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Professional · Creative
For The World

The human resource

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FEATURES

CORPORATE

City Business Magazine takes a fresh look at breaking global business issues with an East Asia perspective. We showcase the achievements of our faculty, students, alumni and distinguished guests. Established in 2014, we publish twice a year in English and Chinese, and reach some 50,000 alumni, international partners, and corporate stakeholders in hard and soft copy.

ADDRESS
City Business Magazine
12/F, Lau Ming Wai Academic Building,
City University of Hong Kong,
Tat Chee Avenue, Kowloon Tong, Hong Kong
Phone: +852 3442 2266
Email: cbmagazine@cityu.edu.hk

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https://www.cb.cityu.edu.hk/About-the-College/City-Business-Magazine

The human resource

Imagining, innovating, sharing, arguing, supporting, criticising – wherever we look, we are busy at work in our unpredictable ways, more "human" than "resource." Meanwhile, automated processes are ticking away in the background, placing a question mark against our future relationship with technology and work.

In *The human resource* we put the accent back on "the human." We investigate how people can shape management practice, building a more equitable, innovative, and cooperative world in the process. We kick off with a big-picture view by Professor Jane Lu, Head of the Department of Management, who takes a critical look at the types of business research that we are doing – and how academics may be indirectly contributing to societal inequality.

Innovation is seen as one of the biggest drivers of the economy, and industrial or science parks have often been viewed as a likely catalyst. Here perhaps the "innovation in the air" may translate to achieving "results on the ground." But *Do industrial clusters drive innovation?* Professor Muammer Ozer examines the track record, and reveals some surprising results.

Strategic partnerships offer another way of fast-forwarding the innovation process, but these alliances come with certain risks. In *Attacking your partners*, Professor Haibin Yang asks whether high-stakes exploratory alliances may actually increase the likelihood of competition between partner firms?

The founders of family businesses have an altogether different preoccupation – protecting the family succession. In *Family first*, Professor Jane Lu describes how controllers of family businesses attempt to project their "socioemotional wealth" into the next generation.

The COVID-19 episode has thrown a big question mark over *where* we will work in the future, with the traditional office looking to take a big hit. But perhaps an intermediate solution will prove popular? Dr Yoojung Ahn looks at *Coworking spaces and resource sharing* and at how knowledge, resources and even emotional support can flow in unpredictable ways across these shared spaces.

In modern organisations with flat management hierarchies, innovation from below is much in vogue, and employees are encouraged to invest themselves fully in their jobs. Taking a psychological perspective, *It's mine!* by Dr Melody Zhang, investigates whether there is a potential downside to over-commitment at work.

We humans are sensitive creatures and people are often weary of providing negative feedback for fear of upsetting others. In *Delivering critical feedback to your people* Dr Chak-fu Lam discusses how managers can do just that. He describes six steps to delivering a difficult conversation directly and respectfully at the same time.

I am delighted to introduce this colourful issue of City Business Magazine – and am especially pleased to see the innovative use of art that is being integrated into the magazine's strategy.

I hope you enjoy this varied exploration into the way in which we – as a human resource in the widest sense – are situated in the contemporary workplace and society.

Frank Chen
Dean

The art of business

Great art opens minds. Great business open doors.

The role of people in business is shifting from routines to creativity.

In the near future, the USP for humanity will be what we imagine and innovate.

We can already see that the accountancy, management, marketing and other business professions are undergoing dramatic change. Routine work is rapidly being taken up by AI and robotic process automation. This implies a shift is taking place from left-brained routines to right-brained creativity.

City Business Magazine works in partnership with artists locally and worldwide to celebrate our creative future. If you would like to help unleash creativity in the business world, please contact us at: cbmagazine@cityu.edu.hk

The human resource is illustrated by **Camilla Zanzanaini**, visual storyteller, innovation researcher and strategist, with field experience in over ten countries across five continents.

On the centre pages

The World Map (2014)
by Camilla Zanzanaini
Acrylic on canvas, 70x100cm

The World Map featured on the centre pages is a tribute to the diversity of cultures and forms of nature on our planet. From the majestic waterfalls of Iguazu in Brazil and Victoria in Zimbabwe, to the Trans-Siberian Railway that cuts across Russia and Central Asia, to well-known landmarks such as the Taj Mahal, the Golden Gate Bridge and even the skyline of Hong Kong. Follow the arrows that showcase the migration routes of certain species such as the Loggerhead Turtle and the Arctic Tern.

"Travelling has always been a great love and source of inspiration for me and painting this piece felt like doing a personal world tour. Each region took observing numerous photographs and hours working on minute details. It reminds me of one of my favourite quotes by Alexander Solzhenitsyn: 'Own only what you can always carry with you: know languages, know countries, know people. Let your memory be your travel bag'."

If you would like to order a print of the map, Camilla Zanzanaini can be contacted on LinkedIn.

We welcome Dean Frank Chen

We welcome Professor Frank Youhua Chen, who took up the reins as Dean of the College of Business on 1 July 2020. Frank Chen is Chair Professor in the Department of Management Sciences, and served as Acting Head and then Head of the Department of Management Sciences from January 2013 to 30 June 2020.

Professor Chen's current research projects span healthcare and service systems, logistics/supply chains, and machine learning applications in operations. He is in charge of "HomAge: Home-based Aging for Transformative Community Care," a large project sponsored by the Bank of China (Hong Kong). HomAge is also a strategic collaboration with the Jockey Club School of Public Health and Primary Care, the Chinese University of Hong Kong, and a number of other social service organisations and medical service providers. The project aims to transform the ecology of institutional elderly care and centre-based health management to an actualisation of aging-in-place with sufficient quality homecare support.

In a previous healthcare project, Professor Chen was the Principal Investigator for CityU's first Theme-based Research Scheme, "Delivering 21st Century Healthcare in Hong Kong - Building a Quality-and-Efficiency Driven System." The project was a trail-blazer in adopting business services innovation as an approach in studying health related issues.

Other projects that have recently attracted funding include "Theoretical Foundations of Contemporary Logistics Management for Harmonized Development of Economy, Society and Environment," a Major Project of the National Natural Science Foundation of China; "On a Random Yield Problem with Nonzero Leadtimes," and "New and Short-life-cycle Product Procurement Decisions: Machine Learning and Risk Control," both Hong Kong RGC Earmarked Research Grants.

Professor Chen's recent research has covered topics such as inventory and revenue management; sustainability in operations; applications of machine learning in operations management and integrated elderly care; and clinical appointment scheduling. He has published widely in leading journals such as Operations Research, Production and Operations Management, and Management Science.

Prior to joining City University of Hong Kong, Professor Chen served on the faculty of the Department of Systems Engineering and Engineering Management, the Chinese University of Hong Kong (2001-2012), and the NUS Business School, National University of Singapore (1997-2001).

Professor Chen holds a Doctoral Degree in Management from the University of Toronto, a Master's Degree in Economics from the University of Waterloo, and a Bachelor's Degree in Engineering from Tsinghua University.

Farewell to the Deanship of Houmin Yan

After completing two whirlwind terms in office, and serving as Acting Dean for a further 18 months, Professor Houmin Yan's Deanship came to a close at the end of June. Driven by a new strategic vision, Professor Yan's long and eventful tenure saw new programmes launched, partnerships forged, research centres established, and ground-breaking interdisciplinary research projects introduced. Altogether, Professor Yan's watch has been an extraordinarily productive and fruitful one for the College of Business.

From the very start it was clear that Professor Yan's vision was for a College rich in collegiate character. The City Seminar series was established to explore the wellsprings of wisdom and discuss diverse fields of knowledge. Some 33 seminars later the series has borne a rich and varied fruit. A multitude of themes have been introduced by lively and informative speakers to appreciative audiences across the spectrum of College stakeholders.

Professor Yan's tenure placed the College at the centre of a veritable ferment of international programme initiatives. CB forged collaborations with leading institutions such as National Taiwan University, Columbia University and Tsinghua University – but curriculum renewal didn't stop there. Professor Yan followed "The road less travelled" in initiating major restructurings of our flagship programmes such as the BBA, as well as introducing the elite BSc Computational Finance and Financial Technology and BBA Global Business programmes, and a revamped MBA, all of which have helped attract more top-class students to CityU.

Over the years, the College has played a full part in international affairs, co-organising along with the University the UNECE International Forum on people-first PPPs for Sustainable Development Goals. Building on the United Nations connection, in June 2017, the College delivered its first PPP training for business executives at the UN Headquarters in Geneva. In 2018, a growing interest in Public-private partnerships along the Belt and Road saw the College join hands with the School of Public Policy and Management of Tsinghua University to launch Asia's first EMBA + MPA programme. And in January 2019, Professor Yan was invited to speak at the Third Belt and Road Forum, as part of the World Economic Forum held in Davos, Switzerland.

We express our profound thanks to Professor Yan for his massive contribution to the success of the College over the past seven years, and look forward to his continuing input as Chair Professor in the Department of Management Sciences.

How firms contribute to societal economic inequality

By Professor Jane Lu

***Professor Jane Lu**, Head and Chair Professor of the Department of Management, argues that scholars need to put a human face on the victims of inequality, and urges researchers to focus on the role of organisations in producing societal inequality. This article is an excerpt from "Value Creation, Appropriation, and Distribution: How Firms Contribute to Societal Economic Inequality," by Bapuji, H; Husted, BW; Lu, J; Mir, R, which was the lead article of a special issue of Business & Society, with the theme Business, Society, and Economic Inequality, published in 2018.*

> **Organisations – and by extension organisational researchers – have fallen short in value distribution to various stakeholders, and thus have contributed to the current high levels of economic inequality.**

In this article, we contend that the underlying issues of economic inequality remain salient to business and society, and we as organisational researchers ignore them at our own peril. Modern firms have achieved an enormous success in creating economic wealth, and organisational researchers have aided in it by studying value creation and appropriation. However, organisations – and by extension organisational researchers – have fallen short in value distribution to various stakeholders, and thus have contributed to the current high levels of economic inequality.

Scholars are complicit in the production of inequality

> **We have undoubtedly become complicit in the production of inequality – highlighting the beneficial effects of globalisation without paying similar attention to local labour markets, examining falling unionisation without studying its negative impact on wages and work conditions, and analysing growth without paying attention to its distributional skews.**

Implicating organisational scholars for the corrosive levels of economic inequality might sound harsh, but we have undoubtedly become complicit in the production of inequality because of the choices we make about the issues that we study and ignore; for example, highlighting the beneficial effects of globalisation without paying similar attention to local labour markets, examining falling unionisation without studying its negative impact on wages and work conditions, and analysing growth without paying attention to its distributional skews. In the continuum of individual-organisation-society, organisational scholars have paid more attention to the first link than the second; focusing more on the role of individuals and firms in value creation and appropriation, while overlooking the role of

society in the same. Similarly, organisational scholars have studied the distributional benefits of firm profits to shareholders and executives, but have rarely studied the claims of society and the state, and the benefits that can accrue to corporations by sharing profits with them.

Firms are credited with value creation as if they are solo actors operating in a vacuum

At the level of value creation, the contributions of individuals at the lower end of the power equation end up being ignored in a systematic way.

Inequality impacts organisations at all three levels of the value paradigm. At the level of value creation, the contributions of individuals at the lower end of the power equation end up being ignored in a systematic way. We are conditioned by the orthodoxies of our field to argue that value is created by the upper echelons of the firm, with lower rungs of organisations providing nothing but a support role. Often, the micro processes by which knowledge seeps into firms are ignored and elided by researchers. A firm that operates in multiple geographic and institutional environments, uses a variety of vendors and contractors, incorporates a plethora of foreign and indigenous modes of operations into its own routines but ends up being credited with its value creation as if it was a solo actor operating in a vacuum. Apple is a case in point. At the intra-firm level, credit for value creation and appropriation is arrogated to the top management, which of course sets the stage for unequal compensation practices, the representation of lower level workers as dispensable and contingent sources of undercompensated labour, and the sedimentation of the idea that firms that create and appropriate value do not need to give back to the context that made this value creation possible. As organisational scholars, we need to reflect on the importance we place on the role of top managers in firm performance, and whether the same is justified.

Products are delinked from the conditions under which they are produced

A beautiful handbag or smartphone is best sold when it can be linked to a pleasant user experience, which means that it must not be associated with the conditions under which it was produced.

Likewise, value distribution to the providers of capital is actively encouraged through a regime of property rights and regulations. Regimes of taxation get represented as unjust demands on a firm, customers are made to pay inflated prices through opaque forms of value representation that in turn obscure the often exploitative conditions under which production occurs and the acquisition of public resources through regimes of accumulation by dispossession is ignored while calculating the cost of production. The fetishisation of exchange value is accomplished by delinking products from the conditions under which they were produced. A beautiful handbag or smartphone is best sold when it can be linked to a pleasant user experience, which means that it must not be associated with the conditions under which it was produced, the wages earned by the workers who produced it, or the environmental impact of the factories where it was produced. Firms route their sales through tax havens to take advantage of arbitrage opportunities offered by their spatial spread, maximise their accumulative powers at the expense of social claimants such as governments, and locate polluting production facilities in countries with lax environmental protocols, thereby maximising their value appropriation, and reducing the ability of governance mechanisms to police and allocate appropriate costs to their actions.

Researchers eschew the corporate role in fostering inequality

It remains a powerful indictment of our field that organisational researchers have been relatively silent on the effect of firms on the societies in which they operate.

To make the value creation and appropriation actions of corporations accountable to the societies in which they operate, organisational researchers need to study these phenomena comprehensively, and from the perspectives of all stakeholders. But, it remains a powerful indictment of our field that organisational researchers have been relatively silent on the effect of firms on the societies in which they operate, and the role of firms in value creation and distribution by firms. For example, management research has studied firm actions relating to compensation, training, vertical integration, outsourcing, and offshoring – all of which have an effect on economic inequality, but have rarely viewed these actions through the lens of their distributional consequences for societal wellbeing. Research in human resource management and organisational behaviour has been concerned about wage dispersion and its consequences within the firm, but rarely examines its broader social consequences beyond the firm. Similarly, the literature and research on corporate social responsibility has, at best, offered only marginal treatments of income distribution. Issues related to living wages, fair trade, and poverty have occasionally been explored, but questions about the broader corporate role in fostering inequality remain unanswered. In fact, research on phenomena such as "the base of the pyramid" has often deployed poverty as an opportunity, suggesting micro-strategies for firms to extract further value from the poor, with scarce consideration for the welfare of those who they seek to transform into consumers.

Organisational researchers need to study value distribution to all stakeholders

Organisational researchers need to study value distribution and its consequences. Currently, value distribution is skewed heavily toward capital market stakeholders of the firm, principally shareholders.

In addition to focusing on the role of society and government in value creation and appropriation, organisational researchers need to study value distribution and its consequences. Currently, value distribution is skewed heavily toward capital market stakeholders of the firm, principally shareholders (and peripherally, holders of debt). The logic of the shareholder being the residual claimant of the organisation is adopted to squeeze value out of the "supply chain," a denatured term that functions to obfuscate the reality that this chain comprises humans whose livelihood is compromised and whose misery is exacerbated by reduced compensation. So, suppliers are short-changed, employees are downsized, governments starved of tax revenues, all in favour of the shareholder, who benefits doubly, first from increased dividend payouts and then from capital gains that accrue when firms are rewarded for such behaviour by increased market capitalisation.

Putting a human face on the victims of inequality

It is important that organisational scholars put a human face to the victims of such inequities, and to make some bold statements: inequality leads to misery among its victims.

It is important that organisational scholars put a human face to the victims of such inequities, and to make some bold statements: inequality leads to misery among its victims. It makes people physically and mentally sick, it increases crime, reduces life expectancy, and substantially reduces the quality of life among those at the receiving end of unequal relations. The problems of inequality are not confined to absolute socioeconomic status, but relative status as well. For example, the fact that the poor of developed nations are better off than the poor in far-flung parts of the world does not reduce their misery. Likewise, an unequal society affects not just the poor but all sections of society. And as researchers of firms, we need to be cognisant of the increased role played by firms in fostering this inequality and in undermining institutions of social welfare.

The neoliberal turn in the world economy risks undermining the social compact

The neoliberal turn in the world economy over the past few years risks undermining a social compact several decades in the making.

We have alluded in this article to the potential of skewed distribution to endanger future value creation and appropriation, via decreased human development and poor institutional infrastructure. But, recent events in the macrosocial realm show that those consequences need not manifest in such a linear fashion. For example, election of protectionist/nationalist governments is one way in which unequal distribution can have disruptive consequences for organisations. Similarly, protest movements and the resultant support for alternative organisational forms can seriously undermine the ability of firms to create and appropriate value. The neoliberal turn in the world economy over the past few years risks undermining a social compact several decades in the making.

There is a need to focus on the relationship between business and society

In sum, to better understand the role of organisations in societal inequality, as well as to examine the detrimental consequences of inequality to organisations, organisational researchers need to carefully focus on the relationship between business and society. To achieve this, we suggest that organisational scholars study (i) the role of society and governments in value creation and appropriation, (ii) the claims of government and society to value distribution, and (iii) the consequences of skewed value distribution to firms and societies, in the form of reduced opportunities for future value creation and appropriation, as well as in the form of lower human development.

Professor Jane Lu
Head and Chair Professor
Department of Management

Do industrial clusters drive innovation?

By Professor Muammer Ozer

***Professor Muammer Ozer**, Director of the Doctor of Business Administration (DBA) programme and Professor of Management, challenges the notion that industrial clusters necessarily promote innovation, and highlights the role of network ties with supplier and buyer firms in this process. This article is based on "The Effects of Geographic and Network Ties of Firms on Firms' Exploitative and Exploratory Product Innovation" by Muammer Ozer, City University of Hong Kong, and Wen Zhang, China CITIC Bank, Shanghai, published in the Strategic Management Journal, 2015.*

Massive amounts of investment have been put into industrial clusters over the past several decades, often in the hope that they will stimulate the development of new technologies and accelerate discovery and innovation. These clusters typically feature core industries which share markets, development of technologies, and pools of skilled workers. They may also feature dense networks of buyer-seller relationships which, as we shall see, can have significant impact on innovation patterns.

Industrial clusters are not a new phenomenon.

Industrial clusters are not a new phenomenon. In the early 1800s, Manchester was the quintessential city of the first industrial revolution, spawning new machine technologies and a new system of industrial organisation, aka the factory system. Berlin in the 1890s was the Silicon Valley of its day, promoting electrical innovation in transport systems and factories. And from the 1900s onwards, Detroit or "Motown" as it came to be known, pioneered a prototypical manufacturing culture for the industrial assembly of motor cars.

In the modern-day, Silicon Valley remains the exemplary industrial cluster, continuing to spawn a flow of startups, generation of ideas and solutions and the emergence of new industrial fields over a period of some seventy years. Many attempts have been made to emulate the success of Silicon Valley around the world in an array of industrial parks, science parks, and regional clusters, generally under the rubric of advancing innovation in the economy.

At Silicon Valley, Stanford University helped kick-start the high-tech innovation phenomenon.

In parallel, universities have played a crucial role in fostering innovation as centres for knowledge creation and diffusion. Indeed, at Silicon Valley, Stanford University helped kick-start the high-tech innovation phenomenon. Stanford's decision in 1951 to open the Stanford Research Park on its land gave numerous firms the opportunity to settle in a stimulating and prosperous environment. Over the years, the number of leases to companies has sharply increased, from just seven in 1955, to 150 in 2018. Following the example of Stanford Research Park, several successful science parks have been established around the world such as Sophia Antipolis in France in the 1960s, Tsukuba Science City in Japan in the early 1970s, and Zhongguancun Science Park in China in the early 1980s. Today, there are over 400 science parks worldwide, and the number is still growing. Meanwhile, most tertiary institutions aim to produce innovative research which has impact in the wider community.

Do industrial clusters really work? Well, it depends…

Alfred Marshall, a prominent British industrialist and economist, coined the phrase "innovation in the air" to describe the benefits of industrial clusters.

Strategically, industrial clusters are aimed at driving innovation, creativity and new ideas.

Major academic work on industrial clusters is usually traced back to Alfred Marshall, a prominent British industrialist and economist, who coined the phrase "innovation in the air" to describe the benefits of industrial clusters for discovery and innovation. He summarised it like this: "if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas."

Industrial clusters attract firms because they can benefit from favourable policies and have easy access to such resources as capital, skilled labour, specialised equipment, and other supplies. They can stimulate industrial development in a geographic region and enhance the region's overall competitiveness. Accordingly, governments around the world build industrial districts, regions, or zones to advance their economies and labour markets. However, do they really work? Or, are these clusters following a simple bandwagon effect that leads governments and companies alike to back them in the mere hope of fostering discovery and innovation?

"If one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas."

These were some of the initial questions that motivated us to have a more in-depth look at the true effects of industrial clusters. Needless to say, we were, at the beginning, very hesitant as to whether we could make any meaningful contribution to such an established literature stretching back to the 1920s. However, the more we read about it, the more confused, and at the same time, intrigued we became with the topic. The literature presented a completely inconsistent and inconclusive picture, with some research showing positive effects, others showing no effects at all, and yet others even showing their negative effects.

"What is going on here?" was our natural reaction. "How could this be possible?" "How could this rich literature that goes back to Marshall's day be so inconclusive about the true benefits of industrial clusters, while governments and companies alike have already made up their minds and bought into the idea?" These questions, and the desire to resolve the inconclusive picture that the literature portrayed, set the foundations for our study that has yielded a truly impactful and authoritative research in the field.

Focusing on the type of innovation

Our answer to the inconclusive findings was very simple. Our initial thinking was that the benefits of industrial clusters are likely to depend on the type of innovation. In our paper, we distinguish between small-step exploitative innovation that builds on a firm's existing knowledge base to improve its existing processes and products, and big-step exploratory innovation that involves a shift to a different knowledge domain with the aim to adopt or create new processes and products.

We also thought that the benefits of clusters are likely to depend on whether the firms had any network ties with other firms in their cluster, and if so what type of partner. As a result, we studied how such ties might moderate the relationship between industrial clusters and innovation. And instead of studying network ties in aggregate, we differentiated between different types of firms and studied the moderating effects of network ties with suppliers and buyers, especially given that vertical relationships have been known to play an important role in both strategic and innovation management.

Finally, we studied the moderating roles of different network ties across exploitative and exploratory innovation. This expands our current understanding of how industrial clusters work to influence innovation and addresses several calls for further empirical research on how to overcome any potential negative effects of these clusters on innovation.

While cluster membership enhanced firms' exploitative product innovation, it surprisingly hindered their exploratory product innovation.

The benefits of industrial clusters

Our empirical study, which is based on the manufacturers of finished products in an industrial cluster in Shanghai, showed that while cluster membership enhanced firms' exploitative product innovation, it surprisingly hindered their exploratory product innovation. Industrial clusters can improve exploitative product innovation through several mechanisms. First, cluster firms will likely have the opportunity to observe their rivals at close hand, and learn more about alternative new product features, designs, and marketing efforts. Second, it has long been noted that people from both rival and non-rival firms engage in informal information exchanges, which can enhance firms' product innovation through improvements in their existing products and manufacturing processes. Since geographic proximity can facilitate such interactions through social and industry events in the cluster, firms will likely have ample opportunities to interact with other firms in their clusters and thus to learn from them. Third, from a "communities of practice" perspective, cluster firms will likely identify themselves with a joint cluster enterprise, engage in mutual industry events, and develop shared concepts, tools, language, and norms of business conduct. Hence, they will likely enjoy a sense of belonging, mutual trust, and reciprocity, which will further facilitate knowledge sharing and thus enhance innovation.

What about 'big-step' innovation?

As cluster firms become increasingly exposed to the same types of information, their competitive perceptions will likely become increasingly homogenous over time.

As we have seen, governments and companies alike buy into industrial clusters in the hope that they will spur innovation. So why should they actually hinder exploratory product innovation? We found, that as cluster firms become increasingly exposed to the same types of information, their competitive perceptions will likely become increasingly homogenous over time and hurt their exploratory product innovation, which requires heterogeneous and unique knowledge. Moreover, due to their enhanced cluster identity, cluster firms will likely utilise similar innovation routines and practices at the expense of using unique product innovation processes. Such homogenous knowledge and practices will likely turn their clusters into "blind spots" and prevent them from utilising new and diverse knowledge commensurate with market and technological changes outside their clusters. Thus, ironically, cluster membership will likely hinder exploratory product innovation.

In sum, the results showed that cluster membership was positively related to exploitative but negatively related to exploratory product innovation. Our results also showed that network ties with both suppliers and buyers strengthened the effects of industrial clusters on exploitative product innovation.

Network ties with suppliers and buyers

Network ties with buyer firms promote positive effects on exploratory product innovation.

Further analyses showed that network ties with any firm in the cluster, regardless of whether it is a supplier or buyer firm, improved focal firms' exploitative product innovation. On the other hand, we found that only network ties with buyer firms, but not those with supplier firms, promoted positive effects on exploratory product innovation. This result is important, as it shows how to reduce the potential negative influence of industrial clusters on exploratory product innovation. Buyer firms usually operate in worldwide markets and deal with a variety of customers across the world, likely becoming exposed to heterogeneous knowledge in the process. When focal firms form network ties with buyer firms in their clusters, they are likely to be able to access these different knowledge sources, potentially engendering exploratory innovation.

Future directions

Choose your partners with a great deal of care, and understand the implications of getting into different sorts of alliances.

This study is certainly just one attempt to explain the inconclusive findings reported in the literature. There is much more that needs to be studied in this area. For example, we studied product but not process innovation. Since industrial clusters and network ties might exert different effects on process innovation, future research could study such innovation. Second, we focused on firms' network ties with other firms in their clusters. Future research could study both intra- and cross-cluster as well as both intra- and cross-regional network ties. Third, we studied inter-firm network ties. Since intra-firm network ties are also important, we urge further research to study both intra- and inter-firm network ties. Finally, to end on a cautionary note, any networked firm faces the risk of having its proprietary knowledge leaked by a partner. This suggests that it is important to choose your partners with a great deal of care, and understand the implications of getting into different sorts of alliances.

Professor Muammer Ozer
Professor
Department of Management

Attacking your partners

Strategic alliances and competition between partners in product markets

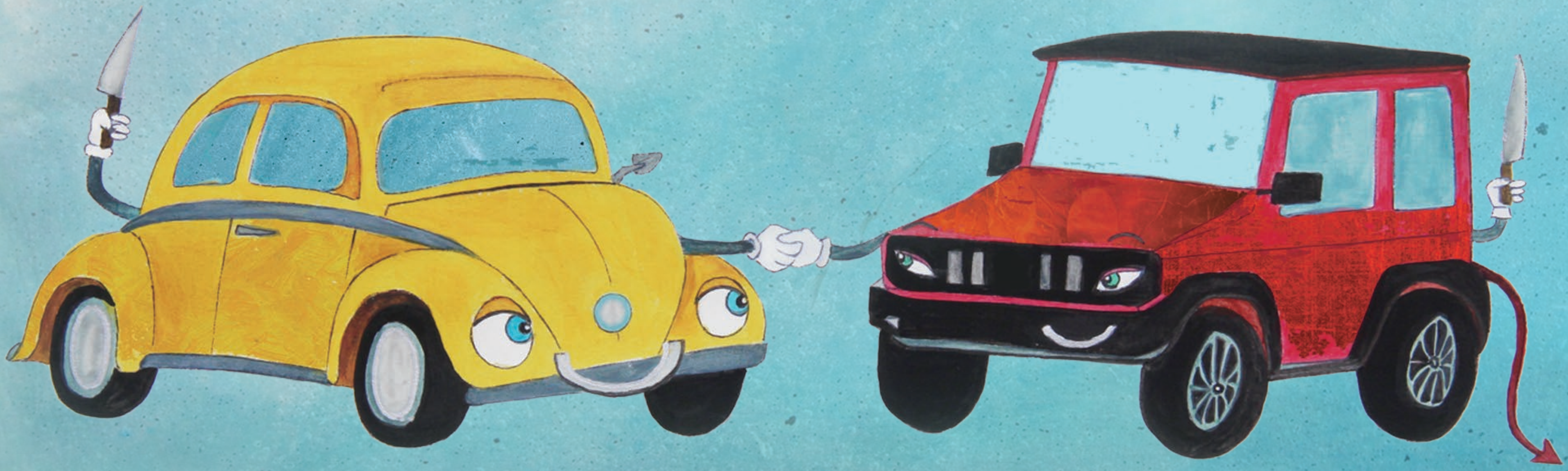
By Professor Haibin Yang

***Haibin Yang**, Professor in the Department of Management, describes how high-stakes exploratory alliances increase the likelihood of competition between partner firms. This article is based on "Attacking your partners: Strategic alliances and competition between partners in product markets," by Cui, Victor; Yang, Haibin; Vertinsky, Ilan, published in the Strategic Management Journal, December 2018.*

When Volkswagen and Suzuki signed a framework agreement it seemed like a match made in heaven.

When Volkswagen and Suzuki signed a framework agreement in December 2009, it seemed like a match made in heaven. Volkswagen was eager to gain from Suzuki's knowhow in low-cost cars and get support to enter the hard-to-crack Indian market. Suzuki would get help from Volkswagen in product development – a hybrid motor system, as well as battery packs for electric vehicles. Despite the disparity in size between the German behemoth and the smaller Japanese carmaker, they recognised each other as independent, equal partners. But lack of trust soon came to the surface. Suzuki complained that they couldn't access Volkswagen's core technology and next-generation fuel-efficient powertrain technologies as promised. Volkswagen accused Suzuki of violating their partnership agreement by agreeing to an engine supply deal with Italy's Fiat.

The flashpoint came in January 2011, when Volkswagen decided to apply the equity method to its shares in Suzuki for accounting purposes. This means that the investing company logs its share of the profits or losses booked by the partner company. It is typically used when a company owns more than 20% in an "associate" company and has a significant influence in its operations. Volkswagen owned just short of the magic figure, at 19.9%, and Suzuki felt that the German company was trying to wield undue influence. Things began to fall apart.



Just short of two years into the alliance, in November 2011 the relationship came to an end.

Just short of two years into the alliance, in November 2011 the relationship came to an end. Suzuki terminated the agreement and demanded that Volkswagen return its shareholding in the company. There followed a messy arbitration process lasting a further four years, with a court ruling ending the dispute only in 2015. Asked about future partnerships with Volkswagen, Suzuki's chairman Osamu Suzuki said "you will not remarry someone you have divorced." Volkswagen responded by raising the stakes, loading features into its cars and undercutting in price to emerge as a direct competitor to Suzuki in the hot hatchback category.

"You will not remarry someone you have divorced."

The automotive industry is notoriously fickle in alliance making. But ample anecdotal evidence indicates that industrial alliances are often followed by aggressive competition between partners across product markets. Pharmaceutical firm Merck allied with Novartis, Pfizer, Bristol-Myers, and Depomed in the 1990s yet later competed with these firms in product markets. Similar instances appear in the telecommunications and other industries. Despite the abundant evidence, however, researchers have not paid adequate attention to the influence of alliances on competition between partners in product markets.

Exploitative and exploratory alliances

Our study examines how different combinations of exploitative and exploratory alliances between two firms affect their competition in the product market. First a word on definition of terms for the two types of collaboration.

Exploitative collaborations are arm's-length relationships designed to exchange existing knowledge and resources for short-term returns.

Exploitative collaborations are arm's-length relationships designed to exchange existing knowledge and resources for short-term economic returns, such as marketing and licensing alliances. Firms engaging in exploitative collaborations typically do not require close interactions, since they can be guided by contracts to accomplish their respective duties in a relatively stand-alone fashion.

Exploratory collaborations synthesise knowledge assets so as to develop critical innovations for long-term stakes.

Exploratory collaborations are those alliances designed to synthesise knowledge assets from both parties so as to develop critical innovations of great strategic importance for long-term stakes. They consequently demand more intensive interactions for sharing tacit know-how. Exploratory collaborations cannot be perfectly regulated by contracts, since they consist of non-routinised searches and learning that involves experimentation with new and often unforeseen alternatives and outcomes.

We capture the composition of collaborative portfolios using the concept of relative exploration, defined as the proportion of exploratory collaborations among all collaborations between a firm and its partner.

Portfolio composition makes a difference

We find that differing compositions of a collaborative portfolio have varying implications for competition in the product market. When the proportion of exploitative alliances is high, the overlap in the two firms' long-term stakes is relatively small, so that a short-term horizon and a 'transaction-oriented' perspective dominates. This orientation allows both parties to tolerate self-serving behaviour, or even to take it for granted. Interactions focus on maximising immediate profits, so that each firm is motivated to use what it learns from its partner to increase private benefits.

Exploratory alliances raise the stakes

Exploratory collaborations, on the other hand, help firms more precisely identify the strengths and weaknesses in partners' organisational systems and innovation schemes, information that could be used to launch calibrated attacks and provides strong incentives for competitive actions. Proprietary know-how has been shared, and complex knowledge transferred between allies. These collaborations require intensive hands-on coaching to facilitate joint problem solving. Such coaching often draws on latent knowledge bases, showing the connections between divisional areas of knowledge and organisations. This fine-grained knowledge transfer enhances the absorption of tacit know-how and facilitates the appropriation of fundamental knowledge that spills over during close interactions. Incentives to apply such technological know-how in designing substitute products is high, since doing so can cause destructive damage to incumbent products and reward the attackers with enhanced private benefits.

Network embeddedness plays a role

Certain compositions of collaborative relationships can lead to a new path of interaction – a transition from collaboration to competition in product markets.

We build a comprehensive model examining the impact of alliance network embeddedness on the relationship between relative exploration and product competition between allies. We focus on three dimensions: relational, positional, and structural. Relational embeddedness, reflected in repeated alliance ties between two firms, emphasises cohesive and reliable relationships. Positional embeddedness, reflected in network centrality, shows how a firm's status and power are manifested within the overall network. Structural embeddedness, reflected in the common ties shared by the firm and its partner, highlights the information sharing, social monitoring, and reputational effects that regulate inter-firm interactions. We find that certain compositions of collaborative relationships can lead to a new path of interaction – a transition from collaboration to competition in product markets. Furthermore, the firms' network embeddedness can modify this transition process.

Horizontal alliances breed competition

Using a 20-year dataset, we focus on horizontal alliances within the US pharmaceutical industry (1984–2003). Firms in horizontal alliances often have a strong competitive inclination because of either existing or potential rivalries in products or resources. Aggressive learning can be translated into competition, for two reasons. Firstly, proprietary technological knowledge obtained from a partner can be applied outside the alliance when contracts do not adequately direct and constrain the use of knowledge-based assets. Firms can apply such knowledge to develop or improve their own products, constituting a threat to their partners' existing products. Secondly, learning about partners' organisational systems, behavioral patterns, and intentions can help firms design calibrated attacks on their partners in the product market in order to maximise their own performance.

A tipping point is reached

The stakes of betrayal become substantively higher as the strategic importance of the exploratory partnership increases.

Heavy engagement in exploratory collaboration allows both partners to hold a great deal of high-value information about each other's operations. Information about technological pitfalls or managerial incompetence, for example, could be used to design targeted retaliatory attacks. The stakes of betrayal become substantively higher as the strategic importance of the exploratory partnership increases, so that the 'tit-for-tat' retaliation risk escalates substantially. But the consequences of retaliatory attacks can be tremendously destructive, resulting in significant costs to the attacker.

We find that the proportion of exploratory alliances in the overall portfolio increases the firm's competition against its partner, up to a tipping point beyond which competition starts to decline. From then onwards, the escalating damage to long-term benefits and the risk of 'tit-for-tat' retaliatory attacks mean that the expected costs become higher than the expected benefits of launching further competitive attacks.

A win-win relationship can emerge

A symbiotic relationship can emerge featuring a long-term perspective and 'relation-oriented' interactions.

As firms become more reliant on one another for developing exploratory innovations, a more positive outcome can emerge. Developing innovations involves great uncertainty, and thus demands more cooperative effort. Competition accordingly becomes a growing threat to firms' common stakes, curbing their incentive to launch attacks. Shared stakes rise to the point where the partnership becomes strategically important to both parties' long-term prosperity. As the marginal cost of competition continues to increase, the likelihood of competition is reduced. A symbiotic relationship can emerge featuring a long-term perspective and 'relation-oriented' interactions.

Takeaways

Exploratory alliances encourage long-term outlook. Firms are more likely to adopt a long-term outlook that encourages relationship building and cooperation when the collaboration portfolio is dominated by exploratory alliances, reducing its motivation to compete with its partner. The overall collaborative portfolio between partners plays an important role in determining their competitive interactions.

Network embeddedness affects the relationship between relative exploration and product market competition. Our research speaks directly to the importance of looking beyond dyadic interactions when examining competition between two partners. Firms' network characteristics influence their interaction patterns and performance.

Power asymmetries matter. The likelihood that allies will compete against each other is not evenly distributed within a dyad: the firm with more advantageous network positioning or richer experience in managing the transition from collaboration to competition is more likely to initiate competition.

Aggressive action provokes retaliation. When alliances fall apart, the attacked firm is likely to respond to the aggressor's actions, having developed the capacity to do so through alliance learning. Further, the attacked firm is more likely to respond if the number of repeated ties with the aggressor is high, because these ties provide ample knowledge and enable effective retaliatory action. However, the attacked firm is less likely to respond if it is either less centrally located within the alliance network or less experienced in managing the transition from collaboration to competition than the aggressor.

Competition is about more than rivalries

Our findings provide strong support for the recent conceptualisation of competition as "relational." Different from the traditional "rivalrous view" of competitive dynamics, which highlights a firm-centric perspective, the "relational" view emphasises the necessity of understanding others' needs and preferences, as well as the interdependencies between self and others, before deciding on competitive moves. Our research extends this line of argument by suggesting that firms can increase their "relational" savvy through learning in various forms of interactions, including alliances, competition, and the transition between the two. All of these relationships may inform subsequent competitive encounters.

Professor Haibin Yang
Professor
Department of Management

Coworking spaces and resource sharing: a strategic perspective

By Dr Yoojung Ahn

__Dr Yoojung Ahn,__ Assistant Professor in the Department of Management, investigates coworking as a new and strategic way of doing work, and explores the benefits of resource sharing that occur. But how will the sector fare in the era of COVID-19? This article is written based on her working paper entitled "Coworking Spaces as an Ecosystem: The Interplay of Resources, Community, and Goal Structures."

Coworking is a phenomenon!

Since its advent in 2009, the coworking space industry has grown almost 26% per year, on average, and is responsible for 78.6 million square feet of office space across 54 major metropolitan areas in the world. According to the New York Times, in the US over half a million people worked from coworking spaces in 2018, and that number is expected to double by 2022. In Hong Kong, even amidst the increasing numbers of people working from home due to COVID-19, coworking providers are thriving unlike other parts of the economy.

Investors have questioned the sustainability of the coworking business model.

At the same time, investors and the public have questioned the sustainability of the coworking business model. In the most prominent setback for the sector to-date, WeWork, one of the world's largest coworking space providers, had to delay its IPO in September 2019 due to financial insecurity and lack of a sustainable business model. The organisational phenomenon in the coworking setting provides a new context to study how work is done in and between firms. To date, this phenomenon is yet to be explored in depth, with scant research focused on understanding the organisational processes in this novel context.

Based on my research spanning over two years at eight coworking spaces in the United States, France, Portugal, Hong Kong, and Seoul, I find that resource sharing is a major motivation. In this article, I outline the types of resource sharing that coworking spaces allow – physical resources, human resources, and emotional resources. In addition, I identify the outcomes of this sharing – collaboration and community building – to understand why entrepreneurs may choose coworking spaces to meet their strategic needs.

Physical, human, and emotional resource sharing is a major motivation.

Coworking enables resource sharing!

Coworking involves a diverse group of people who either work for companies or as freelancers alongside one other, sharing the working space and resources. These characteristics of coworking spaces are particularly relevant for entrepreneurial companies, many of which are lone entities that may need strategic partners to fill resource voids. Nascent companies, in particular, lack the resources needed to start and grow their businesses. Many entrepreneurial firms hence choose to start their ventures in coworking spaces instead of leasing out expensive office spaces of their own. So, what kinds of resources are shared?

Physical resources

“Being located in a coworking space, especially ones that have a brand name, helps us to make a good impression when we meet our clients.”

The most obvious benefit of being embedded in a coworking space is that you have full access to the facilities that the space provides including both designated and first-come-first-served office desks, meeting rooms, lounges, cafes, printing facilities, phone booths, and auditoriums or large meeting spaces. The access to these kinds of physical resources may be the biggest motivation for companies to use a coworking space instead of leasing out a regular office. One of the interviewees for my research noted that they benefit hugely from having access to these resources.

“The equipment and facilities that coworking spaces provide are state-of-the-art, expensive models that we probably can’t afford since we’re just a startup.” – Early-stage entrepreneur, New York

In addition, coworking spaces often use designers to professionally decorate their venues into beautiful and appealing locations that people can enjoy. Many users commented that they draw enormous benefit when they meet their clients or external partners.

“Being located in a coworking space, especially ones that have a brand name, helps us to make a good impression when we meet our clients. They actually want to come here and have a meeting because it’s decorated nicely and has free coffee and sometimes even beer. We also attract a lot more applicants when we’re recruiting. Young people like to work in these locations. It matters to them.” – CEO of startup, Seoul

Human resources

Some venues provide legal counseling sessions and invite external lawyers and accountants to provide assistance to their members.

Another type of resource sharing is the exchange of people. Early stage startups and freelancers cohabit these spaces, providing an opportunity to share expertise more readily. For instance, if a startup in its very early stage has no marketing or HR representative in-house, they can reach out to the coworking community to ask for a specialist to work on a temporary basis for a project. There may be a freelancer or specialist in another startup that can help with the task. This is often a complicated process if you are not part of a coworking community, requiring companies to hire someone from scratch.

“Sometimes we need legal advice. But we really lack resources to hire a lawyer on our own because they cost a lot. Same for accountants. This is a concern for many startups.” – Entrepreneur, Hong Kong

To help with these needs, some venues provide legal counseling sessions and invite external lawyers and accountants to provide assistance to their members. These resource sharing possibilities enable the flow of people within and external to the coworking space.

Emotional resources

“We sometimes feel burnt out. But then, we see another company right next door celebrating their first round of funding. It gives us a glimmer of hope.”

One of the most excruciating parts of the entrepreneurial journey is managing the uncertainty. Many startups actually fail during their initial three years. During this time, founders go through multiple rides on an emotional rollercoaster and could give up and lose hope. The coworking community provides emotional support by being there to share these “entrepreneurial emotions” and provide the possibility of learning from one another’s experiences. Such sharing allows budding entrepreneurs to find consolation in the experience of other companies going through similar phases of uncertainty and doubt. In addition, close-up observation can be motivating, especially watching companies that are successful. This may inspire entrepreneurs to move forward even in the face of uncertainty. These emotional resources are crucial for the growth of startups, and coworking spaces provide a landscape where it is possible to share the emotional journey. Many startups noted that this is actually the most important and beneficial resource sharing that they have experienced.

“We sometimes feel burnt out. Or it seems like we’ll never make it. But then, we see another company right next door celebrating their first round of funding. We’ve seen their ups and downs because they are right next to us. It gives us a glimmer of hope that one day, we’ll be able to celebrate our success.” – CEO of startup, France

Sharing resources results in better collaboration and community building!

What happens when entrepreneurial firms share resources? One of the most notable outcomes is collaboration.

So, what happens when entrepreneurial firms share resources? One of the most notable outcomes is collaboration. This can come in many different forms, from doing a project together, holding an event, or even creating a product. Collaboration is heightened by the frequent interactions of the members and this leads to opportunities to work together. For instance, interactions in elevators could spark conversations and easily pave the way for work-related information sharing. Resulting from such interactions, meetings could be set up to discuss whether ideas have potential for a real project. These unintended ideation sessions often turn into projects that two or more companies can benefit from. Indeed, many coworking spaces have lounge areas or coffee stations to encourage these "unintended" interactions and the flow of conversation between members.

Many coworking spaces embrace a distinctive culture, and members share their values and norms, building up a sense of community in the process.

Another outcome of resource sharing is community building. Communities are built upon shared values and norms. Many coworking spaces embrace a distinctive culture, and members share their values and norms, building up a sense of community in the process. For example, Impact Hub is a global coworking community that unites people with a common purpose of social impact. The members in this community share similar goals and strive to create and build entrepreneurial companies that make the world a better place in both environmental and social aspects. Because members share various resources with each other, they build a common sense around goals, allowing for a cohesive community to emerge and develop over time. Another example is Chisel, which is a coworking space for lawyers. By limiting coworking to a distinct field and occupation, they can foster a sense of community around a more focused group of people that have similar goals and can share relevant information with each other. The community building component of coworking helps to enhance the unity of its members whilst distinct sets of norms and values differentiate such venues from one another.

Coworking in the pandemic?

Many people are currently working from home, and it's unclear when they will return to their offices or coworking spaces.

In light of the current global crisis due to COVID-19, many people are currently working from home, and it's unclear when they will return to their offices or coworking spaces, many of which have been temporarily closed. Recently, the media has been reporting many headlines such as "The death of the office," or "Work-from-home FOREVER," and it highlights the fact that our traditional office culture is changing. What does this mean for the future?

Coworking spaces have come up with interim solutions. For example, Cove, a US-based coworking company recently launched cove@Home, which is a service that offers a virtual community, tips for setting up a home workspace, and even home deliveries of coffee and food. WeWork in Hong Kong has reorganised venues so that the seats are further apart than before, put signs up to ask members to participate in social distancing, provided wipes and hand sanitiser to its members, and arranged for more frequent cleaning. This would be similar in other coworking communities around the world.

In the long-term, if the work-from-home trend holds, it can actually pose an opportunity for coworking providers. Large companies that usually sign long-term leases for office buildings may transition into other options, and the quick and obvious choice would be to use coworking spaces. Many companies would be able to use these venues for meetings that require face-to-face interaction and allow their employees to work from home at other times. Instead of using the whole building as office space, a company may choose to rent out one floor, a significant cost saving. In general, coworking spaces provide flexible lease terms and could attract many people and companies preferring the flexibility. At the end of the day, these spaces will continue to thrive, even in the midst of the changing workplace.

Dr Yoojung Ahn
Assistant Professor
Department of Management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Family first

Decision-making and the succession dilemma in family businesses

By Professor Jane Lu

***Professor Jane Lu**, Head and Chair Professor of the Department of Management, describes how controllers of family businesses attempt to promote their "socioemotional wealth," especially through the renewal of a business in family succession. This article is based on "Incentive or Disincentive? A Socioemotional Wealth Explanation of New Industry Entry in Family Business Groups," by Gu, Q., Lu, J. W. and Chung, C. in the Journal of Management, February 2019.*

The spectacular implosion of Wang Laboratories highlights an Achilles' heel of family-run businesses; securing the family dynasty.

One of the earliest successful producers of personal computers was Massachusetts-based Wang Laboratories. Led by Shanghai-born An Wang, the company was a dominant player in the home computer market in the 1970s and 80s. An Wang was known as the "indispensable leader," and in 1972 when the company had 2000 employees, already no fewer than 136 people reported directly to him. At its peak, Wang Laboratories had annual revenues of US$3 billion and employed over 24,000 people, making it one of the Boston area's largest employers. But in the mid-1980s, Wang nominated his son Fred as his successor to become company president. In the Massachusetts meritocracy there were cries of nepotism. Senior managers resigned, product innovation and delivery faltered, and debt increased exponentially. Wang Laboratories lost 90% of its capitalisation in four years, and by 1992 had filed for bankruptcy.

The spectacular implosion of Wang Laboratories highlights an Achilles' heel of family-run businesses; securing the family dynasty. No surprise then that succession planning is an overwhelming concern of family business owners.

We should not underestimate the great sense of satisfaction that owners, especially business founders, derive from their lifetime's work. A sense of self-identity, enjoyment of exercising privileges, satisfaction of a need for belonging and intimacy, respect for perpetuating the family reputation can all add up to a deep sense of emotional fulfillment. This "socioemotional wealth" is conceptualised to satisfy the family's needs, including family control and influence and renewal of the business through succession.

Ensuring the continuity of the conglomerate as a family business is more important than growth.

Succession is more important than growth

The chairman of multinational special vehicle giant Terberg Group, recently said that ensuring the continuity of the conglomerate as a family business "is more important than growth." Controlling owners tend to take family's affective needs, rather than pure profitability, as a reference point during the decision-making process.

According to a report by INSEAD, family firms account for about 70% of GDP in the global economy and 60% of global employment. In China, family businesses are estimated to represent more than 60% of all private-owned companies listed. The effect of such an emotional rationale is pervasive. In this article, we look at how different aspects of socioemotional wealth shape business strategy in the context of new industry entry decision.

Preservation of family influence

In 2019, Deloitte's Family Business Center polled 791 executives of family-owned businesses from 58 countries around the world. 68% of controlling owners surveyed intended their companies to be handed down within their families. So, the decision-makers of family business are inclined to maintain the status quo of family control and constrain the influence of outsiders.

Family control can limit opportunities for outside professional managers

To maintain the control of the group, the controlling family is likely to maintain a centralised management style and to be personally involved in both key decision-making and daily operation. But such engagement reduces the availability of executive positions to nonfamily managers. In INSEAD's survey of Asian family firms in 2017, about 89% of CEOs were family members. According to Cruz's research published in the Academy of Management Journal, the mean proportion of family members in top management teams (excluding the CEO) was 49% in Spain's family-owned businesses. Country Garden, one of the largest Chinese family groups ranked by the 2019 Global Family Business Index, had four family members in its team of eight executive directors.

The domination of family members discourages nonfamily managers because they are unlikely to reach the top management positions.

The domination and engagement of family members discourage existing nonfamily managers because they are unlikely to reach the top management positions. However, the talents and inputs of nonfamily managers are particularly valuable in the pursuit of new industry entry, which, by nature, deviates from the group's existing businesses. Knowledge, skills, and experience are required which are beyond the reach of the controlling family. When one of the largest Chinese real estate developers, Evergrande group, diversified into the production of bottled spring water, they poached Hua Zhang who was serving in Nongfu Spring, to take charge of marketing Evergrande Spring. They also approached another outsider, Huafeng Yang, who had expertise in logistics management. Conversely, the exclusion of nonfamily managers from the core management limits the family business groups' capability to diversify.

Family business groups are reluctant to raise external capital

Family owners generally shy away from borrowing external funds because they perceive high leverage as high dependence on outsiders.

Family owners generally shy away from borrowing external funds because they perceive high leverage as high dependence on outsiders along with escalated bankruptcy risk. Typically, such funds are raised through debt and equity financing. But in equity financing, controlling owners usually need to concede certain ownership and control to outsiders such as institutional investors. Deloitte's 2019 Global Family Business Survey found fewer than 34% of respondents willing to sacrifice company control to drive greater success.

The presence of such external owners or board members is usually associated with a more independent governance structure that monitors and constrains the controlling family. For example, firms with more non-executive board members are found to be more likely to engage external auditors to monitor the management. Such a structure may also enforce accounting, financial, and human resources practices that minimise controlling owners' prerogative. Therefore, external financing constrains controlling owners and may lead to goal conflicts between outsiders and the controlling family. In these circumstances, controlling owners tend to be reluctant to borrow external capital to support an active diversification programme.

Securing the succession is a challenging path

As the number of family members increases, succession becomes a more complex challenge.

Family dynasty succession aims to ensure a smooth transition to future generations. Transgenerational continuity is a common goal of controlling owners. The effects of succession of family dynasty on decision-making may vary according to the level of complexity that controlling owners encounter during the succession process. As the number of family members increases and more people become involved in the distribution of family assets, succession becomes a more complex challenge. Family members are more likely to form coalitions and raise conflicts among one another because of different objectives and goals.

After the death of Guccio Gucci, the founding patriarch of the fashion giant, the company was split 50-50 between his sons Aldo and Rodolfo. Rodolfo passed all his shares to his son Maurizio. Maurizio allied with Aldo's son Paolo, to gain control of the board of directors. After that, he dismissed his uncle Aldo and moved Aldo, Paolo and Aldo's other two sons out of the company. After several years, Maurizio proved to be an unsuccessful president. To avoid his ownership being split by three cousins, Maurizio cooperated with an outsider, selling the majority stake of family-owned equity to Investcorp. But eventually Maurizio himself was voted off the board of Gucci and Investcorp took control.

"If one family member gets a Mercedes-Benz, I will make sure every other family member will also have one."

These conflicts are particularly salient in the context in which the rule of equal inheritance of family assets applies, particularly in Chinese societies. This considers each household (家) as a basic unit of the kinship system. All children of each household, in some cases all sons, receive equal shares of the family assets (分家) after the father passes away. Youtheng Wang, a Taiwanese tycoon, once said, "If one family member gets a Mercedes-Benz, I will make sure every other family member will also have one." Compared with a system in which the eldest child takes control, the institution of equal inheritance induces greater complexities and conflicts.

Escalating conflicts within a family are usually detrimental to the longevity of the family business. Yung Kee, a famous restaurant known for its roast goose speciality, was once a go-to for locals, a pilgrimage site for tourists, and an integral part of Hong Kong's culinary landscape. When the founder died, the ownership of the company was divided among his three children. Two sons, Kinsen and Ronald, each equally owned 45% of the shares, whilst daughter Mei-ling held the remaining 10%. The two brothers had totally discrepant business philosophies, one conservative and the other aggressive. They disagreed on just about everything, sowing discord within the family and among employees. Eventually, with the support of his sister, Ronald bought her 10% and thus took the controlling share. The dispute intensified after Ronald's son was appointed as a director. Kinsen launched a lawsuit to force Ronald to liquidate the parent company of Yung Kee. The five-year court case exhausted the family and brought unwanted media attention. The restaurant's reviews were no longer raves. Yung Kee lost its precious Michelin star in the meltdown.

Diversification contributes to the mutual independence of successors

New industry entry can be a solution that resolves the challenges of family dynasty succession.

New industry entry can be a solution that resolves the challenges of family dynasty succession. Entering a new industry can carve out a specific business sector for each of the entitled children, satisfy their needs for autonomy, and thus reduce conflicts and facilitate harmony within the controlling family.

In his book "Chinese Family Business and the Equal Inheritance System: Unravelling the Myth," Victor Zheng records an interview with a director of Chiu Chow Chamber of Commerce, who owned a large general commerce group. The director said:

"If all my sons joined the same business, it would be risky and conflicts would be inevitable. I therefore diversified our business."

"In the 1970s, I found all my sons became mature. If all of them joined the same business, it would be risky and conflicts would be inevitable. I therefore diversified our business to different areas. For instance, since my eldest son had good connections and experience in semiconductor production, I went into this field and made him responsible for it. My second son had an interest in button production and he was then assigned to take charge of this area. My third and fourth sons led the property investment firm. Each son had his own territory."

Two other directors also reported to Zheng that they had diversified their business to different fields with quite similar rationales and patterns.

A new business sector can serve as a learning platform

New industry entry can also create a learning platform and provide career opportunities for descendants. The next generation, especially those who are new to the family business, are able to enhance their management skills without impairing the core business. In addition, they can be better prepared for the succession by establishing their leadership and enhancing their status in their respective organisations. As pointed out by the founder of Veronesi Group, one of the top players in the food industry in Italy, the purpose of diversifying into the financial sector was "to enhance the succession process by giving shares to all my five children and in particular an increasing responsibility to the three males, who were actively involved in the business."

Sunac China Holdings, founded by Hongbin Sun, is one of the top five real estate developers in China. In 2017, Zheyi Sun, son of Hongbin Sun, joined the team of executive directors after spending three years in different departments. In the same year, Hongbin Sun diversified Sunac into the cultural sector by purchasing the equities of LeEco and acquiring a 91% stake of cultural and tourism projects from Wanda. Then, in December 2018, he established Sunac Culture Group. Subsequently, Zheyi Sun was named as President of Sunac Cultural. According to an internal interviewee, this appointment will prepare Zheyi Sun for taking over the family business.

Founder generation or not?

To the founder generation, the family business is not only a financial source to provide for descendants but also the crowning achievement of a lifetime of endeavour.

The level of affective attachment varies according to the generation of the controlling owners. To the founder generation, the family business is not only a financial source to provide for descendants but also the crowning achievement of a lifetime of endeavour. Affective attachment gradually accumulates as family dynamics and business growth interact over time. The founder generation prefers to adopt a "paternalistic" management style characterised by concentrated management control, authoritarian hierarchy, and distrust of outsiders. They are more likely to avoid hiring new employees to protect family members and loyal employees, and thus are less willing to enter new industries.

The founder-generation owners perceive a strong desire and obligation to sustain the family business and are likely to prefer strategies that reduce potential family conflicts and ensure smooth succession. They also recognise the high cost associated with shutting down the business. Successful internal transition demonstrates that their accomplishments will continue into the next generation, bringing glory to the founder and the family name in the process.

The successor generation has not experienced the challenges of the start-up process and enjoys less status.

In comparison, the successor generation usually has not experienced the challenges and hard work of the start-up process and, thus, enjoys less privilege and status. Some may take over the family businesses because of filial piety, family tradition, or social pressure. They may be less motivated to be actively and personally involved in business management and control. Others may prefer to pursue personal interest and take a career path outside the family business. Therefore, successors are less sensitive to the negative bearing of the new industry entry on family influence.

The successor generation also commonly lacks a close bond with, and respect from, existing business stakeholders. They may face constant power contests among siblings and other family members. They are less sensitive to the need to provide family assets and career opportunities to their family members during the family dynasty succession.

Study of Taiwanese family businesses

We conducted an empirical research with a sample of 80 of the largest Taiwanese family business groups. Our findings were published in the Journal of Management last year. We showed that controlling owners are more likely to enter new industries when crunch time comes around and long-term family succession is at stake. They are, however, less likely to act due to direct family influence, for example the short-term interests of family board members. These tendencies are stronger when the founder generation is still in control.

There are two main choices; innovate within the existing structure or form a new firm outside the existing company.

The demands of family succession also affect the organisational approach to entering a new industry. There are two main choices; innovate within the existing structure or form a new firm outside the existing company.

If the family decides to work within the existing business group, a new division may be established, or a legally separated firm. These kinds of arrangements offer important advantages. They usually require fewer initial resource commitments, such as human resources, information systems, or financial structures. They also reduce the risks of external scrutiny and financial distress, and thus better protect family control from being diluted.

A legally independent firm provides more opportunities to nurture the various interests of family descendants and creates more space to promote them.

Establishing a totally new firm, however, has its own distinct advantages in perpetuating the family dynasty. A legally independent firm provides more opportunities to nurture the various interests of family descendants and creates more space to promote them. It is also likely to incur fewer family conflicts and less erosion of the established businesses during family succession.

Overall, our results underline the importance of fulfilling the emotional needs of the controlling owners, particularly in the founding generation. By demonstrating a path through which family firms can evolve from small-scale family entrepreneurs to larger family-owned entities and eventually to business groups, our study illustrates the extent to which family considerations influence firm evolution.

Advice for stakeholders

Stakeholders in family firms should recognise the multifaceted nature of owners' emotional attachment to the business. Understanding different dimensions of socioemotional wealth has important implications because family owners are rarely open about their pursuit of personal affective needs. It is clearly prudent for stakeholders to be aware of different rationales, so that they can make an effective intervention or a better preparation for all possible outcomes.

The contingent effects on different generations suggests the particularities of different decision-makers. Stakeholders can identify more attributes to categorise controlling owners and find patterns of their cognitive processing.

Understanding different dimensions of socioemotional wealth has important implications because family owners are rarely open about their pursuit of personal affective needs.

Advice for owners

For controlling owners of family business, subtle personal affective needs may sometimes conflict with financial interests of the firm. As illustrated in this article, the exercise of family control can lead to a focus on short-term interests while the transgenerational intention reflects an extended time horizon. Controlling owners should be conscious of potential conflicts between economic and emotional rewards or between different affective needs, and then make a better trade-off.

Controlling owners also need to keep in mind that outside stakeholders in family firms may have their own affective needs. For example, employees may indeed have emotional attachment to the family firm in some circumstances. Controlling owners can build on such socioemotional linkages to reinforce employees' commitment and contribution to the profitability and longevity of the family business.

The Buddenbrooks phenomenon

The "Buddenbrooks phenomenon" is named after a German novel by Thomas Mann written in 1901. Mann charted the decline of a wealthy German merchant family over the course of four generations. The classic Buddenbrooks downward spiral looks like this. The founder of a dynasty achieves great success: say, he builds and markets an innovative computer. The next generation struggles to maintain authority, and the company's fortunes slide. Then along come the grandchildren, who have no interest in technology whatsoever, studying (say) the liberal arts in foreign universities, and squandering the family inheritance. Indeed, the Buddenbrooks dynasty did well to survive into the fourth generation. The Irish have a saying "From shirtsleeves to shirtsleeves in three generations."

Professor Jane Lu
Head and Chair Professor
Department of Management

It's mine!

The hidden downside of employee engagement

By Dr Melody Zhang

__Dr Melody Zhang__, Assistant Professor in the Department of Management, reveals that high job engagement is not necessarily all good news, and can come with a number of unpredictable side effects. This article is based on "It's Mine! Psychological Ownership of One's Job Explains Positive and Negative Workplace Outcomes of Job Engagement," by Wang, Lin; Law, Kenneth S.; Zhang, Melody Jun; Li, Yolanda Na; Liang, Yongyi, published in the Journal of Applied Psychology, February 2019.

Do you feel deeply motivated to contribute outstanding results at work? Do you have high levels of initiative, creativity, and a tendency to work beyond your formal job requirements? Well done! Chances are that you also have high levels of a very valuable quality in the workplace: job engagement.

Companies value engaged employees, and they want them to stay engaged.

Companies value engaged employees, and they want them to stay engaged. Ten years ago, Google was beginning to lose talent. Some employees felt they could not continue to make an impact as the company increased in size and matured. In response, Google designed a management algorithm to identify dissatisfied – and potentially disengaged – members of staff, and then took a series of managerial actions to address the situation. Google's practices were used to help improve employee engagement, and ultimately employee retention.

The "two-pizza teams" are firewalled from the company's control, and are designed to encourage ambitious leaders to be highly engaged.

More recently, Amazon has put together autonomous multidisciplinary units, known as "two-pizza teams," – meaning a team that could in principle be fed with two pizzas. These teams work as semi-independent centres of entrepreneurship. The "two-pizza teams" are firewalled from the company's control, and are designed to encourage ambitious leaders and members to be highly engaged and instil a sense of ownership.

Human resources experts believe that job engagement is key to organisational success.

In modern organisations with flat management hierarchies, such initiatives are increasing. Human resources experts seem to believe that job engagement – the degree to which employees immerse themselves in performing their jobs – is key to organisational success. At first glance this looks like a win-win situation. Engaged employees surely enhance a company's competitive advantage, enjoy a virtuous circle of fulfilment at work, and are more likely to stay in the job. But does all this come with a downside? Could job engagement potentially yield negative outcomes for employees and organisations? We explored the double-edged effect of job engagement on work outcomes in a research article published in the Journal of Applied Psychology in 2019.

Work and the "extended self"

Whilst earlier research mostly focused on investigating positive consequences of employee job engagement and identifying factors to promote engagement, recent studies have shown that job engagement can give rise to negative outcomes outside of the workplace, such as increased work-family conflict. But what about outcomes inside the workplace? We use a theory of the "extended self" to develop a framework that could explain how such engagement may yield both positive and negative outcomes at work.

"This is my project… It reflects my value and honour."

Under extended self theory, when people are highly invested in the creation or control of something, tangible or intangible, or become very familiar with it, possessive feelings may be engendered, which can go so far as to be incorporated into personal identity. One of the interviewees for my research expressed an acute sense of job ownership in these terms:

"This is my project. I have spared no effort and worked more than '996' on it. No colleague is familiar with its details like me. I could hardly imagine if I lose it or it fails. It kind of reflects my value and honour." – New app developer

People like this feel that they "own" their job, and are then motivated to protect and maintain their "possessions." This could ultimately induce both positive and negative behaviours.

Job engagement as stimulating psychological ownership

Job engagement gives rise to psychological ownership over the job.

We conducted two field studies in southeast China – one among sales representatives in a large pharmaceutical company, and the second among workers of diverse job functions from a large electronics company. We gathered data on employees' levels of job engagement, job-based psychological ownership, and positive and negative work outcomes from different sources. We found support for our theory that job engagement does indeed gives rise to psychological ownership over the job.

This sense of ownership could be related to positive outcomes such as job performance, work proactivity and discretionary work behaviour that goes beyond formal job requirements – a concept known in management academia as "organisational citizenship behaviour." However, the flip side is that the same psychological ownership of the job could also lead to some workers becoming more territorial in their jobs, leading to less information-sharing in the workplace, and even to instances of unethical behaviour. In other words, highly engaged employees are likely to engage in both organisation-enhancing and organisation-hindering behaviours.

Territorial behaviour

Through triggering a sense of ownership, high job engagement could lead to some employees becoming more territorial, for example, claiming and protecting job-related materials, progresses, and outputs as belonging exclusively to themselves, and preventing others from getting involved in the core aspects of their jobs. Protecting access to clients is a case in point:

"My supervisor asked me to join a colleague and take charge of one of our company's important clients. However, my colleague always goes to meet the client alone and discusses the client's needs without asking me or letting me know in advance. He seems to be wary of me and discourages me from taking part." – Financial advisor

By displaying this kind of territorial behaviour, employees signal to colleagues that "this is mine, not yours." In doing so they express, communicate, and secure a clear identity of their extended self through their jobs.

Knowledge hiding

High job-based psychological ownership may also cause employees to engage in knowledge hiding.

High job-based psychological ownership may also cause employees to engage in knowledge hiding. Job-related knowledge is accumulated through myriad past interactions, and signals an important part of the extended self at work. Through interactive processes, employees come to understand more about their jobs as well as about themselves, and a sense of self-identity is thus established, reproduced, transformed, and maintained. This kind of intimate knowledge makes the job not only "mine" but also a part of "myself." Take sales representatives. A key aspect of the job is product and customer information, know-how, and skills to promote sales. This is how one sales rep reported the situation:

"I have invested so much of my time and talents into developing and maintaining my clients. They are definitely mine."

"I have invested so much of my time and talents into developing and maintaining my clients. They are definitely mine. I cannot stand colleagues who do not make an effort but always want to take a shortcut by asking you for tips on how to acquire clients, or even ask you to introduce clients to them." – Pharmaceutical sales representative

If such tacit personal knowledge were revealed to colleagues, it could mean a loss of exclusive job ownership and cause a threat to the extended self. In contrast, shielding such knowledge helps employees preserve their extended self and maintain the continuity of self-identity.

Unethical pro-job behaviour

People with a strong sense of psychological ownership may even engage in unethical behaviour.

People with a strong sense of psychological ownership may even engage in unethical behaviour that violates organisational norms or threatens the well-being of its members. Highly engaged employees tend to feel threatened by seeming infringements of their jobs. This sense of threat to the self directs them to focus narrowly on their current needs and be less mindful of moral standards. A desire to maintain and protect their job may blind such employees to ethical concerns and make them more prone to commit unethical acts, such as exposing the company to detrimental competition among employees, sabotage or stalking, discrediting others' performance, or ostracising colleagues.

Approach or avoidance motivation?

When does job engagement lead to more beneficial or more harmful outcomes? We speculated that it may depend on an employee's motivational focus – approach and avoidance motivation, two well-established categories in the literature of psychology research. People with a high approach motivation are driven by a desire to pursue gains and achieve their aspirations, while those with a high avoidance motivation are driven by an inclination to avoid losses and distressing problems. We found that for those employees with high avoidance orientation, the stronger sense of ownership stimulated by job engagement is more likely to produce negative workplace outcomes, including being territorial and hiding knowledge from colleagues and even engaging in unethical behaviour. However, the results also showed that engaged employees would perform more positive workplace behaviour regardless of their approach orientation level.

Practical implications

Be aware of a potential downside to the seemingly positive.

What are the main takeaways from this research for managers? First, in the pursuit of employee engagement, it helps to be aware and vigilant of a potential downside to the seemingly positive. High job engagement has a double-edged quality. When highly engaged employees are not being guided and managed properly, undesirable outcomes may result. One possible antidote would be to try to establish a high-trust environment to foster the perception that workers respect one another's work.

Second, managers should be mindful of employees with high avoidance motivation who are more likely to exhibit undesirable workplace behaviour stemming from their high job engagement and sense of job ownership. When these employees become highly engaged, they display a stronger tendency to territorial behaviour, are reluctant to share job-related information and knowledge, and may engage in unethical behaviour such as excluding co-workers, as they focus on avoiding losses. Managers need to consider implementing policies and procedures to monitor and discourage this kind of disruptive workplace behaviour.

Third, we encourage companies to offer training programmes or interpersonal counselling to mitigate negative effects. We do not mean to deprive the highly engaged of their sense of job ownership, but overall employees should be guided by organisational objectives, rather than the benefits they might derive personally from their jobs.

Dr Melody Zhang
Assistant Professor
Department of Management

Delivering critical feedback to your people

By Dr Chak-fu Lam

***Dr Chak-fu Lam**, Associate Professor in the Department of Management, discusses how managers can best negotiate a tricky issue – giving critical feedback. Six steps deliver a difficult conversation directly and respectfully at the same time. This article is based on "Say It as It Is: Consequences of Voice Directness, Voice Politeness, and Voicer Credibility on Voice Endorsement," by Lam, Chak Fu; Lee, Cynthia; and Sui, Yang, published in the Journal of Applied Psychology in May 2019.*

Associates often make mistakes. Some are minute and can be easily fixed. Others deserve a critical conversation.

Imagine one of your associates has an issue of body odour (yes, it's more common than you think!): people struggle to be around this person and eventually they come to you and want you to talk to the person about the smell. After verifying that this is indeed an issue, you realise that you have to deal with it because the smell is affecting the performance of those who sit near this person.

I remember posing this question to a class in which one of the students served in the US military as a lieutenant. We were all curious about what he would say. His answer:

"You stink. Go take a shower."

It may seem harsh, but if you deliver this sentence in a monotonous, matter-of-fact tone, it's surprisingly effective.

Ultimately, the goal of the conversation is clear: change an unwanted behaviour.

Associates often make mistakes; some are minute and can be easily fixed; others deserve a critical conversation. While the body odour issue may seem extreme and unlikely, consider other day to day issues like being late for work, poor performance, lack of initiative, or other critical issues that managers face on a daily basis but are often too afraid to speak about. There are a variety of labels given to this process: developmental conversation, developmental feedback, critical conversation, critical feedback, etc. Ultimately, the goal of the conversation is clear: change an unwanted behaviour.

Three things to avoid

People are afraid to provide negative feedback for fear of upsetting the other party.

At work, managers typically make three mistakes when they engage in this type of conversation. The first is called the MUM effect: people are afraid to provide negative feedback for fear of upsetting the other party. This is especially true in a collectivistic culture where people are concerned about maintaining social harmony and not willing to offend others. If handled improperly, relationships can be strained by this type of conversation, and many managers are too afraid to deliver negative feedback. I agree that caring about your associates' feeling and "face" is very important; unfortunately, most managers choose to avoid the situation altogether, and never get to address the issue until it becomes out of hand.

Say something positive, deliver the "blow", then end with something positive. What managers don't realise is that this type of message becomes ambiguous.

A second mistake that managers often make is to use the sandwich technique: say something positive about the associate (you are doing great), deliver the "blow" (but…), then end with something positive again (if you take care of this, everything will be great). Allegedly, this strategy preserves the face and feeling of the associates. What managers don't realise is that this type of message becomes ambiguous: employees would ask themselves, "Am I good?" "Do I need to improve?" This leaves the associate confused about whether he or she has to improve, or he or she is actually doing ok.

Managers want to appear caring and so they start the conversation by asking questions.

A third mistake that managers make when delivering this type of conversation is that they want to appear caring and so they start the conversation by asking questions (which, I must emphasise, is a very important skill to develop as a leader): "Do you feel that people are avoiding you?" "What do you think about your performance?" Asking questions and listening are two very important skills to learn as a manager, but it's not so effective in this type of situation because you are no longer in control of the conversation. What if the associate replies "I think I am doing great" when, in fact, he or she is doing poorly? What is your follow-up conversation? Rather than you being firmly in control of driving the conversation, as any good manager should be, you allow your associates to lead the conversation. Often times, managers fail to deliver their message.

Focus feedback on the task not the person

My research, which focuses on how associates express ideas and suggestions to their manager, speaks to this issue. Specifically, in three studies conducted both in the field with surveys and in the lab with experiments, my colleagues and I found that being direct about change-oriented suggestions is associated with more frequent managerial endorsement when voicers are credible or respectful. In a similar vein, studies by Kluger and DeNisi (1996) suggest that feedback tends to improve performance as long as it is focused on the task and not the person. Phrases like "How many times have I told you…" "Why are you so stupid?" or "You don't know what you are doing" can never be taken back; the moment associates hear these words, their focus is not on the content of the conversation anymore but on their own self: am I a terrible person? Why is my boss angry with me? What can I do to make the boss feel better?

Six steps to deliver a difficult conversation

So, how do you actually deliver a difficult conversation? Here are the six steps that are consistent with our discussion:

Saving face and being respectful are important.

1. Choose a private setting. It's very important that when you deliver the conversation, you do so behind closed doors with only the relevant parties (usually you and your associate; but sometimes you may need a third-party to ensure your safety and/or to have a witness that the conversation did occur). Saving face and being respectful are important; nobody wants others to know that they have made a critical error. By the same token, avoid talking about the conversation in front of other subordinates.

Be as objective as possible.

2. Begin the conversation by describing the problem. The key here is to be as objective as possible. Back to our body odour example, this is nothing more than a one-phrase statement: "I hate to say this, but when I walk pass you, I notice issues with your body odour." Or, consider if you are delivering a conversation about lack of performance. All you have to communicate is to give examples of poor performance ("Your sales target for last year is X%, but you only reached X-10%.")

Describing an issue objectively shows that you are unbiased; you are focused on improving the situation rather than attacking the associate. This is important, as studies show that when a suggestion is perceived to be made out of prosocial motives, people are more likely to pay attention to your suggestion. By describing an issue in an objective manner, you show that you are not engaging in the conversation with an agenda in mind, but are truly focused on solving a serious problem.

Convey a signal that you are focusing on the task not the person.

3. Also, note your body language here. In business schools, we often ask people to communicate with charisma and enthusiasm. Not when you're delivering critical conversation. Your associate is able to detect any signs of blame from you, and your body language will make a difference here. Use monotone, conveying a signal that you are not focusing on him or her as a person but on the task. This will signal to the associate that you are communicating this issue out of the desire to help him or her improve a situation.

Describe the consequences of the problem.

4. Describe the consequences of the problem. This is a step that a lot of managers miss: they just assume that by describing an issue, the associate will know the negative consequences of their behaviour. In reality, they often don't! So describe the effect objectively. For example, for the body odour challenge, a manager may say the following: "This affects those around you because they get distracted. In fact, I get distracted while talking to you." For the sales performance challenge, a manager may say: "As a result, we are not able to reach our collective goals." Here, a really effective strategy is to say how this problem affects the associate himself or herself: "This hurts you eventually because people do not want to interact with you," "Unfortunately, this will hurt the store sales in general and may result in zero bonus this year." Ideally, you want to increase the expectancy value of changing the unwanted behaviour: if the unwanted behaviour does not entail any negative consequences for the associate, there will be little motivation for the associates to change it.

Offering solutions enhances the sense that one is capable of addressing the issue.

5. Offer solutions. Anyone in the world knows how to criticise someone for the problems they create; not many know how to solve those problems. Ultimately, your goal is for the associates to improve and become better. Therefore, offering possible solutions is critical: "You may consider taking a shower in the morning," "Have you tried using this deodorant brand?" "To improve your sales, try counting the number of 'cold' calls you have to make backward in order to reach your sales target." Offering solutions not only signals that you care, but also enhances the associates' sense of efficacy – or feeling that one is capable – of addressing the issue.

Enhancing a sense of accountability has been shown to improve performance.

6. Follow-up with a quick email. Write it down in plain simple language so that the associate knows that this is a serious issue and that he or she must address this issue; you are not going to let him or her off the hook. You will follow-up this issue in the near future. This enhances a sense of accountability, which has been shown to improve performance.

It's not easy to communicate directly and respectfully at the same time. With practice, however, any manager can deliver this type of conversation, with ease.

Dr Chak-fu Lam
Associate Professor
Department of Management

Total customer obsession

***Dr Sunny Fong** is Senior Director, People Lead – Asia & Japan at McDonald's. Here he talks about his HR career, the importance of innovation and technology to an established brand, and how the food service industry is addressing the Covid-19 challenges.*

Interview by Eric Collins

Why did you choose to work in HR?

I studied BBA at the Chinese University of Hong Kong. Back then in the late 1980s, you had to choose either General Business Management or Human Resources. I chose HR for two main reasons: at that time there was a transformation in organisations, and HR was moving from an administrative function – often called Personnel – to more of a strategic function, so I saw a lot of opportunities there for well-trained HR professionals. Secondly, one nice thing about HR is that there are different functional areas or disciplines. There's the human side, such as interviewing people, developing talents, and change, and there are some unique skills needed there. And then there's reward management, or remuneration, a field requiring a more analytical capability. So, I was attracted to this diversity of functions within the field of HR.

Where did you begin your career?

I started out as an HR management trainee with the MTR (Mass Transit Railway). This is a big company and there was good job rotation with the opportunity to work in several different functions such as remuneration, employee relations, HR account services serving different departments, so I got the chance to build a solid foundation. After that I wanted to gain international exposure, so I joined Motorola, who at that time had a big manufacturing facility in Hong Kong.

I worked in a few other multinationals after Motorola. Then in the mid-2000s, I took a career break to pursue another career aspiration. I spent 18 months as an Assistant Professor at the Hong Kong Baptist University. I really enjoyed teaching, interacting with the students, and sharing my experience.

I joined McDonald's in 2007, with a new position especially created in reward management, which is to a certain extent my area of expertise. It was a new industry experience, in a company strong on employee engagement and branding, so that's why I came here.

You mentioned reward management?

Yes, some companies call it compensation and benefits or remuneration. It is more around how you decide your grading structure, bonus schemes, benefit plans, all kind of programmes both tangible and intangible (for example, recognition schemes). How to motivate and engage your employees? How to recognise your best restaurant managers?

Could you describe McDonald's management structure?

We have gone through a major transformation since 2015. Before that we had a typical multinational structure with specific regionally based organisations covering areas such as the US, Europe, Latin America, Asia Pacific, etc. Since 2015 we decided to revamp the structure to align with our business strategy. We have the US segment, which is huge with over 14,000 restaurants. And we grouped all the markets wholly owned by McDonald's (e.g., Germany, Australia and Canada) in the International Operated Markets (IOM) segment. And then we have 80+ markets in one big International Developmental Licensed Markets (IDLM) segment. These are a little bit like franchises, the difference being that these markets are run by a big local business partner.

What are the advantages of the Developmental Licensee strategy?

Approximately 93% Of McDonald's restaurants worldwide are now owned and operated by independent local business owners.

DL is a key driver for growth and helps us to understand individual customer needs and local customer preferences, to penetrate the local market more readily, and to grow fast. We still have a core business unit team for each region, but the management hierarchy is pretty flat in order to be close to customers.

How about the training function?

We are very proud of the way that we develop our people. At restaurant level we hire a lot of part-time employees. Some of them joined us as high school students, and may decide that they will not go to university because they want to develop their career in our industry. So, we need to equip them with the necessary operational and also managerial skills. We call our learning development function for restaurant operations "The Hamburger University," and we have physical facilities in quite a lot of countries. But more importantly we have very rigorous training curriculum for employees at different levels in the restaurant. To become a restaurant general manager, for instance, you will need to go through specific modules. If you want to be promoted to the next level, which we call operation consultant where you manage perhaps seven or eight restaurants, that's a different skill set, and we also provide specific training programme. That's critical. Equally important is equipping people with the necessary leadership development and exposure to new experience.

How do you handle innovation?

Innovation is key, and it is critical to innovate to meet customer needs. Back in 2013–14 we encountered quite a lot of challenges. So we asked ourselves, how can we elevate ourselves? While we will continue to run great restaurants and offer value to customers, the importance of customer obsession came in. We have to understand our customer needs. For instance, as always, we endeavour to innovate our menu and would do testing before launching new items. But to ensure customer obsession, we ensure we will collect enough insights from our customers. We now emphasise more on the importance of customer validation to back up innovations, and that's how we respond to customer needs nowadays.

How is McDonald's adapting to preferences for a plant-based diet?

McDonald's already offers meatless burger in some countries, such as India, South Africa and Australia.

In Canada we have tested a new product which is a plant-based burger, under the P.L.T. (Plant, Lettuce, Tomato) trial, and we are evaluating learnings from our recent test to inform future menu options.

How about regional diversity?

If we take menu items as an example, of course we have many iconic products like Big Mac or Filet-O-Fish and fries, which are core menu items and popular in almost all the markets that we operate. But at the same time, we need to cater for local market differences. A classic example is India. We do not serve beef and pork in India, and there is a big vegetarian population. So, we introduced tasty vegetarian burgers. In Hong Kong we have been launching twisty pasta, which is well loved by local customers for breakfast. Many Asian customers love durian, and so we launched durian McFlurry in Malaysia and Singapore, and customers are crazy about it.

How about the role of technology?

We introduced our Velocity Growth Plan in 2017 and identified three pillars of the growth strategy. We needed to retain existing customers; regain customers we have lost; and convert casual customers to committed customers. In order to support this effort, we identified digital as one of our key accelerators and are committed to re-shape our interactions with the customer – whether they eat in, take out, drive thru or order delivery. For instance, we have been introducing new digital elements in our stores, including digital menu boards, self-ordering kiosks, and mobile ordering. At the end of the day, we want to deliver our brand promise of "making delicious feel good moments easy for everyone."

Will management need to develop a new skill set to leverage technology effectively?

Technology has been changing constantly over the past few decades. I think the key is that our people have a mindset which is open to change. That is critical and applies to everyone, not just the colleagues in the technology function. Take an example, in HR we need to ask ourselves how can we use tech to attract applicants? Then how can we use tech to help interview candidates? In Australia for instance we have taken to use Snapchat to attract candidates, which gave them a job search experience that resonated with them.

How well is change managed in universities?

I do see a lot of changes in recent years, especially in connecting with the business world. CityU is a good example, we have departmental advisory committees where the corporate world is well represented. From the student side, there are more and more opportunities to understand the business world through internships. Another change is mentoring, that's a great idea to provide students with exposure to the outside world. Nowadays we talk about reciprocal mentoring. We need to learn from one another. That way we can work across the so-called generation gaps.

How do you see employment opportunities changing for our Management graduates?

This is a timely question, especially because of Covid-19. I would say it is still uncertain at the moment, as it will take quite some time to understand the short- and long-term impact of Covid-19. We talked about tech, and there are always growth areas. Right now, all companies are talking about digital, AI, and cyber security. Perhaps management graduates need to ask themselves, "how can I upgrade my knowledge in say digital marketing, big data and cyber security, so that I can differentiate myself from the crowd?"

Can the food retail business overcome Covid-19?

Obviously, currently sales in the industry are down in most countries, but at the same time we can ask ourselves what can we do to mitigate the risk? How can we leverage more from, say, delivery? Can we make delivery contactless? We need to try and anticipate the trends post Covid-19. We need to monitor and check whether this is going to be short- or long-term? On the people side, through this whole episode, we need to keep asking how we can engage with our people. How can we stay connected with them, and make sure they understand what has happened? How can we assure employees that it is now very safe to come back to work in the restaurants?

What about sustainability?

As one of the world's largest restaurant companies, we have the responsibility and opportunity to take action on some of the most pressing social and environmental challenges in the world today. The size and reach of our business put us in a unique position to improve people's lives and the environment. We want to use our global scale and continue raising the bar on what it means to be a responsible company committed to people and the planet.

Our current "Scale for Good" priorities cover Climate Action, Beef Sustainability, and Packaging & Re-cycling, and Family Commitment. Another element of sustainability is people. How can McDonald's provide youth opportunities to train young people the skills that they can use in their future lives?

Dr Sunny Fong
Senior Director, People Lead – Asia & Japan
McDonald's

NEWS

HomAge: Home-based Aging for Transformative Community Care

A CB-led community care project has attracted funding of over HK$ 23 million from the Bank of China. "HomAge: Home-based Aging for Transformative Community Care," a strategic collaboration with the Jockey Club School of Public Health and Primary Care, the Chinese University of Hong Kong, is one of the selected projects for the Bank of China's Centenary Charity Programme.

Project leader, **Dean Frank Chen** said, "HomAge has the potential to transform Hong Kong's community care by providing home nursing through small, self-managed neighbourhood teams supported by an array of innovative technologies."

The HomAge pilot project intends to implement a home-based care programme, based on the Buurtzorg nurse-led model of holistic care that has revolutionised community care around the world. This localisation of the Buurtzorg model will explore a prototype of a sustainable Public-private partnership homecare scheme, and deliver an innovative home-based care workforce. The project will introduce the role of care coordinators and equip them with a case management approach and health coaching qualification.

Further partners include social service organisations, Neighbourhood Advice-Action Council, Hong Kong Christian Service, and Tung Wah Group of Hospitals; medical service provider Queen Elizabeth Hospital; pioneering healthcare organisation Buurtzorg Asia Pacific; and academic partner The Institute of Vocational Education (Shatin). The project aims to transform the ecology of institutional elderly care and centre-based health management by facilitating "aging-in-place" with sufficient quality homecare support, and is set to benefit some 5000 people over a three-year period.

HomAge will feature a range of innovative technologies – an IT platform for service planning and coordination, and a series of portable person-centred devices to support home-based care. The IT solution is based on a framework which allows real-time collaboration between project teams.

The data management team will link the community health profile of project participants with medical service utilisation. The linked dataset aims to develop an evidence-based screening programme to optimise service utilisation across the elderly care continuum, support medical-social service integration, and tackle the institutional challenges of a fast-aging population.

HomAge will feature telemedicine, person-centred technological devices to facilitate home-based care, including real-time video conferencing, and text recognition for vital sign monitoring that match with each individual's home devices.

The project will also feature a portable fall prevention device developed by CityU's Department of System Engineering and Engineering Management (SEEM) Department, portable ECG and stroke prevention education, and electronic pillboxes with professional staff supervision and education, aiming to improve medication adherence and facilitate family members monitoring progress.

HomAge will contribute towards community manpower rejuvenation and training, creating new job opportunities for students in the discipline of public health and elderly care. The assessment, which is integral to the project, will provide empirical data for formulating future policy for the implementation of aging-in-place, pointing towards a comprehensive solution for Hong Kong's aging population.

Top talents tackle the toughest global challenges with blockchain

Sponsored by HSBC, the College of Business, partnered with the Hong Kong Blockchain Society to host the 2020 edition of the International Blockchain Olympiad (IBCOL) in early July. Anticipating our decentralised future and in keeping with the times, IBCOL 2020 was an entirely online event, involving hundreds of participants in 57 teams.

In his welcoming remarks, **Dean Frank Chen** expressed his gratitude to the Hong Kong Blockchain Society for its dedication in training and inspiring students in blockchain learning, and to HSBC for its generous sponsorship.

"IBCOL has been a great success, not only because it can stimulate students' creativity in the technology, but also being able to gather all the subject experts and future talents together, to share their true passion for blockchain and cryptography developments, and to make a change in the world with secure, private, decentralised solutions," Professor Chen added.

Mr Zhang Huifeng, Head of Corporate Sustainability Asia Pacific at HSBC said, "HSBC supports the IBCOL to enable students to learn blockchain and also to inspire them to use technology to meet social and business needs. These are valuable future skills that will help you fly in your career and also enable you to make a positive difference to society."

Dr Lawrence Ma, President of the Hong Kong Blockchain Society and convenor of the jury said, "We were impressed with the diversity of teams and projects this year. The high calibre of projects added to the difficulty in evaluating them. We hope to see some of these projects come to life, and we are excited to support the IBCOL to facilitate cooperation between projects of different schools around the world."

The third edition of IBCOL was more global than ever, expanding to 15 locations around the world including Bangladesh, Canada, Mainland China, Mongolia, Philippines, Poland, Spain, Taiwan, Thailand, Turkey, The Netherlands, The United Kingdom, The United States, Vietnam and Hong Kong.

The International Blockchain Olympiad embodies the characteristics of a business case competition, an academic whitepaper conference, and a "hackathon." All contestants draft a whitepaper to address a global challenge and proffer a complete solution, whilst finalists are required to create a poster board and a pitch presentation. This year's topics covered various real-world scenarios and ranged from supply chain, finance, health, insurance, land and real estate, to government, education, and construction.

Team PChain, comprising students from the Chinese University of Hong Kong and the Hong Kong University of Science and Technology, won the gold medal, while the silver and bronze medalists hailed from Bangladesh and the Netherlands. Meanwhile, Microcent team from the College of Engineering and Blockio from the College of Business of CityU won the Best Fintech Award and People's Choice Award respectively.

In addition to HSBC's sponsorship, IBCOL 2020 was supported by Julia Computing, Kaplan, and the Office of the Privacy Commissioner for Personal Data of Hong Kong.

HSBC has kindly pledged to continue supporting this event, enabling the sustainable growth of education in blockchain, helping to equip students with "future-proof" skills, and developing a new type of business leader. We look forward to the 2021 edition of the Olympiad!

NEWS

CityU confers Honorary Fellowships

The University has conferred the title of Honorary Fellow of City University of Hong Kong on three leaders from the business community in recognition of their distinctive contributions to the University and the wider community.

The recipients of the Honorary Fellowships are:

- **Dr Jennifer Ng Chui-yiu, JP**, Vice-Chairman and CEO of Marshall-Karson Construction and Engineering Ltd
- **Ms Jenny Chan Pik-ha**, Sales Director of KGI Asia Limited
- **Mr Lau Tat-chuen**, Director of Sino International Industrial (Group) HK Limited.

Dr Jennifer Ng graduated from the College of Business DBA programme, Ms Jenny Chan is an alumna of the EMBA programme, while Mr Lau has been a generous donor to the College. Over the years, they have offered unstinting support to both University and College.

The College congratulates Dr Ng, Ms Chan and Mr Lau on their exceptional accomplishments, and looks forward to continuing collaboration in the coming years.

CityU CB earns recognition as a High Honors Chapter in Beta Gamma Sigma

The Beta Gamma Sigma Chapter at the City University of Hong Kong has been recognised as a High Honors Chapter for the 2019-2020 academic year.

Dean Frank Chen said "This achievement is testimony to CB's commitment in developing our students for the passionate pursuit of professional and academic excellence. I would like to thank **Dr Mary Pang** and colleagues from the Undergraduate Programmes team for their dedication and hard work in helping students unleash their fullest potential."

Beta Gamma Sigma

The International Honor Society, Beta Gamma Sigma
is proud to recognize

City University of Hong Kong

For qualifying as a

High Honors Chapter

For the 2019-2020 academic year

Founded in 1913, Beta Gamma Sigma is a society accredited by the Association to Advance Collegiate Schools of Business (AACSB) International. It invites outstanding business schools to establish collegiate chapters. BGS recognises academic excellence in business studies and invites top scholars to join. Lifetime membership has been awarded to elite scholars from more than 525 collegiate chapters in over 20 countries and territories worldwide.

Undergraduate students triumph in CGMA Global Business Challenge 2020

Four CB undergraduate students, **Alexandra Mak** and **Crystal Mak** from BBA Global Business, **Anson Chung** from BBA Accountancy, and **Mark Hung** from BBA Global Business (with a second major in Accountancy), shone in the Chartered Global Management Accountant (CGMA) Global Business Challenge 2020. Their team named "IdeaBank" won the Championship in Hong Kong earlier in the month, and then represented the city in the online North Asia Final on 13 June, competing with nine other elite teams across the region. IdeaBank finally achieved the second runner-up position.

In the final, the teams were given 11 hours to identify issues facing a hotel group and come up with strategies to improve its operations, project management, accounting and finance, and to deal with threats from disruptive innovations.

Team member Mark said, "Our final product with in-depth analyses reflected our professionalism and problem-solving skills even as students." He added that he valued the opportunities for developing critical thinking, improving logical thinking and learning from people in various disciplines.

Alexandra said, "Apart from the competition, we also needed to take care of our internship and studies. Although I sometimes felt very stressed, the professional experience gained from the competition was immeasurably precious."

The CGMA Global Business Challenge is an international competition organised by the Chartered Institute of Management Accountants (CIMA), the world's largest professional body of management accountants. Based on the principle of fairness, justice and openness, the competition gathers outstanding business students around the world and aims to develop their leadership, technical knowledge, business acumen, and people skills.

Crystal said, "Solving business problems is never easy. With that in mind, we underwent a lot of training to hone our problem-solving skills to prepare ourselves for the competition."

Before the competition, the team went through extensive training conducted by the BBA Global Business Programme Director, **Dr Chak-fu Lam**, and an intensive workshop taught by **Dr Zachary Leung** from the Department of Management Sciences. They also benefited from working with **Dr Raymond Wong**, **Mr David Yip** and **Mr Sunny Wong** from the Department of Accountancy.

Anson added, "I am proud to be part of this team and thankful for the opportunity given by CGMA North Asia! It was a tough task but it helped sharpen our skills from different aspects."

In addition to a cash prize, each team member was given a one-year subscription to the "CGMA Financial Leadership Program" to pursue professional designation of CGMA and to help prepare themselves for a future management consultant position.

NEWS

2020 Virtual Crypto Forum

The College of Business joined hands with the School of Data Science to host the online "2020 Virtual Crypto Forum: The Role of Cryptocurrency – Blockchain in the Post-Pandemic World" on 16 June 2020. The event was co-organised by College of Business, School of Data Science, GOSS Institute of Research Limited, Crypto Review and B2 Fintech School, and was supported by the EMBA office of the College of Business.

Responding to the global discussion on cryptocurrency and blockchain, the one-day 2020 Virtual Crypto Forum featured 15 presentations on the development and application of currency and blockchain integration, and their social and economic significances in the post-pandemic world.

In his welcome address, CityU President **Professor Way Kuo** said, "This year is a very exciting year with great uncertainty. Technologies have been helping us a lot in our daily lives in an economic world and also from a social community aspect."

"CityU has one of the strongest engineering technology programmes and business programmes. We hope to join the 300 participants from all around the world in the conference today, to make positive impacts on the development and application of blockchain and cryptocurrency for a fair, secure and more efficient community."

The speakers were leading scholars or senior industry experts from around the globe including China, Hong Kong, Macau, Taiwan, the US and France. Topics covered included designing stable coins, the essence of blockchain in machine trust, "softness" and "hardness" of blockchain, user-centric verifiable credential, payment tools, cybersecurity and privacy in FinTech, digital RMB and more.

The organising committee of the forum comprised **Professor Houmin Yan**, Acting Dean, College of Business; **Professor Joe Qin**, Dean, School of Data Science; **Dr Michael Wong**, EMBA Programme Director and Associate Professor of Finance; **Dr Zhong Zhang**, Editor-in-Chief, Crypto Review, **Professor QJ Gao**, President, GOSS Institute of Research; and **Mr Dadu Lee**, B2 Fintech School.

CFFT programme recognised for its contributions to FinTech education

The College's BSc Computational Finance and Financial Technology (CFFT), was presented with the IFTA FinTech Education Honorary Award by the Institute of Financial Technologists of Asia (IFTA) at an award ceremony held at the MIT HK Innovation Node in Kowloon Tong on 4 September 2020.

With the theme "Transforming FinTech Communities with Competence, Character, and Care," IFTA organised the IFTA FinTech Achievement Awards 2019 to recognise talents and enterprises in pursuing creative solutions that address business and social needs. Awardees were chosen in recognition of their contributions to improving FinTech education quality and awareness in Hong Kong.

Dr Alvin Leung, Deputy Programme Leader and Stream Advisor of Financial Technology Stream of CFFT said, "The award from IFTA is a recognition of the endeavours of three Departments in the College, namely, Department of Information Systems, Department of Economics and Finance, and Department of Management Sciences, in student-centric learning, knowledge transfer, and interdisciplinary education."

CFFT, one of the College's flagship undergraduate programmes, aims to provide students with solid research, quantitative and technology training in finance. Students can opt for one of two streams, Computational Finance or Financial Technology.

CB hosts the 5th Business Career Fair

The College of Business organised its first ever virtual business fair on 7 September 2020. This was the fifth annual Business Career Fair organised by the College's Business Career Development team with an aim to connect students with recruiters of leading companies across various industries.

The fair attracted 34 companies including S&P 500 and multinational companies from a variety of industries. This year, the fair hosted virtual booths and featured 14 recruitment talks to more than 1,300 students who had signed up for the event. Over 120 job positions were available for participants to submit CV and make one-click applications. Students could conduct live chats and video calls with recruiters to learn more about the companies and job vacancies. The College also invited Don Nelson Recruitment to offer CV critiques for students.

In his opening remarks, **Dean Frank Chen**, expressed his heartfelt thanks to all the participating firms for their continuous support to our students despite the challenging environment, and shared tips on how to stand out in a competitive job market.

Professor Albert Ip, Chairman of the Business Career Development Advisory Committee emphasised that CityU always strives to be at the forefront, especially in equipping students with the most up-to-date knowledge and skills to meet industry needs.

College International Advisory Board annual meeting 2020

The College International Advisory Board (CIAB) held its 12th annual meeting on 23 June, with overseas members joining online in the midst of the Covid-19 situation.

Members shared insights with the College on how to embrace challenges presented locally and globally, as the coronavirus pandemic, economic downturn and geopolitical tensions alter the competitive landscape of higher education. Amongst other suggestions, members recommended strengthening student support and career development, and gearing up for innovative teaching and learning approaches facilitated by new communications technologies.

The College welcomed four new members to the CIAB, who bring further diversity and dynamics to the board: **Professor Shu-hsing Li**, former Vice-President (Finance) and Professor of Accounting at the National Taiwan University; **Professor Jinhong Xie**, JC Penney Eminent Scholar Chair and Professor of Marketing at the University of Florida; **Mr Geoffrey Hamilton**, Chief of the Corporation and Partnerships Section at United Nations Economic Commission for Europe (UNECE); and **Mr Lawrence Jin Ling-yun**, Eastern Region Market Leader, Deloitte China.

The CIAB Meeting is an annual session for board members to advise on matters relating to directions and strategies for the future development of the College.

Comings & Goings

We welcome our new faculty who joined CB between March 2020 and August 2020

Dr Lei Zhang

Associate Professor
Department of Economics and Finance

Dr Lei Zhang received a PhD degree from INSEAD, and his Bachelor's and Master's degrees from Fudan University. His research interests include credit markets, institutional investors, risk management, and financial intermediaries. He has published papers in leading academic journals including Journal of Financial Economics, Journal of Monetary Economics, Management Science, Journal of International Business Studies, Journal of Financial and Quantitative Analysis, etc.

Dr Christian Simon Paparcuri

Assistant Professor
Department of Accountancy

Dr Christian Simon Paparcuri received his PhD in Accounting from Arizona State University. He also received Accounting Bachelor's and Master's degrees from the University of Florida. His research interest focuses on tax enforcement and tax services. His teaching interests are taxation and managerial accounting. He holds a Massachusetts CPA license.

Dr Christopher Michael Rigsby

Assistant Professor
Department of Accountancy

Dr Rigsby earned a PhD in Accounting Information and Management from Northwestern University, an MSc in Geophysics from Saint Louis University, and a BSc in Applied Mathematics and Creative Writing from Fontbonne University. His research focuses on debt contracting, bankruptcy, M&A, and disclosure. As a teacher, he hopes to demonstrate the role of accounting in understanding the economics of companies. Fostering passion for accounting and preparing students for the next stage of their development are his priorities.

Dr Satish Sahoo

Assistant Professor
Department of Accountancy

Dr Satish Sahoo received his PhD in Business Administration from the University of Southern California. He earned his MBA from the Asian Institute of Management Manila and his Bachelor's degree in Electrical Engineering from the National Institute of Technology, Rourkela. Dr Sahoo is a CFA charter holder and a GARP certified Financial Risk Manager. His research focuses on M&A and debt contracting. His research is often, both informed by and seeks to inform the accounting standard-setting process.

Dr Qing Liu

Assistant Professor
Department of Economics and Finance

Dr Qing Liu obtained her PhD in Mathematical Finance at Boston University. In her research, she aims to take some small but significant steps in better understanding how contracts function in the world, as against the idealised setting of the existing principal-agent literature. She is especially interested in settings such as entrepreneurship and venture capital.

Dr Wenji Xu

Assistant Professor
Department of Economics and Finance

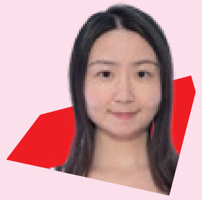
Dr Wenji Xu received his PhD in Economics from the University of Chicago and his BSc in Applied Mathematics from the National University of Singapore. His research interests lie in economic theory and its application to the design of market institutions.

Dr Zhengyang Xu

Assistant Professor
Department of Economics and Finance

Dr Zhengyang Xu received his PhD in Finance from the Ross School of Business, University of Michigan. His research interests broadly lie in asset pricing, investor behaviour, and learning.

Dr Ying Zhou



Assistant Professor
Department of Economics and Finance

Dr Ying Zhou obtained her PhD in Economics from The University of Chicago and her BA from Zhejiang University. Her research focuses on macroeconomics, labour and growth.

Dr Yongjin Park

Assistant Professor
Department of Information Systems

Dr Yongjin Park earned his PhD in Management Engineering (with a major in Information Systems) from Korea Advanced Institute of Science and Technology and a BSc in Industrial and Management Engineering from Pohang University of Science and Technology. His research focuses on e-business, economics of information systems, and societal impact of information technology.

Dr Tianjian Zhang

Assistant Professor
Department of Information Systems

Dr Tianjian Zhang received a BSc in Mathematics from the Chinese University of Hong Kong, an MS in Mathematics and a PhD in Management Science and Information Systems from Oklahoma State University. His research primarily centres around various risks associated with digitisation. He has studied the value proposition of cybersecurity investments, labour displacement related to cybersecurity legislation, and unintended consequences of adopting financial technologies. He is also interested in knowledge spillover and technology diffusion.

Dr Youjin Kim

Assistant Professor
Department of Management

Dr Youjin Kim received her PhD from Michigan State University. Her primary research interests include organisational citizenship behaviour, motives, proactive behaviour and emotion in the workplace. Her research has been published in the Academy of Management Journal, Organizational Behavior and Human Decision Processes, and Journal of Organizational Behavior, and Human Performance, etc.

Dr Jingyu He

Assistant Professor
Department of Management Sciences

Dr Jingyu He received his PhD, MBA and MSc from the University of Chicago, and BSc from the University of Science and Technology of China. His research interests include Bayesian statistics, machine learning algorithms and quantitative finance.

Dr Simon Trimborn

Assistant Professor
Department of Management Sciences

Dr Simon Trimborn conducted his PhD studies at the Humboldt-University of Berlin and was subsequently employed as a Research Fellow at the National University of Singapore. His work focuses on high dimensional data analysis for time series data with which he tackles specific problems of the cryptocurrency market and blockchain from an econometric and statistical point of view.

We extend our best wishes for future happiness, professional fulfilment and prosperity to faculty who left us between March 2020 and August 2020

Professor Leon Zhao
Chair Professor
Department of Information Systems

Professor Ziguang Chen
Professor
Department of Management

Dr To-ming Ho
Associate Professor
Department of Economics and Finance

Dr Soyean Kwack
Assistant Professor
Department of Accountancy

Dr Yu Zheng
Assistant Professor
Department of Economics and Finance

Dr Linda Wang
Assistant Professor
Department of Management

Professor Brian Keane Boyd
Chair Professor
Department of Management

Professor Xufei Ma
Professor
Department of Management

Dr Jay Li
Associate Professor
Department of Economics and Finance

Dr Azizjon Alimov
Assistant Professor
Department of Economics and Finance

Dr Elsa Chan*
Assistant Professor
Department of Management

Dr Shu Yu*
Assistant Professor
Department of Management

Dr Joowon Park
Assistant Professor
Department of Marketing

*appointed as Visiting Fellow effective from September 2020

Alumni class notes

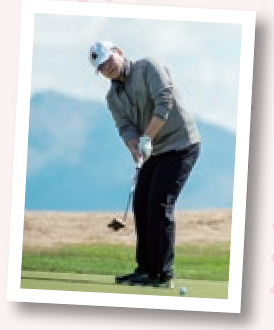
Share your news with classmates and CB alumni! Tell us about the highlights of your year – family, career, accomplishments, and interests. We will publish your updates in the "Alumni class notes" section of City Business Magazine and on the CB website.

Simply submit your information (name, major, graduation year) and your news to us. Don't forget to attach photos with your write-up!

Dr Monica Tang
DBA'18

My graduation from CityU DBA programme in 2019 marked a new start in contributing to knowledge. I recently presented my paper about skip-level participation as a poster, co-authored with Dr Catherine Lam of CityU Department of Management, at the Society for Industrial and Organizational Psychology (SIOP) 35th Annual Conference. I enjoy the journey of discovering and sharing of knowledge. Thanks to CityU!

Dr Xin Chen
DBA'19



I am from the DBA 2014 cohort. In our graduation year, we encountered a lot of challenges; some concerned society as a whole, and some were related to public health. The epidemic is now sweeping the globe and we cannot tell when it will calm down. However, as a practitioner in the medical industry, I find many opportunities amidst this challenge. There is a Chinese saying "a true hero can show his talent in a chaotic world," which means hard times create strong men. Let's move forward and we shall overcome.

Alfee Wong
BBA Global Business'20

In autumn 2018, I had the honour to go on an exchange study to Germany. The automobile industry there is thriving, and you can feel how passionate the Germans are about cars when you visit the different car museums.

Time flies and the virus rages in my graduation year. Fresh graduates are facing lots of challenges. As Hong Kong is dominated by the financial services industry, it is even more difficult to find a job that suits you.

I was fortune to get an opportunity to join the local auto industry. I still recall the joy and excitement of visiting the automobile museums when studying abroad a year ago, and the decision to join the automobile industry was a logical one. These are early days, but I hope that even if I face a difficult road ahead, I will never forget the original intention of entering the industry and will continue to chase my career dreams.

Dr Ziyu Wang
DBA'19

I am an alumnus from the DBA 2015 Cohort and also an executive committee member of the CityU-FudanU DBA Alumni Chapter. After I graduated from CityU with a doctorate degree, the COVID-19 pandemic ravaged the world. As a manager of a company that is dedicated to human health, I have been keeping my faith to work with my colleagues to serve all the health facilities in the country. Our company has manufactured nearly 100,000 pieces of respiratory pathogens tests and completed nucleic acid tests for 450,000 people.

I am thankful to my teachers and students for their guidance during my studies at CityU.

Congratulations

We extend our wholehearted congratulations to

- Ms Kelly Yuen-sau Chan (BA Accountancy'92), Managing Director at Peony Consulting Services, on her appointment as HKSAR Justice of the Peace
- Mr Anthony Sai-ho Lam (EMBA'15), Vice Chairman and Chief Executive Officer of Golden Resources Development International Limited, for his Chief Executive's Commendation for Community Service

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