

Proceedings of the
54th Annual Meeting
of the



Academy of International Business

*" Rethinking the Roles of Business, Government and
NGOs in the Global Economy "*

Washington, DC, USA
June 30-July 3, 2012

Editors

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conditions as well as contextual factors. We stress the importance of examining a multitude of factors in understanding what predicts DMNCs' international learning and under what conditions the learning will facilitate international growth. *(For more information, please contact: Fiona Xiaoying Ji, Kean University, USA: xji@kean.edu)*

Emerging Market Firms Competing in Other Emerging Markets: Beyond Institutional Voids
Venkat Subramanian, Vlerick Leuven Gent Management School
Nikhil Celly, University of Hong Kong

Academic research on emerging markets (EM), emerging market companies and their internationalization has increased in recent years. Much of the work though has been about the attractiveness of emerging markets to many developed market MNCs, and the threats to the established MNCs in their home markets. The focus of this paper is exploring the factors that influence success in the market-seeking activities of emerging market firms into other emerging markets. We advance the concept of institutional arbitrage to explain emerging market firm competitiveness in other EMs, introduce the concept of industry voids and propose that both institutional and industry conditions in home and host countries explain the potential likelihood of success of EM firms in emerging markets. Further, we argue that this potential success is only realized through business model innovation. We draw on examples of firms from the Indian market across a range of industries to illustrate the validity of our propositions and conceptual model. We suggest that EM MNEs may need to develop or possess a dynamic capability that enables them to innovate upon their existing business models developed in their home countries to truly take advantage of similar institutional and industry conditions in other emerging markets. *(For more information, please contact: Venkat Subramanian, Vlerick Leuven Gent Management School, Belgium: venkat@vlerick.com)*

Session: 1.5.13 - Interactive

Track: 9 - Cross-cultural Management and HRM

Culture at the National and Individual Level

Presented On: July 1, 2012 - 16:15-17:30

Chair: William Stopford Harvey, University of Sydney

National Culture versus Individual Culture: The Importance of the Ecological Fallacy
Paul Brewer, University of Queensland
Sunil Venaik, University of Queensland

This article challenges the understanding and use of the Hofstede and GLOBE national culture dimensions in much extant culture theory development. Both the Hofstede and GLOBE culture models are derived from individual survey data aggregated to, and analysed at, the national level. But culture scales that are correlated at the national (ecological) level will most likely not be at the individual level. To presume they are is known as the "ecological fallacy" in research literature. In spite of warnings, this fact has often been ignored by culture researchers. We analyse five research articles in top journals in general management, international business, marketing, accounting and operations and show that all five commit the ecological fallacy by projecting national level culture characteristics and associated scores onto individuals. The implications of this error are serious, and include the development of invalid culture theory and the persistence of false practitioner presumptions. We highlight the need for clarity and consistency in the interpretation and application of national culture constructs in future research. *(For more information, please contact: Paul Brewer, University of Queensland, Australia: p.brewer@business.uq.edu.au)*