants (producers) believe that the posterior probability that the regulator is a strict regulator will further decrease, and the probability that violation will not be strictly investigated also increases. Therefore, violations will not be strictly investigated. Its demonstration effect and learning mechanism will continue to reduce the credibility of regulators and increase the probability of market violations.

4. Results and discussion

The results of the above analysis are as follows.

The comparison between the illegal gains of food market participants (producers) and the losses investigated is the key to determining their game equilibrium. The temptation to induce market participants (producers) to violate regulations is determined by the proceeds of violations. The magnitude of the market regulator's coercive force is determined by the amount of losses that are investigated and punished after the violation. Whether market participants (producers) violate regulations depends on the comparison between the temptation to profit from violations and the regulatory force. When the temptation is greater than the coercive force, market participants (producers) will choose to violate the rules, regardless of whether the regulators investigate or not. Only when the coercive force is greater than the temptation can market participants (producers) choose not to violate the rules. The more coercive force is greater than temptation, that is, the greater the severity of punishment, the lower the probability that market participants (producers) violate the rules.

Under the condition of asymmetric information, the market supervisor's investigation and punishment of violations has a demonstration effect.

Market participants (producers) constantly revise their judgment on the credibility of regulators by observing the regulators' investigations and punishment of past violations, and speculate on their investigation of future violations, so as to make a decision on whether to violate the rules or not based on the results. There is a learning mechanism.

Therefore, in order to standardize the development of the food production market, it is not only necessary to formulate strict quality and safety supervision laws and regulations, increase the enforcement power of supervision, and reduce the temptation of illegal profits, but also necessary to establish a perfect incentive and restraint mechanism of regulators and give timely and severe investigation and punishment to every violation. Because any act of relent will endanger the credibility of regulators and the seriousness of quality and safety regulations.

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香港恒生大學
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School of Business
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Paper Number: MS0077

**Abnormal Audit Fees and IPO Audit Quality:
The Importance of Considering Political Connection and
Institutional Environment**

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Abnormal Audit Fees and IPO Audit Quality: The Importance of Considering Political Connection and Institutional Environment

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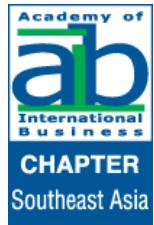
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Abstract

Using a sample of initial public offering (IPO) audits in Hong Kong where the investor protection environment is strong, we find that abnormal IPO audit fees are negatively associated with pre-IPO real activities manipulation (RAM), suggesting higher audit quality for the IPO financial statements. However, the association between abnormal IPO audit fees and RAM is less negative for politically connected Chinese IPO firms, which suggests that the positive effect of the strong institutional environment is less pronounced for Chinese firms whose controlling shareholders have political influence and strong motivation to take advantage of being listed in a developed market. In addition, we deepen the study by gauging whether the significant improvement of IPO regulatory enforcement of Hong Kong around 2013 affects the association between abnormal IPO audit fees and pre-IPO earnings manipulation. We find that, auditors who charge abnormally high IPO audit fees constrain pre-IPO earnings manipulation more effectively

in and after 2013 than before 2013. This result lends additional support that strong institutional environment and enforcement motivate IPO auditors to deliver high audit quality. Taken together, the findings of this study reveal that abnormally high IPO audit fees indicate additional audit efforts, and the increased audit efforts effectively constrain IPO clients' earnings manipulation.

Keyword: abnormal IPO audit fees; IPO audit quality; institutional environment; political connection; real activities manipulation



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Paper Number: MS0078

Ambiguity Aversion: An Experimental Approach to Understanding Investor Home Bias

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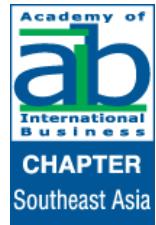
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Ambiguity Aversion: An Experimental Approach to Understanding Investor Home Bias

Abstract

We use an abridged version of Ellsberg's (1961) experiment to help students appreciate *first-hand* the importance of ambiguity aversion in explaining investor home bias. Foreign stocks are analogous to those gambles with unknown probabilities in the experiment, making them unappealing to ambiguity averse investors. We use this result to explain why investors in reality exhibit home bias—even though doing so is suboptimal from a classical, expected utility perspective.



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Paper Number: MS0079

MaxiInterest Deposits, Forex Options, and Security Design

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MaxiInterest Deposits, Forex Options, and Security Design

Abstract:

As its name suggests, a MaxiInterest Deposit is intended to be sold to its customers as a “deposit”. The setup of the deposit involves choosing a linked currency (the foreign currency a customer is interested in), a reference level of exchange rate, and a maturity date. In a typical sales pitch, the headline rate of this product – its “MaxiInterest” – is compared to the (lower) yield on the fixed term deposits of the same foreign currency to highlight its “advantage” to the customer.

At maturity, if the linked currency has appreciated relative to the HKD beyond the reference exchange rate, the customer receives principal and interest (i.e. the “MaxiInterest”) in HKD. By contrast, if the linked currency has depreciated below the reference rate, the customer receives principal and the “MaxiInterest” in the linked currency. The emphasis to the customer is that she always receives the “MaxiInterest”, which is higher than what she could obtain by holding an ordinary fixed term deposit.

Students are required to dissect this product and see through its structure – that it is in fact a short put position on the linked currency. By itself, this exercise serves as a valuable instructional tool to illustrate how forex options work.

But we go deeper – and ask, “Why would a commercial bank want to buy a forex put option from its retail clients?” By comparing real-time quotes from commercial banks to Black-Scholes prices and also to real-time Philadelphia Stock Exchange (PHLX) and Chicago Mercantile Exchange (CME) quotes, we illustrate to students that the answer is none other than “Buy Low, Sell High”. Students will discover that, the put option premium that the commercial bank pays to its clients, disguised as “MaxiInterest”, is in fact deeply discounted relative to fair market values.



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Paper Number: MS0081

Strategic Value Chain for Malaysian Hospitality Industry

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Paper Number: MS0081

Strategic Value Chain for Malaysian Hospitality Industry

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ABSTRACT

Purpose: Rapid shifts in customer preference, the pressure from environment, and the advent of new technologies are forcing hoteliers to rethink their strategies. The authors revised the Porter's value chain framework and incorporated technology to generate the strategic value chain model for Malaysian hotel industry which can help hoteliers to reduce costs and add value.

Design/methodology/approach: This conceptual paper is prepared based on experts' viewpoint who added their own impartial comments on this subject matter.

Findings: The strategic value chain proposes that technology in value chain could enhance its strategic operation to achieve competitive advantage. The authors highlight the importance of value chain activities such as human resource management, finance, inbound logistics (front office), operations (food & beverage, housekeeping & front office), marketing & sales (pricing & booking) and service (engineering, security, front office & housekeeping) which give values for hoteliers. Overall, the authors recommend transforming the traditional hotels to smart hotels in line with industrial revolution 4.0.

Research limitation: The paper is entirely conceptual in nature. Future empirical research needed to verify this conceptual insight.

Practical implications: This strategic value chain provide a guideline to hoteliers translate the Porter's value chain into their strategic process by incorporating the technology innovation. This will be helpful to develop smart hotels to ensure the survivability and sustainability post pandemic.

Originality: This study revisited the Porter's value chain by incorporating the technology that pertinent is to hotel industry. The emergence of COVID 19 revealed vulnerability of modern value chain.

Keywords: Strategic Value Chain, Technology, Competitiveness and Hotel Industry



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Paper Number: MS0082

**The Impacts of Psychological Contract Fulfillment on
Job Insecurity: Moderation by Locus of Control**

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The Impacts of Psychological Contract Fulfillment on Job Insecurity: Moderation by Locus of Control

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Abstract

Human resources literature has suggested that employees' attitude and behavior are affected by their individual experience in an employment relationship which can be typically outlined by psychological contracts. Psychological contracts refer to the mutual expectations and obligations between employers and employees, and this research is designed to focus on employees' subjective experience of psychological contract fulfilment. The purpose of this study is to investigate the relationships between psychological contract (PC) fulfillment and perceived job insecurity (PJI), and the moderating effect of locus of control, which indicates individuals' general belief of whether they have control over the outcomes in their life (internal locus) or not (external locus). Survey data has been collected from Chinese IT/Internet company employees (N=221), and the scale measured the degree to which employees perceived that they and their employers have fulfilled mutual obligations, the degree to which they perceived job insecurity, and an internal or external locus of control. The results suggest two types of psychological contracts, namely relational development contracts and transactional contracts. Relational development contracts have a significantly negative relationship with job insecurity, whereas no significant relationship has been found between transactional contracts and job security. Two moderators based on locus of control were suggested including control over career or control over life. Locus of control over career moderated the contract fulfillment and PJI relationship. This study has provided the empirical proof for the psychological contracts-PJI relationship which has been suggested in literature at the theoretical level, and it contributes to the discussion on effects of HR strategies on employees which eventually output the individual performance. However, the lack of factors of industry-specific characteristics might limit the better understanding of this employment relationship.

Keywords: Employment Relationship, Psychological Contract, Perceived Job Insecurity, Locus of Control



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Paper Number: MS0083

An Eco-systematic View of Fintech for Sustainability: The Business Model Innovation of Alibaba and Tencent

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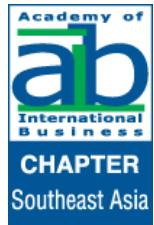
An eco-systematic view of Fintech for sustainability:

The business model innovation of Alibaba and Tencent

Abstract:

This paper intends to explore the most recent and growing Fintech phenomenon from an ecosystem perspective. This deviates from the existing fintech evolution research based on the view that fintech is a disruptive model of traditional banks. The authors argue that the developing fintech ecosystems in Asia, particularly in China and then extending to S.E. Asia, is new form of payment systems of their own, which had emerged as a result of advances in digital transformation. One particular reason for this thinking is that these fintechs had escaped scrutiny that the traditional fintechs normally go through. Indeed, fintech revolution that started in China, led by Alibaba Group and Tencent, is one such. the study's findings indicate that novel business model developments based in strong technological expertise and scale-based resources by cross-sector fintech render a functional perspective on fintech activity less util. Apart from cross-sector fintech, investors constitute a new element in the conceptualization of fintech ecosystem. Overall, the interconnectedness of the cross-sector fintech beyond the fintech sectors drives the fuzzy boundaries between ecosystems, established business models, ecosystem actors' roles and relationships, that appear to become more heterogeneous and changeable over time. The study contributes significantly to the scant literature on fintech ecosystems and its sustainable development.

Keywords: Ecosystem, business model innovation, cross-sector actors, FinTech, Alibaba, Tencent, Asia, China



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Paper Number: MS0084

The Realities of Practice for Corporate Lawyers, and how this Affects their Identity Work

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The Realities of Practice for Corporate Lawyers, and how this Affects their Identity Work

Understanding morality through a sociological, pluralistic and contextual lens has gained a renewed emphasis in the social sciences, partly as a critical response to more psychological, scientific views that reduce morality to ‘thin’ kinds of generalizing and individual moral judgment (Abend, 2013). This renewed social emphasis on the sociology of morality has to do with an agenda focused on “[o]rganizations, organizational arrangements, and social networks: their effects on moral actions, views, and society-level outcomes” (Abend, 2010, p.580).

Research on ‘rediscovering the moral’ in work activities and social relations involves recognizing the role of evaluative norms and meanings in contextualized interactions, where actors address, narrate, confront, and account for their morality in relation to specific identities (Shadnam, 2015). However, other theoretical lenses that focus on rational actors or structural control assumptions fail to recognize in full how morality can vary according to the situation (Farjoun, Ansell & Boin, 2015). Morality is under-theorized in how it varies according to context and how context conditions it (Shadnam, 2015).

The current article contributes to this renewed sociology of morality by considering how actors navigate and make sense of morality in the work context and activities of corporate lawyers within the Singapore legal sector. The changing moral complexity of the legal sector relates to lawyers having to navigate various professional and institutional logics, systems and initiatives associated with partners, clients, and advisors, as well as evolving legal principles and frameworks (Faulconbridge & Muzio, 2008; Mescher, 2008). This study therefore uses an institutional perspective to lay the foundation for a sociological perspective of morality (Shadnam & Lawrence, 2011). This view treats individuals’ moral subjectivity in terms of social constructions that mediate between their acceptance of external, proclaimed truths and the beliefs arising from their unique experiences (Abbott & Mackinnon, 2018). Actors have moral autonomy to the extent that they give institutions ‘moral charge’ via their beliefs in feedback loops, arising from their idiosyncratic personal histories and memberships of various moral communities (Shadnam & Lawrence, 2011). An institutional lens on the sociology of morality is complementary because of its explicit concern with the interplay of relationships between individual and collective beliefs through the collective social structures in which

norms, rules and beliefs are anchored (Shadnam & Lawrence, 2011).

We argue that the professional work of lawyers presents an important sociological and moral context for study, because it shows how the commercial modernization of work powerfully reshapes traditional social and moral values. The legal profession is even more conservative than accountancy, among the more commercial professions (Greenwood & Suddaby, 2006). However, the nature of legal work and the profession itself is changing profoundly due to globalization, technological change and economic pressures to add value to clients at competitive prices (Chow and Tsui-Auch, 2019; Flood, 2011). The profession faces growing preferences for alternative fee arrangements at the expense of the traditional billable hours model (The Economist, 2011), and the need to offer clients one-stop shopping for their legal needs across different jurisdictions (Silver, 2007).

This article therefore asks and explores how lawyers' experiences and enactments of morality have been affected by the contextual influences of commodification induced by economic globalization. In critical terms, the commodification of professional work entails the control and transformation of professional expertise into a morally constrained object pressured toward efficient exchange and profit accumulation (Willmott, 1995). While prior research on the morality and ethics of legal work does exist, it remains relatively fragmented and limited, partly due to the difficulties of accessing an elite profession (Winter, 2011). We therefore aim to understand how economic and managerial influences constrain, enable and account for lawyers' morality.

This aim contributes to an emerging stream of research illuminating how actors morally justify their work with reference to their professional and institutional context (Cohen & Dromi, 2018; Pratt et al., 2006). For example, Cohen and Dromi's (2018) study of US advertising professionals investigated their constructions of moral worth and self-perceptions, despite longstanding stigma and negative moral evaluations. In particular, we aim to contribute to research revealing how reduced levels of professionalization can constrain lawyers' expressions of morality by reducing them to market managerial players with less power to shape assessments of moral compliance and legitimacy relative to other actors, such as managers and clients (Epstein, 2014; Shadnam, Crane & Lawrence, 2018).

In addition, we suggest that others may see lawyering as dirty work and increasingly stigmatized, leaving lawyers trying to manage challenges to their professional identity. Researchers have defined dirty work as work sullied by social, moral and/or physical taints (Ashforth, Kreiner, Clark & Fugate, 2007; Ashforth and Kreiner, 1999). In the legal profession, the potential for moral stigma arises from divergences between the lawyer's virtual or external social image and the social identity they hold about themselves. While ostensibly being a member of a high-status profession who does work that is well-paid, meaningful and intellectually challenging, lawyers' actual social identities may include doing "intellectually vacuous work of questionable or negative social value for low pay" (Campos, 2015, p. 74). Lawyers' increasing commercial dependence on their clients to provide them with profitmaking work renders them vulnerable to privileging these objectives over their duties to the court (Smets, Morris & Greenwood, 2012).

This shift in priorities sits uneasily with the legal profession's core ethos of being able to exercise professional independence, avoid conflicts of interest, uphold justice, and adhere to core professional virtues such as collegiality, honesty, and integrity (Fasterling, 2009). Overall, lawyers have a contradictory identity insofar as they are being morally 'spoiled' by their association with commercial managerial imperatives, but still defined by overarching professional moral values. Morality is constrained, but with some potential scope for acting and adapting differently in line with a variety of alternative scripts (Ashley & Empson, 2013; Campos, 2015; Fasterling, 2009).

Findings from our interview study are presented and discussed herein (please also refer to Figure 1 at the end for a summary). Firstly, the lawyers' experiences illustrated three themes reflecting structural challenges constraining and conditioning expressions of morality in their work – shifting professional boundaries, job enlargement, and a lack of broader support. Four further themes reflected identity management tactics for addressing constrained morality and potential stigma – delegating responsibility, assuming managerial values, deemphasizing moral work content, and defensive reactivity.

Overall, these findings have implications for researching and supporting professional

work where morality is likely to be highly constrained by strong feelings and perceptions of commercial obligations to organizations and clients. The changing nature of legal work due to globalization and other competitive forces is being felt in many corners of the world (The Economist, 2011), and this generates increasing pressures to obey the dictates of a hierarchical and profit-driven partnership structure, and the increased encroachment of commercialization into professional services. Corporate lawyers reported feeling moral obligations predominantly toward clients, partners and their firm as a whole –these constituted limits to how they saw the social and moral scope of their work activities. Our findings help explain and understand moral limitations arising from reduced professionalization in a given context, affecting the types of actors best positioned to influence assessments of moral compliance and legitimacy (Shadnam et al., 2018). The legal profession and industry has come to encompass a more diffuse set of actors and work has been unbundled into discrete parts and fragmented boundaries. While large elite law firms have maintained a significant level of power and dominance, lawyers have lost control over legal and moral matters within a morally and commercially strained context, suggesting their stakeholder situation needs to be globally consolidated and reconfigured (Currell & Henderson, 2014; Flood, 2011).

Institutionally, legal practice has had a good deal of longstanding influence due to statebacked legitimacy and globalized and specialized fields of practice (Dezalay & Madsen, 2012). However, plateauing demand for legal services now also heightens tensions and competing demands over the relative degrees to which lawyers should act more as analysts of law and judicial decisions versus as advisors and negotiators dealing with clients, counterparties and adversaries (Molot, 2018). Our findings suggest the latter often prevails over the former in the practice of corporate law. In turn, this risks diluting and distorting a more integrated moral community that would otherwise exert a positive top-down influence on moral conduct in a professional field (Shadnam & Lawrence, 2011). These conditions also raise the likelihood of the perceptions and experiences of social and moral taint associated with dirty work. Lawyers risk becoming increasingly socially and morally servile to clients, superiors and profits, in ways that may feel pressurized, constraining and unpleasant.

A major issue facing future research and practice here lies in terms of how to go about reforming highly commercialized and globalized professional work in ways that restore and

cultivate the moral autonomy and reflexivity we might wish to see more of in professionals for the good of society (Kahn, 2018). The current research suggests that before reforms can happen in practice, more critically realistic research agendas are needed to problematize traditional literature on professions as powerful, neatly bounded jurisdictions with independent moral authority (Abbott, 1988; Scott, 2008). Both the legal profession and professions in general continue to be subjected to change through forces of deregulation, competition, technology and globalization, which affect organizational boundaries and power relations (Brock, 2006; Liu, 2013). Future research on professions and ethics therefore needs to better account for how changing experiences of (de)professionalization shape processes affecting constructions and judgements of morality (Shadnam et al., 2018). Derived from the current study, Figure 1 shows some morally constraining dynamics that may need to be challenged by powerful actors and different moral accounts to break the self-reinforcing cycle of structural pressures and individual identity protection.

More broadly, research on professions suggests three main areas for research and reform – becoming, doing and relating (Anteby et al., 2016). For becoming, the current study suggests that professional socialization needs reforms to better address longer-term moral development and growth. For doing, professionals need greater social and moral autonomy to experiment with the variety of boundaries and jurisdictions shaping their work tasks and priorities. Finally, for relating, professionals should be encouraged to collaborate with a variety of other occupational and non-occupational groups to enrich their work, socially and morally. Ultimately, the corporate lawyers studied displayed ambivalence and discomfort with certain minimizations of their work (e.g. no longer gatekeepers of societal norms), and certain maximizations (e.g. delivering more and more commodified services to clients) suggesting the need for such reforms. Furthermore, the professionals studied largely upheld the changing norms of their legal institutions in these more managerial and commercialized directions. The four strategies identified in our analysis would benefit from further elaboration. A key implication is that anywhere professionals are downplaying the morality of their work, delegating it, defensively rationalizing it, and/or justifying it strongly in terms of managerial and organizational success, wider institutional change may be needed to avoid long-term moral collapses and breakdowns (Shadnam & Lawrence, 2011; Shadnam et al., 2018).

In order to avoid excessive dismissal or reductionism of morality, professionals need to have their ‘upward’ ideas and influences listened to as independent sources of information about morality (Shadnam & Lawrence, 2011). Indeed, one lesson from corporate scandals has been the need for senior managers to listen to and respect more the professional needs, duties and obligations of employees (Carson, 2003). Herzog (2019) proposes reforming the ‘total integrated situations’ of professional bankers; aligned regulations, incentives, and responsibilities that extend beyond duties to clients to explicitly address the prevention of systemic societal harms. In turn, this means researching how to address epistemological barriers to understanding complex issues, motivational barriers to privileging some goals over others, and coordination barriers to sharing responsibility with agents with different interests and abilities (Herzog, 2019). Another avenue for institutional reform is to follow Pirson’s (2020) injunction to make a conscious and high-level break with ‘economistic’ narratives emphasizing competition and profit maximization, replacing and transcending them with more ‘humanistic’ narratives that privilege wider social engagements with dignity, learning and wellbeing.

In short, we suggest further research and practical efforts to explore the barriers and difficulties to collectively achieving renewed moral enrichment of institutions and professions. Our findings are also consistent with the need to understand moral consciousness sociologically, as being like a ‘moral maze’ of political and bureaucratic rules and relationships (Jackall, 1988). Like managers, corporate lawyers find themselves in a moral maze, complicit in ensuring managerial and hierarchical efficacies, suggesting organizations have not overcome these issues but have spread them into professional work as well (Sargent, 2004). This study has shown that by forcing lawyers to be ‘business people’ and take on multiple responsibilities such as marketing, project management, and even (financial) product creation, they came to share much of the same moral consciousness as clients and managers. While lawyers’ moral agency is limited, our findings show some of the ways they might be ‘led out of the maze’ (Sargent, 2004), by highlighting the constraints on their expressions of morality that need to be restructured, and the defensive identity tactics that highlight their professional predicament.

By their own admission, the corporate lawyers practised a very compartmentalized and constrained sort of morality. Some data suggested that future research might explore how the experience and exercise of morality is further contingent on the type of law practised, and the

size of law firm the lawyer worked in. While our findings suggest that in broad terms, there is indeed a less professionalized moral community in evidence, with the concurrent shift in actors' work to that of mere market players, this shift is likely partial and limited to corporate law practice. For instance, lawyers from larger firms asserted that smaller firms had more space and autonomy for moral evangelism, and tended to assume that corporate law had less moral content to begin with. Future research might therefore develop the dirty work literature by considering how different professional subgroups differ in sources and forms of social and moral taint (Ashforth et al., 2007; Ashforth & Kreiner, 2014). Professional groups may experience changes in their status and the extent to which judgements and pressures shape their identities as they undertake different sorts of work (e.g. criminal defence lawyering), and similarly with different organizations (e.g. smaller law firms with more altruistic missions and non-profit orientations) (Campos, 2015; Fasterling, 2009). Furthermore, clients, regulators, and other actors surrounding professionals may themselves contribute to threats and charges of dirty work, and thus future research could pursue a more multi-actor, multi-account perspective on morality and dirty work (Shadnam et al., 2018).

Finally, from an individual perspective, our findings raise further questions about the marginalization of aspects of morality at work and what individuals might do to restore some autonomy to the situation or change their situation altogether. Interviewees suggested employment and career conditions where pursuing greater moral autonomy would have meant compromising on social status and hierarchical progression in larger organizations. Transcending their current moral frame meant acting as a less significant member of their firm, becoming a part-time lawyer, or even moving to a smaller firm or leaving corporate law. The lawyers described any alternative, non-commercial morality as very limited to smaller legal firms and specialist roles outside of the context and sample under study. More altruistic possibilities around adjusting to client's needs or accepting pro bono work were limited or nonexistent, pushed cynically outside of organizational and professional bounds, or nostalgically and defensively mourned as irretrievably and impossibly lost to contemporary practice.

However, it seems important to continue to investigate what scope remains for professionals to act and adapt differently in relation to prioritizations of their moral values, and why they may or may not feel free or motivated to choose to do so. Beyond working within

the letter of the law and not transgressing its jurisdictions, some lawyers did mention experimentation with other ways to satisfy clients (e.g. reducing fees and using tact and diplomacy). Pro bono and other altruistic legal work, however, drew defensive reactions that were cynical and pessimistic. Developmentally, individual professionals may follow different trajectories in how they feel about the morality of their work and identity on the job, whether it has stalled and ‘spoiled’ (Campos, 2015), or can be improved through learning and application. Providing the proper dialogue, participation and support can help professionals experience moral development as they face dilemmas, trials and grey areas (Place, 2019).

Future research on professional morality might also draw on pragmatist legal tradition to further these aims, where influential legal thinkers and practitioners such as Oliver Wendell Holmes Jr offer valuable framings around understanding how professionals negotiate practical and moral tensions in ways that are situated, processual and relational (Grey, 1989). The current study focused largely on uncovering general views of professionals and their constraints and pressures to conform, but future research might investigate more diverse and specific forms of pragmatic and moral reasoning in relation to particular cases, tools, situations and critical incidents at the ‘sharp end’ of moral tensions more deeply and explicitly; for example, with respect to the day-to-day operations and conundrums of smaller law firms.

In conclusion, this article and study of corporate lawyers has traced and explored connections between the sociology of morality, professional and institutional contexts and the potential stigma and identity tensions associated with ‘dirty’ social and moral work. The lawyers’ professional identities were morally constrained and challenged by changing conditions associated with commercial managerial imperatives, which they reacted to by using various protective and defensive tactics, locating greater social and moral responsibility elsewhere. If institutions and professions are to achieve a more fully enriched and sustainable morality for their communities and stave off excessive marketization and dirty work stigma, they need greater coordination, incentives and understanding of these issues.

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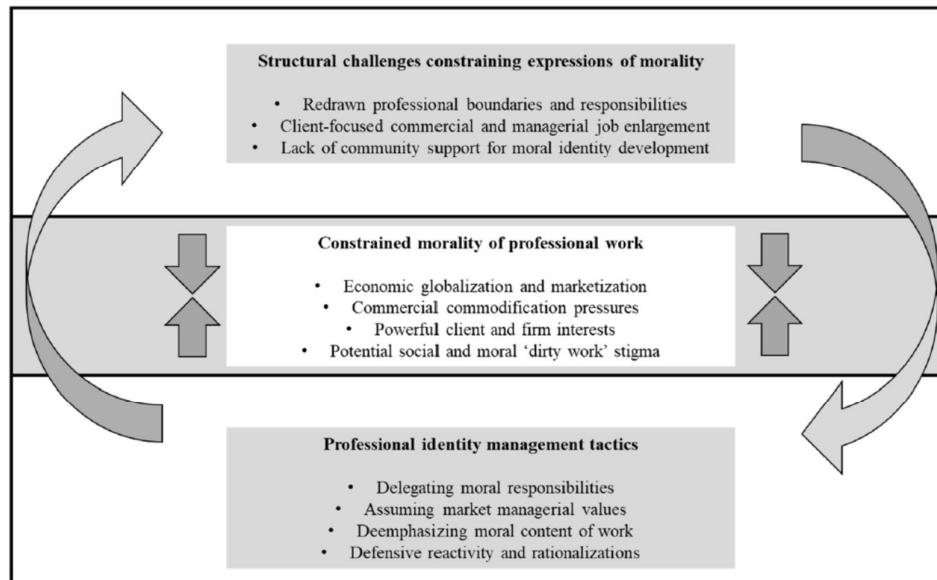
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Appendix

Figure 1 The production of constrained morality in lawyers' professional work





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Paper Number: MS0085

Innovation through Selective Bricolage at Three MNC Subsidiaries in China

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Paper Number: MS0085

Innovation through Selective Bricolage at Three MNC Subsidiaries in China

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ABSTRACT

Extant theories construe innovation as a structured and systematic process that proceeds in accordance with the rationale of the *ingénieur* (engineer). *Ingéniering* entails extensive analysis to identify optimal solutions that meet market demand, plus adherence to prevailing standards and conventions in acquiring and deploying requisite knowledge and technology to deliver to specifications. By contrast, *bricolage* entails “making-do” by recombining resources at-hand for new purposes, which typically entails departing from formal conventions and extant standards. Such “refusal to enact limitations” may lack cognitive legitimacy vis-à-vis senior authorities. Our research examined the relationship between *bricolage* and *ingéniering* in the context of innovation projects at three production-based, China-located subsidiary sites of foreign MNCs, and investigated how the issue of cognitive legitimacy could be managed vis-a-vis the HQ. We found that *ingéniering* was the predominant approach to process and product innovation in all three sites, but in our analysis, we focused on projects that also involved *bricolage*. We derived four insights. First, *bricolage* could proceed “under the radar” vis-à-vis the respective HQ, thereby working around the issue of cognitive legitimacy and reflecting either the HQ’s “sheer ignorance” or its “turning a blind eye”. Second, all the instances of *bricolage* proceeded in tandem with *ingéniering*, in a kind of “ambidextrous” manner. However, there were differences

between projects regarding the extent to which the *bricolage* entailed by them was integrated with *ingéniering*. Third, *bricolage* was typically exercised collaboratively and interactively with clients. Fourth, while sister emerging market subsidiaries considered adopting *bricolage*-based innovations by our focal subsidiaries, “reverse transfer” to the HQ was only in prospect if the HQ had closely monitored and approved the focal subsidiary’s innovation process from the beginning, if there was clear evidence of the cost-effectiveness of the resulting solutions, and if there was deep integration between the associated *bricolage* and *ingéniering*.

Keywords: subsidiary innovation, selective *bricolage*, qualitative research, reverse transfer, China.



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Paper Number: MS0086

Insider Share Pledging and Firm Value Consequences under the COVID-19: Evidence from China

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Insider Share Pledging and Firm Value Consequences under the COVID-19: Evidence from China

1. Introduction

Share pledging (i.e., when shareholdings are used as collaterals to secure personal loans) has become an international phenomenon in recent years. According to the survey by Lacker & Tayan (2010), over 20% of U.S. firms have insider pledging. By the end of 2015, U.S. corporate managers and directors have pledged at least US\$ 15 billion of their shareholdings for personal use (McLaughlin, 2015). Share pledging also prevails in markets such as China, India, and Taiwan, in which around 35% to 50% of the publicly listed firms have insider pledging (Dou *et al.*, 2019).

Corporate insiders often pledge their shareholdings as an effective way to alleviate their liquidity constraints while keeping control rights (Dou *et al.*, 2019). Such relief motivation could be especially pivotal during the Coronavirus disease (COVID-19) outbreak. On the one hand, the pandemic hits the real economy severely and further heightens the liquidity constraints in financial markets (Ruiz Estrada *et al.*, 2020). On the other hand, individual consumptions and personal credit constraints are deteriorating during the pandemic, as documented by Chen *et al.* (2020) and Guerrieri *et al.* (2020).¹ Therefore, insider shareholders could have more incentives to pledge their shares after the pandemic outbreak.

It is thus intriguing to investigate the effect of such corporate *insider* actions to *outsider* wealth during this challenging period. The related literature suggests two competing forces of share pledging on firm value. Share pledging can increase firm value through enhanced investment efficiency (Meng *et al.*, 2019). Alternatively, it can impair firm value through insiders' self-serving behaviors and the stock price crash risk triggered by the margin call. In particular, Chan *et al.* (2018) study the share pledging market in Taiwan and find that controlling shareholders repurchase shares to alleviate margin call pressures and thus protect their benefits. Using an event study approach, they further show that the positive investor reaction following the repurchase announcement decreases with the share pledge ratio, suggesting a discounted repurchase benefits from pledger's pursuit of personal interests. In a similar vein, Dou *et al.* (2019) investigate the stock pledging activity of publicly listed firms in Taiwan and document

¹ Chen *et al.* (2020) find that people in Chinese cities that highly exposed to the pandemic experienced a large decrease in their consumptions during the three-month post-outbreak period. Similarly, Guerrieri *et al.* (2020) argue that the significant drop in U.S. household consumptions amid the COVID-19 crisis is caused by individuals' credit constraints.

a 9.6% value increase in firms that experience an exogenous decline in pledging, relative to the control firms.

In this paper, we examine whether and how shareholders' pledging activities would affect firm value during the COVID-19 outbreak. Also, we investigate what corporate characteristics would moderate the effect. The Chinese stock market provides an ideal laboratory to test the empirical questions for two reasons. First, share pledging is prevailing in China in recent years. For instance, He & Liu (2020) document that 40.5% of the public firms had share pledged loans by the end of 2019. Second, the compulsory share pledging disclosure requirement by the China Securities Regulatory Commission (CSRC) provides well-documented pledging records for our study.²

In terms of research methodology, we adopt an event study approach to compute the cumulative abnormal returns (CARs) derived from the [0,1] event window and compare the CARs for firms from different regions with assorted pandemic severity. Our baseline results show that firms located in more pandemic-affected provinces suffered from a more severe reduction in firm value when announcing share pledging, compared to those from less severely affected areas. Quantitatively, one percentage increase in provincial pandemic death proportion would result in a 1.5% more decline in market value. Furthermore, we find that state-owned enterprises (SOEs) exhibit less adverse market reactions compared to non-state-owned enterprises (non-SOEs). As Chinese SOEs have institutional advantages relative to non-SOEs, state ownership may mitigate stock price crash risk during the COVID-19 outbreak. Besides, we argue that the negative effect on firm value could also be mitigated by firms' corporate governance characteristics, such as board meeting frequencies, which is in line with Jensen (1993) and Vafeas (1999).

Our baseline results are robust to a range of alternative specifications. First, we find that *more* pledged shares in the pandemic affected region would translate to even lower market value. Also, we show that state-owned *pledgers*, complementing to state-owned *firms*, would mitigate the loss of firm value as well. Moreover, our results remain virtually unchanged when adopting alternative corporate governance indicators commonly used in the literature. Lastly, we choose an alternative proxy of the regional pandemic severity and an extended event window to ensure the consistency of our results.

² According to the CSRC, firms should disclose the share pledging by their block shareholders (i.e., shareholders that own at least 5% of the common stock).

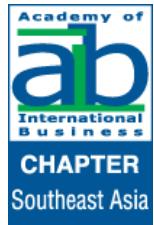
Nonetheless, there are two potential endogeneity concerns in this study. First, there could be some omitted regional characteristics that could bias our results. Second, as our baseline setting is cross-sectional, and we may ignore the time effect, which may also contaminate our results. To address the first concern, we explicitly include the province fixed effects into the analysis to preclude all the observed or unobserved regional time-invariant characteristics. Regarding the second concern, we employ a difference-in-differences (DID) estimation by including the CARs of sharing pledging in the same period of last year and compare them with those made during the pandemic period. In addition to the province fixed effects, we control for the time fixed effects in the DID setting. As expected, all the primary and moderating effects are quantitatively similar to the baseline results.

As Hubei province had the highest death and confirmed cases in China, we dichotomize the pledging samples by the Hubei and the non-Hubei firms. We take advantage of this dichotomy and match the Hubei and the non-Hubei firms by a set of observed firm characteristics. Specifically, we adopt the DID estimation based on the propensity score matching (PSM) techniques and find our results still hold.

We also discuss the role of corporate social responsibility (CSR) in mediating the adverse effect brought by the share pledging during the pandemic outbreak. We find that better CSR performance would significantly relieve the negative market response to share pledging since CSR efforts signal a trustworthy and stable firm image to market investors (Lins *et al.*, 2017; Borghesi *et al.*, 2019)

Our study contributes to the existing research in two ways. First, while a growing literature relates to stock prices and the COVID-19 (Ding *et al.*, 2020; Ramelli & Wagner, 2020), we are among the first to examine firms' valuation caused by shareholders' activities under this unpredictable pandemic crisis. Besides, we emphasize how the regional pandemic severity, such as the COVID-19 death or the confirmed cases, would shape our results. Our study also complements Xu *et al.* (2019) that share pledging exasperated the stock price crash risk during a financial crisis.

Second, we complement the current share pledging literature (Chan *et al.*, 2018; Dou *et al.*, 2019; Meng *et al.*, 2019) and generate fresh insights into the role played by the ownership structure and corporate governance. Concretely, we show that state ownership and better corporate governance would reduce the adverse market reactions to share pledges. We use different state-owned statuses (firms and shareholders) and corporate governance indicators such as board meeting frequencies, institutional ownership, corporate tunneling, etc. to show the robustness of our findings.



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Paper Number: MS0087

How can Companies Rise in the Face of "Stress, Chaos, Volatility and Uncertainty"?
Dmall Helps Thousands of Traditional Shops and Supermarkets to Transform

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How can Companies Rise in the Face of "Stress, Chaos, Volatility and Uncertainty"?

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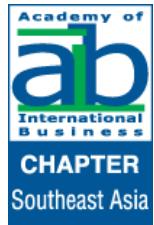
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Abstract

- *Purpose/research problems:* The outbreak of coVID-19 has restricted people's travel and brought a lot of impact to traditional retailers. So how can Dmall help traditional retailers turn crisis into opportunity in such a turbulent environment and achieve a win-win situation?
- *Aims/research framework:* This case details that Dmall builds a distributed e-commerce innovation model that emphasizes service and neglects warehousing, and accurately exerts its "barbell" advantage in the epidemic situation—that is, it cooperates with partners to start the "Three Guarantees Action" in the upstream of the supply chain, and opens the "the last kilometer" in the downstream, which makes the traditional supermarket in frost quickly and seamlessly switch to the new type of intelligent retail business 4.0 era, which not only extends and improves the coverage and efficiency of its supply chain. Even more, both partners have gained the first opportunity in this turbulent environment, and become the backbone of ensuring the supply and distribution of people's livelihood materials. At the same time, it also provide reference for other enterprises on their experience of turning crisis into opportunity.
- *Design/methodology/approach:* Case analysis method.
- *Findings:* Dmall enterprise reduced the average turnover days of traditional retailers from 30 days to 15 days, greatly increasing its revenue. Meanwhile, from 2020 to July 2020, the registered users Dmall APP increased by 50 million and the number of monthly active users increased by 8 million, both of which accounted for nearly half of the total since its establishment. In other words, during the epidemic, both sides will benefit from cooperation.

Keywords: Dmall, Retail Industry, Intelligent Transformation, Supply Chain



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Paper Number: MS0088

Digital Economy, are we there yet? A Study of Digitalization Adoption Among Companies

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Digital Economy, Are We There Yet? A Study of Digitalization Among Companies

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ABSTRACT

Purpose/research problems (mandatory): The momentous advancement in digital technologies has disrupted every aspect of our lives, including the economy. Companies are compelled to digitalized for survival and growth. Yet, many companies are tumbling on their path for digital economy.

Aims/hypotheses/research framework (mandatory): This research examines the digitalization adoption among companies and the differences between service based and non-service based industry by utilizing Technology-Organization-Environment (TOE) framework.

Design/methodology/approach (mandatory): Quantitative research approach via questionnaire survey was used to collect data from companies. The TOE framework was conceptualized by using Hierarchical Component Model (HCM) in Partial Least Square Structural Equation Modeling (PLS-SEM) to access its'

influence on Digitalization Adoption. Purposive sampling method was applied as a symmetrical sampling was not the main concern.

Findings (mandatory): The findings informed that only Technology and Organization record significant positive influence on Digitalization Adoption among companies. The results reveal that there are differences between service based and non-service based industry. For service based industry, only Technology has a significant positive impact on Digitalization adoption, while for non-service based industry, both Organization and Technology have positive impact on Digitalization adoption.

Research limitation/implication (if applicable) : This is a cross-sectional research and data is collected at a single time-frame. Hence, the result is a state-of-art finding. Assuming that if there are constructive government policies are implemented, the result maybe differs. Besides, there are other possible groupings that could affect the results in which is not covered in the present research.

Practical implications (if applicable): The research findings inform that industry type has an influence on digitalization adoption and environment is a less influencing role in digitalization adoption. Technology in terms of its relative advantages, perceived complexity and compatibility could impact digitalization adoption intention among service based industry companies. These findings aid policy makers and managers in crafting their strategies according to the industry type and customized approach to encourage digitalization adoption among companies. (295 words)

Keywords: Digital economy, Digitalization, Technology-Organization-Environment (TOE) framework, Hierarchical component models (HCM), Multi-group analysis (MGA).



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Paper Number: MS0089

How does Septwolves Get out of the "Cold Winter" under the Superimposed Epidemic Situation?

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How does Septwolves Get Out of the "Cold Winter" under the Superimposed Epidemic Situation?

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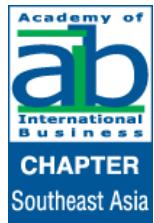
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Abstract

- *Purpose/research problems:* The purpose of this paper is to discuss and analyze how Septwolves rebrand and launch new opportunities in the face of coVID-19 outbreak.
- *Aims/hypotheses/research framework:* This case briefly introduces the development course of Septwolves, and emphatically introduces how Septwolves use internet tools to drive efficiency, iteration and fission to bring brand-new problem-solving ideas to the retail industry under the background of brand aging and the outbreak of COVID-19 epidemic. Generally speaking, the Septwolves has gradually increased the layout of online e-commerce channels, accelerated the integration of online and offline, and comprehensively launched the layout of new channels such as small programs, live broadcasts and communities. At the same time, it took marketing events as an opportunity to actively expand new marketing scenarios, penetrating from brand marketing side to product side, driving the digital transformation and innovation of product development. By embracing the youth market in an all-round way, Septwolves has been gradually rebranding, and seized the first opportunity in the epidemic. It is expected that this case will provide a reference for other enterprises to turn crisis into business opportunities when facing the black swan incident.
- *Design/methodology/approach:* Case analysis method.
- *Findings:* Through a series of strategies, the online and offline consumers of Septwolves showed a relatively balanced and healthy distribution, and the sales performance is gradually improving.

Keywords: Septwolves, Rebranding, Epidemic



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Paper Number: MS0090

What do Expanded Audit Reports Tell? Initial Evidence from the United Kingdom

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Paper Number: MS0090

What do Expanded Audit Reports Tell? Initial Evidence from the United Kingdom

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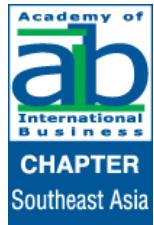
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ABSTRACT

The new auditing standard, ISA (UK and Ireland) 700, which requires auditors to discuss risks of material misstatements (RMMs) in audit reports, has offered a great opportunity to examine auditors' auditing and reporting choice. Using hand-collected audit report data from the 3,037 London Stock Exchange listed companies from 2013 to 2019 and manual categorization, we provide initial descriptive evidence on auditor's RMM topic choice and audit work choice. We find that auditors typically include 3 to 4 RMMs in audit report and they tend to include topics such as *revenue recognition, impairment, valuation, provisioning, taxation, acquisition and disposal*, and *pension*. Auditors also consider *market /political concerns* as of higher risk significantly more due to the Brexit in 2018 and 2019, and consider *going concern* as of higher risk more frequently due to the COVID-19 impact in 2019. In addition, for the more popular RMM topics, it is found that common audit procedures include assessing

management's judgment, reviewing external data, reviewing financial disclosures, involving an expert, and testing controls. Overall, it suggests that auditors are more concerned with risk areas which consist of significant management's estimates. As a result, in dealing with these risks, auditors do not only assess management's judgment, but also benchmark with external data or involve an expert for further assessment. Interestingly, our results also suggest Big 4 auditors have different preference in issuing certain RMM topics or conducting certain audit work, which may shed light on various auditors' behavior.

Keywords: audit report; topic study; RMM; KAM; CAM



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Paper Number: MS0091

**FDI Ownership Structure of EMNEs:
Integrating Global Value Chain Perspective and the Institution-based View**

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Paper Number: MS0091

FDI Ownership Structure of EMNEs: Integrating Global Value Chain Perspective and the Institution-based View

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ABSTRACT

Purpose-This study investigates ownership structure of foreign direct investment (FDI) (i.e., joint venture versus wholly owned subsidiary) of emerging market multinational enterprises (EMNEs) through the lenses of global value chain (GVC) perspective and the institution-based view. Specifically, it examines the direct influences of the value chain extension and state ownership of emerging market firms and the moderating effects of the host and home country institutions. In contrast with developed market MNEs, EMNEs are often times motivated to acquire strategic assets in international expansion, with a strong tendency to extend their value chains to own/control high value added activities (i.e., pursue value enhancement). We believe that this difference may be well understood by the GVC perspective while explaining the FDI ownership structure strategy of EMNEs.

Design/methodology/approach- A quantitative research method is adopted for the present study. We collect the data of 605 FDIs made by Chinese publicly-listed firms during the 2007-2015 period.

Logistic regression models are applied to testing the hypotheses. In addition to the full sample analyses, we also conduct sub-sample tests by the firms' establishment mode (i.e., acquisition versus Greenfield investment).

Findings- It is found that EMNEs pursuing vertical value chain extension through FDI tends to adopt joint venture (JV) as opposed to wholly owned subsidiary (WOS). State ownership is positively associated with the tendency of forming JV vis-a-vis establishing WOS, especially in the case of acquisition. Further, it is revealed that high degree of economic freedom in a host country reduces the likelihood of JV vis-a-vis WOS for those firms pursuing vertical value chain extension whilst high degree of sub-national marketization in the home country decreases the tendency for JV vis-a-vis WOS for those with large state ownership.

Keywords: EMNEs, ownership structure, global value chain perspective, state ownership, institutions, transaction cost theory, institution-based view



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Paper Number: MS0092

**International Entrepreneurial Orientation and Dynamic
Capabilities of Born Global Enterprises:
The Mediating Effect of Organizational Learning**

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Paper Number: MS0092

International Entrepreneurial Orientation and Dynamic Capabilities of Born Global Enterprises: The Mediating Effect of Organizational Learning

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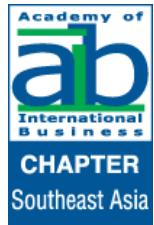
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ABSTRACT

Born global enterprises (BGEs) have unique international entrepreneurial and innovative rules, which are different from those of gradual global enterprises. This paper examined the relationships and common mechanisms among international entrepreneurial orientation (IEO), organizational learning (OL), and the dynamic capabilities (DCs) of BGEs. And the mechanism that promotes IEO to DCs of the BGEs and concrete action to promote the strategy construct of translating into DCs is important for BGEs. This study used a questionnaire survey to collect

relevant data from executives in sample enterprises that satisfy the two foregoing criteria. This paper builds a theoretical model and conducts multiple regression analysis of 233 BGEs to detect the relationship of IEO and the DCs of BGEs. There are four important findings: 1) IEO has a significantly positive influence on the DCs of BGEs. IEO is regarded as the “international gene” and consists of three dimensions: international market innovativeness, proactiveness, and risk-taking. 2) IEO has a positive influence on BGEs’ OL, while OL has a positive influence on BGEs’ DCs in terms of their structure and function. 3) OL is a mediating variable between IEO and BGEs’ DCs. 4). The relationship between the mediating effect of OL and the age of the BGE is an inverted U-shaped function. The phase difference between overseas learning networks and innovation incentive mechanisms dictates that OL involves experiencing three different stages according to three mediating effects: structure type, structure coupling type, and function type.

Keywords: BGEs; international entrepreneurial orientation; dynamic capabilities; organizational learning; mediating effect



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Paper Number: MS0093

The Influence of Support on Turnover Intention among Macau's Hospitality Employees

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Paper Number: MS0093

The Influence of Support on Turnover Intention among Macau's Hospitality Employees

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ABSTRACT

Employee turnover is costly and damaging to organizations. In order to minimize the costs, scholars and practitioners have shown interest in preventing employees' turnover. Existing literature has acknowledged the possibilities of increasing employees' perceived supervisor support, perceived co-worker support and perceived family support to reduce their turnover intentions. Although various researchers have studied the outcome of support in relation to

turnover, knowledge on employees' turnover intention remains fragmented. As the mechanisms underlying how the various forms of support affect turnover intention remain unclear, the current study aims to compare how three different sources of support, namely family support, supervisor support and co-worker support, influence employees' turnover intentions, through two mediating mechanisms—emotional exhaustion and affective commitment. We proposed that affective commitment positively mediate the support-turnover intention relations while emotional exhaustion negatively mediate the support-turnover intention relations. Data was collected from hospitality employees in Macau and structural equation modeling was utilized to analyze the complex links among antecedents of turnover intention. Results showed that hospitality employees' perceived supervisor support and perceived family support were negatively related to emotional exhaustion, which in turn were positively related to turnover intention. On the other hand, perceived supervisor support and perceived family support were positively related to affective commitment, which in turn were negatively related to turnover intention. Perceived supervisor support was found to have stronger impact than perceived family support on emotional exhaustion (-.34 vs. -.19) and affective commitment (.17 vs. .13). Interestingly, perceived co-worker support was not a significant antecedent to emotional exhaustion, affective commitment and turnover intention. It might be due to co-workers' favorable behaviors such as helping. Overall, the findings contributed to the social support and turnover literature. Managerial implications for improving employee retention were suggested.

Keywords: Affective Commitment, Emotional Exhaustion, Support, Retention



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Paper Number: MS0094

**Localization and Identification:
A Framework for Understanding Locally Recruited Parent
Country Nationals (PCNLs)**

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Paper Number: MS0094

Localization and Identification: A Framework for Understanding Locally Recruited Parent Country Nationals (PCNLs)

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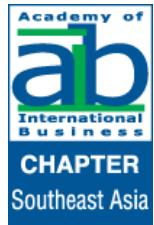
ABSTRACT

In multinational companies (MNCs), the demographic of employees is becoming more complex and pluralistic. Japanese MNCs still tend to use expatriates in managing foreign subsidiaries. Expatriates act as the window of the headquarter (HQ) and a bridging role between the HQ and subsidiaries. However, due to the language and cultural barriers, they cannot establish effective communication with host country employees immediately. Indeed, locally recruited parent country nationals (PCNLs) plays the bridging role between expatriates and host country employees. This study aims to open a new debate on PCNLs, unpacking their classifications and main affecting factors. We conducted a qualitative study with semi-structured interviews with 60 employees in 13 Japanese subsidiaries in Germany and the Netherlands. We found that

two factors, MNCs' localization and PCNLs' group identification, classified PCNLs into several types and decided how foreign subsidiaries utilize PCNLs and their functions: 1) international PCNLs; 2) Host country PCNLs; 3) Professional all-round PCNLs; 4) Non-professional all-round PCNLs, and 5) Ambiguous bridging PCNLs.

This study contributes to international business literature in several ways. First, rather than traditionally classifying employees working in multinational companies into parent country nationals (PCNs), host country nationals (HCNs), and third country nationals (TCNs), our study explores a new concept of PCNLs and their functions in the context of MNCs and provides novel conceptualizations of their bridging roles. Second, we empirically demonstrate a new theoretical framework concerning five classifications of PCNLs. Third, we incorporate affecting factors of MNCs' localization and PCNLs' group identification into our theoretical framework and demonstrate their effects on PCNLs' functions. By integrating interdisciplinary areas, this study also uncovers how language skills and cultural skills can be utilized as resources that influence PCNLs' bridging roles.

Keywords: PCNL, Bridging Roles, Localization, Group Identification, Language Skills



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Paper Number: MS0095

**Navigate Institutional Voids in Market Participation:
Insights from Refugees in Malaysia**

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Paper Number: MS0095

Navigate institutional voids in market participation: Insights from refugees in Malaysia

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ABSTRACT

Purpose/research problems: Previous research on refugee entrepreneurship maps out the challenges refugees face when starting up a business. It also recognises the benefits refugees can obtain from entrepreneurial activities. Yet, we know very little about how refugee entrepreneurs navigate institutional voids to engage in entrepreneurial activities that support them and their families.

Aims: In this study, we aimed to develop an in-depth understanding of how refugee entrepreneurs navigate institutional voids in market participation in Malaysia. What we view as mostly absent from the literature on disadvantaged entrepreneurship are real-life accounts of how refugee entrepreneurs, as one specific group of disadvantaged entrepreneurs across multiple categories, cope with the constraints posed on them through agency, creativity, and resourcefulness to participate in markets.

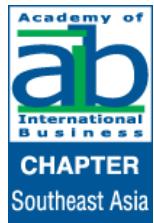
Design/methodology: We employed an inductive research design. In total, we engaged with 13 refugee entrepreneurs who had lived in Malaysia for at least several years. Interviews were conducted either in the native language of the participants with the help of interpreters or in English depending on what the participants felt most comfortable with.

Findings: Our findings revealed that refugees adopted different and gendered approaches to navigate institutional voids in market participation. The women refugees in our study anchored toward safety by leveraging the legitimacy of market intermediaries (e.g., social ventures and refugee support organisations) to gain protection for their entrepreneurial activities and to access markets while conducting their labour at home. The men refugees in our study engaged in harbouring – concealing entrepreneurial activities in the local community or under others' identities to protect income-generating opportunities.

Research implication: Our findings provide nuance and demonstrate plurality in how refugee entrepreneurs navigate institutional voids. They contribute towards a more holistic understanding of refugee entrepreneurship by linking previous insights on the challenges refugee entrepreneurs face and the benefits they can expect.

Practical implications: Our findings also provide a further understanding of refugee entrepreneurs as a specific group of disadvantaged entrepreneurs and offer insights for development agencies, policymakers, and other institutions on how to support refugees' entrepreneurial activities.

Keywords: Entrepreneurship, Refugees, Disadvantaged entrepreneurs, Institutional voids, Malaysia



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Paper Number: MS0096

**Contextualising Foreign Subsidiary Governance
amidst Turbulence: Antecedents and Consequences**

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Contextualising foreign subsidiary governance amidst turbulence: antecedents and consequences

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Manuscript Type: Conceptual

Research Questions/Issue: During turbulent time, what determines subsidiary governance, and what are the consequences led by subsidiary governance? This paper addresses both internal and external factors which impact subsidiary governance simultaneously, and how subsidiary governance further impacts subsidiaries in obtaining legitimacy in host environment amidst turbulence. In this paper, *turbulence* is defined as the volatility, uncertainty, complexity and ambiguity (VUCA) of the environment where subsidiaries operate.

Research Background: Turbulence poses great challenges on foreign subsidiary operation as stability and predictability have changed. Subsidiaries can be especially vulnerable to turbulence due to the liability of foreignness, the difficulties in obtaining legitimacy, and the less usefulness of headquarter experience. Recently, Tiktok is facing difficulties in the U.S. resulting from the political turbulence in the host country and geopolitical tensions between China and the U.S. While the impact of environmental factors on companies' growth and survival have been widely recognised in international business literature, very few studies explore the impact of turbulence on subsidiary governance.

Methodology: Based on international business and corporate governance literature, I develop a conceptual framework integrating resource-dependence theory, agency theory and headquarter-subsidiary relationship literature to explain subsidiary governance and respective antecedents and consequences.

Research Findings: Internal factors including FDI motives, entry mode and headquarter-subsidiary business relatedness, as well as external factors including cultural proximity, legal origin, and geographic distance can impact subsidiary board roles and TMT diversity amidst turbulence. Subsidiary governance further impacts subsidiary in gaining both external legitimacy in host country and internal legitimacy within multinational enterprises network.

Contribution: This research responds to the recent call to integrate various perspectives/theories in international corporate governance research, and to explore roles and structure of main governance actors (subsidiary board and TMT). This research can offer suggestions to practitioners who will structure subsidiary boards and TMTs for better performance.

Keywords: subsidiary governance, antecedents, consequences, turbulence

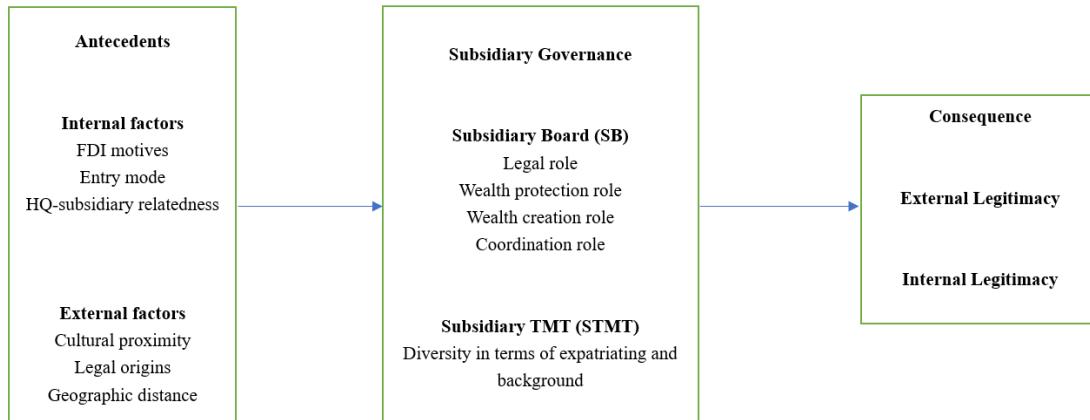


Table: research framework



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Paper Number: MS0098

**Initial Coin Offerings: Regulating the New Generation
Cryptocurrencies in Hong Kong**

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Paper Number: MS0098

Initial Coin Offerings: Regulating the New Generation Cryptocurrencies in Hong Kong

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ABSTRACT

Purpose: Considering the limitations on applying the existing securities law in regulating the New Generation Cryptocurrencies (NGCs), there is the need for structuring a tailor-made regulatory framework to cover the future development of cryptocurrencies in Hong Kong.

Approach: This article will be prepared in pragmatic and comparative approach.

Aims: The primary objective of this article is to examine the potential regulation of cryptocurrencies under the securities regulation in Hong Kong. Initially, the cryptocurrency has no central authority that controls its creation and circulation. The evolution to NGCs created by initial coin offerings (ICOs) may, to a certain extent, maintain some features of centralization as traditional payment service providers. While the essence of blockchain is decentralization, the functioning of cryptocurrencies also depends on the exchanges and wallet providers as the third-party intermediaries in trust for the cryptocurrency owners. The lack of clear legal classification of cryptocurrency results in certain absurdity in regulating the related intermediaries, which is uncovered in the current securities regulation.

Findings: The NGCs issued through the platform of ICOs confers the coin investors with certain rights like a shareholder with voting right or dividend sharing. The status of listed cryptocurrencies is theoretically comparable to that of listed shares but not clearly regulated by the Securities and Futures

Ordinance, Listing Rules, or Companies Ordinance, etc. in Hong Kong. While the decentralized blockchain is technically impossible to be regulated, new regulatory framework should be launched and focused on the exchanges or digital wallet service providers of NGCs with reference to the current structure of stock exchange or futures exchange.

Keywords: Capital Market Development, Capital Structure, Initial Public Offerings (IPOs)



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Paper Number: MS0099

**Business Models and Firm Performance:
Taking Examples from Chinese FinTech Companies**

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Business Models and Firm Performance: Taking examples from Chinese FinTech Companies

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Abstract

Business models, though been criticized “vast but fragmented” on a conceptual level, outlines how firms do business and takes a systematic view on firm activities. Since business model has emerged from the strategic management field as a new unit of analysis, the purpose of this study is to clarify what types of business models have been applied and their relationships with the firm performance. The study starts with drawing the well-rounded information on Chinese FinTech firm activities. I adopt the tool – *Business Model Canvas* to classify firm activities from nine building blocks, namely, customer segments, channels, value propositions, customer relationships, key resources, key activities, key partnerships, revenue streams, cost structure. The finding has suggested a classification of business model types based on firms’ service orientation, for example, customized or general service, institutional or individual customer, service as a solution provider or trade platform, or mixture. In the analysis, the outcome variable is return on assets, and dummy variables the year, industry and year of IPO are controlled. The author further discussed the relationship between business model types and firm profitability. Limitations so far are that, first of all, sample size is limited because FinTech sector and its public companies are young, the robustness of the classification is not empirically tested, and it might be argued that the annual reports as the data sources are reliable and comprehensive or not. With further bringing in ecosystems discussion and improvement in study design, this research aims to analyze what competitive advantages that business models translate into firm performance.

Keywords: Business Models, FinTech Companies, Firm Performance, Ecosystem



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Paper Number: MS0100

**The New Ecological Upgrade of Tencent Classroom
in the Post-epidemic Period**

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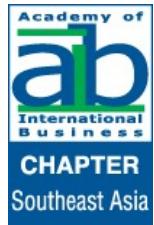
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The New Ecological Upgrade of Tencent Classroom in the Post-epidemic Period

Abstract

- *Purpose/research problems:* Taking Tencent Classroom as an example, this paper discusses and analyzes how online education enterprises can achieve sustainable growth in the post-epidemic period, hoping that this case can provide a good reference for the development of this industry.
- *Aims/hypotheses/research framework:* During the outbreak of COVID-19, Tencent Classroom actively responded to the call of the country by launching a special "commission-free" project and relying on six core competencies to vigorously support online teaching by offline institutions. It not only demonstrated its corporate social responsibility, but also gained an unprecedented number of users, making it a dark horse in China's Internet education sector. With the resumption of offline teaching, Tencent Classroom is upgraded in the three dimensions of course content, the product capability and open ecology in order to maintain the stickiness of users. At the same time, it connects the upstream and downstream forces of the government, industry associations, colleges and universities, education and training, and employment industry chains to open up all ports of life-long education, and jointly create a new ecology of digital online life-long education.
- *Design/methodology/approach:* Case analysis method.
- *Findings:* During the epidemic period, the average daily active users of Tencent Classroom increased geometrically, ranking TOP1 in the average daily active users of education and the learning industry, and becoming the largest online platform for vocational education in China.

Keywords: Tencent Classroom, online teaching, new ecological



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Paper Number: MS0101

The Impact of Social Media on Food Brand Consumption of Filipino Consumers

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"The Impact of Social Media on Food Brand Consumption of Filipino Consumers"

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Abstract

Social media becomes an important communication tool that people use to connect to other people or organizations. People use social media to share their experiences, reviews, information, advice, and tips, and any kind of issues that are related to their interests. Some of that information is a helpful source, which may influence the consumer's decision-making. The EBM model is chosen to study the consumer's decision process because of its simplicity and versatility. The model consists of five stages: need recognition, information search, alternative evaluation, purchase decision, and post-purchase evaluation. The research seeks to establish the relevance of the model in the context of social media usage. A quantitative survey was used to determine the aspects of the phases in the decision process. A total of 200 participants completed the survey, and their responses were used to analyze the influence of their decision-making processes in their unique purchase instances. Based on the findings, Facebook and YouTube are essential in posting content about a business' certain products since the majority of Generation Z are maximizing its use today. Furthermore, out of 200 respondents, 70 of them said that they are looking for snacks such as Gongcha and Frankie's on social media following Korean Barbeque Grills like Samgyupsalamat, Romantic Baboy, and the like. When it comes to the top factors that the respondents are always looking at when choosing a food brand, quality ranked first following price and the reviews that it gets from other people. Brand popularity and food safety were the least factors considered by the respondents. Moreover, almost 90% of them would prefer getting suggestions and insights from others so that they would be able to budget their expenses better.

Keywords: Social media, decision making, food consumption, influence, consumer behavior



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Paper Number: MS0102

Evolution of probability distributions by Convolution Approach

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Evolution of probability distributions by Convolution Approach

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Abstract

Research Problem – Time evolution of probability distributions has been a long-standing research topic. The problem finds many applications in engineering and finance areas. For example, in finance, one might argue whether the values of value-at-risk (VaR) estimation should be interpreted as 1) *exactly on* i^{th} day or 2) *within* i days. These two interpretations give rises to very different probability distributions when they evolve over time.

Aim – The aim of this research is to develop an efficient Discrete Convolution approach to inspect the evolution for probability distributions that can be applied to VaR estimation.

Methodology - In this paper, the evolution of two probability distributions is solved by convolution approach and the results were checked by Discrete Convolution and Monte Carlo simulation. The two probability distributions analyzed in this study correspond to VaR interpreted as *exactly on* i^{th} day and *within* i days respectively.

Findings (1) – The first distribution relates to the sum of two variables. If the two variables are independent, the distribution of the sum of the two variables can be found by simply performing convolution on distributions of the two variables. However, if the two variables are correlated, probability distribution for sum of these two correlated variables is deducted as a special convolution integral as below:

The distribution of the sum of two correlated variables $Z = X + Y$ can be obtained by convolution between X and Y' where Y' is the scaled function of Y with $\mu_{Y'} = \mu_Y$ and $\sigma_{Y'} = \sigma_Y \cdot \sqrt{1 - 2\rho}$.

Findings (2) – The second distribution relates to the minimum of successive cumulative sums of independent variables. The probability distribution for the minimum of such successive cumulative sums of independent variables is deducted as another special convolution integral as below:

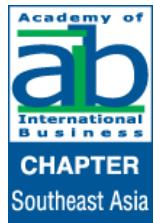
The distribution of the minimum of successive cumulative sums, $M_{i,i}$, can be obtained by convolution between $F_X(x)$ and $F_Y(y)$, $M_{i,i} = F_Z(z) = \int_{-\infty}^{\infty} F_X(z - y)F_Y(y)dy$, where

$$F_X(x) = \begin{cases} M_{i-1,i-1} & \text{if } x < 0 \\ 0 & \text{if } x \geq 0 \end{cases}$$
 is the left-hand side of the distribution of the minimum of prior

successive cumulative sums and $F_Y(y) = \frac{1}{\sqrt{2\pi}\cdot\sigma_Y} \exp\left(-\frac{(y-\mu_Y)^2}{2\sigma_Y^2}\right)$.

Also $M_{1,1} = F_X(x) = \frac{1}{\sqrt{2\pi}\cdot\sigma_X} \exp\left(-\frac{(x-\mu_X)^2}{2\sigma_X^2}\right)$ by definition.

Keywords: Discrete Convolution, Value-at-Risk, Risk Management



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Paper Number: MS0103

How Does Cultural Distance Matter in Long-term Value Creation of Cross-border Acquisitions?

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Paper Number: MS0103

How Does Cultural Distance Matter in Long-term Value Creation of Cross-border Acquisitions?

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ABSTRACT

Over the last two decades, cross-border acquisitions (CBAs) from emerging economies (EEs) as a main entry mode for EEs firms, have been spurred and took a substantial share in the total market of CBAs (Buckley, Elia and Kafouros, 2014). The rising trend towards the CBAs by EE firms, distinguishing motive of EE firms' CBAs, unique EE firms' characteristics (e.g., lack of international experience and technological advantages), together with weak formal institutions in EEs attract the increasing attentions on value creation in EE firms' CBAs (e.g., Bertrand and Betschinger, 2012; Buckley et al., 2014; De Beule and Sels, 2016; Dikova, Panibratov and Veselova, 2019; Du and Boateng, 2015; Du, Boateng and Newton, 2016; Li, Li and Wang, 2016; Liu, Li, Yang and Li, 2019).

Cultural distance is a critical factor when multinational enterprises go abroad since “legitimacy is rooted in societal beliefs and norms, ...anchored in cultural orthodox.” (Xu and Shenkar, 2002). Despite previous literature highlights the relevance of cultural distance in international acquisition, empirical evidence shows mixed results for its role and no one looks at the role of cultural distance in long-term value creation in CBAs. This study develops an integrative framework to theoretically predict and empirically test the complex role of cultural distance in Chinese firms' CBA in the long run.

This paper lies in exploring the influence of the cultural distance (after controlling formal institutions and the level of economic development) under the context of the biggest emerging market (i.e., China) to explain two research questions. First, how does the cultural distance influence the real economic

performance of Chinese acquirers after the CBAs in the long run; and second, whether and how does the above relationship vary across industries and firms?

This paper explores the influence of cultural distance on post-CBAs stages based on the sample of Chinese CBA activities over the period 1999 to 2017. We use the change in accounting performance before and after CBAs to measure post-CBA long-term performance for Chinese acquirers. Like prior literature (e.g., Du et al., 2016), we also find generally Chinese firms' international acquisition fails to create value for the acquirer in the long run. Our analysis indicates post-CBA long-term performance for Chinese acquirers would be worse when the target is in a more culturally different country. More importantly incorporating both industry- and capability-based views, we show problems caused by cultural distance in CBAs vary across industries and firms. First, we find the negative influence of cultural distance on the long-term value creation is greater when the acquirer belongs to service or strategic emerging industries. Second, we demonstrate the effect of cultural distance is contingent on the acquirer's cross-cultural management capabilities which not only come from previous acquisition experience suggested by previous literature but also from top managers' overseas education experience.

Our paper contributes to the growing body of research on EE firms' international acquisitions and capabilities development through looking at the complex role of cultural distance on long-term value creation of Chinese acquirers in aspects of firms' cross-cultural management capabilities and industry characters under the Chinese context. First, this study extends previous literature on CBA performance by investigating the influence of cultural distance on the real accounting performance of an acquirer after CBA completed in the long term rather than stock market response to the CBA announcements in the short term. Although CBA as a critical long-term strategical movement, previous literature on emerging market firms' CBA rarely look at the real long-term accounting performance acquirers. Second, owing to the similarities in EE institutions such as government intervention in the internationalization of EE firms, and less advanced technologies and international experience for EE firms, this study extends the CBAs literature in the context of emerging economies. Third, this study enriches the understanding of cultural distance on the CBA performance by drawing upon

resource/capability-based view, industry-based view and institution-based view together. Specifically, we dissent the influence of cultural distance on the long-term performance after considering integration challenges and momentums (i.e., industrial characteristics under the unique Chinese institutions and firm's specific cross-cultural capabilities).

Our analysis also renders important management implications. First, even EE firms' managers treat a new set of quite distinct cultures as a valuable resource, problems came from cultural distance will impede the firm's performance improvement at least three years after the CBA. Second, although a great cultural distance decreases the firm's profitability, managers should realize the influence of cultural distance varies across industries and have to spend more efforts to deal with cultural distance challenges if the acquirer belongs to service or strategical emerging industries which are people/experience or knowledge intensive. Third, our research suggests that EMEs can mitigate the negative influence of cultural distance by developing cross-cultural management capability. This capability can be improved through analyzing prior international acquisition experience and enhancing managers' cultural intelligence. Specifically, EMEs can improve organizational capability to manage cross-cultures by recruiting top managers with overseas degree or supporting current mangers to study on aboard.

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香港恒生大學
THE HANG SENG UNIVERSITY
OF HONG KONG



School of Business
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Paper Number: MS0104

**Does Task Characteristics Enhance Affective Commitment?
It Depends on Abusive Supervision**

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Paper Number: MS0104

Does Task Characteristics Enhance Affective Commitment?

It Depends on Abusive Supervision

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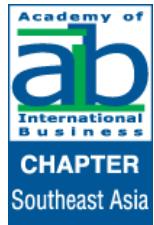
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ABSTRACT

Prior research has shown that job characteristics promotes affective commitment. Yet, empirical studies of these issues in non-U.S. contexts remain a rarity, particularly, studies in Japan have shown to be low in affective commitment as well as work engagement. Therefore, despite the claims of the body of literature, researchers cannot be certain of the universal applicability of the models of job characteristics and the process through which and the conditions under which job characteristics promote organizational commitment. This, in turn, limits theory-building. Drawing on Conservation of resources theory (COR) we argue that job characteristics can enhance work engagement and, in turn, affective commitment. We propose that, task autonomy and skill variety heighten personal resources (i.e., skills and personal traits) and energy resources (i.e., money, credit, and knowledge), consequently enhancing work engagement and commitment. Further this relationship is moderated by abusive supervision, which can undermine the otherwise positive effects of job characteristics. To test the hypothesis, we collected data in a lagged design (three-wave) field study with data from 191 full time Japanese workers using an online survey. We found that the relationship between task autonomy and affective commitment was fully mediated by work engagement whereas the relationship between skill variety and affective commitment was partially mediated by work engagement. This mediation effect was positive

when abusive supervision was low. Our research suggests that task autonomy and skill variety can be an effective tool for managers to foster affective commitment, but that abusive supervision can also have negative effects on affective commitment, because job characteristics are invested to buffer the loss of resources due to the abusive boss.

Keywords: Affective Commitment, Work Engagement, Autonomy, Skill Variety, Abusive Supervision



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School of Business
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Paper Number: MS0105

**The Missing Puzzle Piece in Understanding the Effect of
External Knowledge Sourcing on Product Innovation:
The Double-edged Role of Organizational Implementation**

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Paper Number: MS0105

The Missing Puzzle Piece in Understanding the Effect of External Knowledge Sourcing on Product Innovation: The Double-edged Role of Organizational Implementation

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ABSTRACT

Previous studies have revealed the pivotal role of external knowledge sourcing in stimulating product innovation. However, the boundary conditions of this positive role have not been fully explored. Building on the knowledge-based view, this study explores the influence of external knowledge sourcing on product innovation, and further investigates the moderating effect of organizational implementation in this relationship. We propose that external knowledge sourcing facilitates innovating products. In addition, we suggest that the organizational

implementation appears to be a double-edged sword, simultaneously amplifying and attenuating the positive effect of external knowledge sourcing. Using the survey data collected from high-tech firms in China, we found empirical support for all hypotheses. These findings provide novel insights into how firms in emerging markets can enhance the role of sourcing external knowledge in driving product innovation.

Keywords: Developing Country Firms, Product Innovation, External Knowledge

Sourcing, Organizational Implementation



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0106

A Systematic Literature Review of Entrepreneurial Resilience

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Paper Number: MS0106

A Systematic Literature Review of Entrepreneurial Resilience

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ABSTRACT

Purpose

It's been a long time since organizational behavior included the knowledge of positive psychology. The concept of resilience, which means the ability of bouncing back from adversity, has also been discussed in many fields. However, in the context of entrepreneur, resilience has not been elaborated enough. Then in this research, I review prior literatures on entrepreneurial resilience and show the possibilities of future research.

Methodology

I conduct systematic literature review of entrepreneurial resilience by using Google Scholar and ProQuest. First, I search Google Scholar for literatures with the term ‘entrepreneurial resilience’ or ‘the resilience of the entrepreneur’, and choose articles which have some relationship with entrepreneurial resilience. Next, with ProQuest, I explore other works by broadening the keywords to “entrepreneur* and resilien*” and establish framework more precisely.

Findings and Research Framework

Through the first step, I find that there are very few entrepreneurial resilience researches in themselves. Even so, they are discussed from several perspectives. Then I classified them into following 6 subjects.

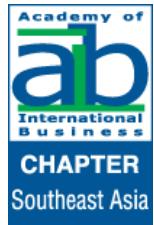
- (1) Individual Characteristics
- (2) Demographic Perspectives
- (3) Relationships between Resilience and Performance
- (4) Impacts of Past Experience and Learning on Resilience
- (5) Training or Building People to Become Resilient as HRM
- (6) Relationships between Resilience and External Factor

At this point, I regard these 6 perspectives as the main frame of this research. Then in the second step, based on the results of ProQuest, I elaborate this framework.

Limitations

I have clarified the big picture of entrepreneurial resilience research. However, there is a problem that there might be some articles which are not covered by Google Scholar and ProQuest. Therefore, I further detail this topic and establish more precise framework by using other databases and focus more on this topic.

Keywords: entrepreneur, resilience, entrepreneurial resilience, psychological capital



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Paper Number: MS0107

Cultural Colorism and its Influence on Cosmetics Purchases of Filipinas

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Cultural Colorism and its Influence on Cosmetic Purchases of Filipinas

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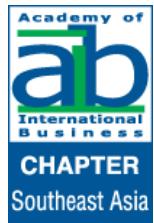
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Abstract

The effects of colonialism in the Philippines still pervade hitherto in which one of its manifestations is the societal preference for light skin. Due to this, numerous middle-class Filipinas whose purchasing power is increasing, spend so much in the hopes of attaining such beauty standards. This reality is aggravated by celebrity endorsements which adhere to the global “white beauty” standard affecting Filipinas’ self-perceptions even more which reflects on their cosmetic purchases. This research paper analyzed the Philippines’ cultural colorism and how it influences Filipinas’ cosmetic purchases. The research’s objectives are to (1) determine the extent to which colorism affects the cosmetic purchase decisions of Filipinas; (2) identify the criteria of Filipinas in choosing cosmetic products and; (3) better understand the role of advertisements. The study was conducted on 200 female residents of Metro Manila using a survey questionnaire with three categories for data collection. Statistical treatments used were: frequency of responses, weighted mean per statement, and grand weighted mean per category. The study showed that Filipinas are proud of their skin color but are simultaneously conscious due to certain external factors. The skin color perception and its cosmetic relevance garnered a 2.97 grand weighted mean implying that skin color is a primary cosmetic purchase criterion. The purchase situation weighing 2.96 indicates Filipinas’ perception of cosmetic product shortage for darker skin tones. Lastly, advertisements’ role had a 3.17 grand weighted mean proving its influence on Filipinas’ skin perception and cosmetic purchase decisions. Further research must be done to determine cultural colorism’s impact on other life aspects and its created gaps in the market. By doing so, healthier communication may be established with customers resulting in improved relationships. Moreover, the diverse skin color of Filipinas may finally be accepted minimizing the societal preferential treatment for lighter skin.

Keywords: colorism, cosmetic purchase decisions, advertisements, skin lightening, white beauty



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Paper Number: MS0108

Consumer Behavior on the Top 4 Food Delivery Application in the Philippines

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Paper Number: MS0108

Consumer Behavior on the Top 4 Food Delivery Application in the Philippines

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ABSTRACT

Filipinos are known to be food lovers producing not only the best chefs all over the world but also voracious consumers of both local and international dishes. Food served in carts, *karinderyas*, cafes, restaurants, even buffets sprouted all over the country satisfying the never-ending quests of Filipinos for delightful meal. As such, many enterprising individuals became innovative and creative, took notice of this demand and the increasing demand to enjoy a good meal in the luxuries of ones' homes and families. There are also those who cannot afford to eat dine-in or prepare their own food because of cost and time. Thus, the birth of online shopping and food deliveries.

Online Shopping is not only confined to non-essential and non-perishable goods but extends to grocery needs and even perishables like those that can only be purchased in wet markets. The more popular on-demand food delivery applications meanwhile were developed to fulfill the need for a scrumptious food at home for those that cannot prepare their own meals due to many reasons. These food deliveries are

prevalent because they provide convenience, accessibility, and one can choose from wide variety of local and international cuisines within their area. One can just download these applications in their gadgets and they are available in both android and iOS. This study focuses on these online food delivery apps which also provide tracking, feedback and service rating. According to, <https://www.yugatech.com/guides/online-food-delivery-apps-in-the-philippines/#sthash.Ii0sUa5W.dpbs> and <https://powerpinoys.com/food-delivery-apps-philippines/>, the top 4 famous food delivery applications in the Philippines are: FoodPanda, Grab Food, LalaFood, and Honestbee.

The objectives of the research are the following:

1. To know the impact of these food delivery applications on how consumers purchase food
2. To find out the effect of the food delivery applications on consumers' food preferences and health concerns
3. To tell whether these applications are helpful for both the consumers and food business owners

These objectives are made to discover the consumer behavior on these food applications, and to help the industry as well.



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School of Business
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Paper Number: MS0109

**To What Extent Successive Crises Bring Positive Outcomes?
A Crisis Management Anatomy Study of Businesses in Hong
Kong SAR**

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Paper Number: MS0109

To What Extent Successive Crises Bring Positive Outcomes?

A Crisis Management Anatomy Study of Businesses in Hong Kong SAR

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ABSTRACT

This article aims to examine business behavior during consecutive crises in Hong Kong. In doing so, the author employs a phenomenological research approach to build cases by utilizing publicly available data and conducting in-depth interviews with businesses from the city's four key industries that were affected by at least two morphologically similar consecutive crises. Through exploiting the paradigm of crisis management, this study reviews to what extent businesses applied recently accumulated crisis management experience to diminish the impact of the Covid-19 crisis; considering behavioral antecedents from approaching another pandemic - severe acute respiratory syndrome (SARS), and the recent pro-democracy social movement (PDSM). The study combines and builds on two prominent models in crisis management anatomy by introducing new behavioral evidence based on organizations from the city's four key industries. Likewise, the study demonstrates that organizations make use of learnings and expertise accumulated during previous recent crises to diminish the effects of the ongoing one.

Keywords: crisis management, crisis anatomy, SARS, COVID-19, Hong Kong.



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0110

**The Internationalisation of SMEs in Emerging Market:
A Review on the Malaysian SMEs in Pandemic COVID-19**

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Paper Number: MS0110

The Internationalisation of SMEs in Emerging Market: A Review on the Malaysian SMEs in Pandemic COVID-19

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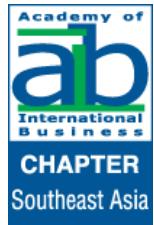
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ABSTRACT

According to OECD report published on July 2020, evidence on the COVID-19 crisis impacts on SMEs indicates severe disruptions and concerns among small businesses. The research in 60 countries revealed that more than half of SMEs face severe losses in revenues. One third of SMEs fear to be out of business without further support within 1 month, and up to 50% within three months. 84% of Malaysian SMEs highlighted difficulties in their online connectivity, supply chain and communication with customers and suppliers. The lockdown, limited movement order and social distancing severely affect the SMEs' business and survival. This paper explores the internationalisation strategies of small and medium sized enterprises (SMEs) from an emerging market during turbulent time. In particular, it studies the challenges and struggle of Malaysian SMEs during the COVID-19 including the impact of COVID-19 on their business. The study has also revealed internationalisation strategies and capabilities from Malaysian SMEs and government in overcoming the pandemic.

KEYWORDS – Covid-19 Challenges, Internationalisation Strategies, SMEs, Emerging Market.



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Paper Number: MS0111

Do Big N Audit Firms Really Deliver Higher Audit Quality?

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*Caritas Institute of Higher Education
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Paper Number: MS0111

Do Big N Audit Firms Really Deliver Higher Audit Quality?

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ABSTRACT

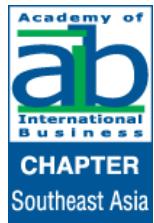
Since the theoretical work of DeAngelo (1981), audit firm size has been widely used as a surrogate for audit quality in accounting and auditing literature. Nevertheless, we have seen that over the years large audit firms had not taken good care of many of their clients, resulting in numerous audit failures, sanctions and legal actions. Many small and medium audit firms are headed by prominent partners and have endeavored to provide the best service they can, especially for their important clients. Relevant literature suggests a positive relationship between audit quality and client economic importance. However, there is a lack of evidence to examine whether client importance at different levels may override the audit firm size effect when comparing audit quality across firms. This study revisits the DeAngelo's audit firm size theory and the effect of client importance on audit quality. Specifically, we investigate whether smaller audit firms provide better quality audits for their economically important clients compared with Big 4 or Top 10 audit firms for audits of clients of similar size.

We examine this question based on the Chinese setting. The audit market in China has been dispersed and competitive. In 2007, the Chinese Institute of Certified Public Accountant (CICPA) issued a circular to promote the development of domestic audit firms. Since then, Chinese authorities took a set of regulatory actions to encourage mergers and acquisitions among domestic audit firms, resulting in an increased market consolidation and the emergence of some large domestic auditors. However, it remains a question whether the audit quality of large audit firms is indeed higher than that of smaller audit firms in this environment.

On one hand, large audit firms provide higher audit quality because of their exposure to greater litigation risks or reputational risks. On the other hand, large audit firms may not provide higher audit quality than smaller audit firms to clients of similar size and characteristics, because clients of similar size tend to be more economically important to smaller audit firms and less important for large audit firms. We expect the audit quality of firm-level important clients of smaller audit firms is higher than the audit quality of firm-level less important clients of large audit firms. Since China requires the disclosure of audit partners' names on audit reports, we also examine whether the audit quality of partner-level important clients of smaller audit firms is higher than the audit quality of partner-level less important clients of large audit firms.

Using a sample of Chinese listed companies from 2001 to 2018, we measure audit quality as abnormal accruals and restatements. When we use propensity score matching (PSM) to match a client of large audit firm with another client that is similar in size and audited by small audit firm, we find no significant quality difference between large and small audit firms. Furthermore, we find the audit quality of industry major clients (i.e. the clients whose total assets are in top 30 percentile in each industry-year) of small audit firms is higher than the audit quality of industry non-major clients of large audit firms, and the quality difference is mitigated if the industry non-major clients are important to audit partners. The results are robust if we define industry major clients as those whose total assets are in top 20 or 40 percentile in each industry-year.

This study makes contribution to the literature in the following aspects. First, it challenges the established theory and paradigm on audit firm size and provides evidence to show that the effect of client importance can override the effect of audit firm size when we compare audit quality across firms. While the research is based on Chinese data, the theoretical results should have worldwide implications.



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School of Business
The Hang Seng University of Hong Kong

Paper Number: MS0112

**Why do Some Firms Save more than Others?
A Product Market Competition Explanation**

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Why Do Some Firms Save More Than Others? A Product Market Competition Explanation

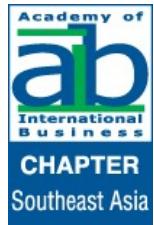
August 4, 2020

Abstract

I find that competition leads firms to save more from cash flows and rely less on external capital. To demonstrate that the competitive effect is causal, I shock cash flows with political crises, and test savings responses to exogenous shifts in competition following implementation of free trade agreements and changes in competition laws. I further document that the competitive advantage of savings manifests through the likelihood of expanding innovation and investments, which directly boost market share growth. Overall, my findings indicate that the “competitive motive” of accumulating internally-generated cash is an optimal response to predation especially when competition is intense.

JEL classification: G32, L10

Keywords: corporate savings rate, product market competition, market share growth, political crisis



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Paper Number: MS0113

An Analysis of the Impact of Online Coupons on Filipino Online Food Delivery Users

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An Analysis of the impact of online coupons on Filipino online food delivery users

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Online food delivery applications have been rising in popularity ever since the rise of the internet, during extraordinary times most especially today, its relevance is further enhanced as global lockdowns have been implemented for public health and safety. As such, through the deployment of online surveys to 200 respondents, this study sought to determine the effects of discounts through coupons and vouchers on the usage, frequency of use, and preference of online food delivery applications as well as the purchasing decisions of Filipino consumers by comparing users of three different popular food delivery applications and their perspectives regarding the critical factors, particularly, discounts, to their consumer behavior. This study focuses on determining the price saving orientation of Filipino consumers and helping food delivery applications address this accordingly and cannot delve further on the other factors that may affect consumer behavior.

After analysis of the data gathered, this study found the variety of food and beverage options and convenience were still more important to the Filipino consumers when using these food deliveries applications. However, price saving orientation was still evident insofar as a preference over one application over another as well as the level of consumption was concerned when offered discounts. 40.5 percent of respondents perceived that they were sometimes offered discounts by the food delivery applications with a mean score of 3.22. Whereas 73.5 percent of the respondents were either very satisfied or moderately satisfied by the discounts offered to them with a mean score of 3.95. The study found that Buy One Take One and Free Delivery were among the most popularly demanded discounts sought by Filipino consumers.

Keywords: Food delivery applications, online consumers, price saving orientation, price discounts.



香港恒生大學
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Paper Number: MS0114

The CLAMS Framework of Board Game Design Elements and its Impact on Game-based Learning

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Paper Number: MS0114

The CLAMS Framework of Board Game Design Elements and its Impact on Game-based Learning

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ABSTRACT

The use of games as an education instrument and play as a pedagogy is not a new phenomenon. Chess was designed to teach war tactic when Cashflow was designed to teach personal finance. The use of board games as an instrument has been relatively overlooked in the literature. Previous studies relating to board game and learning are case studies on using an existing or creating a new board games in a specific context (e.g., Essop et al. 2018). Theoretical model of game-based learning is mainly based on digital games (e.g., video games, online games, VR games). A comprehensive framework for educators to evaluate how board game design elements may influence different learning outcomes should be useful and meaningful.

This research explores this research gap by combining secondary research (i.e., reviewing available literature) and qualitative approaches (e.g., conducting in-depth interviews and focus groups with key informants, and some pilot studies). Two research assistants who are blinded the research question transcribed the content into sentence and separated into three aspects (game design elements, processes, and learning outcomes). The sentences in the first two aspects were then grouped based on their

perceived similarity. Then, they were joined by the authors to share the basis of their groupings. For learning outcomes, we adopted the four domains outlined in the Generic Level Descriptors (GLD) outlined in the Qualifications Framework by the HKCAAVQ.

The results of our preliminary analysis yield a multidimensional model of game-based learning with five design elements: game complexity (C), luck (and luck mitigation) (L), abstraction (A), game mode (M), and sequence/turn mechanism (S), four engagement types (affective, behavioural, cognitive, social/cultural), and four domains of learning outcomes (knowledge and intellectual skills, processes, autonomy and accountability, and communication, ICT and numeracy). By applying this framework to revisit the generated content, some interesting patterns were observed. For example, the use of simultaneous turns as a turn mechanism (e.g., exchanges of leftover cards in Sushi Go or in 7 Wonders) may improve the social aspect of learning due to its interaction nature, however, it may limit cognitive-based learning as this design exerts an unwanted time pressure on each learner. The proposed framework and classification system may shed light on relating research, such as gamification and outcome-based learning.



香港恒生大學
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Paper Number: MS0115

The Influence of Nutritional Information on Hot Beverages to the Consumer's Behavior and Purchasing Decisions

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The Influence of Nutritional Information on Hot Beverages to the Consumer's Behavior and Purchasing Decisions

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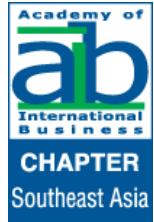
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With the outbreak of disease most especially the COVID-19 pandemic, Filipinos are wary of the health benefits they get in hot beverages, as this is part of their typical breakfast. Thus, they rely on the nutritional information available on the labels and the marketed nutritional value being presented. This study aims to investigate how this affects the Filipino consumers' behaviors towards hot beverages. The researchers distributed a descriptive survey to 304 respondents living in Metro Manila, male and female aged 18 to 60 using Google Forms. The respondents were divided into segments such as age and gender in order to investigate the differences among their behaviors toward nutritional information. To analyze, a chi-squared test and hypothesis test for two proportions were utilized. It was discovered that there is a link between how consumers perceive the marketed nutritional value and how they behave towards these products. Fifty-four percent (54.9%) of the respondents believe the credibility of the advertisements for hot beverages. Hence, a significant portion of consumers believe in the nutritional information regarding hot beverages which is more likely will influence their purchase intentions. The study revealed that demographics such as age and gender have different yet significant effects on how the nutrition information of beverages under the hot drink category influences the consumers' behavior and purchase intentions. Eighty-three percent (83%) of women and seventy-eight percent (78%) of the older generation tend to be more health-conscious and more meticulous about the hot beverage that they buy for they are the main consumers who are responsible for food and beverage purchases. It is then recommended that the industry should focus on delivering persuasive yet informative advertisements and truthful nutritional labels for their products. Further, since marketing agencies focused their efforts on nutritional claims, consumers should be more mindful of their intended purchases.

Keywords: Nutrition Information, Purchase Intention, Hot Beverage, Consumer Behavior



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School of Business
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Paper Number: MS0116

The Road to Gender Diversity Among Hong Kong Boards

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Paper Number: MS0116

The Road to Gender Diversity Among Hong Kong Boards

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ABSTRACT

The way to promote diversity of the board so as to improve corporate governance is a prevalent topic in the modern business world. In Hong Kong, an Asian financial centre, the regulators have continuously introduced reforms to enhance on this aspect with some recent reforms incorporated in the Listing Rules.

In 2017, the Stock Exchange of Hong Kong Limited has issued a Consultation Paper on Review of the Corporate Governance Code and the related Listing Rules. The above review aimed to introduce corporate governance reforms and upgrade some requirements under the Corporate Governance Code introduced in 2013 to mandatory rules under the Main Board Listing Rules which require issuers to have

a diversity policy and to disclose the policy or a summary of it in their corporate governance reports.

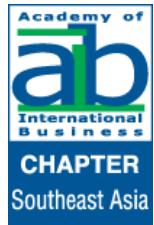
The corresponding amendment is confirmed and effective from 1 January 2019.

This article introduces the background for the recent regulatory changes with regard to board diversity, primarily gender diversity, and benchmarks best practices of some other countries against ours. We have compared the differences between the Corporate Governance Code and the Listing Rules, and also with those of other jurisdictions including the United Kingdom, China and the United States.

We have also reviewed the theoretical framework and the related literature for having board diversity. The empirical evidence from implementing gender diversity remains mixed. However, for similar studies in Asia and Hong Kong, the empirical evidence is primarily positive, supporting the regulator's move to change the code provision to a listing rule.

Lastly, the article analyses the implementation challenges and hindrance faced by the companies or regulators. We would also make recommendations in areas such as the extent to which enforcement should be made, sanctions for violations and directions of any future regulations for a sustainable development of the company.

Keywords: Corporate Governance, Board Diversity, Listing Rules



香港恒生大學
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School of Business
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Paper Number: MS0117

Differences in Organization and Culture of Risk Recognition and Communication between Japan and the US

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Differences in organization and culture of risk recognition and communication between Japan and the US

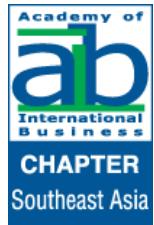
Abstract

The purpose of this paper focuses on risk recognition at the emergence of business risk in the firms' business risk management process and explores individuals' psychological characteristics and cultural differences among countries. It aims to focus on the discussion of the paradigm on good/bad discussion by comparing risk recognition in 2 countries and provide a discussion topic to consider what is good attitude for organizations in risk management.

This study researched into organizational/cultural influences on risk recognition and intra-organizational communication of risk in Japanese and American firms and aim to focus on the discussion of the paradigm on good/bad attitude discussion by comparing risk recognition in 2 countries. We collected web-based survey with 1,654 respondents from Japan and the US. We measured on Hostede (1980) scale, risk avoidance, conscientiousness, as personal attributes, competitiveness, social responsibility, support, fairness as organizational attributes, commitment as personal sentiments to organizations.

Risk recognition reflects the sense of good/bad attitude in culture and organization. This research found that, individual attributes related to risk recognition, organizational/cultural factors and the individual's commitment to the firm exert influence on business risk sensitivity in the US. However, the form of employment has been found to influence the individual's evaluation of strategic behavior in Japan. Furthermore, it has been found that the form of employment is responsible in creating a gap in awareness among organizational attributes such as organizational culture and relationship in the organization.

Keywords: Risk Management, Cultural Difference between Japan & US, Risk Recognition, Employment



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Paper Number: MS0118

**Inward Foreign Direct Investment in Japan:
Case Analysis by Dynamic OLI Cycle**

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Paper Number: MS0118

Inward Foreign Direct Investment in Japan: Case Analysis by Dynamic OLI Cycle

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ABSTRACT

This paper provides discussion for presenting case analysis concerning the inward foreign direct investment (FDI) in Japan by Asian companies, such as Lenovo, Haier, and Foxconn (Hon Hai). On the other hand, Acer, ASUS, and Huawei, as well as Samsung, do not choose FDI for entry to Japan. The purpose of this study is to analyze the difference of among them.

As a model for analyzing FDI, "OLI Paradigm" is often used. By using the concept of dynamic capabilities, we proposed a revised model of "Dynamic OLI Cycle" as a suitable and appropriate analytical method.

Corporate growth often means international expansion. Companies choose from several options to find the best way to enter foreign markets or build a base in another country. These options include exports, foreign direct investment (FDI), licensing and franchise agreements, etc. In FDI, option include a joint venture, a wholly owned subsidiary, as well as the acquisition of existing companies and the establishment of new ones from the vacant lot, all from the viewpoint of shareholding and management control to subsidiaries.

The result show that each company's decision-making criteria in FDI in Japan are clearly explained.

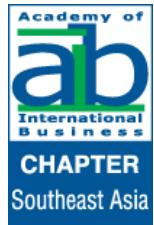
In the case of Japanese firms, FDI's participation in foreign business was predominantly joint venture

rather than wholly owned subsidiary, or development from greenfield. Recently, however, the number of acquisitions by Japanese firms has been increasing.

International business research has focused mainly on the manufacturing industry, with a focus on FDI by MNEs (Multinational Enterprises). In the manufacturing industry, the globalization of production is progressing, companies are becoming a part of the value chain in foreign countries. When the need to explain a new trend arises, it is likely to become a case-by-case model, however, the "Dynamic OLI cycle" may explain it more clearly.

Keywords: Entry-modes, Inward FDI (foreign direct investment) in Japan, Dynamic Capabilities,

Dunning's OLI Paradigm



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Paper Number: MS0119

International Expansion of Fast-Food Chains from ASEAN: A Shift from Gradual to Aggressive Internationalization

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Paper Number: MS0119

International Expansion of Fast-Food Chains from ASEAN: A Shift from Gradual to Aggressive Internationalization

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ABSTRACT

Purpose/research problems: The fast-food restaurants’ industry has expanded globally through the years alongside the growth of the middle class and the rise of disposable income spent through ‘eating out’ (IBISWorld, 2019). Global leaders in the fast-food restaurant industry such as Subway, McDonald’s, and KFC, remain to enjoy the royalty of large market shares and income. However, emerging enterprises from developing economies have gradually established its position in the international business arena and challenged the conventional set-up of the fast-food industry. This

paper aims to provide an analysis on a shift in international expansion behavior of fast-food restaurants from ASEAN markets.

Aims/hypotheses/research framework: This paper opted to utilize the Uppsala Model of Internationalization and Springboard Theory to argue that there is a shift in strategy from gradual to aggressive internationalization of ASEAN fast-food chains.

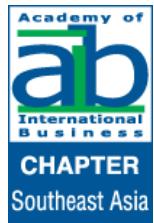
Design/methodology/approach: To examine our argument, this study has utilized multiple case studies in some of the emerging global fast-food restaurants from ASEAN countries: Jollibee from the Philippines, 4Fingers from Singapore, and Kebab Turki Baba Rafi from Indonesia.

Findings: We found that the three cases expanded slowly at first as they built knowledge, grew their home base, and gradually tapped into psychic nearby markets, as suggested by the Uppsala model--particularly to their neighboring countries within the ASEAN region. With the business environment's evolving nature over time, however, shifts in strategy and management occurred in the firms and these changes drove their strong motivation to enter key foreign markets, facilitate firm growth, and establish their competitive positions in the global marketplace more solidly. With the common goal to bolster their global competitiveness, as the Springboard theory conjectures, Jollibee, 4Fingers, KTBR eventually internationalized rapidly through high-risk, high-control entry modes and continues to acquire assets and resources that serve as their springboard to propel them to compete more effectively against their global rivals at home and abroad.

Research limitation/implication: Our finding and its implication is limited due to the research design which is multiple case studies in this case.

Practical implications: Fast food chains from emerging markets initially follow the Uppsala model by taking small and incremental steps in expanding overseas. However, as they gain capital and a deeper knowledge about foreign markets, they become more aggressive - best exemplified by the acquisition of more mature firms and taking a greater amount of risk in its operations.

Keywords: Uppsala Model, Springboard Theory, ASEAN firms, Fast-Food Chains



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Paper Number: MS0121

Bitcoin Cointegrability: A Risk and Return Analysis with Asset Classes

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Paper Number: MS0121

Bitcoin Cointegrability: A Risk and Return Analysis with Asset Classes

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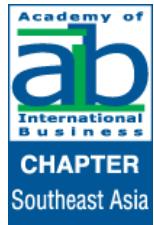
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ABSTRACT

One of the important tasks of every multi-asset portfolio managers is to assess the manner in which different asset classes interact with each other. With the proliferation of crypto-assets, such as bitcoin, it appears that crypto-assets have gradually gained prominence as a new investment class, at least from institutional aspect. This study is performed to investigate the cointegration relations among bitcoin and other asset classes by applying various tests for cointegration time series modelling techniques. It is found that there exists a mean reversion phenomenon in the spreads between bitcoin and some major tradition asset classes. This enables asset managers to develop quantitative approaches for active management strategies. If two pairs of assets are found to have a common stochastic trend with stationary cointegration vector, they are in theory considered for cointegrated. This stochastic process displays a mean reversion in long run. If there exists a divergence in spread due to temporary shocks, one can expect to profit from pairs trading strategy by creating a short position on the outperforming

one, as well as by creating a long position on the underperforming one, before closing the positions when the spread converged back to equilibrium. Largely, our results empirically support over various asset classes during the period of estimation.

Keywords: cointegration pairs trading, cryptocurrencies, and bitcoin



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Paper Number: MS0122

**Does Industry Risk Similarity Affect Auditor Expertise?
Evidence from China**

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Does Industry Risk Similarity Affect Auditor Expertise? Evidence from China

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Abstract

Purpose: This paper is to examine whether client industry risk similarity affects auditor industry expertise at both the audit firm and engagement partner levels in China, a typical emerging economy with weak institutions for investor protection, insufficient demand for high-quality audits, and a highly competitive audit market.

Aims/hypotheses: Prior studies find that auditors more likely develop expertise in operating and accounting homogenous industries which facilitate knowledge transfer and economies of scale. We extend this line of research by proposing a new industry homogeneity factor, industry risk similarity. We predict that auditors develop expertise in risk homogenous industries. However, we argue that auditors in China may rely on relationship-based contracting to compete for local clients and thus have little incentive to develop industry expertise, even in risk homogenous industries.

Design/methodology: Based on Key Audit Matters (KAMs) reported in the expanded audit reports, we

construct a new measure that captures the level of KAM risk similarity in the client industry. Using an audit firm sample and a client sample in 2014-2018, we estimate OLS regressions to test our hypotheses.

Findings: We find that Chinese audit firms have little incentive to develop industry expertise in the absence of demand for high-quality audits, but they tend to strategically assign partners with greater industry expertise to audit clients in industries with higher KAM risk similarity to minimize the likelihood of audit failure. We also find that industry experts improve audit quality but earn no fee premium in KAM risk-similar industries.

Research implications: This paper contributes to the literature on the role of demand-side industry forces in auditors' choice to specialize. Our finding may have policy implications for regulators in other emerging economies that are attempting to improve domestic audit quality.

Keywords: Industry Risk Similarity, Auditor Expertise, Key Audit Matters (KAMs), Engagement Partner, Audit Quality



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Paper Number: MS0123

Auditor Appointment Strategy and Intragroup Value Transfers: Evidence from Family Business Groups

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Paper Number: MS0123

Auditor Appointment Strategy and Intragroup Value Transfers: Evidence from Family Business Groups

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ABSTRACT

Family business groups (FBGs) typically control several member firms and can hire a single auditor or multiple auditors to audit their member firms. This paper examines what type of auditor appointment strategy constrains intragroup value transfers within FBGs. Analyzing related-party transactions (RPTs) within FBGs in Hong Kong, this study provides evidence that FBGs with multiple auditors undertake more intragroup value transfers than FBGs with a single auditor do. However, the adverse effect of the multiple-auditor appointment is mitigated by a stronger board and higher financial reporting comparability between member firms. Using an alternative measure of intragroup value transfers, we also find that the market perceives the multiple-auditor appointment as impairing audit effectiveness. Overall, our findings offer new insight into the literature that the controlling families can exploit the appointment of multiple auditors as a ‘divide and conquer’ strategy to undermine the monitoring role of auditors against intragroup value transfers, but stronger corporate governance of member firms can mitigate the adverse effect.

Keywords: family business groups (FBGs); multiple auditors; intragroup value transfers; related-party transactions (RPTs); board of directors.

JEL classification: M42, G32, L22



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Paper Number: MS0124

Multilevel Marketing and Pyramid Selling Schemes: A Cross-Market Comparison of China and Hong Kong

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Paper Number: MS0124

Multilevel Marketing and Pyramid Selling Schemes A Cross-Market Comparison of China and Hong Kong

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Purpose:

The study aims to provide a clear distinction between both multilevel marketing and pyramid selling. In particular, the context of China and Hong Kong are selected for this study as anecdotal evidence suggests they have different regulations governing the two approaches.

Design/Methods/Approach:

A multi-method research approach is considered for this study, drawing on data from various secondary sources; including previous studies, case law, ordinances, regulations and individual company cases.

Findings:

We intend to use the conference to present our primary findings. The study represents work-in progress, with the proposed findings specifically looking to illustrate the similarities and differences of the two approaches to marketing and sales, as well as the contrasting difference between both China and Hong Kong's legal systems governing the two approaches.

Implications:

We consider this study has various implications for businesses and individuals contemplating multilevel marketing and pyramid selling in both Hong Kong and mainland. Several other

implications for governments and consumers alike will be extracted from the study and avenues for future research examined.



香港恒生大學
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Paper Number: MS0125

**Do Investors Value Clawback Provisions Equally?
The Case of REITs**

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Paper Number: MS0125

Do Investors Value Clawback Provisions Equally? The Case of REITs

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ABSTRACT

This research examines market response to the adoption of a clawback provision in REITs. We conduct a comprehensive linguistic analysis to assess the strength of clawback provisions in 152 REITs that announced the adoption of clawback provision from 2007 to 2018, following Erkens et al. (2018). We find that market reactions are significantly positive in only strong clawback adoptions, indicating that investors can differentiate the strength of commitments of clawback provisions in executive compensation contracts. Consistent with previous studies that clawback provisions reduce financial reporting risk, we find that REITs with lower readability in annual reports earn higher cumulative abnormal return in the announcement of clawback adoptions than those that annual reports are more readable. Interestingly, market response to financing reporting readability is only significant in the strong clawback adoptions, which confirms again that investors anticipate potential benefit of

improvement of financial reporting quality in only strong clawback adoptions. A further analysis of stock volumes shows that investors conduct more trades after clawback adoption in REITs with strong commitments than with weak commitments; and stock volumes increase more in REITs with lower financial report readability when the commitments are strong. Overall, this paper documents that investors value clawback provisions and can distinguish the levels of clawback adoption; and the positive effect of clawback adoption on reporting quality only appears in the strong adoptions.

Keywords: Clawback provisions; Reporting quality; Real Estate Investment Trusts (REIT); Linguistic analysis; Event Study



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Paper Number: MS0127

**Time is Ticking:
Environmental Protection Starts with Ethical Business Practice
and Proper CSR Strategies**

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Hong Weng, Lawrence Lei

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Paper Number: MS0127

Time is Ticking:

Environmental Protection Starts with Ethical Business Practice and Proper CSR Strategies

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ABSTRACT

The global economy has been battling with the Coronavirus pandemic since early 2020. However, the environmental quality has been improved due to the close down of businesses and the reduced emission of toxic substances and air pollutants. This interesting finding implies the urgent need for environmental protection. Business that engage in corporate social responsibility (CSR) and going green activities could contribute tremendously to environmental protection, which is also a good example of ethical business behavior. Many phenomenal corporations have aligned CSR with their business strategies not only to become environmental-friendly, but also attempts to satisfy customers' needs, especially those customers who demand ethical products. Customers' behaviors would certainly affect the trend of ethical products and ethical businesses in the market. To expand the mentioned ethical market, businesses are recommended to focus on customers' needs while producing ethical goods and avoid using CSR as a gimmick.

Key words: Corporate social responsibility (CSR), going green, environment protection, customers' behavior, business ethics



香港恒生大學
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Paper Number: MS0128

**Understanding Customer-brand Engagement in Social Media:
The Role of Customer-Customer Interaction and
Customer-brand Interaction**

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Paper Number: MS0128

Understanding Customer-brand Engagement in Social Media: The Role of Customer-Customer Interaction and Customer-brand Interaction

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ABSTRACT

Purpose / research problems - A vital issue for marketers as a result of service-dominant logic (S-D logic), particularly in developing countries, is the multiple approaches in encouraging customer participation (CP) on social-media platforms that boost the consumer-brand relationship, as reflected by the magnitude of customer-brand engagement (CBE).

Aims / hypotheses / research framework - This study examines the role of the two forms of CP, namely customer-customer interaction (CCI) and customer-brand interaction (CBI) in driving the CBE dimensions, including cognitive, emotional and behavioral engagement, as well as consumers behavioral intentions, as manifested by repurchase intention and ongoing search behavior in Malaysia.

Design / methodology / approach - Data was collected from 316 consumers in Malaysia and was analyzed using Partial Least Square – Structural Equation Modelling (PLS-SEM).

Findings - The findings demonstrate the importance of the two forms of CP in strengthening CBE dimensions. The findings also reveal that cognitive engagement is influential in driving customers' ongoing search behavior, while emotional engagement and behavioral engagement are significant predictors of customers' repurchase intentions.

Research implication - This study has contributed to the marketing literature by empirically confirmed the importance of CCI and CBI in driving CBE dimensions, which further discloses the importance of CP in the process of brand-building. This study has also contributed in minimizing the gap of knowledge within the branding literature by examining the relative importance of the three CBE dimensions on customers' behavioral intentions, including ongoing search behavior and repurchase intention.

Practical implication - Marketers are recommended to facilitate CCI by developing social-media brand communities on various platforms. Marketers are also encouraged to introduce online chatrooms and feedback systems that allow two-way communication with customers that would be useful for facilitate CBI.

Keywords: Customer-customer interaction, customer-brand interaction, customer-brand engagement, ongoing search behavior, social media

Man Lai Cheung is a Lecturer at the Department of Marketing, The Hang Seng University of Hong Kong. He serves in the editorial board of scholarly journals. His main areas of research interest include brand management, social media marketing, and co-creation, with particular focus on issues of customer brand engagement. His research publications have appeared in *Journal of Product and Brand Management*, *Journal of Hospitality and Tourism Research*, *Marketing Intelligence and Planning*, *Australasian Marketing Journal*, *Asia Pacific Journal of Marketing and Logistics*, *Young Consumers*, among others.

Guilherme D. Pires is an Associate Professor at the Newcastle Business School, FBL, University of Newcastle, Australia. He is currently the DBA Program Convener and Associate Editor of the *International Journal of Behavioral and Health Research (IJBHR)*. He serves in the editorial board of several scholarly journals of international standing. His main areas of research interest include marketing in culturally diverse environments, service logic and the integration of marketing and information and communication technologies (ICT), with particular focus on issues of consumer empowerment. His research publications have appeared in *Journal of Business Research*, *European Journal of Marketing*, *Australasian Marketing Journal*, *Marketing Intelligence and Planning*, *Asia Pacific Journal of Marketing and Logistics* among others.

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Paper Number: MS0129

All the Happiest Places on Earth: Cross-cultural Management of Six Disney Theme Parks

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Paper Number: MS0129

All the Happiest Places on Earth: Cross-cultural Management of Six Disney Theme Parks

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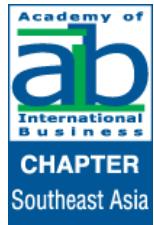
ABSTRACT

The Walt Disney Company (hereafter Disney) is operating six Disneyland theme parks worldwide. The first and original Disneyland was built in California in 1955. Since then, Disney has created five other theme parks in different regions and countries, two in the United States, one in Japan, one in Europe, and two in China. Its motto, "the Happiest Place on Earth," has become one of the most memorable slogans.

The California and Florida Disneyland, both located in the United States, are full of American culture and fantasy stories. Disney hoped to provide amusement value for visitors. They offer attractions and rides, souvenirs, shops, and restaurants inside the theme parks. With the Disney theme characteristics and the cartoon characters such as Mickey and Minnie Mouse, it made Disneyland a huge success and thus operated more Disneylands in other countries.

When Disney entered the market in other countries, its initial approach was to replicate its home country's signature experience. Other Disneylands have followed suit and adhered to Disney's slogan: hoping to become one of the happiest places on Earth. As a result, the traditional Disney signature shows and activities were featured in theme parks in Asia and Europe. However, it might have failed the market expectation due to cultural differences. After thorough market research, Disney realized the importance of respecting the host countries' culture and creatively incorporating some of the host countries' symbolic cultural elements into the theme park experience. Such an adaptation is the effort put by Disney to reflect the local cultures, hoping to make it one of the happiest places in the theme park's host countries as well.

This paper summarizes the cultural differences in product, service and customer experience, and management in various Disney theme parks and conducts a cultural analysis among the six parks. It will then examine Disney's cross-cultural management.



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New Trends in Global Cosmetics Marketing

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ABSTRACT

While recent studies focus on the impacts and reasons for undergoing cosmetic surgery, people start to lose focus on how the perception of beauty and consumer behaviour and advertising mode changes affect the global cosmetics market trends. This study aims to blend literature theories and latest trends in the global cosmetics market with practical examples of changes in market atmosphere, potential customers, main promotion channels, and effective influencers to give a brief idea of the essential elements in entering global cosmetics markets.

Keywords: Social Media Marketing, Media Advertisement, Consumer Behaviour, Cosmetics