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London, United Kingdom**

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**Kean University  
New Jersey, United States of America**

presents

**2014 IMRA-Kean International Conference  
29-31 May, 2014**

**"Globalization and the Convergence of  
Creativity, Innovation and Entrepreneurship"**

**Venue:**

Sixth & Fourth Floors,  
Green Lane Academic Building, Global Business School,  
Kean University, 1000 Morris Avenue, Union,  
New Jersey, United States of America

**Conference Proceedings**

## **ECONOMIC ENVIRONMENT OF GEORGIA AND DIGITALIZATION**

Submission ID: 334

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### **Extended abstract**

For developing countries, the modern way of economic grows of the country is based on the processes of digitalization and technologies, its modus is mainly focused on fundamental views and comprehending of values, increasing the level of economics, politics, social welfare, formation of stable and safe environment. Digitalization became the transformer of the world economic regulations and the balance of authority, because of which, the world technological regulations have become privileged. It's relatively differentiated and its huge resources and consequences are almost important for the grows of world economics as well as for the economics of Georgia. In This Paper there is assessed Digitalized environment, as an important political platform for technological influence, for increasing the competitiveness and economic growth. also there is analyzed its role in the economy and employment promotion. Nowadays, in the process of supporting the attracting of investments by developing countries the main interest of investors are directed to new technologies, relatively this filed is a moving power of the development for the country. In the scientific report, there is reviewed the Georgian economic environment, which is characterized by the formation of processes of strong and consecutive policy for the development of sustainable economics, implementing the actions supporting the seismic political and economic environment, post authority testing of economic politics, defining the trajectory of development of more or less leading branches of the country, overcoming the "stinginess and fair, of internal investment, stability of legal space, formation of strategic plans and directions. For the Georgian society, there are defined the strategically trends and resources required for the country, which in long term and short term conditions is a spine for the economics of the country and provider of welfare, there are increased the expenses for modernizing the infrastructure required for revitalization of the economics of Georgia and relatively, the expected economic benefit, the rate of growth of digitalization is becoming prognostic. Until the recent years, economics of the country is influenced by political allowances / riots, constant change of the rules of regulations, political unclerness, what was bearing the results of dysfunction, political assessment for the governmental corruption, financial speculations and irrational usage of investment foundations were of negative results. The problem is a deformation of economic politics, extra dependence on investments and import. The issue of "Trade Policy, is a territorial conflict, which was resulting the economic shakes in the flow of trade and capital among the regions of the country. Nowadays, the above mentioned influence and shakes are rare, or are presented only in a little dose. The state bodies in the country have become concentrated on the necessity and requirements of citizens by implementing the processes of digitalization. The project of the Government of Georgia "The Government of Georgia, open administering, is focused on accountability of private and civil sector, "social involvement, doesn't concern with only the actors of determined force and status. The market of Georgian electronic communications is valuable, varied and attractive from economic point of view, what is expressed in company incomes, internet users segment, website numbers, internet company productivity, growing the income for from e-commerce in the favor of Georgian companies, as well as variety of technologies, applications and contents. In the work, there is revealed the Georgian internet-market which is privileged in the country. Successful working of Internet companies is creating the automatic conditions of crediting the activity and optimization of processes, automation, effective usage of energy and resources little risks and low barriers are increasing the productivity of internet subjects. The digital economics of Georgia is a market platform attractive for investment. After the global crisis, for the purpose of coming out from economic inactivity, the Georgian governmental and business sector defined the future technologies on time, which are productive and help the country in a better way (governmental / business sector) in global

competitive marathon. Besides, there was made the formation of perception for new technologies, there was assessed its role in growth of productivity, there were worked out the methods for providing the benefit. Policy of development ICT in the country is not the addition of economic and social politics, what simplifies the structural transformation of economics, stimulating of social equality and focusing on strategic directions having the competitive opportunities worldwide. Sustainable development of the economics of Georgia is a short term prospect, which is based on the best technological novelties, development of resources, ability of adaptation, targeted policy and economic and financial “repairing, with doubled force, what is provided by development of the processes of digitalization the motor of global growth. And in the end, any resources are exhausting, only the ability of self regeneration of digitalization and accumulative benefit is a resource of vital importance for the future sustainable development of the economics of Georgia.

*Reference list available upon request*

## **MANAGING INNOVATION IN EMERGING MARKET CONFRONTING THE CHALLENGE OF INSTITUTIONAL ENVIRONMENT: EXPERIENCE FROM AN EMERGING MARKET FIRM**

Submission ID: 336

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### **Extended abstract**

Mass markets in emerging economies are considered to be the largest untapped markets on earth with substantial business opportunities. Emerging markets are characterised by weak institutional context. How to manage the institutional challenge to innovate remains largely unexplored in the literature. Focusing on the product innovation for India's masses with the creation of indigenous digital telecom switches by C-DoT, our analysis reveal the sheer importance of visionary leadership and institutional entrepreneurship to achieve innovations with required affordability and acceptability criteria. The lesson from this case study has significant implications for managers of aspiring companies intending to serve emerging markets. Extended Abstract Emerging economies (EEs) hold vast opportunities for innovators who are willing to take a 'great leap' into large untapped mass markets in these countries (Hart & Christensen, 2002; Prahalad, 2010; Prahalad & Hammond, 2002). Despite a few attempts to harness the potential in EEs, companies are yet to grapple with many practical realities in emerging markets. This is often characterized by underdeveloped or non-existing institutional context, multilevel pyramid structures reflecting large income disparities and highly price-conscious customers (Khanna & Palepu, 1997; P. K. Ray & Ray, 2010). How to develop innovations for mass markets in EEs tackling the challenge of institutional environment therefore remains a daunting challenge. It has been widely acknowledged in the literature that institutional environment impacts entrepreneurial opportunities. Therefore entrepreneurs are both constrained and enabled by the institutional setting of their business environment (Aldrich, 1990; Bruton & Ahlstrom, 2003; Bruton, Ahlstrom, & Li, 2010). Distinctive institutional challenges and uncertainty faced by companies operating in the emerging markets pose severe challenges for them. Peng and Luo (2000) for example argue that lack of credible legal frameworks, stable political structure and strategic factor markets often represent major barriers for entrepreneurs in emerging markets. Furthermore, high levels of corruption, lack of communication and transportation infrastructure are also some of the other constraints faced by entrepreneurs (Cavusgil & Ghauri, 2002). As a result, companies in emerging markets need to adapt their innovation strategies to fit the weak institutional context (Khanna & Palepu, 1997). However, the crucial problem of how to manage the institutional challenge in EEs remains largely unexplored in the literature addressing in depth empirical study. Such a gap raises an important research question namely, 'How do firms manage institutional challenge in EEs to create innovations?' We focus on the product innovation for India's masses with the creation of indigenous digital telecom switches by Centre for Development of Telematics (C-DoT). We adopted a case study research strategy to gain an in-depth insight of the context, obtain rich data and also to look deeper into the dynamics of the chosen organisation (Dyer & Wilkins, 1991; Yin, 1984). C-DoT was selected because of its effectiveness in addressing the unique challenges of innovation for the Indian mass market. Data was collected through in-depth interviews lasting 30-90 minutes with key informants over the period 1995-2011. To serve as triangulation of evidence, secondary data for the case was also mined from various academic and telecommunication sources. When India began liberalizing its economy during 1984-1991, it had exceptionally low telephone density. The rural population accounting for 75% of the total population had access to only 10% of direct telephone exchange lines. Few MNEs monopolised the market with high prices due to government regulations. The telephone exchanges (switches) developed by MNEs were not suitable for India's tropical climate (P. K. Ray, 2001). In order to solve this problem, in 1984 C-DoT was established as a public sector research organisation. CDoT's initial mandate was to design and develop digital telecom switches with high capacity for the rural masses (Pitroda, 1993; P. K. Ray & Ray, 2010). The leading force behind this novel initiative of C-DoT was Sam Pitroda, 'an inspired self made technocrat driven by the vision of improving India's

telecommunications infrastructure so that the poor could participate in the market. Despite a meagre resource allocation of \$36 million and development time of 36 months, C-DoT was successful in developing a 128 line rural automatic exchange (RAX) with an upgrade capacity to 512, 10,000 lines in a record time of 4 years (P. K. Ray & Ray, 2010). This innovation embodied a paradigm shift away from existing global technologies. From the case analysis it is unequivocal that the visionary leadership of Sam Pitroda enabled C-DoT to innovate meeting the unique price ,“ performance criteria of the Indian masses. As observed in the literature, defining a concrete vision leaders of successful firms innovate despite being confronted by scarce resources. Visionary leaders also create a mindset in the organization through inspiring people to achieve an impracticable target (Tellis, 2006; Tellis & Golder, 1996). For C-DoT resources were extremely scarce, which made attracting and retaining talent a challenge. The visionary leadership of Sam Pitroda not only motivated team effort of talented Indian engineers to showcase their technical abilities, but also fostered a collaborative work environment which was free of bureaucracy and hierarchy. In the context of innovation for EEs, entrepreneurs have greater opportunity to act as institutional entrepreneurs for improving the business environment (Bruton et al., 2010). Foreseeing business opportunities, institutional entrepreneurs fulfil strategic business objectives by deliberately leveraging resources to create new ventures or manipulate the existing institutional structures in which they are embedded (Dorado, 2005; Lawrence, 1999; Tracey & Phillips, 2011). Institutional entrepreneurs work proactively (Lawrence & Phillips, 2004) and intentionally to shape their institutional environment forming alliances with governmental agencies or legal bodies (Aldrich & Fiol, 1994; DiMaggio, 1988; Garud, Jain, & Kumaraswamy, 2002). This is evident from the case of CDoT that winning the support of the Prime Minister of India, Pitroda changed the mindset of Indian officials by convincing that India had sufficiently talented scientists, engineers and technological capabilities to develop an entire telecom switching technology on her own without the need of depending on foreign suppliers. Overcoming seemingly insuperable hurdles of bureaucracy of the Indian business environment, Pitroda mobilised resources from the government to indigenously develop a digital switching system which would be suitable for mass market requirements and Indian network conditions. Given the unique institutional context and the salience of government regulations, our results therefore highlight the critical role of visionary leadership and institutional entrepreneurship especially in the context of weak and highly uncertain institutional environment of the EEs. Despite being a public sector organisation, the lessons from this case remain significantly relevant for managers of private enterprises, intending to craft innovation strategies for the masses. Furthermore, whilst C-DoT had meagre resources to graft innovation, its key lessons can be applied by resource rich firms through a deliberate restraint on resources and reconfiguring their allocation.

*Reference list available upon request*

## RELEVANCE OF REVENUES AND R&D IN VALUING HIGH-TECH FIRMS

Submission ID: 340

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### Extended abstract

This study explores the abnormal price-earnings relation for the high-tech sector and the relevance of revenues, book value, and R&D expenses in the valuation of high-tech industry, especially those loss-making firms. The negative price-earnings relation for loss-making firms raises questions about the validity of the assumption of a positive and homogeneous relation between price and earnings, as expressed by the simple earnings capitalization model (Jan and Ou 1995; Burgstahler and Dichev 1997). A significant negative coefficient on earnings means that the more negative a firm's earnings is, the higher its stock prices, which makes no economic sense. Collins et al. (1999) find that including book value of equity in the simple earnings capitalization model eliminates the negative relation. They conclude that book value of equity is a proxy for expected normal future earnings, which is especially important for loss firms regarding valuation. They claimed that the simple earnings capitalization model is misspecified with the omission of book value as an independent variable, and introduces a positive bias to the coefficient on earnings for profit firms and a negative bias to the coefficient on earnings for loss firms. We first examine this abnormal price-earnings relation and the role of book value in loss firm valuation within the high-tech sector. High-tech sector provides a unique test scenario for the abnormal relation and the role of book value in eliminating the abnormal relationship because of several reasons. First, high-tech sector has been and will continue to play a very important role in our stock market and the economy as a whole since the early 90s of the dot com boom to date. Secondly, high-tech companies do not generally have earnings (nor pay dividends). As a matter of fact, in the dot com era, the reporting of earnings was often seen as a negative, demonstrating a lack of entrepreneurial aggressiveness and commitment. Thirdly, very often, high-tech companies do not have much book value as compared with other industries. High-tech firms spend a lot on intangibles, human resources, and R&D and most of them, especially R&D expenditures, are expensed instead of capitalized. Valuations becomes much more difficult as revenues, cash flows, intangible, goodwill, and other hardly measurable and recognizable non-financial factors can all compete for relevant roles (Jahnke 2000, 2001). Consistent with our hypothesis, we find evidence for both the pre-2000 stock market meltdown of the 90s and post-2000 years up to 2012 that the abnormal price-earnings relation exists for not just the lossmaking high-tech firms alone, but all high-tech firms in general. We also find evidence that the inclusion of book value in the regression model does not eliminate the abnormal price-earnings relation in the high-tech sector, contrary to the finding of Collins et al (1999). It suggests that the role of book value in stock valuation, especially loss firm valuation, is not universal. At least for hightech sector, earnings are not value relevant. The value relevance of book value is limited, if significant at all. We further examine the relevance of revenues and R&D expenses in the valuation of high-tech industry. Revenue is believed to be harder to "manage." The rising popularity of the PSR (price/sales ratio) reflects investor belief that it's more important for high tech companies to grow revenue than making profit, and that revenue is proxy for marketplace acceptance and potential future earnings (O'Shaughnessy 1998). R&D expenses must be fully expensed, according to SFAS #2. Lev and Sougiannis (1996) find a significant inter-temporal association between firms' R&D capital and subsequent stock returns. Aboody & Lev (1998) examine the value relevance of information on the capitalization of software development costs, in accordance with SFAS 86. Software capitalization pertains to the development component of R&D. They find that capitalization-related variables are significantly associated with capital market variables and future earnings. Evidence from our empirical tests indicates that both revenues and R&D expense are value relevant for high tech firms, suggesting that the market rewards investment in R&D and regard the accounting losses as transitory if high-tech loss firms have large expenditures for R&D. To conclude, evidence from our study confirms the anomalous negative price-earnings relation, not just for loss firms, but for all

high-tech firms combined, both in the 1990-1999 and the 2000-2012 period, for the high-tech industries. Our evidence also indicates that for the high-tech sector, including book value of equity in the simple earnings capitalization model does not eliminate the negative price-earnings relation for loss firms, nor does it for all firms combined. Our evidence convincingly demonstrates the relevance of sales revenues and R&D expenses in the valuation of high-tech firms in general, and high-tech loss firms in particular. This study adds to the current literature of loss firm valuation by focusing on the high-tech sector, and examines the value relevance of earnings, book value, revenues and R&D expenses.

*Reference list available upon request*

## **ACCOUNTING FOR RISK AND INDIVIDUAL LEVEL DIFFERENCES IN THE TRADITIONAL RFM APPROACH**

Submission ID: 341

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### **Extended abstract**

Despite the existence of numerous alternative models, RFM analysis continues to remain one of the most popular techniques used by managers to assess the value of a firm's customers. RFM stands for the recency, frequency and monetary value of purchases made by customers. The reason why RFM continues to be the preferred choice of marketers despite advances made in data mining approaches lies in its simplistic approach, application and understanding. The value of RFM is tied to the notion that customers who have purchased from you recently are more likely to respond to your next promotion than those whose last purchase was further in the past. On the same token, frequent buyers are more likely to respond than less frequent buyers and big spenders often respond better than low spenders. The RFM approach's dependence on the three key attributes—recency, frequency and monetary; is often seen by researchers as its limitation since it ignores

individual level differences such as demographic characteristics, motivations etc. The second limitation of the RFM approach is seen as the arbitrary or subjective way in which weights are assigned to each of the variables—recency, frequency, and monetary value. Nonetheless RFM continues to remain a popular analytical technique. In this paper, we put forth a different approach to using RFM, one in which not only a more systematic approach to finding weights for the variables—recency, frequency, and monetary value is suggested but we also show how individual level differences can be accounted for. Apart from this, we also account for the risk level of each customer in calculating customer value based on the RFM approach. The idea that customers can be risky assets has recently been proposed by a number of researchers. Apart from just a handful of papers that actually account for customer riskiness this has been more of discussion that a need exists to account for riskiness of customers. Valuing customers based solely on the cash flows that they generate for the firm can be misleading. Each customer poses a certain amount and kind of risk to the firm that, if unaccounted for, can lead to gross overestimation of the customer's true value to the firm. Some of the risks that we account for in this paper are probability of being active, probability of reaching the minimum sales level required by the company, probability of retention and regularity of purchases. We have a very unique dataset from a direct marketing company. We have observations on 25,000 sales force personnel, who the company refers to as, '~agents'. These agents act as customers and buy products from the company which they then sell to the ultimate consumers. However, for the firm in question, they do not have any say on the ultimate price that these agents charge to their customers, nor does the firm get any percentage on the quantity or price of the products sold by these agents or know anything about these ultimate customers. The company has a very unique incentive structure that it uses to reward the agents if they buy large amounts of the products from them. The firm's profit accrues from the amount and kinds of products these agents buy from them. Our dataset contains monthly data for these agents spanning a period of 24 months. We have both demographic and some time-varying variables on these agents. The uniqueness of our dataset lies in the fact that we have observations on agents belonging to different levels of the hierarchy within the company. For the models in this paper, we have limited our analysis to only the lower rung of the hierarchy (independent agents) since they comprised majority of the population in our dataset. Using data from a well-known direct marketing firm, we use a non-parametric approach, DEA (data envelopment analysis), to create an index of Risk-Adjusted RFM for each customer. DEA is a linear programming formulation that defines a nonparametric relationship between multiple outputs and inputs. The outputs in our paper are the RFM variables, "recency, frequency, monetary value. The inputs are the risk measures—probability of being active, probability of reaching the minimum sales level required by the company, and



regularity of purchases. Accounting for these risks is essential. For example, under non-contractual settings (our study falls under this scenario), customers do not notify the firm explicitly about their intention to terminate the relationship. This behavior is called, 'silent attrition'. Not all customers become inactive at the same time. There is non-notification of 'churn' or 'death' by the customers themselves. The only indication is a long hiatus since placing last order. The downside of not being able to identify such customers can prove to be very costly for the company. Hence, we need to calculate the probability of being active to account for the above kind of risk. Probability of being active is calculated using the Pareto/NBD model proposed by Schmittlein, Morrison and Colombo (1987) and subsequently Schmittlein and Peterson (1994). This model uses three pieces of information from a customer's past purchase history - total number of transactions, the time period when the last transaction was made and total number of periods of data available for a particular customer, " to calculate the probability that a customer is active in a given time period. Probability of reaching the minimum sales level required by the company is calculated using a logit model. The firm requires the agents to make a minimum purchase of \$250 every quarter. Regularity of purchases is the standard deviation in recency, frequency and monetary values. This captures the idea that even though two agents can have the same average return, the company will value the one that gives them a more stable return. DEA is used to create individual level Risk-Adjusted RFM scores for each agent or customer. These scores are used to segment the customers into two groups- 'desirable' customers and 'non-desirable' customers. We then identify the underlying characteristics in terms of demographics, and behavioral factors that separate the two customer groups by using logit model. Our results indicate the importance of adjusting for riskiness of customers in creating customer valuation metrics.

*Reference list available upon request*

## **AGENCY COSTS, OWNERSHIP STRUCTURE AND CORPORATE GOVERNANCE CHANGES ON THE GHANA STOCK EXCHANGE**

Submission ID: 343

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### **Extended abstract**

**ABSTRACT** This paper investigates the relationship between agency costs, ownership structure and corporate governance changes on the Ghana Stock Exchange for the period 2000-2009. Given the introduction of the Ghanaian Code during 2003, I separate the sample into pre-2003 and post-2003 to investigate how agency costs might have been affected by ownership structure and governance changes. A panel data analysis using the fixed effects regression to mitigate the problems of unobserved firm heterogeneity over the sample period was employed. I find no relationship between the governance index and agency costs during pre-2003 period, but a positive and statistically significant relationship post-2003 period. However, the effect of the specific governance mechanisms on agency costs is less clear through each of the sub-periods. The board ownership is consistently positively and statistically significant related to agency costs through each of the subperiods. I conclude that corporate governance-agency costs relationship studies should consider developing an index as an overall measure of governance quality instead of the specific governance mechanisms. **Keywords:** Agency costs, Corporate Governance, Ownership Structure

**SUMMARY OF THE PAPER** The purpose of this paper is to investigate the relationship between agency costs, ownership structure and corporate governance among Ghanaian listed firms for the study period 2000 to 2009. In the developed markets such as the UK, there have been progressive corporate governance reforms since the Cadbury Report in 1992 with particular focus on addressing the agency problems resulted from the separation of ownership and control (Berle and Means, 1932). The misalignment of interests of the shareholders and managers give rise to agency costs (Jensen, 1986). The agency theory which underpins corporate governance reforms has identified a range of governance mechanisms which realign the managers and shareholders' interests in order to reduce the agency costs. The Security and Exchange Commission Ghana (SECG) in 2003 introduced corporate governance guidelines on best practices (hereafter the Ghanaian Code) that focus on the importance of corporate governance mechanisms. In this regard, firms are expected to adopt governance structures in line with the Ghanaian Code recommendations beginning 2004 financial year or provide explanation for non-compliance. Whilst there is no direct evidence in emerging markets and in particular Ghana on governance adoption, ownership structure and agency costs, McKnight and Weir (2009) found that the changes in board structures that have occurred in the post-Cadbury period in the UK have not, generally, affected agency costs, suggesting that a range of governance mechanisms is consistent with shareholder value maximisation. They however noted that having a formal nomination committee increases agency costs, indicating that there are costs associated with certain governance mechanisms. This paper contributes to the agency costs discussion in the following ways. First, the paper presents evidence of the specific governance mechanisms and the combine effect of the Ghanaian Code recommendations on agency costs. Second, relatively few studies that have attempted to measure the agency costs have examined the developed markets in the context of the US (Ang et al, 2000; Singh and Davidson, 2003) and the UK (McKnight and Weir, 2009). This study provides the first direct study of the agency costs among Ghanaian listed firms in the emerging markets context. Third, this paper provides for the first time the relationship between ownership structure and agency costs in an emerging market context. Fourth, the paper presents the first study of agency costs that considers pre and post adoption of a code of best practices, an approach which helps to determine whether changes from pre adoption to post adoption of the Ghanaian Code affect agency costs. McKnight and Weir (2009) do not address this problem. I find that the adoption of the Ghanaian Code recommendations has a combined effect in reducing agency costs during the whole period. However, the relationship between the specific governance mechanisms and agency costs is less clear. Consistent with Singh and Davidson (2003) and McKnight and Weir (2009), I find board ownership to be associated with

low agency costs during the whole period. To investigate the possible differences before and after 2003, I clearly separated the sample period to pre-2003 and post-2003 subperiods to focus on the effect of corporate governance changes and ownership structure on agency costs. Prior to 2003, I find no relationship between all the governance measures and agency costs. However, I find a shift in the relationship where the full adoption of the Ghanaian Code recommendations measured by the Ghanaian Corporate Governance Index (GCGI) is associated with low agency costs after 2003. I also find a positive relationship between board size and agency costs but a negative association between the presence of a remuneration committee and agency costs post 2003. This suggests that the full adoption of the code recommendations is more effective in reducing agency costs than its selective adoption post-2003, and clearly drives the governance-agency costs relationship during the whole period. The most consistent relationship concerns board ownership where I find it to be associated with low agency costs through each of the sub-periods. This shows that managers' and shareholders' interests are aligned through managerial ownership in Ghana and can significantly reduce firms' agency costs.

*Reference list available upon request*

## DO NEWLY PUBLIC TECHNOLOGY INVS BENEFIT FROM THEIR PRE-IPO INTERNATIONALIZATION?

Submission ID: 344

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### Extended abstract

International new ventures (INVs) often expand to global markets without building economies of scale in their domestic markets. They pursue internationalization with the goal to explore market opportunities and learn from such markets (Autio, Sapienza & Almeida, 2000; Oviatt & McDougall, 1994; 2005). International entrepreneurship literature provides explanations of how international expansion of INVs can lead to firm performance through dynamic capabilities, defined as firms' internal capabilities in creating and maintaining competitive advantages to achieve superior performance (Casillas, Moreno & Acedo, 2012; Mattew and Zander, 2007; Mudambi & Zahra, 2007; Rialp, Rialp & Knight, 2005; Weerawardena, Mort, Liesch & Knight, 2007; Zahra, Ireland, & Hitt, 2000). While internationalization increases the opportunities for growth, there is also great risk associated with developing the needed capabilities (Prashantham & Floyd, 2012; Sapienza, Autio, George, & Zahra 2006). In particular, Sapienza et al. (2006) argue that early internationalization may decrease the chance of firm survival in the short term because internationalization activities abate a firm's limited resources. LiPuma (2012) shows that young technology-based ventures with internationalization may not increase their values at the time of Initial Public Offering (IPO). What remains unclear is the role of early internationalization in both short-term and long-term value creation of new ventures (Certo, Holcomb & Holmes, 2009). The IPO process represents a particularly viable context to understand the impact of early internationalization given the substantial uncertainty surrounding the survival of INVs. IPO provides important long-term capital that leads to further expansion of the issuing company. In the capital market, investors reward the firms with high legitimacy by paying premium prices to acquire equities of the organizations (Zuckerman, 2000). However, information asymmetry regarding the value of the new venture and its future prospects may also lead to underpricing, which impedes short-term IPO valuation. Moreover, although firms prepare for an IPO to attract investors' attention, the attention doesn't necessarily lead to long-term investment for future growth. They also need to develop dynamic capabilities for long-term growth since IPO firms usually lack operating history, are riskier than establishments, and face the liability of market newness (Varshney & Robinson, 2004). Therefore, both the short term and long term success of IPO are critical to the INV growth (Carpenter, Pollock & Leary, 2003; LiPuma, 2012). In this study, we specifically focus on pre-IPO internationalization through the lens of dynamic capabilities of INVs. A broader scope of internationalization at an early stage creates learning opportunities for the growth of an INV. Furthermore, these opportunities can be captured and converted into value through technological innovations. Thus, we argue that the interaction of early internationalization and technological innovation contributes to the IPO success of INVs. Building on research of international entrepreneurship and dynamic capabilities, we argue that international capabilities along with technological capabilities developed at the early stage of a firm's growth leads to a long-term value creation. Drawing on signaling theory and IPO research, we argue that these capabilities can signal the quality of INVs, and further neutralize the threat of underpricing caused by information asymmetry between issuing firms and investors. We test our theoretical predictions on a sample of 180 high technology INVs[FJ1] that went public between 1998 and 2008. INVs are defined as those firms that have entered international markets by the age of eight or younger. We find that shows a significantly negative relationship between scope of internationalization and IPO underpricing ( $b=-0.05$ ,  $p<0.01$ ), which suggests that firms with a larger scope of internationalization are more likely to receive smaller underpricing. Furthermore, there is a significantly positive relationship between the scope of pre-IPO internationalization and post- IPO 3-year returns ( $b=0.07$ ,  $p<0.05$ ), which suggests that firms with a larger scope of pre-IPO internationalization are more likely to outperform by 7% in the longer time horizon. In addition, we

find that the effect of the scope of early internationalization on the long-term market return of INVs demonstrates a U-shaped relationship. This supports the argument that as the scope of international entries increases, the gains, such as, profitability and marketability, are likely to increase as well as the economic and political risks, governance costs, coordination costs, etc. However, the benefits will surpass the negative influences once the scope of international entries reaches a certain degree. Our result supplements previous studies investigating international diversification with firm performance. It demonstrates the interactive effect of governance costs and learning benefits (Delios & Beamish, 1999; Lu & Beamish, 2001). The present paper makes several contributions to the research on international entrepreneurship. First, this paper examines the value creation of INVs whereas previous studies have only focused on the growth and sales of international entrepreneurial firms (Jantunen, Nummela, Puumalainen & Saarenketo, 2008; Zhou, Barnes, & Lu, 2010). Although LiPuma (2012) employs a pre-money valuation measure which is the market valuation that a firm achieves immediately before the public offering, our study examines both IPO underpricing and long-run return. These two widely used market-based measures directly gauge the investors' perception and acceptance of INVs. While our study confirms the results from previous studies on the relationship between internationalization and firm performance, we advance the understanding by suggesting that INVs can build value creation on their dynamic capabilities --- early internationalization along with technological innovation. Secondly, we attempt to provide insights regarding internationalization for young IPO firms in high technology industries. Although the risk and false opportunities are not unusual in the internationalization process, there appears to be a source of learning, which helps new ventures better define their opportunities for further growth (Chandra, Styles & Wilkinson, 2012). Our research implies that INVs can signal a learning advantage through dynamic capabilities. Thirdly, our results are of particularly interest for those with specialized investment in both international markets and technological innovations. Meaningful implications are provided to international entrepreneurs who pursue an opportunity to obtain longterm capital from their ventures.

*Reference list available upon request*

## **FEMALE ASPIRANT HUMAN RESOURCES' ENTREPRENEURIAL ORIENTATION: A STUDY IN INDIAN CONTEXT**

Submission ID: 347

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### **Extended abstract**

Introduction Psychological approach to entrepreneurship viewed entrepreneurs as individuals with unique values, attitudes and needs as primary determinants of behavior, which derived them and differentiated them from non-entrepreneurs. It is suggested that aspirants who possessed the same characteristics as entrepreneurs would have a higher tendency (or potential) to perform entrepreneurial acts than people who did not possess such characteristics. This study focused on personality/psychological characteristics that were achievement motivation, innovation, personal control, and self-esteem. Considering the importance of female entrepreneurship in changing economic scenario, this study was undertaken on the entrepreneurial orientation of female aspirant human resources in India. The main objective of the study was to assess the entrepreneurial orientation based on personality and attitude of female aspirants (i.e. Matric (10th Standard), Senior Secondary, Graduates, Post Graduates, and MBAs) in India. To achieve the main objective, the study attempted to seek answers to the following questions: Do female respondents across categories differ on achievement motivation, innovation, personal control, and self-esteem? Do female respondents across categories differ on attitudinal components that are affect, behavior, and cognition? Do different categories of female respondents differ on entrepreneurial orientation? To assess the overall entrepreneurial orientation of females. Research methodology For data collection, the questionnaires were administered to female students of senior school to university level (including MBAs). In all 500 filled up questionnaires were used for analysis. Dependent variables related to entrepreneurial attitude orientation (EAO) were divided into four main scales i.e. achievement motivation, innovation, personal control, and self-esteem. Questions were framed on five-point scale ranging from strongly disagree (one) to strongly agree (five). Statistical techniques such as analysis of variance (ANOVA), means, grand means, and Scheffe test were used. Further, higher the mean scores of 12 emerged variables, higher will be the mean scores of four main scales, so higher will be the entrepreneurial orientation (EO). Reliability of the scale and data was also tested. Eight hypotheses (H1 to H8) were set and tested. Results On achievement dimension, significant difference was noticed with respect to all three-attitude components ( $p \leq 0.000$ ) i.e. achievement-affect, achievement-behavior, and achievement-cognition. So, hypotheses H1a, H1b, and H1c were accepted. Mean scores showed that Matric and PG student respondents were having highest scores on achievement-affect ( $=4.45$ ;  $=4.14$ , respectively), achievement-behavior ( $=4.25$ ;  $=3.92$ , respectively) and Matric and Graduate student respondents having highest scores on achievement-cognition ( $=4.36$ ;  $=4.24$ , respectively). MBA student respondents scored lowest but positive. Innovation dimension differed significantly on innovation-affect, innovation-behavior, and innovation-cognition across all the categories ( $p \leq 0.001$ ). It led to approval of hypotheses H2a, H2b, and H2c. Mean scores showed that innovation-affect among Matric students was highest ( $=4.21$ ) and lowest in case of MBA students ( $=3.56$ ). In case of innovation-behavior and innovation-cognition, senior secondary students scored highest ( $=3.23$ ;  $=3.91$ , respectively) and graduate students scored lowest ( $=2.99$ ) on innovation-behavior. Cognition component of innovation was lowest of MBA students ( $=3.53$ ). On personal control, significant differences were found across categories on all the three attitude components ( $p \leq 0.000$ ). Therefore, hypotheses H3a, H3b, and H3c were accepted. Further, graduates score ( $=4.13$ ) was highest on affect and Matric students ( $=3.72$ ;  $=4.22$ , respectively) scored highest on behavior and cognition. MBA students' scores were lowest on all the three components. On self-esteem dimension again, all the three-attitudinal components differed significantly across categories ( $p \leq 0.000$ ). So, hypotheses H4a, H4b, and H4c

were accepted. Female MBA students (=3.04) score was highest on self-esteem-affect whereas PG students score was highest on self-esteem-behavior (=3.52). Matric students score was highest on self-esteem-cognition (=4.41) but lowest on self-esteem-affect (=2.28). All the four personality descriptors i.e. achievement, innovation, personal control, and self-esteem differed significantly according to category effect ( $p \leq 0.000$ ). So, hypotheses H1, H2, H3, and H4 were approved. Further, a perusal of means table showed that achievement (=4.35) and personal control (=3.91) scores of Matric students were highest. Similarly, all the three-attitudinal components also differed significantly on category effect ( $p \leq 0.000$ ). So, results confirmed the hypothesis H5, H6, and H7. Further, mean scores showed that Matric students scores on affect (=3.77), behavior (=3.50) and cognition (=4.17) were highest. Overall entrepreneurial orientation also differed significantly according to the category effect ( $p \leq 0.000$ ) that confirmed the H8. In case of overall entrepreneurial orientation (attitude) variable, Matric students score was highest (=3.80) against the lowest of MBAs (=3.49). The brought out overall mean score was (=3.69) i.e. entrepreneurial orientation (EO) was considered moderate. Discussion and conclusion The results showed the highest score of the female respondents on the achievement motivation as compared to other three personality descriptors and lowest but positive score on the self-esteem dimension. Among attitude components, the cognition had emerged as highest. MBAs showed comparatively less entrepreneurial orientation (EO) than other categories of female aspirants. Matric students had highest EO. Entrepreneurial orientation score of the sample as a whole was moderate. The study further showed that Matric female students had highest EO followed by other categories except MBAs. MBAs had the lowest EO. It was inferred that lower age and lower educational qualifications supported the entrepreneurship. Further, MBAs being least on all dimensions and overall EO were suitable case to become managers not entrepreneurs. They are developed as managers. This study does also have practical implications. After few years, the aspirant human resources may face career challenge, as they have to decide whether to choose managerial or entrepreneurial careers. This study will be helpful for deciding the direction of their career. With the help of the results of this study, employers can devise suitable and effective management and HR functions. Educators can build curriculum and develop programs to encourage and empower future female entrepreneurs. Developing countries, like India, may use such studies in reducing the problem of unemployment by motivating, developing, and diverting the potential female candidates towards self-employment.

*Reference list available upon request*

## **ORGANISATIONAL CULTURE OR NATIONAL CULTURE ,“ HOW GLOBALISATION IMPACTS INNOVATION, CREATIVITY & ENTREPRENEURSHIP IN EMERGENT ECONOMIES**

Submission ID: 349

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### **Extended abstract**

Rapidly evolving globalization has resulted in academic inquiry across many related fields including such areas as national and organisational culture, innovation, creativity and entrepreneurship (ICE). The impact of globalisation continues to be vigorously debated (Fisher, 2003). Some, like Stiglitz (2002) and Hurrell and Woods (2000) maintain that globalisation produces both winners and losers not only within but also across countries while for others such as Ben-David (1993), Srinivasan and Bhagwati (1999) and Bhagwati (2004), globalisation is not only a way to promote economic growth but also reduce income disparity. In one of the more recent studies, Villaverde and Maza (2011) show that while globalisation has greatly increased all over the world, globalisation has both promoted growth as well as reduced inequality, fostering income convergence across countries. It is therefore of continuing importance to consider both the antecedents and effects of globalisation. Apart from the purely macro-economic aspects of globalisation, one of the first areas of inquiry was the influence of national cultures on globalisation. Geert Hofstede (1980) reported on a study conducted between 1967 and 1972, collecting data from 117,000 employees of IBM in 60 different countries. Hofstede developed his own set of cultural dimensions which he defined as IndividualismCollectivism, Power Distance, Uncertainty Avoidance and Masculinity-Femininity. While Hofstede's work inspired a multitude of cross-cultural research, the next major study which sought to address deficiencies in the Hofstede study as well as effect greater conceptual refinement was the GLOBE study (Global Leadership and Organisational Behaviour Effectiveness) conducted between 1995 and 2005 covering 17000 managers in 62 countries. The GLOBE study expanded the dimensions of national culture from Hofstede's original four to nine. These lines of study seek to understand the impact of national cultures on work cultures specifically in the globalisation context both where organisations cross national boundaries and when the workforce becomes multi-cultural. A second area of cross-border study is innovation. This includes the definition of innovation by researchers such as Schumpeter (1934), Burgelman & Sayles, (1986) and Utterback (1994). A very fecund stream studies various process-related aspects of innovation - Scott and Bruce, (1994), Cooper, J. R. (1998), and Narvekar & Jain (2006). Other lines of inquiry are innovation behaviours - Kleysen & Street, (2001); systemic approaches - Bunge, (1983, 1985, 1989, 1992), Johannessen (1997), Lundvall (1992); , ~disrupGve' innovaGon - Christensen (1997), Sandberg, B. and Hansen, S-O. (2004); and social innovation ,“ Castilla et al (2000), Mitsufuji (2003), Bhat (2005), Taatila et al (2006). Interestingly, there are a number of studies that examine the impact of national/organisational cultures on innovation ,“ Jaen, I. and Linan, F (2013); Kyvik et al (2012) and Hofstede, G. (2003). Jaen and Linan (2013) reported that a region's culture indirectly influences the entrepreneurial capital of its population. People in some regions are more entrepreneurial, showing higher start-up intentions due to cultural characteristics. Bastic, M. and Lescovar-Spacapan (2006) find that an innovative organisational culture and market orientation are the missing factors preventing a transition organisation becoming innovative. Panuwatwanich, Stewart & Mohammed (2008) report that perceived or organisational culture, mediated by the leadership function, acts as a gateway to the diffusion of innovation. Tellis, G., Prabhu, J.C. & Chandy R.K (2009) claim from a study of 759 firms across 17 major economies that corporate culture is the strongest driver of radical innovation. Valencia (2010) finds that organisational culture is one of the key elements in both promoting and inhibiting innovation depending on whether the organisation is adhocratic or hierarchical. Ubius, Alas & Elenurm (2013) studied Chinese, Japanese, Estonian, Czech & Slovakian organisations and found that while innovation climate predicts individual and organisational factors, the impact varies across countries. They attribute this to cultural and institutional differences that influence business environment. As in the case of innovation, the impact of and the influence on globalisation of



creativity and entrepreneurship has been the third area of extensive research. At a basic level there are attempts to distinguish between creativity and innovation - Cropley, D. and Cropley, A. (2012); de Sousa, F.C., Pellisier, R., and Monteiro, R.P (2012). At another, there are attempts to evolve frameworks for assessing creativity - Penaluna, A. and Penaluna, K. (2009). In the case of entrepreneurship, Onetti, A., Zuchella, A., Jones, M. V., and McDougall-Covin, P. P. (2012) evolved a generic business model framework for accommodating the processes of globalisation, innovation and entrepreneurship. Gorodnichenko, Y., Svejnar, J., and Terrel, K. (2010) using data from 27 emerging economies found evidence of a positive relationship between foreign competition and innovation. They found no evidence for an inverted U relationship between innovation and foreign competition and concluded that the relationship between globalisation and entrepreneurship does not differ between the manufacturing and service sectors. Subsequently, Petrova, K. (2013) found in an empirical study across 45 countries in Europe and Latin America that globalisation had a negative effect on entrepreneurship in both regions during a 10 year period between 2001 and 2010. The current study attempts to integrate the antecedents and effects of globalisation with that of ICE in an emerging economy (India). We use a composite instrument comprising the GLOBE scales for national culture and organisational culture (both practices and values); scales from a climate for innovation measure; a career anchor scale for measuring entrepreneurship and a scale for measuring work environment for creativity. The composite instrument is administered to persons with at least 5 years' work experience in a managerial capacity. The present study uses a sample of 5000 managers. Control variables include gender, age, managerial level, business sector (banking, retail, manufacturing, IT etc), type of organisation (foreign MNC operating in India, home-grown Indian company); job function (administration, sales, purchase, R&D etc); nationality (Indian or foreign; if foreign, nationality); educational achievement and native language (as a proxy for regional culture.) We examine, in a time, place and context quite removed from both the Hofstede and GLOBE studies, whether national or organisational culture is the greater determinant in the convergence of ICE. We further examine whether business sector tends to have a greater influence on ICE than national culture. For example, the Indian IT sector is by its very nature highly globalised with suppliers and clients across the globe, offices in foreign locations and a multinational workforce. In addition, we also examine whether certain postulated national cultural dimensions such as power distance are modified by work environment. Another area of analysis is whether specific job functions such as R&D, sales or purchase have a greater influence on ICE than national culture. Similarly, we hypothesise that level and type of education mediates ICE better than national culture. Data collection is underway and analysis will commence soon. A set of multivariate analyses will be conducted. Implications for scholars as well as practitioners will be highlighted and emphasised with particular attention to organisations seeking to cross national borders or acquire a multi-cultural work force. We hypothesise that while still relevant, national culture is not as significant as organisational culture in the convergence of ICE.

*Reference list available upon request*

## **GROUND RULES FOR THE NEW MARKETING IN THE CURRENT PERIOD OF GLOBALISATION AND CONVERGENCE**

Submission ID: 350

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### **Extended abstract**

The revenue-earning function of Marketing is shooting into prominence in organisations, once again for all the right reasons. Part of the incidence could be traced to the emphasis on practices like Customer Engagement Management, which take care of the customers/ consumers at almost all the levels of their interactions with the product or organisation in the business ecosystem. Some of the reasons are on account of the collaborative process of consumer-buying, which depends to a great extent on the interactions and recommendations consumers have about the specifics of the products and services from web 2.0 platforms. The typical funnel system of awareness-set to consideration-set to decision-set has undergone significant changes to give critical importance to the active consideration-set, which turns out to be more important than the initial information or awareness set. (McKinsey: The New consumer Decision Journey). This focus on the interactionbased, word-of-mouth based information sharing has turned upside down the campaign-based marketing approaches of organisations of all kinds. Some other promptings for an integrated and important role for marketing emerge from the recently established philosophy of triple bottom lines. Profit alone is not (cannot be) the focus; significant weightages are to be ascertained for the people and planet issues also for an organisation to survive, grow, and lead. Another development is the amount of consumer-generated content that can drive critical information spread which was otherwise in the domain of organisations mostly. The social networks and media contribute to an information sharing that has brought in a new industry of big, medium, or small data analytics. An entirely new sub development from the content-generation is the cognitive surplus available with the cognoscenti which results in social commerce (Allen Shirky 2010). Examples like Ushahidi ([www.ushahidi.com](http://www.ushahidi.com)) are plenty. Co-creation, and customerization (Jerry Wind & Arvind Rangaswamy 2001) also have their fair share of credit to get the spotlight back on Marketing. Although cost-effective use of information technology has been behind the growth of customerization, cognitive surplus does play its part to help organisations tap into the collective resources for widely distributed talented people for new product development, promotional ideas, and similar wide-ranging creative inputs in the arts and the sciences. Practising the New Marketing are organisations like Whole Foods Market, and Zappos evangelising and walking the talk on concepts like conscious capitalism (John Mackey, 2010) and delivering happiness (Hsieh, 2010). The customer-centricity in some of these firms is reaching religious and spiritual levels so much as to blur the line between profits and non-profits. Maybe, these are pointers to the new forms of entirely integrated and people-focussed governments and businesses. These organisations have their employees fully believing in their people-centric philosophies, and practising the same with passion and loyalty rarely seen outside close-knit religious communities. Getting back to the basics of the New Marketing at these backdrops is almost cathartic, now that the hubris of the finance whizkids tore apart the trust general public had in highflying banks and other financial institutions (Minding the Markets, David Tuckett, 2011, and presentations of Katharina Pistor, *False Dichotomies of Law and Finance*, 2012). Some marketers are getting the focus right, on the consumers, on the entire buying ecosystem, compared to the earlier delivery aspects. With this comes the major change in the new marketing; it is the buying process, how customers choose the products and services, their discovered brands of firms and their products. Jeff Bezos could build his Amazon of online commerce by collaborative filtering, passing on the most relevant information at the right time to the right people with most of the possible right mixes. This was precisely the reason why Amazon could survive the doomsayers, grow and lead. Customer-centricity also led to futuristic products like Kindle which also reinforced the world of reading of the right things at the right places with again the feasibly convenient mixes. Steve Jobs brought in experiential branding to his customers with the five

iconic new products with the own store ambience. The successes of companies like Apple, Amazon, Zappos, and Whole Foods Market have not merely re-established the primacy of top-management led marketing, but questioned the principal-agent transactionalism, and brought in the healthy connect among the triumvirate of customers, employees and stakeholders. This has given way to the importance of UBP (Unique Buying Proposition, Lauterborn) from the USP (Unique Selling Proposition, McCarthy). Integration of the manufacturing processes and outputs is now coming full circle with customer-centric three-D Printing. These are the times when marketing is becoming the key function of leading organisations, not because organisations are leading, but customers are, their collaborative information searches are, their co-creations are. These could be the best antidote to campaign frenzies of many organisations, large and small, very often misleading the general public into consumerism. A note of caution comes from the earlier study by Gallup Organisation which finds that across sectors by and large 33% of the customers are fully engaged (with the organisations / brands) and others are not active enough or biased against, despite the best of services (The Constant Customer, Fleming, The Gallup Business Journal, 2001). A recent study done in India by the author, and his Guide (Kuvempu University, Karnataka, India 2013) on Wonderla Amusement Park Cochin, and the online retailer, Flipkart.com, the percentage of regular customers who are fully engaged with the brand are about 50% of the sample respondents. It is the loyal customers or the engaged customers who contribute to the significant share of the gains of organisations (The Loyalty Effect, Reichheld, 2000). And to get these engaged customers, firms now have to traverse the ground rules of the new marketing, which are buyer-centric, collaborative, and co-creative. Those firms who understand and practise these by creating the right purchase, consumption, and communication processes will be the winners. These customer-led and organisation-wide marketing activities might even factor in the much-neglected governance issues as well, as they intrinsically have to take care of the customers, the employees and the stakeholders.

*Reference list available upon request*

## THE EFFECTS OF PRODUCT INNOVATIVENESS ON PLATFORM PRODUCT DESIGN AND MARKET PERFORMANCE: DOES TECHNOLOGICAL UNCERTAINTY MATTER?

Submission ID: 351

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### Extended abstract

Increasing product variety is a growing trend in new product development (NPD) (Magnusson and Pasche, 2013). One strategy to achieve product variety is platform product design. Platform design focuses on exploiting communalities among a product family (Halman, et al., 2003). A platform is defined as a set of common components, modules, or parts from which a stream of derivative products can be created (Nelson, et al., 2001). Benefits of platform design have been demonstrated in literature but research on what leads to platform success remains limited. Platform design creates many contingencies with implications for managing NPD therefore the appropriateness of platform product design may depend on different contextual factors (Makinen et al., 2013). While project characteristics are known to influence NPD strategy, studies have not investigated the extent to which platform design is contingent upon a product's degree of innovativeness. Additionally, the environmental context of NPD has received insufficient consideration in literature (MacCormack and Verganti 2003) and uncertainty can be a key contingency influencing optimal NPD while driving new product failure (Carson et al. 2012). The objective of this study is to explore the relationship between project innovativeness, platform product design and performance. It also examines the moderating role of uncertainty. This study is particularly important in the context of globalized markets because globalization has increased operational inter-firm complexities than can be tackled with platform-based approaches (Muffatto, 1999) and managing uncertainty plays a key role in global NPD (Kleinschmidt et al., 2007). THEORY Platform product design introduces product line variety while building on economies of scale, commonality and standardization (Meyer and Lehnerd 1997) and global product strategies often include a platform approach (Kotabe, and Helsen, 2010). An often cited example of a global platform is Honda's "world, car which uses a standardized platform for Accords with different widths, heights, and lengths for the US, Europe and Japan. Developing a platform-based new product has features that differ from developing a single product. For example, in most cases developing the initial product requires more resources than developing a single product. At the same time it introduces cost and time efficiencies in the long-term for derivative products (Halman et al. 2003). This study defines platform design along a continuum. A product high in platform design has been intentionally designed to include a module that will be reused in subsequent members of the family. A product low in platform design has been designed with no plans for derivative products, i.e. a one-off. While project characteristics are known to influence NPD strategy, research has not investigated the extent to which platform design is related to a project's degree of innovativeness despite the fact that innovativeness can be a significant factor when aligning NPD strategy with balancing product line commonality and variety (Ye et al., 2009). This study investigates products that are new-to-the-firm and new-to-the-market. A product that is new-to-the-firm is developed for an established market. R&D is proven, distribution channels exist, and there is an understanding of customer requirements (Shilling, 2013). Efficient design in more certain environments would favor leaner design because unnecessary variations can be reduced (Swan et al., 2005). Alternatively, new-to-the-market products pose severe challenges because the market is not well understood and the product is evolving. There is uncertainty about user preferences and the technological means of satisfying them. During this stage there is often significant product experimentation (Utterback, 2004). H1a: Higher levels of new-to-firm products will be inversely related to higher levels of platform product H1b: Higher levels of new-to-market product will be directly related to higher levels of platform product design When addressing performance a longitudinal outlook is necessary therefore market performance in the short-term and long-term is examined. A successful platform product design gives companies a greater ability to tailor products to the needs of different market segments (Robertson and Ulrich, 1998) leading to revenue benefits in the long term. However developing the first platform product will often require

a substantially larger investment. H2a: Higher levels of platform product design will be inversely related to short term market performance (as defined by profit, sales, and market share) H2b: Higher levels of platform product design will be directly related to long term market performance (as defined by profit, sales, and market share) Given the accelerating rate of technology and innovation invention, utilization and diffusion, this study focuses on technological uncertainty. For platform design to be efficient and improve outcomes despite its increased costs and time, future needs must be largely unknown (Swan et al., 2005). In the long term platform design allows for faster speed to market for derivative products. Having the ability to quickly offer product variety for emerging segments is likely produce superior performance. H3a: A higher level of new-to-market product is more positively associated with a higher level of platform product design in high uncertain than in low uncertain environments H3b: Platform product design is more positively associated with firm long-term performance in high uncertain environments than in low uncertain environments

**RESULTS** The U.S. manufacturing industry was studied because risks and benefits of platform design are amplified there (Muffatto 1999). Project leaders from 249 new platform projects were surveyed from a wide range of industries and data were analyzed using structural equation modeling (AMOS). Findings indicate new-to-firm products have an insignificant relationship while new-to-market products have a significant and positive relationship to platform product design. This does not support H1a but does support H2b. A direct and positive relationship was found between platform product design and short and long-term performance thereby supporting H2b but not H2a. Literature suggested short-term market performance would be significantly different from long-term and a paired-samples t-test found all average long-term performance measures to be significantly larger than all short-term measures. To test for moderation, the sample was split into two groups by the mean value of the turbulence construct. Chi-square difference tests showed the positive relationship between new-to-market products and platform design, and platform design and longterm market performance, were significantly greater in higher turbulent environments supporting H3a and H3b.

**CONCLUSIONS** Although platform product design is a popular and powerful NPD strategy, understanding remains limited as to what contextual factors determine its appropriate use. We found platform design to be positively related to developing new-to-firm products, leading to successful market performance. This is especially true during high levels of technological uncertainty. Today, firm growth and profitability are largely due to product innovation and globalization strategies. Our findings are particularly relevant to the discussion of global product innovation because of the increased uncertainty new-to-market projects and technological changes bring.

*Reference list available upon request*

## DOES CORRUPTION LEAD TO SQUANDERING OF ENTREPRENEURIAL OPPORTUNITY? -- A CROSS COUNTRY EXAMINATION OF SOCIAL ENTREPRENEURSHIP ACTIVITY

Submission ID: 352

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### Extended abstract

**INTRODUCTION**In this paper we will examine the effect of corruption on social entrepreneurship. Social entrepreneurship has been defined as the combination of "...the passion of a social mission with an image of business-like discipline, innovation, and determination ..." (Dees, 1998: 1). The topic of social entrepreneurship has witnessed a resurgence of research interest with attempts to clarify the construct (Peredo & McLean, 2006), study the antecedents (e.g., Hemmati & Kia, 2013) and consequences (e.g., Acs, Boardman & McNeely, 2013) and to propose newer measures of social entrepreneurial activity (e.g., Lepoutre, Justo, Terjesen & Bosma, 2013). Research on social entrepreneurship suggests that although social entrepreneurship falls under the "genus, of entrepreneurship (Dees, 1998) it is a unique phenomenon in itself. Unlike other categories of entrepreneurship, the primary focus in social entrepreneurship is on creating and fostering social values (Peredo & McLean, 2006). Plentiful opportunities for social entrepreneurship exist in communities, societies and nations when there is large social inequality and nagging social problems such as poverty, gender inequality, etc. (Zahra et al., 2009). Despite abundant opportunities -- for social entrepreneurship and social enterprise -- are nations squandering away opportunities for social entrepreneurship? Among the various deterrents / inhibitors of national growth, development and economic progress corruption has been identified has a malaise (Tarek & Ahmed, 2013) that plagues communities, societies and nations and undermines progress. Surprisingly, the effect of corruption on social entrepreneurship has not yet been theoretically examined or empirically tested in a large sample study. Therefore, in this study we ask the following question -- what is the effect of corruption on nations' social entrepreneurship activity? Two opposing perspectives have been advanced to understand the effect of corruption on entrepreneurship in general and we will use these perspectives to theoretically ground our study. On the one hand, researchers have observed that corruption has a stymieing effect on entrepreneurial activity (Anokhin & Schulze, 2009), whereas others have opined that corruption is the "grease that oils the wheels, of entrepreneurship (Kaufmann, 1998) and entrepreneurs who can take advantage of corrupt practices can actually succeed. Along with these two opposing perspectives we will use Williamson's four-tiered institutional framework (Williamson, 1998) for examining/analyzing a nation to develop hypotheses regarding the effect of corruption on a nation's level of social entrepreneurship activity. At this stage we anticipate the following study hypotheses. These are subject to change as this study proceeds further. **PROPOSED STUDY HYPOTHESES**Hypothesis 1. Nation's with high levels of social inequality will report higher levels of social entrepreneurship activity. Hypothesis 2. Corruption will have a negative mediating effect on the relationship between social inequality and social entrepreneurship activity because corruption will stymie social entrepreneurial initiatives. Counter-hypothesis for Hypothesis 2. Corruption will have a positive mediating effect on the relationship between social inequality and social entrepreneurship activity because corruption will have an "oiling the wheels, effect on social entrepreneurial initiatives. **METHODS**Study Sample. We will merge country data available from the World Bank, Transparency International and the GEDI database. There may be missing data for some nations; data availability will determine the final sample size. Study Measures. We briefly explain how we will measure key study constructs. Social Inequality, " To measure social inequality we will use the GINI index available at the World Bank web-site <http://data.worldbank.org/indicator/SI.POV.GINI> National corruption levels, " we will measure national corruption levels with data available from Transparency International <http://cpi.transparency.org/cpi2013/Social-Entrepreneurship-Activity>, " The most

studied form of social entrepreneurship are NPOs or NGOs. We will measure social entrepreneurship activity by downloading data from the The World Association of NonGovernmental Organizations (WANGO) <http://www.wango.org> Overall National Entrepreneurship levels ,“ The Global Entrepreneurship and Development Institute GEDI <http://www.thegedi.org/> has data on overall entrepreneurial index for nations. We may include this data as part of our analysis.

**ANALYSIS**We will use structural equation modeling (SEM) to test study hypotheses. **STUDY IMPLICATIONS**Our empirical examination of the relationship between corruption and social entrepreneurship activity holds significant strategic implications, especially in public-policy and industry efforts to re-position perceptions of a nation-brand held by external publics (i.e. foreign NGOs, MNEs, investors and entrepreneurs). Countries with low transparency (high corruption) are plagued by a negative national stereotype of low perceived warmth (i.e. trust) as well as of low perceived competence (i.e. global competitiveness). As such, public policy and industry efforts to combat corruption can help effect a positive change of a nation's image abroad to one characterized by innovation, creativity and entrepreneurship and subsequently, of higher perceived competence and warmth (Chattalas et al., 2008).

*Reference list available upon request*

**“AN ANALYSIS OF GLOBAL CULTURAL CONSUMER VALUES & DIFFUSION OF INNOVATION THEORY CHARACTERISTICS FOR SUCCESSFUL MARKETING STRATEGIES OF A FOR-PROFIT SOCIAL ENTREPRENEUR,**

Submission ID: 353

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**Extended abstract**

Introduction Today there is growing interest in business and academia in the global phenomenon of social entrepreneurship, which for three decades has been addressing social issues such as poverty, environmental sustainability, homelessness, malaria (Drencheva, 2012), world hunger and improving education (Clifford, 2013). Social entrepreneurship is also emerging in the for-profit realm; “not only is the adoption of social innovation spreading geographically, but it's also gradually spreading into the titan towers of capitalism, (Clifford, 2013). Contributions of the Study The current research addresses a gap in the literature which found that there are only a few studies of consumer attitudes towards social entrepreneurship (e.g., YouGov.co.uk, 2011; Hibbert, Hogg and Quinn, 2002; Clifford, 2013; Field, 2013). Studies have shown that consumer awareness levels are low and that social entrepreneurship and social enterprises are misunderstood concepts among the public in the U.K. (YouGov.co.uk, 2011, Drencheva, 2012) and in the U.S. (Field, 2013). A recent industry study found that although about 30% of consumers plan to increase the amount of goods and/or services they buy from socially responsible companies in the coming year, another 30% have no intentions to buy from socially responsible firms (Field, 2013). It has been asserted that more work needs to be done to create effective strategies which can increase consumer adoption and patronage of social entrepreneurship firms (Shackleford, 2013). The current study addresses this marketplace challenge and relates it to diffusion of innovation theory and research on consumer values. Previous studies have found associations among diffusion of innovation characteristics and/or global cultural consumer values with successful marketing strategies for high tech products and services (e.g. Vaccaro and Cohn 2007; Vaccaro, Ahlawat, and Cohn, 2010), top global green brands (Vaccaro and Cohn, 2013), a non-profit organization (Vaccaro, 2008), and environmentally sustainable (green) vehicles (Cohn and Vaccaro, 2013). Past studies have also looked at corporate values (Van Lee, 2005) and the impact of personal values on the behavior of entrepreneurs as a catalyst for social entrepreneurship (Hemingway, 2005). However, to date, there have not been any studies on how global cultural consumer values and diffusion characteristics relate to effective marketing strategies of social entrepreneur companies. The main contribution of this research is to be the first study to address a gap in the literature on how global cultural consumer values and diffusion of innovation theory characteristics related to successful marketing strategies of for-profit social entrepreneur firms. Literature Review A literature review will be presented on social entrepreneurship and social marketing. Then a discussion is provided on diffusion of innovation theory characteristics and the influence of cultural values on consumer behavior which relate to successful marketing strategies and impact the rate of new product adoption. Diffusion of Innovation Theory examines the adoption of new products and services over time through a social system (Rogers, 1995). Five Diffusion of Innovation Theory characteristics influence the adoption rate of an innovation (e.g., physical goods or services offered by social entrepreneurs and ideas such as changes in consumer behavior): 1) relative advantage, 2) complexity, 3) observability, 4) trialability, and 5) compatibility (Rogers, 1995). A faster rate of adoption can occur when the innovation has a high relative advantage (i.e., perceived as superior to existing products), low complexity, high observability, high trialability, and greater compatibility with the values of the target market (Rogers, 1995). Research by Kahle (1985) suggested that a greater understanding of consumer values could be utilized to create more effective marketing programs. Also, a study on the diffusion of online banking found that consumer values could act as barriers to adoption (Fain and Roberts, 1997). Previous research found that successful diffusion of innovations (e.g. top global green brands, technological products/services) can be associated with six global cultural consumer values: 1) “(Internet) Community,, 2) “Efficiency, Technology & Progress,, 3) “Freedom of Choice,, 4) “Hedonism & Aesthetics,, 5)



“Humanitarianism & Ethics, and 6) “Environmental Concern, (Vaccaro and Cohn, 2013; Cohn and Vaccaro, 2013; Vaccaro and Cohn 2007). Since green products and social entrepreneurship are both related to corporate social responsibility, it is proposed that global cultural consumer values could be related to the marketing strategies of social entrepreneur firms. Method This exploratory study utilized qualitative research methods of a case study and netnography which uses publicly available information from the Internet to gain access to consumer attitudes and behavior and is considered naturalistic and unobtrusive (Kozinets, 2002). This study focused on TOMS - a popular social entrepreneur company which sells shoes, eyewear, apparel, accessories and other products to women, men and children. In TOMS “One for One<sup>®</sup> Movement, business model, every time a customer buys a pair of shoes or eyewear, a free pair is donated to someone in need in poor nations around the world (Toms.com, 2014). Information was obtained on company marketing strategies and consumer attitudes toward company products and practices from the company’s website and Facebook page, and from industry sources. Results The results of the analysis from this exploratory study provide new insights into diffusion of innovation of a successful social entrepreneur company. All five diffusion of innovation characteristics were related to the social entrepreneur’s successful marketing strategies. The most prevalent global cultural consumer values reflected in consumer comments were “Hedonism and Aesthetics, and “Freedom of Choice, which related to fashionable product design and image. Although important, there appeared to be less consumer comments associated with the global cultural consumer value of “Humanitarian & Ethics, which is most closely aligned with the organization’s social mission. Conclusion Limitations of this exploratory qualitative study are discussed, and managerial implications and recommendations are provided for future research. This study provided worthwhile new theoretical insights which have managerial implications for companies that are social entrepreneurs in the pursuit of more effective marketing strategies to better achieve the economic bottom line while satisfying consumer needs and fulfilling the broader social mission of goals for society in a global marketplace.

*Reference list available upon request*

## **CULTURAL IMPACT OF MOVIES ON INDIAN CONSUMERS**

Submission ID: 357

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### **Extended abstract**

**INTRODUCTION** With technological advancement and ever increasing accessibility to variety of media, innumerable forces are shaping the cultural mind set of present day consumer. Consumption decisions made in the market are closely related to cultural orientation and allegiance of the consumers. According to past research, national culture has considerable influence on consumer behavior (Jaishankar, 1998). National culture of any country, as outer stimuli, influence on the diffusion of products across countries (Kumar, Jaishankar and Echambadi, 1998). Cultural dimensions become an important strategic issue in marketing, playing a vital role in brand building exercise. India's Hindi language movie industry called, 'Bollywood' is the world's most prolific factory of cinema (Ghosh, 2013). According to Mandaiker (2014), Bollywood movies have been a major point of reference for Indian culture. In this backdrop, this paper attempts to examine the cultural impact of Bollywood movies on Indian consumers and the marketing implications resulting thereby.

**LITERATURE REVIEW** Culture comprises the shared values, assumptions, understandings and goals that are learned from one generation, imposed by the current generation, and passed on to succeeding generations (Deresky, 2003). It governs how we wish to be treated and how we treat others; how we communicate, negotiate process information and make decisions (Scarborough, 2000). McCort and Malhotra (1993) contend that "culture impacts virtually every construct of concern to marketers, . Consumption choices cannot be understood without considering the cultural context in which they are made: culture is the "prism, through which people view products and try to make sense of their own and other people's consumer behavior (Solomon, Bamossy, Askegaard and Hogg, 2010). Growth of research addressing the relationship between culture and consumption is exponential (Ogden, Ogden and Schau, 2004). **RATIONALE** The Hindi language movie industry, popularly known as, 'Bollywood', is based in Mumbai, the commercial capital of India. Bollywood industry is the largest filmmaking entity in the world, producing around 1000 movies annually, which is about double of Hollywood's output (Ghosh, 2013). The industry was estimated to be worth Rs. 112.4 bn in 2012 with an annual growth rate of 21% (KPMG, 2013). The annual tickets sale of Bollywood movies has surpassed that of Hollywood movies (Mandaiker, 2014). Outside of India, Bollywood has many fans in neighboring Pakistan, Bangladesh, Nepal, Sri Lanka, as well as countries with large Indo-Pakistani communities, including the United Kingdom, Australia, Canada, parts of East and Southern Africa and the U.S. Bollywood is even popular in nations with virtually no Indian presence, " like Japan, Germany and Russia. Scholars and academicians are showing keen interest, and are actively involved in teaching and research on different aspects of Bollywood cinema (Chilana, 2009). Bollywood movies have influenced daily life and culture in India for decades now. In fact, movies are the mainstay of entertainment and almost a religion in the nation. It has shaped and expressed the changing scenarios of modern India. Bollywood movies allow its audience to identify with the depiction of characters as portrayed on screen. I felt a need to explore more closely the messages that are being conveyed through this increasingly popular medium of entertainment. This paper attempts to aid marketers and researchers in formulating appropriate branding and communication strategies by understanding the cultural impact of Bollywood movies on consumers.

**RESEARCH OBJECTIVE AND HYPOTHESES FORMULATION**The research objective of this study is to measure the cultural impact of Bollywood movies. For this purpose, past exposure to Bollywood movies in general is considered, without reference to any particular movie. Kumar, Guruvayurappan & Banerjee (2007) have identified 32 Indian cultural values that are significant for marketers, out of which the following 6 values are considered relevant for the purpose of this study. Seeking Prosperity: desire to acquire materialistic possessions as a way of livingInnovation: one's desire to experiment with brands and productsCelebrity Orientation: desire to get influenced by celebrities in

advertisements with regard to purchase decision  
Achievement Seeking: a strong desire to be successful  
Neo-mindset Orientation: a desire to break conventions and be rebellious  
Ethnocentrism: desire to buy brands made in one's own country  
Based on the respondents' personal profile and response towards these values (i.e. positive, negative or neutral), following hypotheses are proposed:  
H1: Response towards the cultural values is likely to be different from neutral for at least one value.  
H2: Response towards cultural values is likely to differ with gender for at least one value.  
H3: Response towards cultural values is likely to differ with income for at least one value.  
H4: Response towards cultural values is likely to differ with movie watching frequency for at least one value.

**METHODOLOGY** A survey of 101 post-graduation students is carried out in the city of Ahmedabad, which is the commercial capital of the state of Gujarat in India. The respondents all fall in the same age group of 20-25 yrs. The survey tool is a structured questionnaire and the survey method is personal interview. The questionnaire includes 5-point Likert scale statements measuring response towards cultural values due to exposure to Bollywood movies.

**SIGNIFICANT RESULTS** The response towards the cultural values of Seeking Prosperity, Innovation, Achievement Seeking and Neo-mindset Orientation is found to be positive. The response towards Celebrity Orientation is neutral and towards Ethnocentrism is negative. Moreover, response towards any of the six cultural values does not differ with gender, income or movie watching frequency.

**MANGERIAL IMPLICATIONS**The results indicate that young consumers of age 20-25 yrs wish to own luxurious products shown in Bollywood movies. They are ready to try new brands they see in movies, but are not particularly attracted towards the brands associated on-screen with actors. Bollywood movies have motivated them to achieve success in life and they love scripts wherein actors break conventions and live life on their own rules. Moreover, they are open to buying foreign made products and do not have any particular inclination towards Made in India products just because they are made in their motherland.

*Reference list available upon request*

## **EXPLORING THE ROLE OF INFORMATION STRUCTURE (STRUCTURAL ALIGNMENT THEORY) AND MOTIVATIONAL GOAL ORIENTATION (REGULATORY FOCUS THEORY) OF THE (SME-) OWNER/MANAGER IN THE DECISION TO INTERNATIONALISE**

Submission ID: 359

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### **Extended abstract**

Introduction The recent financial crisis highlighted the importance of Small-and-Medium-Sized Enterprises (SMEs) for domestic economies (Cosh et al., 2008). At the same time the globalisation process continues (Palmer, 2013) and SMEs increasingly face the decision to internationalise in order to seize opportunities and overcome threats presented by globalisation. However the information available is often incomplete or structured in a way that makes it difficult to compare/evaluate options; further, research recognises the owner/manager of SMEs as key decision maker in the context of internationalisation (Holt, 2012). However little is known about the owner/manager's motivation and approach to processing information nor its impact on the decision to internationalise. The research on the SME owner/manager's decision to internationalise explores the effects of information structure through Structural Alignment Theory (SAT) and the motivational goal orientation utilising Regulatory Focus Theory (RFT) in an integrated theoretical framework. SAT is concerned with differences in information structure. Attributes of a feature that is present in multiple options are alignable; attributes are non-alignable if the feature is unique to an option (Tversky, 1977). Independent of the structures of information, decision makers approach life situations differently; RFT describes the motivation and goal orientation of individuals as Promotion and Prevention-focused (Higgins, 1997). The former focuses on the presence of positives (and avoids the absence of positives) whereas the latter aims for the absence of negatives (and avoids the presence of negatives). Both SAT and RFT have been researched independently in human psychology (Falkenhainer et al., 1989; Gentner, 1983) and consumer behaviour (Sun et al., 2012; Zhang and Markman, 1998). Through the integrated construct the application to managerial decision-making will be further explored. Outcomes will contribute to the understanding of both theories, owner/manager decision-making and internationalisation frameworks. SME Internationalisation Internationalisation is recognised as an area of strategic importance for SMEs (Andersen, 1993; Shaver, 2013). Internationalisation of a business is seen as undertaking business activities in a country other than the firm's base (Johanson and Vahlne, 1990). Further, internationalisation is defined as a bi-directional - inward and outward - activity (Freeman, 2013). Business and management research has explored patterns of internationalisation (Axinn and Matthysens, 2002) including uncertainties based on lack of information (Oviatt and McDougall, 2005). In turn, small business and entrepreneurship research has investigated the role of the owner/manager a key strategic decision-taker in the internationalisation process (Freeman, 2013). Studies have acknowledged that missing or difficult to process information can create uncertainty and thus impact on the internationalisation decision and process (Oviatt and McDougall, 2005). In particular with focus on speed of internationalisation (Prashantham and Young, 2011) and mode of entry choice (Maekelburger et al., 2012) research has explored the role of prior knowledge/experience as a moderating factor to overcome information-based uncertainty. Despite the acknowledgement of information as a moderating factor, the impact of differently structured information itself on internationalisation remains to be investigated. The moderating role of the owner/manager of SMEs in the internationalisation process has been widely recognised (e.g. Covin and Miller, 2013). Entrepreneurship theory and research has observed different entrepreneurial profiles and their impact on strategic decisions including internationalisation (ibid). However entrepreneurial traits and profiles do not explain how owner/managers approach the decision to internationalise. A

conceptual model of the speed of internationalisation, informed by Internationalisation as well as Entrepreneurship theories, identifies the motivational goal orientation of the entrepreneur as mediating factor (Oviatt and McDougall, 2005). To date the motivational goal orientation of the owner/manager in approaching strategic decisions such as internationalisation remains to be investigated. Both the structure of information as well as the motivational approach of the owner/manager to process options is acknowledged in the internationalisation and entrepreneurship literature respectively as factors in the internationalisation decision of SMEs. Integration of the two strains of research has been suggested in order to further contribute to the body of knowledge (Axinn and Matthyssens, 2002). Applied to the proposed integrated theoretical framework of SAT and RFT this research will address the structure of information as well as the motivational goal orientation in the context of internationalisation and thus provide an overlap between the two subject areas. Joint Theoretical Considerations On one hand, SAT captures the difference in information structure, on the other, RFT classifies the different motivational approaches to process the given information. As a merged theoretical model, it offers potential to be applied to a range of situations. Previous research on SAT indicates that there is a preference for alignable attributes but this preference may shift towards non-alignable attributes under certain conditions in particular when facing uncertainty; other information structures such as missing information remain to be investigated (Sun et al., 2012). At the same time research on RFT has shown that depending on one's Regulatory Focus (Prevention/Promotion) individuals will approach information differently and may come to different conclusions (Higgins,1997). Therefore to what extent is the preference for alignable attributes the same for a Prevention and Promotion-focused individual; do both profiles approach alignable and non-alignable in the same way? Is a prevention focused individual more comfortable to process non-alignable attributes to ensure the absence of negatives, or is a promotion focused individual more likely to process non-alignable attributes to ensure the presence of positives? For example, facing the decision to internationalise, with a range of alignable and country specific non-alignable attributes, would a prevention-focused manager come to the same conclusion as a promotion-focused manager based on their decision approach as well as attribute preference based on the information structure? This particular example would yield insights into management styles, internationalisation research as well as the two main theories themselves and their application to other contexts. Merging the two theories of SAT and RFT will provide insights into decision-making profiles based on the individual's motivation to process the information as well as the structure of the information itself.

*Reference list available upon request*

## **CREATIVITY IN CROSS-DOMAIN COLLABORATIONS: SEARCHING FOR FACTORS TO INCREASE EFFICIENCY**

Submission ID: 360

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### **Extended abstract**

Creativity is one of the most important factors that leads to fuller, more satisfying life, hugely contributes to the growth of economy, and may be the key to the modern organization's survival. In addition to individual creativity, group creativity through collaboration can improve organizational competitive advantage. Cross-domain collaboration represents one of the most formidable challenges in any business. However, it is often the source of knowledge development and group creativity, and businesses invest effort to increase the efficiency of collaborations. The advantage of cross-functional team collaborations that pull diverse specialization together creating unique capabilities that might increase the competitive advantage of the firm. Although it has been recognised that cross-domain collaboration are important for survival and development of a business, practitioners often do not know how to support such collaborations. Collaborative practices add an extra layer on the expert practice that increases complexity, but bears to potential to increase group creativity. Several factors can contribute or hinder creativity-related collaboration effectiveness. The shared definition of creativity comprises opinions what creativity means for a group of people, creative process covers how much time and effort are spent on the various stages of creative thinking and implementation, while personal traits consider individual psychological, cognitive, socio-economical and other factors. Quantitative measurement of creativity can differ between group of people working in various discipline areas or sectors. External factors, such as freedom, idea time, recognition, idea acceptance, incentives, financial constraints, pressure and others factors can also affect creativity. The various ways how collaborations are set up, the way knowledge is assembled (cross-, multi-, inter-, transdisciplinary team), who owns the original idea, what format is used to increase group creativity (i.e.: brainstorming session, cross-discipline exploration), the size and composition of a team, and social support are all dimensions that affect cross-domain collaborations. Finally, managerial practices such as management support, communication, the importance of within-discipline mastery and out-of-discipline thinking, and various ways of solving complex problems are paramount to run cross-domain collaborations effectively. In the present project I analysed these factors in 3 groups. Since there are considerable differences between disciplines regarding how they approach creativity, firstly I analysed creativityrelated differences and similarities between various disciplines. Sectors (Industry, Academy, Art and Public sectors) also differ in motivation, methodology, and toolkits used in everyday business life, and thus Sector differences were analysed secondly. Practitioners at various stages of their career and hierarchical position view differently how a business run because of their difference in expertise, experience, motivation and age. Therefore I analysed the effect of hierarchical position on the analysed factors. The overall aim of the study was to investigate how different disciplines and sectors approach creativity, and how to improve cross-domain collaboration efficiency. By dismantling the notion of creative work into various dimensions and analysing the similarities and differences between groups I found that specific elements of cross-domain collaboration require special attention to increase collaborative efficacy. By analysing various disciplines, besides other differences, I revealed significant differences between the rewards system, how creativity is quantified, the required management support, and the way how various disciplines solve complex problems. Sector analysis revealed significant differences in creativity quantification, personal traits, sensitivity to idea ownership, composition and size of the ideal team, communication, and incentives to increase creativity. The analysis also unveiled significant hierarchical position-related shifts how management practices, creativity quantification and collaboration were considered. Misalignment of forces between disciplines causes inefficient cross- and multidisciplinary collaborations, while intersector misalignment results in unproductive interdisciplinary and transdisciplinary team work.

Miscoordination of forces at different hierarchical position causes internal tension in the organization that has negative impact on the organizational culture. In order to increase collaboration efficiency factors that were scrutinised in this project have to be aligned across disciplines, sectors and hierarchical positions. Special emphasis has to be placed on external factor, creativity measurement and collaboration motivator adjustment that were the most misaligned across the analysed groups.

*Reference list available upon request*

## DESIGNING A GLOBAL BUSINESS SUSTAINABILITY COURSE WITH AN EMPHASIS ON INNOVATION AND TECHNOLOGY

Submission ID: 361

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### Extended abstract

**Proposal**We have been tasked with designing a new course called “Global Business Sustainability and Technology, within the curriculum of a new undergraduate honors program in international business at a regional business school. The prerequisite for this course will be an introductory course in business ethics and corporate social responsibility which will allow us to provide a comprehensive discussion of sustainability in a global and technology-driven business context. Upon completion of the course, students should be able to demonstrate an advanced understanding of the role of sustainability in competitive strategy and key business functions including marketing and information systems. In particular, we will examine the role of sustainability as a key driver of innovation. To properly design such a course, we propose to carry out a comparative study of existing courses as well as a literature review of prior research into pedagogical approaches and content design of business sustainability courses.

**Methodology**We will conduct a literature review of research into sustainable business pedagogy. We will also survey a sample of AACSB accredited business schools to determine the types and nature of sustainability courses currently offered. We will also survey the curricula of specialized business programs in sustainability such as the one at Bard College. We will use our findings to guide the design of a new course in global business sustainability. It will have a primary focus on innovation, especially through the use of information technology.

**Preliminary Findings** Based on a preliminary literature review, we have found a modest number of published papers on designing business and sustainability courses. For instance, Bates et al. (2009) describe creating a new “Green Management, course. A recent (Lacy et al., 2012) study of global business leaders conducted by Accenture and the UN Global Compact found that CEOs believe that business schools must play a crucial part in educating future managers in sustainable development. Seventy Two percent of respondents listed education as the most critical development issue for their future success. Another survey of global leaders (Gitsham et al., 2008) found that three clusters of knowledge and skills are required of future global leaders - context, complexity and connectedness. Future leaders need to understand the social, political, cultural and environmental context in which their business operates. They also need to be flexible and creative problem solvers in complex and ambiguous decision situations. Finally, they must have the soft skills to navigate the connected world of governmental, non-governmental and community stakeholders.

There is a sizable and ever increasing body of research that supports the idea that sustainability drives innovation. Nidumolu et al. (2009) make the case that firms follow a five stage path to sustainability and each stage promotes innovation. Osch and Avital’s (2010) sustainable innovation lens extends the concepts of Green IT and Green IS. They expand the focus from exclusively environmental concerns to the triple bottom line of people, planet and profits. They also move away from a mindset of reducing the impact of IT (green IT) and the firm (green IS), to a more innovative and proactive approach to solving social and environmental problems. They call this approach Sustainable Innovation. This research shows that sustainability is more than social responsibility, it is a lever for competitive advantage through innovation.

We have found an increasing list of books which address business and sustainability. For example, Gittel et al. (2011) have published a case book with an excellent introduction to sustainability topics. Several institutions have adopted Esty and Winston’s (2009) book “Green to Gold, . In addition, books such as the “Third Industrial Revolution, (Rifkin, 2011) offer a new model for growth based on a post carbon economy. We plan to review these books and identify a required and recommended reading list.

We have started to find several cases that explicitly address sustainability in a global context. For instance, “The Greening of Wal-Mart, (2008) discusses the global networks that WalMart has created to promote sustainability and profitability. Another case (Bose, 2009) discusses “green, IT at Indian software giant Wipro.

**Design of the course**This study will inform the design of



learning outcomes, selection of content, methods of instruction and methods of evaluation for the course. These will of course be constrained by the mission of the global business program and its curriculum. We will look for interesting ideas and topics to include in a discussion of the role of business in society. Certainly the triple bottom line will be discussed as an alternative to Milton Friedman's pure profit motive for managers. But even at a more macro level, there are discussions on alternatives to GDP as a measure of economic progress. Distribution of wealth and themes of inequality are being intensely debated. We will include advanced topics in sustainability and its impact on strategy, marketing and Information Technology. There is increasing research in these areas that demonstrate that sustainability drives innovation in companies. This study will help to identifying useful resources that can engage students in exploring these topics. This study will also inform the pedagogical choices though there is already a strong preference for practical, active learning approaches such as case studies, team projects and service learning in the mission for the new global business program. Conclusion We expect to design an innovative course in global sustainable business and technology. This course will provide a response to the call from global leaders for business schools to prepare students with the knowledge and skills to lead a sustainable development strategy. We expect that the findings of this work will also contribute to designing the larger global business school program curriculum.

*Reference list available upon request*

## **CONVERGENCE OF CULTURE AND ECONOMIC EMPOWERMENT: A MULTIPLE CASE STUDY OF WOMEN ARTISANS IN THE HANDICRAFT SECTOR OF GUJARAT**

Submission ID: 362

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### **Extended abstract**

Background Gujarat in the western part of India is famous for its handicrafts. The history of textile sector of Gujarat can be traced back to 19th century when Ahmedabad was known as the Manchester of India. Gujarat has an exceptionally unique community based hand-embroidery culture and tradition. There are 16 different types of fine and intricate embroidery work done on fabric by different communities in the state. These are community based skills acquired through generations (Shrujan, 2013). These skills are predominantly used by women for their own costume and customs. Over the last few decades these women have become bread earners for the family and a few have turned into women entrepreneurs (SEWA, 2002). Most of these women artisans reside in the rural, tribal and remote areas of Gujarat and their production bases are scattered and distant. They lack the access to the market and have inconsistent incomes (Sood, 2002). The Government, Non-Government Organizations, Social Enterprises, Cooperatives, Self Help Groups and Private organizations are making efforts to bring them into the main stream markets. Gujarat has registered 13055 female and 2035 male artisans of hand-embroidery across the state, the majority being in the districts of Kutch, Banaskantha and Patan (Indext-c, 2013). In order to strengthen these micro entrepreneurs- the artisans, it is required to enhance their accessibility to the markets, develop linkages and new products, and help them in branding (Jaitley, 2005). It is the need of the hour to come out with a supplementary model for the socio-cultural, political and economic empowerment of these women artisans. Social Entrepreneurship is a model that has been gaining momentum in recent years as an answer to social-cultural and economic problems on a global scale. Social entrepreneurs apply business principles and leadership skills to address social issues. They build mission-driven businesses aimed at solving social problems through their professional skills and engage in capacity building of people, or use their entrepreneurial skills in nonprofits innovative business models. They are individuals with innovative models to achieve a social purpose (Philips et al, 2011). The social enterprises in the state have been instrumental in bringing about the confluence of cultural heritage and the empowerment of the women artisans. They have carved out viable, successful and sustainable models for the empowerment of women artisans. Objectives To study the models adopted by the social enterprises to empower women artisans. To identify the issues related to enhancing their reach and access to markets for providing economic empowerment to women artisans. Methodology A qualitative approach has been adopted for the study. This paper attempts to study the efforts made by the Social Enterprises present in the sector and to study the approaches undertaken by them to empower women artisans. The framework of Mayoux (2006) has been used. The three paradigms-Feminist Empowerment, Poverty Alleviation, Financial SelfSustainability proposed by the author have been adopted as a framework for case analysis. The interventions of the Social Enterprises to enhance the access and reach to the markets and supportive networks developed by them to bring about change in the income level of the artisans have been analyzed. There are ten Social Enterprises working exclusively with the artisans in Gujarat. Out of them, six enterprises have been studied in detail. Case study method has been adopted. Case Studies can involve either single or multiple cases, and numerous levels of analysis (Yin, 1984). We have gone for multiple case studies. This will help us to elucidate dynamic processes involving multiple causal changes. Each of these social enterprises has a different organizational structure. A number of field trips were made to understand the working of these Organizations. Indepth Interviews with the entrepreneurs, managers, supervisors were held. A semi structured questionnaire was used for the purpose. Focus group discussions were held with the artisans. The paper follows Eisenhardt's (1989) the process of building theory of case study research. The process includes problem definition, selecting the cases, and developing the instruments and protocols, construct/dimensions/ validation, within-case analysis and replication logic. Overall the process is

highly iterative and tightly linked to data. The six prominent social enterprises in the Handicraft Sector covered under the present study are: 1. SEWA Trade Facilitation Centre (STFC), a company under Section-25 of the Companies Act, 1956, established in May,2003, as the commercial arm of SEWA, owned and managed by 3500 women artisans. One of the authors has worked with the Organization in its formative years and visited most of the villages covered by the Organization during the period 2001-2003. STFC works towards coordination of all the programs related to Social Security and Livelihood of SEWA, viz. SEWA Insurance, Academy and Rural Development. For the present study in-depth interviews with the Chair-person and the Co-ordination Team were conducted. Focus Group Discussion with artisans at production centres was also held. 2. Shrujan, a trust, established in 1969, has carved a niche in the handicraft sector in the country for its intricate embroidery. It works in 110 villages in the districts of Bhuj and Banaskantha with 3000 artisans from 12 different communities. For the present study women artisans from 5 villages in Banni region belonging to the Mutva-Muslim community were contacted and Focus Group Discussions held with artisans. 3. Khamir, an alliance of Kutch Nav Nirman Abhiyan and Nehru Foundation for Development, is a registered society established in 2005, which works for the preservation of culture and handicrafts of the Kutch region. The researchers visited the organization at Kukma and met the Director, the staff and the production team. In-depth interviews were held to elicit data. 4. Craft roots, an initiative of Gramshree, a company under Section-25 of the Companies Act, 1956, works with craft organisations. It connects NGOs, Cooperatives, small enterprises, master-craftsmen and artisans to markets by networking and providing designing inputs. Protracted interactions were held with the two team leaders and their mentor at Ahmedabad in the years 2012 and 2013. Visits were made to the four exhibitions organised by them to meet the artisan entrepreneurs during the period 2010 to 2013. 5. Qasab-Kutch Craftswomen's' Producer Co. Ltd., is a collective enterprise of around 1200 rural craftswomen from 10 ethnic communities spread across 42 villages in the arid interiors of Kutch. It channelizes the traditional skills for enhanced income of the artisans by promoting their centuries old cultural craft. It organizes producer groups to create and market the products. 6. Kalaraksha is a NGO. The model for development of the artisans adopted is interlinking income generation and the preservation and promotion of age-old traditions related to handicraft. A network has been developed comprising of artisans, community members, and experts in the fields of art, design, rural management and museums. It works with nearly 1,000 embroidery artisans of seven ethnic communities. Kalaraksha hosts a museum and has established a Design School for formal education of artisans in the areas of design development and polishing of their art.

Conclusion: The study points out to the fact that Social Enterprises are a component of the support system working towards giving a fillip to entrepreneurship development and supplementing the efforts of government in bringing about women empowerment. The study also shows that differences prevail between the degree of social and political empowerment of women artisans belonging to different communities. It is evident through the case studies that social enterprises through innovative models can bring about convergence of culture, tradition and markets and can be instrumental in bringing about economic empowerment of women artisans by enhancing their skills, reach and access to markets. Key words: Handicraft sector, Social Entrepreneurship, economic empowerment, women-artisans, markets

*Reference list available upon request*

## **SOCIAL ENTREPRENEURSHIP AND SUSTAINABILITY: APPLYING THE INTERBRAND SUSTAINABILITY METHOD ON ASSESSING PERCEPTION ELEMENTS IN THE CASE OF “JUJA FARM SECONDARY SCHOOL LIBRARY IN KENYA (SHSAO PROJECT),**

Submission ID: 367

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### **Extended abstract**

Introduction Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme, R., & Watts, P. 1999). CSR redefined, is an organization’s commitment to ethical practices in order to address economic, social and environmental issues. Gains In this study, we focus on a firm’s CSR perception score, based on the Interbrand sustainability method (2013), to promote sustainable and eco-friendly business practices among corporations and throughout the consumer community.

Nonetheless, there are critical demands linked to sustainability and CSR claims of corporations. The advantage is that such consumer demands evolve into gains when ethically and responsibly addressed by corporate entities. The following list is a detailed description of the demands, “ perception elements, “ linked to CRS and sustainable claims, including how to effectively transform them into gains. Perception Elements, as defined by Interbrand’s Sustainability Method A.

Authenticity: is the brand perceived credibility of environmental claims. Testimonies such as success stories from the beneficiaries of your donations, sponsorships and technological advancements to improve global sustainable business boost authenticity and increase exposure. B. Differentiation: are the brand’s efforts different and unique in comparison to competitors’ efforts? Corporations must be innovators when concentrating efforts in sustainable causes. This level of differentiation builds upon the brand’s authenticity score as well. C. Relevance: a comparative analysis of the brand’s environmental claims and its relative perceived importance within their industry.

Benchmarking is pivotal, making a significant contribution to the environment and “making a substantial change, in comparison to rivals can become your sustainable endeavors relevant. Relevance comes with authority and setting the brand as a pioneer in promoting and sponsoring environmental projects that fuel the economy in the long-run. D. Consistency: the brands’ persistent commitments to green communications and activities upon all touch-points. Active eco-friendly communication through social media, video and mobile can create a seamless consistency within value chain while keeping promotion costs to the minimum. E. Understanding: the level of understanding of the brand’s green activities as a whole. The knowledge of sustainable practices and recognition of benefits to the “triple bottom line, are extremely important when engaging in ecofriendly projects. A clear definition of green projects can allow the brand to selectively choose the

most appropriate ventures based on organizational culture, brand personality and corporate values.

F. Presence: overall brand’s reputation and consumer perception towards its green efforts. The previous five demands-gains are compiled in the corporation’s overall sustainable presence. Boosting all dimensions of the brand’s perception score guarantee measurable results in terms of brand perception, brand equity and most important, presence, “ superiority, “ within current ecofriendly practices. Superiority translates into consumer preference, which transitions into product

advocacy by brand ambassadors across the globe. The SHSAO Project (Case Study) Background Juja Farm Secondary School, located in the Central Province of Kenya, opened with one class and four students. Today it has grown to eight classes and 321 students, 16 teachers and nine subordinate staff members. Juja Farm faces great financial challenges; the school lacks funds to purchase books and other class materials. Inspired by two Professors, an undergraduate Economics student in a large USA public University, embarked on a social entrepreneurial project to bring

textbooks to Juja Farm by founding and managing SHSAO. The main focus of SHSAO is the educational, social and economic development of young girls and women. The idea was to motivate students in the USA to donate their old textbooks to help build a stronger global education. By doing so, they would be rewarded with feelings of accomplishment for helping others, while engaging in a sustainable practice that benefits the environment, hence recycling textbooks, “recyclable materials and reusable sources of information. Outcome & Future plans The founder of SHSAO plans to travel to Kenya during the early summer of 2014 as part of SHSAO project; goal of the upcoming Kenya trip is to deliver books and other supplies to the school. The associated research study aims to analyze education as a potential status symbol for Kenyan women. Status symbol is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. (Hoftede, 2001). Kenya scores relatively high on this cultural dimension. Young women attending the school face such educational obstacles as a high risk of sexual assault, coerced early marriages, malnutrition, HIV and AIDS, and pregnancy (Ngware, Onsomu, Muthaka & Manda, 2006; Yara & Ndirangu, 2012). Due to financial, time and geographic challenges, the study will initially survey Kenyan and Kenyan-decent women living in the United States regarding education as an indicator of status symbol (pilot study). The questions that will be asked include but are not limited to: Do women have an equal opportunity to education as men in Kenya? Do women have an equal opportunity to education as men in the United States? Why do they want to further their education? Is it for the solely purpose of making money? Or is it to give back to the US/Kenyan community? Do they want to earn status/respect in society? Would they donate their old textbooks and other school materials to other women in Kenya and other regions? Conclusion Finally, to link Interbrand’s sustainability perception elements and SHSAO, it is important to identify both: national (Kenyan) and international corporations that would benefit by funding this entrepreneurial project. Prospects include those that have already engaged in similar causes or those who have not yet initiated in environmental endorsements. For newcomers this would be a great opportunity to create a seamless eco-friendly, CSR strategy. Potential local corporations that could be targeted to sponsor SHSAO include; Kenya Commercial Bank (KCB), Safaricom and Kenya Airways. An ideal multinational corporation to sponsor SHSAO would be MasterCard. This corporation has been actively participated in enhancing women’s education in Kenya. Resultantly, MasterCard’s overall sustainable equity could strengthen along the Interbrand perception dimensions.

*Reference list available upon request*

## **SOCIAL MEDIA USAGES AND REGULATIONS IN U.S. GOVERNMENT**

Submission ID: 368

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### **Extended abstract**

The U.S. government started using the Internet to connect with its citizens in 2001. E-government Task Force was launched in 2001 to improve communication with citizens, to manage inefficiencies in operations, and to generate savings. The four areas of initiatives are government to government (G2G), government to citizen (G2C), government to business (G2B), and internal effectiveness and efficiency (IEE) (Office of Management and Budget at White House, 2001). With the introduction of the E-government Act in 2002, the government use new media as a necessary tool for governance and governing (Bertot, Jaeger & Derek, 2012). Today e-government has its presence in many of the social media tools including USA.gov, “government made easy website, , and websites of different governmental bodies. Citizens can connect with government with Twitter, Facebook, YouTube, Tumblr, and Blogs, sign up for RSS feed or email updates to stay connected, and/or use mobile applications on the go. According to survey done by GovLoop, the social network connects over 60,000 federal, state, and local government innovators, the members of all levels of government, federal, state and local governments. The most used social media by their organizations are: Facebook (88%) and Twitter (82%) followed by YouTube (61%), blogs (45%) and LinkedIn (42%). Lessused tools included Google+ (18%) and Wordpress (17%). (GovLoop, 2013) This research will investigate the U.S. government’s use of social media in terms of their relationship with the citizens (G2C). To discuss the governmental use of the social media for citizens, this paper will use the framework proposed by Bertot et al. (2012) in proposing federal agency use of social media in terms of three key policy objectives: access and social inclusion; privacy, security, accuracy and archiving; and governing and governance. The access and social inclusion is to provide information and services to enable participations by the constituents by enabling and providing access to citizens with or without limitations. Those limitations could be based on the language use, disabilities and other issues. Second objective, privacy, security, accuracy and archiving, deals with the issue of information management in collecting, storing, providing accurate information. The governing and governance objective is whether the government has guidance to agencies in governing the nation in relation to social media. In discussing the framework, Bertot et al. (2012) focused on IEE of social media. They try to establish how existing media related rules, regulations and policies are applicable to social media and identified gaps and limitation in using social media for an internal organizational tool. The purpose of this research is to investigate the governmental use of social media with an external perspective. Specifically, this research will look at the relationships between the government and the citizens using the social media in terms of proper access and social inclusion; privacy, security, accuracy and archiving; and governing and governance. I. The Evolution of Governmental Use of Social Media With the advancement of the Internet, websites and social media found the way to reach a broad array of audiences. Social media can be defined as “online media platforms and tools that people use for social interactions and conversations, mainly to share opinions, experience, insights, and perceptions with each other, (Turban, Kind, Lee, Turban & Liang, 2012). Ten most popular social media in February 2014, ranked by eBizMBA.com are Facebook, Twitter, LinkedIn, Pinterest, Google+, Tumblr, Instagram, Flickr, VK, MySpace which can be based on different text, images, audio, or video platforms. Wired by smart phones and other mobile devices, individuals have a 24/7 access to reach a wide audience that allows “communication and collaboration on a massive scale, which is to make social media “a powerful force of democratization, (Turban, Kind, Lee & Liang, 2012). A large portion of U.S. citizens uses social media daily. The social network value generated with the vase use of social media is just too valuable to ignore. Just with one tweet government could reach more people than with televised or

radio piece on the news. Social media give voice to many that under normal conditions would never send a letter or pick up a phone to talk to senator. Social media can publish information immediately; the words are “out there, and read by millions the instant they are typed. Feedbacks could also be instantaneous. According to authors of Electronic Commerce, “Some people believe that social networking will replace the current portal-based e-government and that the trend is clearly away from the “one-stop, passive portal., (Turban, Kind, Lee, Turban, & Liang, 2012) The use of Facebook or Tweeter is proving to be successful in delivering disaster and emergency warnings, information about the health awareness or education. During the Superstorm Sandy in 2012 millions who lost power but could still access the Internet on mobile devices. Governors, mayors and emergency management officials from the hurricane hit East Coast states used Twitter and YouTube as an emergency broadcasting service. Governor Christie of NJ tweeted: “Don’t Be Stupid, Get Out!, Governor Cuomo of New York, whose @NYGovCuomo is managed by a team of close aides, delivered hundreds of updates about the recovery efforts and local transportations. (Preston, 2012) U.S. Department of Health and Human Services uses Twitter account to send news in healthcare reform, YouTube to show debates at Health Summits, and Flickr to post pictures. Social media are increasingly used in tracking the disease outbreaks. Posts about one’s illness might annoy friends on Facebook or followers on Twitter but they might be source of localizing disease outbreaks (Kelly, 2013). II. Assessment of Current Governmental Usage of Social Media and Regulations Discussion of the governmental use of the social media for citizens based on the categorization of Bertot et al. (2012) will be made on here. The three categorizations are: access and social inclusion; privacy, security, accuracy and archiving; and governing and governance.III. Discussion of Limitations After the discussion of the U.S. government’s use of social media and current regulations, any identified limitations on the usage and regulations will be presented.

*Reference list available upon request*

## **CONTRASTING THE CONSTRUCTS OF CONSUMER AFFINITY VERSUS PERCEIVED WARMTH: AN EMPIRICAL INVESTIGATION**

Submission ID: 369

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### **Extended abstract**

This two-prong empirical research investigates the comparative impact of the constructs of consumer affinity versus consumer perceptions of warmth toward a country-of-origin on product judgements and purchase likelihood. Our research offers significant research and strategic implications furthering our understanding of the complex relationship between global consumers, corporate brands, and 'nation-brands.' Past research has primarily focused on negative feelings and attitudes towards foreign countries. These attitudes could be towards foreign countries in general (i.e. consumer ethnocentrism; Shimp and Sharma, 1987) or towards specific countries (i.e. consumer animosity; Klein et al., 1998). In recent marketing literature, the construct of consumer affinity was introduced which, unlike previous research, focuses on positive feelings towards particular nations (Oberecker et al., 2008). On the basis of findings from social sciences, individuals can harbour feelings towards multiple countries which can differ in strength. Primary sources for these affinity feelings can be similarities in culture, lifestyle, geographical scenery, and politics and economics as well as interferences with its people because of short and long-term stays in the focal country (Oberecker et al., 2011). In the first two studies of this research, we link affinity to important consumer behavioural variables, namely, product judgements, brand trust, and word-of-mouth. Moreover, we assess the importance of country-of-production, brand-origin, and hedonic versus utilitarian product type (Voss et al., 2003), with regards to their influencing character on the above mentioned consumer behavioural outcomes. The empirical results of our survey of German consumers first indicate that the outsourcing of a high-affinity brand origin (Italian) products' in a non-affinity manufacturing country (South Korea), leads to lower levels of consumer behaviour across both hedonic (wine) and utilitarian (cars) products. However, the opposite is not the case. That is, when a brand originating from a low-affinity country (South Korea) manufactures its products in a high-affinity country (Italy), it does not gain advantages by doing so. Moreover, we find that whether a product is more hedonic versus more utilitarian in nature plays a crucial role when assessing the importance of consumer affinity on behaviour, namely that utilitarian products do not benefit from the brand-origin. In summary, consumer affinity feelings towards a country influence behaviour toward hedonic products significantly more than toward utilitarian products. Our findings are consistent with past literature on cognitive shortcutting that associates emotionally-oriented perceptions akin to consumer affinity, with hedonic products (i.e. Chattalas and Takada, 2013). Thus, international firms originating from high affinity countries should not necessarily highlight the production origin of their products when the sourcing country is associated with low-affinity feelings. Marketing activities should rather focus on the brand-origin instead. Brands from lowaffinity countries on the other hand, should highlight product characteristics rather than drawing links to its country-of-origin. In the final study of this research, we compare and contrast the consumer affinity construct with its related construct of perceived warmth toward an origin country, a construct that (unlike consumer affinity) has proven to be quite robust and universal across many empirical and cross-cultural verifications in the social science literature (Cuddy, 2008). The Stereotype Content Model identifies the warmth dimension as a group's positive or negative intent, and includes how friendly, good-natured, or warm it is perceived to be (Chattalas et al., 2008). Importantly, our experimental study of U.S. consumers demonstrates the downstream impact of national stereotypes consumers hold toward origin countries (Greece versus South Korea) on consumer behaviour, showing the asymmetric effect of perceived warmth (a construct akin to consumer affinity) on purchase likelihood (i.e. willingness to buy) of a product (Jeans) manipulated as either hedonic or utilitarian. Specifically, we demonstrate that greater perceived warmth will



result in greater purchase likelihood of hedonic, but not of utilitarian, products. Thus, national stereotypes grounded in perceptions of warmth can have clear consequences for consumer behaviour and marketers' bottom line. Specifically, our findings suggest that marketers in countries perceived relatively high in warmth may increase purchase likelihood of their products by positioning them as more hedonic in nature.

*Reference list available upon request*

## **INVESTIGATING THE ROLE OF ATTITUDE FUNCTIONS FOR LUXURY GOODS IN DEVELOPED AND EMERGING MARKETS**

Submission ID: 372

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### **Extended abstract**

Functional theorists (Katz 1960; Kelman 1958, 1961; Smith, Bruner and White 1956) were the first to recognize attitudes as instrumental constructs designed to serve an individual's social, emotional and physical needs. Attitude functions theory offers considerable insights for understanding behavior (LeBoeuf and Simmons 2010; Johar and Sirgy 1991; Shavitt 1990; Shavitt, Lowrey and Han 1992). However, in their review of attitude functions theory, Shavitt and Nelson (2002) state that influence of attitude functions on behavioral consequences as a simultaneous examination is yet to be established. While earlier researchers proposed several attitude functions, subsequent research has primarily focused on five distinct functions namely; value-expressive, social-adjustive, egodefensive, utilitarian and knowledge functions (DeBono 1987; Shavitt and Nelson 2002; Wilcox, Kim

and Sen 2009). Researchers observe that the utilitarian and ego-defensive dimensions have been studied in detail (DeBono 1980; Johar and Sirgy 1991; LeBoeuf and Simmons 2010). However, the other functions of attitudes have eluded empirical scrutiny until recently, largely due to the lack of operational definitions (Shavitt and Nelson, 2002; Shavitt, Torelli and Wong 2009). Hence, this article attempts to develop a comprehensive framework examining the simultaneous influence of attitude functions on behavioural intentions. The article uses luxury goods in this context. Luxury goods are chosen specifically because these goods enable consumers to satisfy their material as well as sociopsychological needs to a greater degree than regular goods (Vigneron and Johnson, 2004; Wiedmann et al., 2009). Luxury brands are one of the most profitable and fastest-growing brand segments (Han, Nunes and Dreze, 2010), yet at the same time the social influences associated with luxury brands are poorly understood and under-investigated (Shukla 2010, 2011; Tynan et al., 2010). We aim to collect more than 300 responses for this study within the UK and the results shall be analysed using structural equation modelling. The findings of the study shall be presented at the conference.

*Reference list available upon request*

## **EFFECT OF SOURCE CONGRUENCE ON BRAND ATTITUDES: A CROSS CULTURAL STUDY**

Submission ID: 374

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### **Extended abstract**

This paper investigates the impact of source congruence of celebrity testimonials in building brand attitudes within a cross-cultural setting. Today, it is evident that celebrity endorsement, as an effective branding strategy, is in vogue all over the globe. Brand managers spend a lot of time and money in choosing the “appropriate, celebrity for their brand. As we interviewed a variety of academics and professional brand managers, we realized that the concept of source congruence has not been studied much, and thus is a fertile area to be unpacked and investigated further. We conducted research in a cross-cultural setting (USA and India), and developed an action plan for brand managers that will assist them in making the right celebrity choices. There is a widespread belief that celebrities positively influence the image of the advertised brands, which leads to a key outcome of a favorable impact on brand attitudes (Amos et al. 2008, Erdogan et al. 2001). It seems logical that congruence between the celebrity and the brand endorsed should have a positive impact on brand attitudes, and that the stronger the link the more impact the association should have on the brand (Fleck, Korchia, and Le Roy 2012). The more suited, more relevant, or congruent the celebrity/brand pair is perceived to be, the greater is the positive response to advertising in terms of attitude or even purchasing intent (Batra and Homer 1985, Kamins and Gupta 1994, Lynch and Schuler 1994, Misra and Beatty 1990, Till and Busler 2000). In the real world, we see celebrities such as Tiger Woods endorsing a variety of brands such as Nike and Accenture. While there is a clear and direct congruence between Tiger Woods’s athletic persona and Nike, there is an indirect congruence between Tiger Woods’s performance and Accenture. We label the former as “expertise congruence, and the latter as “image congruence, . Similarly, Michael Jordan endorsing Gatorade is considered as “expertise congruence, , while endorsing Hanes underwear is considered as “image congruence, . However, which link is stronger? Which congruence has a higher impact on brand attitudes? Further, does this impact vary across cultures? Will image congruence have a higher impact in the Indian culture versus American culture? As the literature does not address these questions, and brand managers have expressed a keen interest in finding answers to such critical questions, our research project endeavors to investigate these two key issues.

*Reference list available upon request*

## IS THERE ANY CONTAGION EFFECT AMONG CRUDE OIL AND FOOD PRICES?

Submission ID: 375

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### Extended abstract

1. INTRODUCTION In recent years, Indian Commodity market has experienced a huge increase in the prices, especially food products. Food inflation was hovering between 18-19% in Dec, 2012 which further came down to 14.54% in June, 2013 as a result of control measures taken by RBI (RBI Database). Along with the increased food prices, crude oil prices also exhibited a volatile trajectory in the past few years. It decreased from Rs. 6067 per barrel in Dec, 2012 to Rs. 5270 per barrel in April, 2013 then rose again to Rs. 7972 per barrel in August, 2013 (MCX statistics). The recent depreciation of Indian rupee (May-Aug, 2013) from Rs. 53.76 per US \$ in May, 2013 to Rs. 68.36 per US\$ in Aug, 2013 (RBI Database) subsequently caused a surge in crude oil prices. It increased from Rs. 5419 per barrel in May, 2013 to Rs. 7972 per barrel in Aug, 2013 (MCX statistics). An upsurge in agricultural commodities prices was also observed at the same time (NCDEX statistics). Oil is considered to be one of the key drivers of the overall economic growth and any increase in oil price, will not only affect the sectoral growth, but also the disposable income of common public in terms of increased transportation and production cost, industrial production and also influence the overall development and growth of the economy. Hence, crude oil price movement linked to agricultural commodities prices. In India, food commodities are not used for producing biofuels. But increased

reliance of India's agricultural sector on energy presents a contradiction. An important question that arises in this scenario is: Is there any contagion effect between energy and food prices? Specifically, is there any price comovement or causality among crude oil and food commodities? Are the crude oil prices driving food commodity prices apart from their own futures prices? Are other commodities futures prices driving crude oil and food spot prices? Does contagion effect exist within the food market? This study is an attempt to answer these questions. Most of the studies on the relationship between crude oil prices and agricultural commodity prices (Paul Cashin et al., 1999, Ai et al., 2006, Baffes, 2007, Abbot et al., 2008 and Harri et al., 2009, Gilbert, 2010, Pavel and d' Artis, 2011, Hongpeng et al., 2012) either relate to developed markets like US and UK or to the World market as a whole, and there is very limited work in emerging market context, particularly India. With respect to India, the literature in this area is sparse (Kaushik Bhattacharya and Indranil Bhattacharya, 2001), and a few studies have highlighted or empirically provided evidence of common macro factors affecting spot prices of commodities (Singh, 2000, Nitesh, 2005, Sahi, 2006, Abhijit Sen, 2008, Nath and Lingareddy, 2008, Elumalai et al., 2009, Jeevan Kumar and Dipika Das, 2011 and Sehgal et al., 2013). But, studies focusing on the contagion effect of crude oil prices on agricultural commodity prices are limited. Moreover, in the global literature, there is limited evidence of contagion effect between energy market and food market controlling for its futures prices and considering the futures prices of other commodities. Hence, this study focuses on the contagion effect of crude oil and food prices, specifically wheat, soybean and maize prices in India. The study attempts to answer the following research questions: Do the spot prices of crude oil, maize, wheat and soybean move together? Do the futures prices of crude oil, maize, wheat and soybean move together? Is there any causal relationship among crude oil and food spot prices? Is there any contagion effect among crude oil, soybean, wheat and maize spot prices after controlling for the effect of changes in futures prices of all commodities- both own futures and futures of other commodities?

2. DATA AND METHODOLOGY Our empirical analysis makes use of spot and near month futures prices of Soybean, Maize, Wheat and Crude oil. The data has been collected from MCX and NCDEX website for the period 2010-2013. We have included a dummy variable due to the presence of structural break as evidenced from Quandt-Andrew test for structural break. Since the data used is time series data, the stationarity is examined through Augmented Dickey Fuller test. We use correlation to examine the comovement and Vector Autoregression approach (VAR) to examine the

contagion effect.

3. RESULTS The findings of the study are: Firstly, We find that correlation coefficient of soybean spot price and crude oil price is significant at 1% level. Secondly, there is significant correlation between all the pairs of wheat, soybean, maize and crude oil futures prices. Thirdly, we examine the causal relationship among crude oil, soybean, wheat and maize spot prices. We find unidirectional relationship between soybean and crude oil spot prices. Moreover, unidirectional relationship from maize to wheat is also observed. Hence, unidirectional contagion effect is confirmed between crude oil and soybean prices and unidirectional contagion effect has been proved within the food market. Finally, we measure contagion effect among the spot prices of these commodities after controlling for futures prices. We find that all commodities spot prices are influenced by their own lags as well as by respective futures prices. A unidirectional relationship is evidenced between from maize to wheat spot prices. Hence, contagion effect between crude oil and soybean spot prices and within food market has been evidenced.

4. IMPLICATIONS The findings of the study have implications for regulators, hedgers and speculators, since the study shows that spot prices of other commodities, as well as other commodities futures prices, influence the spot prices of a particular commodity and the contagion effect has also been evidenced between energy and food market, it becomes important for the participants to consider all the factors while pricing their assets.

*Reference list available upon request*

## FACE-TO-FACE CONNECTIVITY IN BUILDING EFFECTIVE INTERNATIONAL BUSINESS-TO-BUSINESS MARKET RELATIONSHIPS

Submission ID: 376

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### Extended abstract

Introduction Whilst it is self-evident that we live in a more interconnected world driven by the advent of the world wide web enabled through electronic communications hardware and software technologies (Levitt, 1983) there is a danger that in the excitement of the potential of these technologies we forget the significance and importance of face-to-face connectivity in international marketing and trade. Throughout history traders, merchants, entrepreneurs, and managers have used various “technologies, and mechanisms to sell their products and services across the world and some argue that globalisation is not new and is a ‘product of the West’ (Hopkins, 2002). Before the invention of the telegraph, telephone, radio, television and digital communications and the Internet merchants and business people travelled by various means facilitated by various levels of “technology, and exchange mechanisms such as markets and trade networks locally, nationally, regionally and internationally (Braudel, 1992). What has changed is that businesses can now trade internationally through digitalised products and services which can be sold and delivered online or tangible products delivered by global logistics companies without the need for face-to-face and physical proximity of the seller and buyer. However, the extent of person-to-person interaction depends on, for example, the product category, size of order, and the extent of the integration of research and development or logistics and supply chains. Personal and local market presence and face to face connectivity of managers is particularly important in business to business markets (Perks and Hughes, 2008) project business (Mainela and Ulkuniemi, 2013) and more so when there are differences such as high and low context cultures to take into consideration in international markets (Hall and Hall, 1990). Further, the extant research in relationship marketing that demonstration of commitment and adaptation to customer needs is a significant in developing trust and effectiveness in business relationships particularly when they are between individuals rather than organizations (Palmatier, Dant, Grewal, and Evans, 2006). This paper argues that while interconnectivity can be facilitated by technologies such as the internet, in international business to business markets where for example products are complex or high value, there is a co-creation of value or the need for coordination of supply customers then face-face personal connections are necessary. Thus the research seeks to explore the significance and role of face-to-face communications in building effective relationships in international business-to-business markets. The question will be explored through an empirical study of European medium sized firms engaged in business-to-business markets in high technology (software and electronics) and conventional industries (metal and mechanical). Methodology and method The purpose of this research is to explore and explain the role of face-to-face communications in developing effective international market relationships through the adoption of a qualitative methodology and case study method. The sample of firms and top manager respondents was selected using a purposeful non-random sampling method. The population of firms used for the study is from the Growth Plus data base of European SME firms from which the researcher selected 16 firms with a strong presence in international markets (average export sales of 30%). Selecting highly internationalized firms allowed for exploring the antecedents to effective relationships in international business-to business markets. Such firms are likely to have developed relationships over time and thus the managers able to discuss in-depth their ideas and opinions about face-to-face personal interactions with partners and customers. Findings The research found that top managers who were involved in international marketing and sales in the sample companies travelled regularly to meet with customers face-to-face to negotiate, to co-create and develop new technological solutions, to co-manage projects and co-ordinate supply chains. For all of the managers “following the call, of the customer wherever they were located was a central priority and contributed to their international business relationship effectiveness.

*Reference list available upon request*

## **FINANCING SMES AND NEW TECHNOLOGY FIRMS IN INDIA: CONVENTIONAL TO RISK CAPITAL AND CAPITAL MARKET INSTRUMENTS**

Submission ID: 377

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### **Extended abstract**

Small and Medium Enterprises (MSMEs) play a very significant role for higher economic growth and employment generation across the globe. In India also this sector constitutes about 95 percent of industrial units and about 45 percent of total industrial output. Its direct and indirect export potential stands at about 40 percent. The employment generating capacity of MSMEs is next only to the agriculture sector. Conventional bank finance is the major source and Government has taken several measures by encouraging banks to enhance the finance by introducing various policy measures. Further Government of India has also established Risk Capital fund and has initiated various risk capital schemes such as Subordinated debt and Convertible debt. Government also established Risk Guarantee schemes to mitigate the credit risk arising out of lending to SMEs. Two new stock exchanges fully dedicated to trade SME companies have also been established. This paper analyses the sources of finance available to SMEs both from conventional bank finance to risk capital and capital market instruments. This paper presents structure of SME lending through banking channel, structure and scope of risk capital products, capital market finance and other institutional sources of finance. This paper analyses the institutional set up evolved in financing the SMEs and new Technology firms in India and emphasizes the need for creation of an eco-system for free and smooth flow of funds to SMEs.

*Reference list available upon request*

## THE SELECTION AND TRAINING FRAMEWORK FOR MANAGERS IN BUSINESS INNOVATION AND TRANSFORMATION PROJECTS: THE PROFILE OF A BUSINESS TRANSFORMATION MANAGER

Submission ID: 296

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### Extended abstract

The riskiest factor in transforming a traditional business environment (BE) into a lean and automated BE is the role of the business and (e-)business transformation manager (BTM) in the implementation part of the business transformation project (BTP). The basic profile of such a business transformation manager has not been sufficiently investigated in a holistic manner in order to design the BTM's profile; and that is the main goal of the authors' research (Trad, Kalpic, IMRA, 2013). This research paper deals with the optimal profile of the BTM that has to manage the implementation phase of complex business transformation projects. These business transformation projects require a specific set of business architecture and implementation skills, especially for the final and very difficult implementation phase. The BTP's implementation phase is the major cause of high failure rates (CapGemini, 2009). Failure rates. The authors have constructed their research on the main fact that only around 12% of business organizations successfully finish innovation-related business transformations projects (Tidd, Bessant, 2009). Therefore, there is a tremendous need for more research on the BTM profile. Business transformation projects require BTMs who have the necessary business and information technology architectural skills for the implementation of complex business process management (BPM) based systems (Kelada, DBA Thesis, 2009). The research question and knowledge gap is: "Which business transformation manager characteristic is optimal for the implementation phase of a(n) (e-)business transformation project?" (Trad, GEM, 2011) (Trad, Kalpic, IEEE, 2011). The knowledge gap was acknowledged and confirmed, due to the fact that the existing literature and various methodologies treating business transformations offer practically no insight into the profile of the BTM as an architect of adaptive business information systems (AofABIS), managing the implementation phase of a BTP (SAP, GBTM, 2013). The literature review and research design phase have shown that the BTM's optimal characteristic is to be an architect of adaptive business information systems (AofABIS) (Trad, GEM, 2013) (Trad, Kalpic, 2014). The authors implemented the selection and training framework (STF) research methodology, design and prototype (Trad, BAME, IEEE, 2013). The methodology can be applied in a real-world case; that is, in fact, the final phase of the research project. This final phase completed the theory-based hyperheuristics reasoning model (Wes, 2001). It is a mixed hyper-heuristics-based reasoning model, shortly labelled STF\_MHM, a qualitative reasoning tree. This research aims to qualify the BTM's: 1) architectural capacities, 2) background and 3) skills. These characteristics are fed in the form of factors in the STF\_MHM; that in turn should deliver the most important BTM profile characteristic and recommendations. These revealed factors are also fundamental for the future coordination of the BTP of the transformed business environment within the globally transformed business (e-)enterprise or "enterprise 2.0". BTMs who are basically technocrats, proactive project managers and advanced knowledge workers should be capable of supporting and designing the transformation of the (e-)business environment in a proactive manner (Walsh, Kefi, Baskerville, 2010) (Trad, Kalpic, IMRA, 2013) (Walsh, Kefi, Baskerville, 2010). The needed skills must comprise the knowledge of: business and enterprise architecture, automated real-time business process environments, agile project management, organizational behaviour, management sciences methodologies and concrete business information systems implementation phase know-how. The researchers recommend the profile of an AofABIS (Trad, Kalpic, 2014). It is a version of the technocrat (Fahroomand, 2004) profile, a profile adapted for such projects, with a set of cross-functional skills. The STF\_MHM will offer the relationships between the different factors and build an adequate algorithm to rate and weigh these factors. Accordingly, this research project unifies resources from two distinct but related areas: avant-garde business management and business-processes-based information technologies. It develops a concept for the BTM's selection and proposes a method to weigh and



interrelate the BTM's various skills through the use of tuneable factors. This research project presents an original set of factors and fulfils the need for an efficient STF\_MHM. The sets of factors are presented in the form of a real-world framework and recommendations, which affect the BTM selection techniques. BTM selectors, professional analysts, project managers, auditors and advanced computer science students might benefit from this research project, while its ambition is to be considered as a major managerial benefit. The mixed applied research model can be synthesized with the following facts: a) Grounded approach; Grounded research is to basically about generating a theory. Grounded theory is also primarily a method of iterative analysis and it sets guidelines call for using each phase of inquiry to raise the analytic level of the work. The goal was to narrow the literature review activities and helped to try find out more about the properties of the final category, that is the business transformation category and to find the dimensions of the relationships between categories (Strauss & Corbin, 1998). The grounded approach helped in the finalization of the research's literature review; b) The survey, the quantitative part, aim was o to find the basic profile a survey and interview protocols were developed; that were carried out (Doscher, Moore, Smallman, Wilson, Simmons, 2011); c) Linking the quantitative to the qualitative approach; the quantitative result is considered to be the root state of the hyper-heuristic decision tree; that needed a qualitative approach; d) Grounded heuristics, the qualitative part; practical and scientifically grounded heuristics can be derived to select, guide and to identify the strategies for coordinating certain types business transformation project's phases; especially the implementation phase. In such phases facts, concepts, principles and rules, procedures, technical skills, interpersonal skills, and attitudes, are crucial (Ross, Morrison, Hannafin, Young, Akker, Kuiper, Richey, Klein, 2010). The aim of grounded hyper-heuristics approach is to implement a grounded heuristic process that generates solutions in an acceptable period of time (or just in time). Where heuristics is a "rule of thumb," and a guide to implement problem solving decisions making systems (DMP), like the STF. In business information technology, heuristics refers specifically to algorithms, like the STF's goal function. The STF uses a grounded hyper-heuristics process that includes tuning and getting results by trial and error; with a factors based system. Data that comes out of the surveys' acquisition process are verified and filtered to build an efficient tree algorithm and to process solutions in the form of recommendations. Like all heuristics based systems, the STF reasoning engine will not be always perfect and adapted to all possible requirements, but it should be enhanced to make it capable of finding optimal results (TechTerms , 2013)(Oxford Dictionaries, "heuristics", 2013). The grounded hyper-heuristics theory has become established as a qualitative methodology of choice for researchers in similar fields, using a holistic approach. It is apparent to many researchers that there are significant difficulties associated with defining what the grounded heuristics theory method actually is, and how it should be applied concretely in research projects or decision support systems. In addition, its popularity has tended to keep other qualitative approaches under-explored; it is an agile method that can be adapted to complex projects. Grounded hyper- heuristic method is a useful form of qualitative methodology for complex holistic research projects, because it develops a pluralistic approach to qualitative research and offers a possibility to develop a real world framework (Wes, 2001); based on an iterative approach; e) Hyper-heuristics; the need for an iterative approach promotes the hyper-heuristic approach for this research. "Hyper-heuristics are increasingly used in function and combinatorial optimization Rather than attempt to solve a problem using a fixed heuristic, a hyper-heuristic approach attempts to find a combination of heuristics that solve a problem (and in turn may be directly suitable for a class of problem instances). Hyperheuristics have been little explored in data mining. Here we apply a hyper-heuristic approach to data mining, by searching a space of decision tree induction algorithms. The result of hyper-heuristic search in this case is a new decision tree induction algorithm " (Vella, Corne, Murphy, 2009). hyperheuristics a methodology that aims towards domain-independence in the discipline of optimization (Swan, Woodward, Ozcan, Kendall, Burke, 2010).Holistics and managing complexity applied research method requires a mixed method that is mainly based on a hyper-heuristics model. The transformed organizations and BTMs need more than basic business information systems to

exploit the avantgarde technologies in order to successfully conduct the BTP. Such BTMs and organizations need holistic just-in-time (JIT) methodologies, like SAP's BTM2, that encompass (e-)business process architecture and the management of BTPs (Uhl, Gollenia, 2012). This research shows that the BTM is an AofABIS with holistic or cross-functional skills (The Economist, E-management, 2000). The survey is a quantitative part of the mixed method. The STF survey templates were developed from the set of resulting factors and questions. They were derived from the research hypothesis. The considered types of specialists and managers to be surveyed or interviewed were: business and information technology school professors and directors, managers of information systems, senior project managers, human resources specialists, educational professionals, transformation managers, executive managers, senior business analysts and auditors (Trad, Kalpic, 1999). A group of experienced executive managers and BTMs (limited to 10 members, because of the research question's complexity) filled in the surveys. The research process surveyed "very experienced" domain specialists and generated the collected data sets used in the next qualitative process. The surveys confirmed the research project's hypothesis. The research shows that the BTM is an architect of adaptive business information systems (Trad, IMRA, 2014). BTM as an AofABIS, with an understanding of business environments and the factors that affect their survival and competitiveness, is only the first step towards the implementation of a successful BTP. The BTM must have in-depth knowledge of: 1) electronic lean business environment architectures, 2) integrated development environments, 3) business people integration, 4) agile project management and 5) coordination of computer engineers. The BTM acts as business and information systems solution designer and implementation architect (SAP, GBTM, 2013) (SAP, BTM2, 2012). Estimated BTM skills require a profound knowledge of the enterprise business architecture, business processes, services technologies and business project management issues. That rounds up the profile of an AofABIS. The BTM is in fact an AofABIS, where he/she acts as a coordinator of enterprise architecture teams and coordinates their various activities. The STF will also support him or her in managing problems in real-time. (Trad, Kalpic, IMRA, 2014). The STF business transformation manager's pattern (STFBBTMP). The authors' aim is to convert their relevant research outcomes into a managerially useful framework (Markides, 2011), and its hyper-heuristics tree processing model is used as a template that is suitable for a future class of problem instances. The authors regard this as a business benefit (Vella, Corne, Murphy, 2009). Therefore, it is planned to create a concrete STF environment based on a business-process-oriented transformation pattern (SAP, BTM2, 2012). This STF pattern will be in fact an STF business transformation manager's project pattern (STFBBTMP). The STF proof of concept (POC) and the final interviews should deliver the research's final recommendations on how to improve the BTPs in their implementation phase and the method of selecting and training the right BTM profiles. The STF research project proposes a concrete framework on how to select, train and evaluate a BTM (Trad, Kalpic, ITI, 2014). Managerial benefits. The qualitative hyper-heuristics decision making process (DMP) model will try to confirm the outcomes of the quantitative phase from the previous survey and deliver managerial recommendations (managerial benefits) that may be used as a template suitable for similar management disciplines (Vella, Corne, Murphy, 2009). The STF can be also used to establish future innovation and transformation-related training recommendations; and with that tool, the enterprise avoids risky traditional business transformation habits, such as "let's change the whole BE" without taking seriously into account the BTM's profile. That approach can create major problems and this is the principle reason for failure. The STF is a just-in-time (JIT) systems managerial framework or "management 2.0" component for the selection of business transformation managers.

*Reference list available upon request*

## EXPLORING AND EVOLVING A BUSINESS INCUBATION MODEL FOR HIGHER EDUCATION INSTITUTIONS

Submission ID: 298

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### Extended abstract

Business incubation is a dynamic process of business enterprise development (Megginson, Byrd, & Megginson, 2006) and is seen as a support system that assists in the development and commercialization of research from universities thus aids in economic development and job creation (Fishback, 2009). It provides a nurturing, instructive, and supportive environment for entrepreneurs during the critical states of starting up a new business (Wanklin, 2002) through interim management and access to professional advisers like financial specialists & patent agents, free or inexpensive counseling, and shared but secure laboratory facilities (Beaver, 2002; Smith, 2002). The study by Nezu (2005), which was written as part of a project organized by the World Intellectual Property Organization (WIPO) noted that collaboration between university and industry in the Philippines is new and not yet widespread. A very small proportion of universities have strong R & D units that enable university and industry collaboration. The challenge therefore for researches on entrepreneurship lies on how one may be able to probe deeply into the factors, components, processes, and/or systems of business incubation as these are critical to the growth and development of university spinoffs. As Teece (1987, in Gartner & Starr, 1993: 42) avers, firms and even governments have difficulty trying to stimulate entrepreneurship and innovation when the factors that propel it are so poorly understood. This study employed triangulation or the use of multiple methods (Smith, et al., 2002) for collecting data like combined quantitative and qualitative methods, which increases the quality of the research (Cooper & Schindler, 2008). The sources of data were the following: survey questionnaire results from business educators & administrators of Higher Education Institutions or HEIs, interviews with key informants (business schools & Department of Trade and Industry regional and provincial offices), observations of existing business incubators, and documentary analysis in HEIs with a business incubation program. Documentary analysis involves data which were also taken from the Department of Trade and Industry, especially along steps and key factors that contribute to the successful establishment of new business enterprises. The study used a population study hence all identified HEIs based on the single criterion (BS Entrepreneurship program or other related course is offered) were considered as respondents. The Pearson  $r$  correlation coefficient was used to establish the correlation between status of business incubation program in terms of incubator's length and regularity of operations and the number of commercialized business ideas or plans (Hypothesis 1); correlation between the number of business ideas implemented or commercialized with the HEI's degree of constraints experienced along policies, human resources, physical resources, and financial aspects (Hypothesis 2); correlation between the HEI's level of entrepreneurial practices with their level of commercialization (Hypothesis 3); and the correlation between the entrepreneurial learning approach adopted in a business school and the number of business ideas that were implemented and commercialized (Hypothesis 4). The hypotheses were tested at the .05 level of significance for the one-tailed and two-tailed tests. Using quantitative and qualitative descriptive research, results indicate that little has been achieved in terms of the number of businesses that evolved out of the schools' business incubators. Although the approach to entrepreneurship education was claimed by the respondent-schools to be entrepreneurial, a negligible evidence to support this claim was noted as manifested by very few business ideas that were commercialized, lack of clear-cut written policies, lack of qualified personnel, lack of adequate space and lack of adequate funding for the business incubation facility. These findings were supplemented by information taken from the regional and provincial offices of the Department of Trade and Industry, which served as bases for developing the proposed business incubation model. The model provides a graphical representation of the key aspects in establishing and managing the business incubator as well as the entrepreneurial practices, learning approach in entrepreneurship, and enablers and barriers for

successful business incubation. The centrality of business incubation across all stages is policy formulation and implementation, which have to be aligned with institutional goals and objectives. A set of written guidelines and a defined scope for its operations provide students with a conducive learning environment for entrepreneurship, which will hopefully lead to spinoffs.

*Reference list available upon request*

## **TECHNOLOGY AND INFORMATION MANAGEMENT IN THE AFTERMATH OF THE SNOWDEN DISCLOSURES**

Submission ID: 303

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### **Extended abstract**

On 20 May 2013, the disclosures by Edward Snowden on the NSA's massive surveillance programs, domestic and foreign, began appearing in the Guardian, a British newspaper. These postings detailed how the NSA collects information on millions of phone calls while operating an Internet surveillance program that targets foreign nationals suspected of being cyber terrorists or hackers. The program dragged in Americans when they were contacted by email and or phone calls from non-targeted foreigners. A former contractor for the NSA, Snowden leaked the highly-classified material because: "I can't in good conscience allow the US government to destroy privacy, internet freedom, and basic liberties for people around the world with this massive surveillance machine they're secretly building" (Greenwald, MacAskill, & Portras, 2013). The disclosures ignited a national debate on sacrificing individual privacy rights imbedded in the US Constitution in order to perhaps, identify suspected terrorists. As three members of the US Senate Intelligence Committee wrote in the New York Times: "We recall Benjamin Franklin's famous admonition that those who would give up essential liberty in the pursuit of temporary safety will lose both and deserve neither, (Wyden, Udall, & Heinrich, 2013). On 16 Dec. 2013, a federal district court ruled that the NSA's "indiscriminate and arbitrary" manner for collecting and keeping phone records of Americans "most likely violates the Constitution. Surely such a program infringes on 'that degree of privacy' that the founders enshrined in the Fourth Amendment, against unreasonable searches (Savage, 2013). The New York Times (2013) not only headlined the ruling on its front page but editorially called it "a powerful rebuke of mass surveillance." The Federal District Court's ruling by judge Richard J. Leon for the District of Columbia was also significant because it was the first case that was heard by a federal court other than the highly secretive Foreign Intelligence Surveillance Court (FISC) which did not make its rulings public and allowed arguments only from the Justice Department on behalf of the government and not from opposing lawyers. The judge also wrote that the intrusive surveillance program did not stop an "imminent attack, or otherwise aided the government in achieving any objective that was time-sensitive., And consequently, there were "serious doubts about [the program's] efficacy, (Savage, 2013). Judge Leon's ruling was further supported by two US Senators who maintained that the government's "gargantuan, spy program had not disrupted any terrorist plots. Moreover, a secret order issued by the FISC required a large US telephone company to provide metadata to the FBI for a three-month period. The large volume of calls represented a massive intrusion into the civil liberties of Americans and because they were conducted surreptitiously, top government officials like the director of the NSA, Keith Alexander, and of national intelligence, James Clapper, could sidestep inquiries about the domestic spying (Guardian Weekly, 2013). Clapper, for example, accused Edward Snowden of unauthorized communications of national defense information and classified intelligence that resulted in the undermining of US intelligence activities. The Department of Justice charged Snowden with espionage and theft of government property and sought his extradition from Russia to stand trial in the United States. Alexander, on the other hand, was quick to deny in 2012 that the NSA collected hundreds of millions of metadata files on US citizens. He was overruled on 6 June 2013 by Clapper who admitted that the agency was indeed engaged in such activity. The admission was made under intense pressure by the congressman who authored the Patriot Act that supposedly gave the NSA the authority to collect records on phone calls made in America. The congressional representative further said that "Clapper should be fired and prosecuted for lying to the US Congress," while under oath, because that is a criminal offense (Sledge, 2013). On 23 Jan. 2014, the Privacy and Civil Liberties Oversight Board released a 238-page report that concluded that the NSA's dragnet surveillance of Americans' phone records "has provided only 'minimal' benefits in counterterrorism efforts, is illegal and should be shut down." The board also reported that the NSA program "lacks a viable legal foundation under Section 215 [of the

Patriot Act], implicates constitutional concerns under the First and Fourth Amendment, raises serious threats to privacy and civil liberties as a policy matter, and has shown only limited value" in disrupting terrorist attacks like those that brought down the World Trade Center on 11 Sept. 2001. In 2006, the George W. Bush administration brought the surveillance program under the supervision of the Foreign Intelligence Surveillance Court which was criticized by the privacy board as an "unsustainable attempt to shoehorn a pre-existing surveillance program into the text of a statute [the Patriot Act] with which it is not compatible" (Savage, 2014). In a related editorial, the New York Times (2014) asked: "Why does President Obama insist on continuing a costly, legally dubious program when his own appointees repeatedly find that it doesn't work?" The Internet executives also expressed the fear that their foreign customers were cutting back on doing business with them because of the government's mass surveillance. Mark Zuckerberg of Facebook, on 20 March 2014, called President Obama to complain about the financial injury that this was visiting on the industry. As a result, a private meeting was called for the following day to discuss the issues of privacy, technology and intelligence with the executives of Facebook, Google, and Yahoo. The move may have been made to prepare Wall Street for the possibility that stock prices may not again climb to the sky as they did in 2013. The Internet companies are thus being as self-centered as the intelligence agencies in using their most advanced technology to build massive data bases of their users' online activity that can be used to attract targeted advertising revenue. This interpretation was supported by the chief executive of Cisco Systems who admitted that annual orders in emerging markets had dropped from 18% to 30% but was reluctant to place the blame for this on the Snowden disclosures or NSA's surveillance program. Rather, the downturns can be seen as the normal business fluctuations of the high-tech industry where overseas customers are reluctant to invest in new and expensive products, services, systems, and technologies that the Internet companies are exemplary in developing but must now market them to a difficult, diverse, global customer base (Shinal, 2013).

*Reference list available upon request*

## LOGISTIC REGRESSION AND COX REGRESSION MODELS: COMPARISON MADE ON EMPIRICAL CREDIT DEFAULTS DATA

Submission ID: 307

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### Extended abstract

#### Introduction

There are many definitions of the early warning bankruptcies and defaults systems and models in the available literature. Models of the early warning are the basic analytical tool providing information on existing risks, however they do not indicate how to solve the problems identified. These systems should be supported by more sophisticated methods in order to monitor the company's financial situation. The models used in the firms' analysis are based on the selected economic and financial ratios. The first early warning models were developed at the beginning of the twentieth century. The model built by E. Altman in the 60s is considered to be a breakthrough. He developed models providing the information about the risks in the company existence. He is considered to be a precursor of the transition from one-dimensional models to multivariate statistical models using the discriminant analysis. In the 70s and 80 there was a dynamic development of work associated with the use of logit models in the prediction of the financial risks. In the 90s, researches started to use the methods of artificial intelligence and neural networks in such models. In Poland, the popularity of early warning systems began to be visible in the 90s as a result of economic changes - economic transformation. Although a big progress has been made towards the development of these systems, they have not become a popular method in Poland. The greatest progress in this area can be noticed in the banks' activity due to the fact that such systems provide extremely valuable information for them. According to the research made, the use of foreign models in Polish conditions is possible but not directly. Their use is possible only on the condition that they will be adapted to the specific conditions of the Polish economy. In addition, the use of such models requires the verification of the forecasting accuracy level and a set of indicators used for a specific industry. It is also necessary to adapt the criteria to the rules recognizing if the company is at risk of bankruptcy or default. Early warning systems have both advantages and disadvantages, but there is no other faster method providing information about the financial standing of the company. Such models are also easy to interpret. Today there are many methods of building such systems and models. Literature review There are many examples of logistic regression and survival analysis comparisons made so far. The examples which are the most adequate to our approach are presented below. All of them present applications possibilities as well as the limitations of the survival models. In the study made by Latinen (2002) the survival analysis was used in order to model the duration of time that precedes a firm's initial payment default. The data set consisted of companies operating in Finland. The financial information about companies was available for a five-year period which was split into estimation and holdout samples. Financial ratios, size, industry, and age were used as covariates to model the survival process preceding the initial payment default. Then the hazard was compared with a logistic risk measure estimated from data one year prior to default. The proportional hazards model was shown to give a forecast of default for the earlier years prior to the onset of financial distress. Another study made by Fantazzini and Figini (2009) concentrated on the credit risk default for Small and Medium Enterprises (SMEs). Authors proposed a non-parametric approach based on Random Survival Forests (RSF) and compared the performance with a standard logit model. They found that the non-parametric model performed better than the classical logit model. As for the out-of-sample performances, the evidence was the opposite, and the logit performed better than the RSF model. According to their findings the error in the estimates of default probabilities can affect classification error when the estimates are used in a classification rule. Jacobson et al. (2011) analysed the relationship between macroeconomic fluctuations and corporate defaults while conditioning on industry affiliation and an extensive set of firm-specific factors. In their study they used a panel data set for virtually all incorporated Swedish

businesses over 1990-2009, a period which includes a full-scale banking crisis. They found a strong evidence for a substantial and stable impact from aggregate fluctuations on business defaults. A standard logit model with financial ratios augmented with macroeconomic factors was built. They also found that the effects of macroeconomic variables differ across industries in an economically intuitive way. Out-of-sample evaluations showed that their approach was superior to models that exclude macro information and standard well-fitting time-series models. This analysis showed that firm-specific factors were useful in ranking firms' relative riskiness, but that macroeconomic factors were necessary to understand fluctuations in the absolute risk level.

Whalen (1991) in his study examined an early warning model based on the Cox proportional hazards model, which basically produced estimates of the probability related to a bank failure in the United States. The sample consisted of all banks that failed between January 1, 1987 and October 31, 1990 and randomly selected group of roughly 1500 nonfailed banks. A publicly available set of explanatory variables was used. The model target was to identify failed and nonfailed banks with a high degree of accuracy. The classification accuracy of the model was very high.

Cole and Wu (2009) built a dynamic hazard model with time-varying covariates to develop a bank-failure early warning model, and then tested the out-of-sample forecasting accuracy of this model relative to a simple one-period probit model. Incorporation of time-varying covariates to the model enabled to utilize macro-economic variables. They found that the model significantly outperforms the simple probit model with and without the macro-economic variables. They think that improvement in accuracy comes both from the timeseries bank-specific variables and from the time-series macro-economic variables.

According to literature reviews the basic questions raised in this paper are: Is Cox regression model more effective to measure the default risk of enterprise? What are main advantages of using survival models?

**Data & Methods:** Two types of models were selected to analyse credit defaults data: Cox regression survival model and logistic regression model. In survival analysis the analysis of single episode data is the most popular approach. Comparing to traditional approach (like logist regression) survival models give the dynamic prognoses of analysed default risk. In survival modeling the common approach is semiparametric model merging parametric and nonparametric approaches (most popular Cox proportional hazards model). In semiparametric models only regression part is parametrically specified (interaction between processes) but the distribution function is unspecified (nonparametric approach). We assume that interval variable  $T$  means time to event. In Cox regression model time is modelled as hazard function:  $h(t) = h_0(t) \exp(a_1x_1 + \dots + a_kx_k)$ , where:  $h_0(t)$  - baseline hazard, and  $X_1, X_2, \dots, X_k$  - explanatory variables. Cox (1972) proposed also the partial likelihood method for estimation of semiparametric model. In this method the likelihood function is divided into two parts: first, including only parameters and second, including parameters, and hazard function. The basic assumption is proportionality assumption, means that hazard is proportional for each pair of individuals and this proportionality invariant in time. When this assumption is not fulfilled then the model becomes nonproportional hazard model by including interaction between variable  $X$  and time  $t$  (Blossfeld and Rohwer 2002).

The second type of estimated models is logistic regression model. Logit models are popular in default risk prognoses. Maximum likelihood method is used. Probability is specified as:  $P(Y=1) = 1 / (1 + \exp\{-(b_0 + b_1x_1 + \dots + b_kx_k)\})$ , where:  $P(Y=1)$  - dependent variable, probability of default,  $b_0$  - intercept,  $b_i$  for  $i = 1, 2, \dots, k$  - coefficients,  $X_i$  for  $i = 1, 2, \dots, k$  - independent variables (financial ratios).  $P(Y=1)$  takes value from  $\langle 0; 1 \rangle$ , where 0 means non-default, 1 means default. The smaller value closer to 0 the lower probability of default. In interpretation of results the most common is odds ratio value. This measure informs as higher/lower chances of default are where the value of independent variable changes about 1 unit. Logit model requires strict assumptions like: random sample with high number of observations, noncollinearity of explanatory variables and independent observations. Empirical analysis was based on the sample of small and medium enterprises (annual turnover above 3 mio EUR) from portfolio of one of the banks including 1,500 enterprises (500 defaults) with 4,300 FS from years 2001-2011. Logistic regression and Cox regression models were estimated. Comparison of both models based on AR, Gini, K-S statistics. The database was selected from one of the banks portfolio



supplemented by external data. FS from at least 3 months before default date were selected. The basic list of 21 financial ratios was specified. (see. list 1). Correlated ratios were deleted ( $r > 0,7$ ). Also ratios with low AUC were deleted ( $AUC < 0,2$ ). Training sample consisted of FS from 2001, “ 2008 with defaults from 2002, “ 2009. Validation sample was out-of-time sample including FS from 2009, “ 2011 and default from 2010, “ 2012. The final model was based on 9 financial ratios and two types of functions: logistic LOGIT and hazard (COXPH). List 1. Financial ratios: W1: current assets / short-term liabilities W2: current assets - inventory, “ short-term accruals / short-term liabilities W3: short-term investments / short-term liabilities W4: net working capital / net sales revenues x 360 W5: trade receivables / net sales revenues x 365 W6: long-term receivables + short-term receivables / total assets W7: inventory / net sales revenues x 365 W8: trade liabilities / net sales revenues x 365 W9: cash / net sales income x 365 W10: liabilities/ total liabilities + equity W11: own funds / total assets W12: long-term liabilities / own funds W13: liabilities/ own funds W14: net profit / interest + capital installments W15: net profit + tax / interest + capital installments W16: net profit + amortisation / interest + capital installments W17: net sales revenues, “ net profit, “ tax / net sales revenues W18: net profit / net sale revenues W19: net profit / total assets W20: net profit / own funds W21: log of total turnover

Results for logistic regression:  $\text{Logit}(Y) = -0.459 - 0.078 * W21 - 0.105 * W3 + 0.249 * W6 + 0.001 * W7 + 0.0002 * W8 - 2.745 * W11 + 0.020 * W13 - 0.002 * W14 - 5.716 * W18$  All estimates are economically justified. Variables: W21, W6, W7, W8 and W14 were statistically insignificant at the 0,1 significance level. The increase of AUC for validation sample was due to time frame of training sample covering the beginning of crises and problems with fx options, “ in such conditions the predictive abilities of the training model were lower. Validation sample covered defaults from further years of financial crises and the bankruptcies were more predictable. Results for Cox regression model:  $h(t) = h_0(t) \exp\{-0.202 * W21 - 0.827 * W3 + 0.473 * W6 - 0.0001 * W7 + 0.0005 * W8 - 2.716 * W11 + 0.0203 * W13 + 0.00007 * W14 - 3.783 * W18\}$  All signs are economically justified. Variables: W6, W7, W8 and W14 were statistically insignificant at the 0.1 significance level. For comparison of predictive power of both models see Table 2. Table 2. Comparison of predictive power (AUC) for estimated models,

	LOGIT	Sample:	0.793
Training sample:	0.757	Validation sample:	0.851
	COXPH	Sample:	0.780
Training sample:	0.737	Validation sample:	0.851

Results and Discussion Accuracy power of two types of classification models LOGIT and COXPH does not differ much. Differences are small and mostly due to different specifications of models: logit and hazard. In Cox regression model the logarithm of turnover was statistically significant. This variable was time varying. In logistic regression this variable was not significant. There are some reasons why it is preferred to use survival model instead of logistic regression despite small difference in accuracy power. Using survival models enables dynamic modelling. Other positive aspects are as follows: ,ç including censoring data, when the enterprise is eliminated from the sample due to other reasons than default (date of survey, change of Bank etc.), ,ç the observation period is not fixed and can vary among different enterprises, ,ç interval dependent variable measuring time to event follows the changes in time in hazard of default, ,ç dynamic prognoses of probability useful in strategy construction and credit policy, ,ç possibility of including changes in macroeconomic conditions (by including time varying variables). Concluding, event history analysis methods and techniques as alternative approach give wider possibilities of application of results in practice comparing to logistic approach.

*Reference list available upon request*



## **IDENTIFICATION OF FACTORS AFFECTING VALUE OF REAL ESTATE USING PRINCIPLE COMPONENT ANALYSIS**

Submission ID: 308

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### **Extended abstract**

Real estate plays a crucial role in the Indian economy. In India, it is the second largest employer after agriculture and is slated to grow approximately at 30% over the next decade. It is expected to touch 10,000 billion Indian Rupees by 2020. Property, defined as land and dwelling, is a high-value asset which is important for the living needs of humans. Value of real estate depends on various factors. Accurate real estate appraisal depends on correct analysis of these factors in relation with the value of real estate. Factor identification and analysis has been a part of research works related to engineering and technology, management, social sciences and is carried out using statistical or computing techniques. This study carries out a pilot survey to identify attributes contributing to real estate value for Pune city, India. Pune's proximity to Mumbai and the competitive & attractive prices as compared to prices in Mumbai city has attracted lot of investors. Overview of real estate sector in Pune shows that industries like IT, automobile, retail, food processing, hospitality; education can be considered as the key drivers for real estate growth. Pune is fast emerging as an infotech hub. Pune houses all the major IT players like Infosys, Wipro, Tech Mahindra, Capgemini to name a few. The IT industry employs a large number of qualified people increasing the overall demand for housing. Pune is known as the 'Detroit of India' due to presence of automobile industry units housing the labors and professionals. With the influx of professionals entering the city to meet the demands of the ever growing industries, fast changing consumer spending pattern has been witnessed. As a result, retail companies are finding it a potential market resulting into better and quality shopping complexes. Food and food processing industries have been growing around the city and Pune has been identified as one of the major fruit and vegetable cluster and is planning a mega food park. Pune invites large number of tourists per year. Growth in tourism sector has increased the occupancy rate around 50% increasing the demand for hospitality industry. A large number of new national and international hotels are coming up in Pune city. Hospitality industry being a service oriented industry; staff requirement is very high creating demand for properties. Pune has been established as an academic hub and popularly known as 'Oxford of the east' witnessing a massive influx of students coming in from all over the country and the world. All these drivers have been seen to have great impact on rising demand and increase in rates for real estate in Pune city. The key drivers are extrinsic factors affecting real estate value. The intrinsic factors are related to property characteristics. To study the exact effect of intrinsic factors related to real estate characteristics, a comprehensive statistical study needs to be carried out. In this study the attributes are listed and analyzed using principle component analysis. The intrinsic factors are identified based on literature review and they include built up area, future scope of development, nature of workmanship, structural condition, age of building, construction specifications, shape and margin of plot, locality, access road width, parking space, amenities, local and intercity transport facilities etc. These factors directly contribute to value of real estate. Analysing their share towards overall value is important. Extracting few highly important factors representing the total value of property is a necessity which can be accomplished by statistical study of the available data from questionnaire survey. Principal component analysis is a linear analysis technique that finds the most efficient representation of a data set in several dimensions. It is often employed in data representation and data compression tasks, where representing a large data set in a smaller number of dimensions may be desirable. In this study, the attributes are listed based on pilot survey carried out initially. Field experts are asked to rate the attributes on lickert scale depending upon their impact and contribution to the overall value of real estate during questionnaire survey. The data from questionnaire survey with

substantial sample size is organized in suitable format. Principal component analysis technique is used to process the obtained data. For this purpose, SPSS is used as a tool which is a comprehensive and flexible statistical analysis and data management solution. SPSS carries out effective reduction in factors giving the most effective factors among the set of factors under consideration. Principal component analysis helps identify major factors contributing to the value of real estate which can be further used to develop a model to predict value of real estate in Pune city with known data for these factors. Keywords: Value, real estate, principle component analysis, SPSS.

*Reference list available upon request*

## **THE ROLE OF PERCEIVED SOCIAL CLIMATE AND ORGANIZATIONAL CITIZENSHIP BEHAVIORS IN CREATING EMPLOYEES' INNOVATIVENESS. THE MEDIATING ROLE OF PERSON-ORGANIZATION FIT AND PERSON-TEAM FIT**

Submission ID: 311

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### **Extended abstract**

Purpose ,“ the purpose of the study presented in this article is to describe and explain the relationship between both: perceived social climate (PSC) and organizational citizenship behaviors of other employees (OCB) and innovative workplace behaviors (IWB) initiated and performed by employees. In the proposed model explaining the influence of PSC and OCB on creative activity in the workplace a “person-organization fit, and “person-team fit, (P-O/P-T Fit) construct was used ,“ as a mediator of the relationship.

Theoretical background ,“ the theoretical background of the empirical research was an assumption that initiating and effective performing of innovative behaviors in the workplace, defined as all the activities directed towards creating, implementing and/or effective application of beneficial “novelties, at any organizational level (Scott, Bruce, 1994; Yuan, Woodman, 2010; O. Janssen, 2000), are connected with social aspects: perceived social climate, citizenship behaviors, and also person-organization fit and person team fit. These variables should be included in the research model of innovation factors, because innovative activity has, besides individual, also social character: cooperation with others when working on a new idea, receiving social acceptance for it by presentation and promotion, receiving help from supervisors and co-workers when implementing a new solution. These activities reflect the socio-political perspective of innovation (Yuan, Woodman, 2010). Hence, a positive perceived social climate is particularly important for innovative behaviors. Within PSC an employee feels supported when implementing ideas, feels trusted and treated fair. Positive peer group, good relationship with supervisor, fruitful interpersonal exchange, management support and organizational integration are pointed out as significant elements of creative climate (Hunter, Bedell, Mumford, 2005; Ekvall, Isaken, 2010). When describing citizenship behaviors the following activities are chiefly important for employee innovativeness in the workplace: OCBIndividual, i.e.: helping, supporting team spirit and cooperation standards (Organ, P.M. Podsakoff,

S.B. MacKenzie, 2005). Research shows the OCB-individual relationship with innovative behaviors in the workplace (Xerri, Brunetto, 2013). Another variable studied in the research includes personorganization fit and person-team fit. Lack of this fit may result in a situation, where the employees,

who present even very high innovative potential do not achieve the set goals even though it is not caused by lack of possibilities to perform productive professional activities. It is important to include both complementary fit, i.e. adjusting employees’ resources (their competences) to task demands, e.g. creativity demand, which proves person-job fit, and supplementary fit, i.e. congruence of employees and organization in innovative goals, values and needs (person-organization fit and person-team fit). In particular, the second dimension presents the meaning of social aspects for undertaking innovative behaviors, because in the light of research on creative activity in the workplace organizational identification supports this creative activity (Jafri, 2010). Moreover, it is supported by organizational conditions, created by managers, which enable to fulfill the needs that motivate employees for creative activity: 1) needs to experience new and complex stimulation, 2) needs to communicate new ideas and values, 3) needs to solve problems (Franken, 2006). Studies indicate that person-organization fit is closely related with employee outcomes. They also show that high level of fit is translated into stronger tendency towards citizenship behaviors (Boon, den Hartog, Bonelie, Paauwe, 2011). The theoretical perspective, which allows for explaining the relation and influence of above mentioned variables on

innovative work behaviors is exchange theory (Blau, 1964). According to this theory, exchange processes are the result of motives that cause fulfillment of their needs. Therefore, innovative engagement could be considered in the context of mutual exchange of resources between employees (their time, engagement) and their employer, who has economical, psychological and social benefits. This theory allows to understand, why employees undertaking innovative behaviors expect rewards, adequate to their effort, including financial rewards (Ramamoorthy, Flood, Slattery, Sardesai, 2005), which are essential in regulating engagement based on a “transaction, . An important mechanism, which shapes employee innovative engagement is also their perception of the balance between their effort and received reward. This influences employees sense of obligation to be innovative. Obviously, this is not the only factor explaining innovative behaviors. Studies indicate that emotional engagement (Jafrii, 2010), based on organizational goals and values as well as internal motivation (Amabile, 2004) seem predicative for innovative activity and social identity theory (Tajfel, 1978) proves the significance of value and emotional attachment to the group.

*Design/methodology/approach* ,“ in order to confirm the research hypotheses quantitative studies were conducted with the use of some tools for measurement of variables. The IWB (dependent variable) was measured by R.F. Kleysen and Ch.T. Street questionnaire. PSC, OCB (independent variable) and P-O/P-T fit (dependent variable) and were measured by a tool developed by the author of this article. The research based on 246 anonymous questionnaires. The respondents, of managerial and non managerial positions, represented companies of various size and sectors. Structural equation model (SEM) was used in the process of statistical analysis.

*Findings* ,“ the research confirmed significant statistical relationship between innovative work behaviors and all studied variables: perceived social climate, organizational citizenship behaviors, person-organization fit/ person-team fit. On the basis of the analysis using structural equation model, it may be stated that the following factors influence innovative behaviors: perceived social climate and citizenship behaviors of other employees has indirect influence ,“ by personorganization and person-team fit.

*Practical implications* ,“ the research shows that “person-organization fit, construct as a variable explaining innovative effectiveness of individual in the workplace, and also variables of social character (PSC and OCB) is a useful perspective, which may allow to understand the factors determining the occurrence of innovative activity in organization and also to support creative behaviors within HRM. HRM practices are key both in adjusting competence to job demands, and in creating attitudes supporting innovative commitment/engagement of employees, all the more that generating, promoting and realizing innovative ideas for improvements are not the typical job of most employees and therefore identified as extrarole behaviors (Janssen, 2000).

*Originality/value* ,“ the combination of variables presented in the research model may explain the significance of chosen determinant of behaviors that are key from the perspective of the company’s effectiveness and competitiveness on the market. The results of this research enrich the knowledge in the area of relationships of innovation in the workplace with aspects of social functioning in the organization.

*Reference list available upon request*

## THE DISTRIBUTION OF POWER IN BUSINESS NETWORKS -RESULTS OF THE POLISH MARKET RESEARCH

Submission ID: 312

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### Extended abstract

Control / power in business networks is understood as a desire to obtain and use the most bargaining power. If control refers to the concept of economic power then it is worth considering what its impact is on other forms of market regulation. Power in the economy refers among others to three aspects: the situation on the market behaviour of businesses and the performance of the company on the market. Interdependencies between these aspects shape the dynamics of corporate behaviour. Conducive market structure of the industry allows to engage in activities that contribute to obtaining results desired by the company. The latter, in turn, makes it possible to change the market structure in a direction favourable for the company, which in this manner will strive to increase their power. Direction of the development of inter-organizational relationships depends largely on the objectives partners in the networks aim to achieve. Thus, determinants of the relationship can be divided into: a. Acceptability - there are certain principles of cooperation, what is acceptable and what is not b. Urgency- cooperation is different when partners work in a hurry, and otherwise when they can slowly and systematically strive towards set goals c. Intensity - when the parties assume that everything will end in a single transaction, they behave differently than when they think of a longer and closer cooperation. d. Distribution of power - power is the ability to influence the behaviour of others and in the case of an organization it may come from different sources[B. de Vit, R Mayer,2007] . In the literature of strategic management the most attention is paid to the impact of the distribution of power in inter-organizational relationships. The core assumptions of ontological and methodological article lie in the conviction that the distribution of power / control has a significant impact on the choice of relations with trading partners in business networks. In the current research, the paradigm of interpretative and symbolic, as well as critical were adopted (according to the classification of Burrell and Morgan), which in its assumptions accepts triangulation in its various dimensions. The project uses triangulation: theoretical - to identify the problem and to describe and explain the phenomena of applied theories of neoclassical and behavioural economics.methodological - qualitative and quantitative methods of data collection were used (factor analysis was applied)data - information on the determination of the distribution of economic power between the links of the supply chain and the impact of economic power on the relationship between the companies, come from managers and heads of departments of the selected companies operating on the Polish market. When examining the relationships in the supply chain it is essential to draw attention to the roles played by individual companies. The author of the article asked a few questions to which answers were sought, among others: 1. who plays the role of a leader in business networks? 2. if possession of power / control by one party in the supplier-recipient relationship does not preclude the existence of a partnership and cooperation? 3. who plays the role of a coordinator in business networks? 4. who has the most power in their hands, or perhaps the company that possesses the most power is both the coordinator and leader? 5. does intentional and proper use of power in business networks allow for greater integration of economic processes? For example, in the theory of enterprise dominance by Perroux [A. Noga, 2009] - the basic element is power (force), which plays an important role in coordinating the organization of the economy and which is in the hands of the State and to some varying degrees to the companies as well. Power comes not only from the structure of the market (share, honorary commendations on the market) or from competence and resources, but above all from various effects of influence, attraction, domination and absorption, which units (enterprises) may exert on other units and on the whole economy. The limit of an enterprise is the resistance to the powers of other enterprises. Going by this theory, we can say that every company strives to achieve the greatest strength (power) in the economy. What then is power between enterprises? Many terms and concepts in the science of management are borrowed from other areas of science

such as sociology or psychology that is why despite the lack of defining the concept of power on the basis of management studies this term is commonly used to describe the domination or control of one enterprise by another. The article attempts to formulate a new approach to management of business networks from the viewpoint of uneven distribution of power and lack of clear partnership between trading partners. Every relationship between companies is reflected by the oblique tendency to seize power or control over the business partner. The means of achieving a leading role will depend primarily on competence and experience. In traditional viewpoints, issues concerning business networks indicate that the source of competitive advantage is the ability to use instruments for managing business networks. The author of the work indicated that in addition to the traditional approach to business networks, an important causative factor to gaining a competitive advantage is the ability to take control of the partners, and its proper use, in order to acquire a leading role. Looking at the forms of market regulation on the Polish market some specific forms of economic power can be suggested. Conducted examinations concerned the attempt of 80 enterprises from different industries. The pair of forms of power "expertise and coercion" on the one hand shows the positive side of becoming involved with a trade partner, because we can use his skills and "knowledge of things" by learning something useful, on the other hand, it highlights the problem of subordination and dependence on another much stronger company. In the case of the next pair, which is the "power of formal and charisma" a company of lower status in the supply chain become involved with a stronger player because of the emotional attitude exuding from admiration, loyalty and devotion to a trading partner, and at the same time striving to formalize cooperation, by regulation it with rules and the contracts. The third pair "coercion and formal power" is typical for companies that are in a typical system of leader and subordinate company, often typical for relationships prevailing in the automotive industry. The situation is similar when it comes to forms of power "coercion and reward", except that the relationship between partners in the supply chain will be marked more by control than cooperation. The fifth pair is "charismatic and expert knowledge" in which, despite the absence of negative responses to the use of power, the dominating company in a natural way enforces it. This power is higher, the more the subordinate companies are convinced of the fact that in some way they may benefit from the experience and wisdom of the trading partner.

*Reference list available upon request*



## DEVELOPING ENTREPRENEURIAL SPIRIT AMONG INDIAN YOUTH

Submission ID: 313

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### Extended abstract

India is an emerging economy and has a potential to achieve many milestones on various fronts in the near future. It is a giant nation in dormant stage waiting to gain the status of a 'developed nation'. But all this is possible with economic development and if the growing young youth energy is channelized in nation's growth. Various initiatives have been taken to continue India's growth without getting affected by the economic downturns. The initiatives include instilling entrepreneurial spirit in Indian youth by the various agencies, institutions and different entrepreneurial cell's. According to Bhaskar Chakravorti, a senior lecturer of business administration at Harvard Business School, "Whatever the headlines predict these days, there may still be good news for entrepreneurs. Many successful products, services, and pivotal ideas have been launched during an economic lull, citing the examples of Motorola, Southwest Airlines, Revlon cosmetics, Hewlett-Packard, and MTV, . He further adds, "The entrepreneurs who can capture the limited resources have the potential to do well. Shortage and adversity are powerful stimuli for focusing the mind., The efforts have been taken by some of the premier institutions in India to provide the seed money to the innovative business plans for implementing the unique ideas in germination stage. These initiatives have resulted in growth of some new entrepreneurial businesses among youth and infused confidence and further promoted this spirit. Now more and more youngsters are taking such bold steps without worrying about the risk associated. Recently with similar purpose, Cisco Systems Inc. has collaborated with Small Industries Development Bank of India (SIDBI) and also with Tiruchirappalli Regional Engineering College-Science and Technology Entrepreneurs Park (TRECSTEP), which basically is a Science and technology Entrepreneurs Park meant to encourage the information and communications technology (ICT) entrepreneurship and innovation in the country. Such programmes nurture the entrepreneurship environment in the country along with enabling contributions from small businesses to India's overall economic growth. The major contribution in the country's economic growth so far has been the start-ups in IT and ITeS sectors. Along with the industrial giants many state government have taken firm measures to promote entrepreneurship in the Nation. This same initiative needs to be further percolated to the similar, 'B'-towns in India. According to Wikipedia, "Nagpur is the largest city in central India and the winter capital of the state of Maharashtra. According to a survey by ABP News-Ipsos, Nagpur has been identified as the best city in India by topping the liveability, greenery, public transport, and health care indices. Nagpur has the best literacy rate, 93.13%, among cities with more than 20 lacs population in India, . Central Institute of Business Management Research & Development CIBMRD, a management college in Nagpur has taken first step forward in infusing the entrepreneurial spirit in management students. The problem formulation of the research paper is to initiate entrepreneurial spirit among young student. This paper deals with micro steps taken by this college such as conducting a two day workshop on developing entrepreneurial skills and organizing an education trip. These efforts are to boldly instill this entrepreneurial spirit in the students by hosting a competition for best business plan within the boundaries of university guidelines. This paper is an attempt to understand various measures taken by the college for introducing entrepreneurship to management students. Though there has been considerable debate regarding utility of entrepreneurship. Every student in a college is studying with the learning motive and would like to develop managerial skills. This paper will focus on the attempt made by college for up gradation of their student's skill set. The measures were adopted in various stages for the development of entrepreneurship in students. Initially the training was imparted to all the eighty students and formed the sample. In the second stage the students were given time to choose new product and develop a business plan based on the same. As per the requirement the students were taken on an education trip with specific reference to entrepreneurship. Finally the students made group presentations on various business plans. In the

end the paper will also throw light on specific business plans developed by the students. The paper will also compare the initiative taken by other college on entrepreneurial spirit. A survey for management Institutes will be undertaken to address the initiative take by the other colleges. The issues addressed in this paper makes it relevant to the conference theme as well, ie. Globalization and the Convergence of Creativity, Innovation and Entrepreneurship. The essence of a country's growth is the proficiency developed by young students.

*Reference list available upon request*

## CO-OPERATIVE BANKING SECTOR IN THE ERA OF GLOBALIZATION

Submission ID: 321

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### Extended abstract

India has basically an agrarian economy with about 60 percent of its population residing in rural areas. Cooperative banking structure has a unique position in the rural credit delivery system in India. Though significant efforts have been made by commercial banks and rural banks but cooperative banks still continue to enjoy an important place in the rural credit scenario of the country. The rural people need lot of services in daily life which can be met by village cooperative societies. But, now-a-days customers require latest services for which cooperative banks are far behind to other banks. Cooperatives can play an active role in the developing countries like India.

**INTRODUCTION** Indian economy has emerged as one of the fastest growing economies in the world. The history of every developed country reveals that every developing economy has to develop agriculture first before becoming industrially developed (Malik, 2000). Though institutional agricultural credit increased manifold to free the farmers from the clutches of private money lenders. Cooperative banks lost their dominant position and credit share of the cooperatives in agriculture has slipped down to 17 percent in 2011-12 from 53 percent in 1988-89 (Economic Survey, 2012-13). There is no significant reduction in the Gross NPA and its percentage to total advances of urban cooperative banks which shows inefficiency of these banks. Due to various reasons, the financial health of this sector has deteriorated over the years and has reached a stage where it is struggling to survive. Several committees have stressed the need for major role of cooperatives in providing credit and allied services in the rural sector. Moreover, Indian agriculture is dominated by small and marginal farmers (cultivating average size of farms of one hectare or less). These farmers have easy access to the cooperative banks and these cooperatives can play active role to meet their demands. Farmers are forced to depend on outside sources of finance for meeting their essential needs. As a result, most of them are heavily involved in debts and cannot afford to spend money for making improvements in land (Sahu & Rajshekhar, 2000). They are obliged to sell their produce to the latter at reduced prices or they have to sell in the market immediately after the harvest when the prices or crops are usually the lowest in order to meet the demand of the Mahajans for repayment. Though the share of cooperatives in agricultural credit has declined, its share in total number of agricultural accounts held by the banking system is substantial. Cooperatives provided agricultural credit to 3.09 crore farmers during 2011-12 compared to only 2.55 crore farmers by Commercial Banks and 82 lakhs by the RRBs (RBI, 2013). Cooperatives can play an active role in the developing countries like India where only 40 percent population has bank accounts. The current status of cooperative reflects both a threat and an opportunity. It is threat because cooperatives need a combination of new technologies and better processes of credit and risk appraisal. The need of the hour for the cooperative sector in the era of liberalized environment is to seize every opportunity available to it. Now-a-days customers require RTGS/NEFT services vis-à-vis internal banking, mobile banking and ATM services for which the cooperative banks are far behind to other banks. It is therefore, necessary to know the causes of poor performance of the movement and steps to be taken for its faster growth. Attempt has been made in this paper to identify the challenges for cooperative banks, choice of farmers about the credit agency and expectations of farmers about the credit facilities.

**OBJECTIVES** To identify challenges for cooperative banks in the era of liberalized environment. To find out the choice of farmers about the credit agency To know the reasons for choice of credit agency To find out the expectations of farmers about the credit facilities

**RESEARCH METHODOLOGY** The study is confined to 320 borrowing farmers of Haryana State applying, 'Multi-stage Stratified Random Sampling Technique'. In order to make the sample analytical, more purposeful and representative of borrowing farmers, they were grouped into four categories as marginal farmers, small, medium and large farmers. Efforts have been made to choose samples from each of the above category. The primary data has been collected through

questionnaires filled by the loanee-farmers of the State which included both open ended and close ended questions. The collected primary data has been analyzed by using various statistical techniques such as t-test, F-test, chi-square, Factor analysis etc. MAJOR FINDINGS Customers require latest services such as RTGS/NEFT, internal banking, mobile banking etc. for which cooperative banks are far behind to other banks. Cooperative society ranked first as it is considered by the farmers as the most convenient institutional credit agency. Nationalized banks ranked second followed by Land Development Banks and Private Banks. The study shows that ,~low interest' is first reason for choosing cooperave society as best agency followed by ,~quick service'. ,~Nearness' is found the next reason followed by ,~Surety of geHng the full amount of loan'. ,~Simplified procedure' has been ranked the first expectation as the farmers are unable to get the loans in Eme due to complicated procedure and formaliees. ,~Provision of quick service' ranked as the second expectation because if the loan is received late, it cannot be utilized properly and do not serve the intended purpose.

*Reference list available upon request*

## PLATFORM-DRIVEN BANKING INNOVATIONS

Submission ID: 332

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### Extended abstract

Problem: What specific innovation management problem does the submission focus on? The ICT have inspired a revolution in the financial services sector that has radically changed the way that banking services are delivered. This development, referred to as Internet or Digital banking (henceforth, DB), has enabled customers to complete their financial activities in a cost-effective and efficient manner at any time, regardless of their physical location. Digital banking also allows bank customers to engage in a vast array of financial services such as paying bills, checking account information, transferring funds, and utilizing investment and check services through bank websites. Open innovation processes cross the boundaries of financial organizational units and organizations and involve new types of players and business models in innovation digital banking activities (Parker, and Van Alstyne, 2009). Open innovation, thus, expands the solution to digital virtual space for new products and processes, services and solutions. Open innovation intermediaries, "digital platforms - facilitate and support those processes in a network environment. They provide users with new digital channels of communication, web 1.0/2.0/3.0 tools for open innovation such as innovation social communities, toolkits or innovation digital marketplaces. While the phenomenon of open innovation, its central actors, the specific processes, projects, and products has been investigated for more than a decade, the design and management of the underlying platforms have received much less attention until now. The paper considers Multi-Sided Banking Platforms (henceforth, MBPs) as the basis for platform-driven digital banking innovations. MBPs include different organizations in finance, banking and other industries such as debit and credit card payment schemes which cater to cardholders and merchants (American Express, Visa, MasterCard), stock markets which cater to companies wishing to list and to investors/traders (through brokers), financial intermediations, insurance, securities, online and mobile banks, e-auctions, e-shops, social services, e-payment services in their current. MBPs have become the centerpiece of collaborative value creation in Financial Platform Ecosystems (FPE). FPE co-create the platform's value proposition and support its market adoption as the more complementors join the ecosystem to supply complementarities, the more valuable the platform becomes to consumers due to a greater variety of choice. This poses new requirements on managing innovation in open platform environments. We need understanding to guide platform owners in directing external innovational efforts in cooperative platform ecosystems to co-create and deliver value while ensuring the overall quality, reliability and consistency of the whole solution. Based on the challenges platform ecosystems place on innovation management, this paper explores and categorizes types of innovation MBP, types of control mechanisms leading MBP owners have implemented to steer external complementary innovation efforts. From that an overall platform-based innovation management process is developed. Current understanding: What is known about this problem, who and how has it been tackled before? A systematic review of research articles published on the MBP, DB and innovation digital financial services shows that interest in the topic has grown significantly last years, and remains a productive area for academic research into the next decade. Internet and mobile technologies provide better opportunities for companies to establish distinctive strategic positioning than did previous generations of ICT (Porter, 2001; Peitz, and Waldfogel, 2012). By making the overall industry more efficient, the Internet and mobile technologies can expand the size of the market. ICT progress in corporate finance and banking has multiple dimensions. Although product innovation and process innovation are crucial elements of technological change, improvements in the organization of financial intermediaries and financial networks also have been important. We agree with (Mention, 2011; Mention and Torkkeli, 2012) that the concept of "financial innovation, can be defined as making and promoting new financial products and services, developing new processes to facilitate financial activities, to interact with customers and to design new structures for financial institutions. The conceptual classification of MBPs and qualitative analysis of secondary data resources presented in this paper aims to collect

and analyze quality data regarding the current status and prospective evolution of e-finance services offered by Global leading e-business and banking companies that are running businesses in the e-business sector. The analysis proposes classification and examination of the current status of MSFPs, and possible ways of further evolution of e-finance technology and services both for the banks and their customers. MBPs include different organizations in finance, banking and other industries such as debit and credit card payment schemes which cater to cardholders and merchants (American Express, Visa, MasterCard), stock markets which cater to companies wishing to list and to investors/traders (through brokers), financial intermediations, insurance, securities, online and mobile banks, auctions, shops, social services, e-payment services in their current. For emerging market's financial MSPs the main threat is disintermediation: by replicating the platform side services, rivals may be able to clone the platform itself and compete with it. Terms two-sided market, multi-sided market, and platform-based market are used sometime inter-changeably. We shall use such definition (Hagiu, and Wright, 2011): a multi-sided market exists, when at any point in time there are ,“ two or more distinct groups of customers; ,“ the value obtained by one kind of customers increases with the number of the other kind of customers; and ,“ an intermediary is necessary for internalizing the externalities created by one group for the other group. It is suitable to think about multi-sided platforms as businesses which are both platforms and market intermediaries. We consider the following types of intermediaries in multi-sided markets (Evans & Schmalensee, 2007): - Exchanges; - Advertiser-supported media; - Transaction systems; - Software platforms; - Financial services and products. Literature reviews in the broader area of ,~plaDorm innovation', i.e. the research streams on open innovation, platform leadership, network economics and value nets as well as on analyzing the processes and control mechanisms platform owners have implemented to steer external complementary innovational efforts within the context of their platform leadership strategy (Scholten, and Scholten, 2012). Research question: What is the submission's goal? The goal of our research is to investigate the types of platform-driven financial platform innovations and the requirements on managing innovation in financial platform environments. For that reason we develop the typology of platform-driven financial innovations and the research framework. Research design: How precisely & in detail was the study/work executed, describe the methodology/approach. Our research approach was principally deductive and relied upon mutually reinforcing methods to build our understanding of innovations in financial platform markets. To ground our analysis in prior strategy, digital economy and e-financial literature, we assembled a database of papers on financial platforms and data from Thomson Reuters ADVANCED ANALYTICS, Thomson Reuters DATASTREAM, Thomson Reuters EIKON that covers all the major financial markets ,“ equity, fixed income, commodities, foreign exchange, including pricing data, financial research, global financial news and commentary, financial estimates, fundamentals analysis, and visual analysis through charting. Next, we developed a repository of case study data to populate our typology with examples and to stress test our framework. Below, in our paper we describe these efforts. The scope of our research is global economy and a large emerging economy, namely Russia. Findings: What are the main outcomes and results? We clarify the definition of multi-sided platform (Hagiu, and Wright, 2011) for MBPs in context of our paper by requiring that they enable direct interactions between the multiple customer types which are affiliated to them: Multi-sided Banking Platform (MBP) is a financial or not financial organization that creates value primarily by enabling direct interactions between two (or more) distinct types of affiliated customers that are using e-banking products and/or services. MBP can increase downstream innovation by optimally controlling openness, bundling & time to compete with partners. MBPs include different organizations in banking and other industries such as debit and credit card payment schemes which cater to cardholders and merchants (American Express, Visa, MasterCard), stock markets which cater to companies wishing to list and to investors/traders (through brokers), financial intermediations, insurance, securities, online and mobile banks, auctions, shops, social services, epayment services (PayPal etc.) in their current forms. For emerging market's MBPs the main threat is disintermediation: by replicating the platform side services, rivals may be able to clone the

platform itself and compete with it directly (Yablonsky, 2014, ab). The driving force behind multi-sided markets and platforms is the need to induce coordination among two or more groups of affiliated customers, and what they coordinate on is precisely a fixed point in the architecture of transactions in which they collectively. That fixed point may be a particular financial service, for example the Visa payment-processing service, which both issues cards to consumers and approves transactions on behalf of merchants. Finally, all platforms of services or products exhibit tensions between platform owners and complimentary. These tensions are variously expressed. Non-financial platforms (for example, crowd funding) are starting competition with some types of MBPs. MBP requires a significant shift in the prevailing mindset among managers in the financial industry as well as just about high other industry with any information content. The differences violate the assumptions that most managers are trained to make, particularly about ownership and control. And they take away the tools and frameworks that help conventional firms/banks prosper. The main reasons for this are summarized. Financial digital product competition is migrating to platform competition. Competition is increasingly shifting away from product against product or service against service toward platform against platform. This means that having a superior standalone product/service does not guarantee market success against an inferior product with a more powerful innovative ecosystem . We develop platform-driven financial innovations framework that includes – Platform digital channels: mobile, online, social. - Platform-based digital products: data, information, knowledge, management (analytics, measurements, security), servicing, banking, payments, offers. - Platform-based organizations. - Platform-based innovation management. MBP forms the basis for platform-driven banking innovations. MBP's innovation greatest impact has been to enable the reconfiguration of existing corporate finance and banking industries that had been constrained by high costs for communicating, gathering information, or accomplishing transactions. MBP's innovation has influenced creation of some new business models such as, for example, crowd funding, on-line banking etc. MBPs eliminate powerful channels and improve bargaining power of industry structure. The role of financial intermediaries (MBPs) is to: - minimize transaction costs through matchmaking and audience making; - minimize costs through the elimination of duplication; - permit value-creating exchanges that would not take place otherwise; - create sustainable competitive advantage, which allows a company to outperform the average competitor; - enforce innovation. We formulate the advantages and disadvantages of platform-driven financial innovations, and create categorization ontology based model of MBP.

*Reference list available upon request*