

Future Directions of Contextualized Theorization on Institutional Logics of Chinese Firms: The Case of Public–Private Interactions in China’s Venture Capital Industry

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Abstract: While institutional logics theory has experienced significant theoretical development in the management field and demonstrated increasing theoretical implications, there is a paucity of contextualized theorization on Chinese firms’ institutional logics. Contextualization of this theory is important because socially constructed institutional logics can vary across countries. In the past 40 years, China has undergone major reforms, resulting in various hybrid organizations with multiple institutional logics. Multiple institutional logics, while usually conflicting and competing, may also complement each other in underexplored ways. Meanwhile, as the boundaries between public and private ownership continue to evolve during China’s transition, the ambiguity and inherent flexibility in interpretation of existing laws and frameworks will also affect the practice and identity dynamics within and between organizations. Understanding the nature of institutional logics in China and how they shape organizational strategies thus will be of great theoretical importance and provide valuable implications for entrepreneurship and innovation in China.

Taking the public–private interactions in China’s venture capital (VC) industry as an example, this paper attempts to discuss important research questions about the nature of Chinese firms’ institutional logics and their potential impact. First, we illustrate and elucidate various interactions between public and private actors (e.g., limited partners, general partners, and investee ventures). Second, we posit that institutional logics theory can be a useful theoretical perspective to study these public–private interactions in China’s VC industry because it can shed light on how different actors’ institutional logics determines their distinct basis of norms, strategy, and attention, which in turn shape their investment decisions and performance. Drawing on this perspective, contextualized theories can be developed to explain the significant influence of institutional logics on entrepreneurship and innovation.

Considering the unique institutions and their complexity in China’s VC industry, this study proposes and discusses two important future research directions as to how to develop contextualized theories on Chinese firms’ institutional logics. First, regarding institutional changes and the evolution of institutional logics, we compared the differences between Chinese governmental venture capitalists (GVCs) in China and western countries and explain how China’s historical institutional changes and dynamics shape Chinese GVCs’ institutional logics that differ from those in western countries. Second, in terms of sources of state capital and institutional complexity, we analyze how different levels of state capital (e.g., from central vs. local government) and various affiliates (e.g., government agencies, state-owned enterprises) affect GVCs’ institutional



logics in China.

The paper contributes to research by discussing contextualized theorization on Chinese firms' institutional logics in the context of public-private interactions in the VC industry.

Key Words: institutional logic; contextualized theorization; venture capitalist; public-private interaction

Institutional Logics Theory and Practice in China: Implications for Entrepreneurship Research

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Abstract: For the past two decades, institutional logics perspective has been receiving increasing attention from strategy and entrepreneurship scholars. The development of the institutional logics perspective was based on the Western modernity and the rise of capitalist societies. In recent years, scholars have started to draw on the institutional logics perspective to explore organizational practices in China's context, with an attempt to apply the existing theoretical framework into the explanation of Chinese phenomena. Yet little has been done to explore how the unique context of China shapes institutional logics. Given the uniqueness of China's economic and political system, it is crucial that we integrate Chinese characteristics into the discussion of logics. In this study, we first review literature on institutional logics in China and then, elaborate on state logic and market logic in China's entrepreneurship practices.

In western countries, the boundary between state logic and market logic is clear: the former conceives of the maximization of public goods as its basis of strategy and state authority as the sources of legitimacy and recognition; the latter highlights efficiency and market competition as its basis of strategy and reputation and performance as the sources of legitimacy and recognition. Yet in China's context, the boundary of state logic and market logic overlaps: the sources of legitimacy and recognition in China's market logic include serving and supporting national and regional social economic development. In this study, we propose that the development of China's state logic follows certain historical trajectory and is highly associated with the need in national and regional social economic development. First, the leadership of the Communist Party of China constitutes the sources of legitimacy and recognition in China's state logic. Second, economic development serves the basis of strategy and attention allocation that affects state authorities' decision making. In terms of market logic, we argue that the Chinese characteristics of market logic stress on the "coordinated ordering" in terms of market resource utilization and configuration, which is reflected in the role of state-owned capital in resource allocation and the role of industrial parks in value chain integration. The "coordinated ordering" is totally different from planned economy which relies on central plan and control to coordinate resource deployment and production. It means that market economy is driven by orderly organization and coordination, which is achieved on the basis of the division of labor. "Coordination" explains the role played by the state authority.

As avenues for future research, this study points to the evolution of Chinese firms' institutional logics, the multi-level hierarchical structure of administration, and the presence of multiple societal-level institutional logics. First, the change of institutional factors and the corresponding change in institutional logics poses challenges to entrepreneurship practices, which also provides entrepreneurs with spaces to participate in institutional entrepreneurship. Second, the multi-level administration system developed by China is an important factor that affects entrepreneurial behaviors. From the perspective of entrepreneurship management, multi-level administration plays a vital role in affecting entrepreneurial strategy and behavior. Since the governance mechanisms at differ-

ent administrative levels are distinctive and will exert different impacts on regional economic development, entrepreneurs need to pay special attention to potential impacts of those differences on resource acquisition and entrepreneurial exit. Meanwhile, because of the difference in terms of economic development between different regions, the policies and governmental supports in entrepreneurship are distinctive across regions. Scholars can benefit from exploring how regional logics shape entrepreneurial behaviors. Finally, the interaction between multiple logics may bring about substantive impacts on entrepreneurs' behaviors and decision-making, which in turn, influences entrepreneurial success. Scholars should thus take into account the presence of multiple logics when exploring entrepreneurship practices in China. Furthermore, while entrepreneurs normally share similar professional logics in both Western and Chinese markets, there are industries that demonstrate significant differences in terms of logics between these two contexts. It is thus vital that we understand entrepreneurial behaviors from the perspective of a certain market area or industry in Chinese economy.

Our study contributes to the literature in several ways. First, we add to our understanding of institutional logics in China by providing detailed explanations of Chinese state logic and market logic. Second, we explain in detail how institutional logics in China's context shape entrepreneurial behaviors. The analyses conducted in our study will also have implications for entrepreneurs in China's market and for scholars that aim to explore entrepreneurial strategy in China's context.

Key Words: institutional logics; Chinese context; entrepreneurship

From Institutional Logics to Optimal Distinctiveness: The Case of Corporate Social Responsibility Research in China

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Abstract: The institutional logics theory is one of the major theoretical frameworks in organization and management research. Although numerous empirical studies have applied the institutional logic theory to explain management issues in Chinese firms in recent years, these studies mainly apply Western institutional logics frameworks to the analysis of Chinese enterprises, lacking inductive summarization and theoretical construction based on the Chinese context of institutional logics. This article reviews the existing institutional logic research based on the Chinese context and proposes a theoretical perspective based on the temporal-spatial tensions of multiple institutional logics. At the same time, this article introduces the optimal distinctiveness theory to extend and expand this perspective based on the tensions of multiple institutional logics. The article argues that combining the optimal distinctiveness theory with institutional logics theory can promote theoretical and practical innovation in relevant fields. Finally, taking the research on corporate social responsibility of Chinese firms as an example, this article discusses how to organically combine these two theoretical perspectives to deepen the research on corporate social responsibility in the Chinese context.

Key Words: institutional logics; Chinese context; optimal distinctiveness; corporate social responsibility



Network Orchestration Theory: A Review and Opportunities for Future Research

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Abstract: The locus of value creation has shifted from individual organisations to networks, ecosystems and platforms, and there is an urgent need for organisations to purposefully structure and manage external dependencies. Network orchestration, as a theory for ensuring the beneficial allocation of external resources and thus creating and capturing value, helps to understand the series of conscious and purposeful actions that organisations take to create and extract value from their networks. Yet, current research is at an early stage of exploration, the research themes are rather scattered, and no systematic theoretical framework has been developed.

Through a review on the relevant literature, we found that existing research on network orchestration focuses on four orchestration elements: Orchestrator, orchestration model, orchestration mechanism and orchestration function. By defining the connotation, role and interrelationship of the four orchestration elements, we constructed a framework on network orchestration, which takes “orchestrator” as the starting point and covers “orchestrators–orchestrator roles–orchestration processes (orchestration models, mechanisms, and functions) –network value outputs”. The logical framework clarifies the hierarchical position of the existing network orchestration elements and establishes a hierarchical relationship between the existing orchestrator and the orchestration process. Finally, we discuss future research opportunities in terms of network orchestration and strategy.

The study makes three main contributions: First, it establishes a connection between orchestrator and the orchestration process, forming a traceable theoretical system and clarifying the hierarchical relationships between existing studies. Second, it provides a set of practical orchestration practices for firms to follow in forming and developing their networks in the future. Third, it provides a ground for Chinese scholars to understand the network orchestration literature and its future trends.

Key Words: network orchestration; orchestrator; orchestration mechanisms; research review; strategic management

Social Capital and Transgenerational Innovation in Family Firms: A Strategic Reference Point Shift Perspective

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Abstract: Family firms have now become the most indispensable part of the private economy, and the high-quality development of China's economy cannot be achieved without the contribution of family firms. However, more than half of the family firms have already entered the transgenerational succession, and research shows that family firms in the transgenerational succession may face the problem of interrupted or insufficient innovation. Therefore, under the background of innovation-driven high-quality development, how family firms deal with the dual challenges of transgenerational succession and innovation-driven high-quality development has become a topic of common concern in academic circles and the government. Existing studies on the innovation decisions of family firms during transgenerational succession mostly use Socioemotional Wealth as a strategic reference point, but the multidimensional and dynamic nature of strategic reference points for family firms is not adequately considered.

Based on strategic reference point theory, this paper introduces social capital to the study of innovation in family firms in transgenerational succession, using the collective knowledge structure of decision-making teams as an intrinsic mechanism of action. By combining the next generation family social capital with the temporal dimension of strategic reference points and the firm social capital with the spatial dimension of strategic reference points, the paper reveals how social capital drives the shift of strategic reference points in family firms in transgenerational succession and mitigates the reduction of innovation. Finally, the analysis is verified using empirical tests.

This article takes the listed family firms in the manufacturing industry of China's A-share from 2011 to 2016 as a research sample, and the sample data were all obtained from the CSMAR database. The social capital were self-coded based on the family member structure data, executive biographies and public information of family firms in the CSMAR database, and statistical analysis was conducted using the software STATA 14.0. This paper chooses the generalised method of moments estimation (GMM) to estimate the dynamic model. And in this paper, the independent and control variables are estimated with a lag of 1 period relative to the dependent variable to reflect the influence of the past historical values of the independent and control variables on the dependent variables.

The empirical results show that: After the start of transgenerational succession, family firms are dominated by maintaining family control as a reference point which is past and internal orientation, thus inhibiting innovation in the firms; from the perspective of firm social capital, with the increase of financial relational capital, industry association relational capital and partner relational capital, strategic reference points will "turn from internal to external" with a stronger external orientation, so it can alleviate the inhibitory effect of transgenerational succession on the innovation level of family firms; however, the increase of political relational cap-



ital can reinforce the internal orientation of the strategic reference points and exacerbate the inhibitory effect of transgenerational succession on the innovation level of family firms; with the increase of next generation family social capital, strategic reference points will “turn from past to future” with a stronger future orientation, so it can alleviate the inhibitory effect of transgenerational succession on the innovation level of family firms. Further research found that the inhibiting effect of the transgenerational succession on innovation was concentrated in substantive innovation represented by invention patents, rather than strategic innovation represented by patents in the utility model and design categories.

The research contributions of this paper are mainly reflected in the following aspects: (1) This paper introduces the theory of strategic reference points into the study of the innovation problem of family firms, which provides reference points with multidimensional characteristics for their formulation of strategic decisions and enriches the theoretical study of the innovation problem of family firms. (2) By combining social capital with the shift of strategic reference points of family firms in transgenerational succession through the collective knowledge structure of decision-making teams, this paper provides a new research direction for the study of the role of social capital in influencing family firm innovation in transgenerational succession, and also promotes the application and development of social capital in the study of family firm innovation during transgenerational succession. (3) This paper is not only valuable for family firms in transgenerational succession to improve their own innovation level and maintain their “foundation” at the micro level, but also provides management inspiration and practical suggestions for innovation-driven high-quality development at the macro level.

This paper also has some limitations and needs further refinement: (1) As most of the family firms in China are concentrated in the manufacturing industry, and the business condition of the manufacturing industry is relatively stable, this paper shows more research analysis of this part of family firms, and the sample can be expanded to other industries in the future to enrich the research in this area. (2) In this paper, social capital is differentiated from the attributes of social capital into firm social capital and family social capital. Future research can adopt other classifications to enrich the study of social capital in the shift of strategic reference points of family firms in transgenerational succession. (3) Social capital, such as financial relationship capital, is divided into central and local levels, and their roles are theoretically different. However, this paper does not further elaborate on the impact of different levels of social capital on the strategic reference point shift of family firms based on the strategic reference point theory, and fails to conduct further research, which is a shortcoming of this paper and an area for future research.

Key Words: transgenerational succession; family firm innovation; social capital; strategic reference point

Organizational Identity and Optimal Distinctiveness in Strategic Transformation: A Multiple–Case Study of Corporate Repositioning

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Abstract: Organizational identity is a core, unique and durable characteristic of organizations, and its malleability plays a vital part in the process of strategic transformation. This paper investigates four incumbents' repositioning endeavors, focusing on how these firms in strategic transformation (re) constructed their identities to achieve optimal distinctiveness. The findings of this study shed light on the dual pressure faced by incumbents engaged in strategic transformation: The pressure to achieve "optimal distinctiveness" in both the temporal and spatial dimensions of field competition. Spatiality-wise, enterprises are compelled to navigate the delicate balance between similarity and differentiation when compared to other organizations within the same field. Meanwhile, temporality-wise, enterprises encounter the challenge of maintaining continuity with past identities while simultaneously showcasing differentiation. To tackle these dual pressures, incumbents adopt two key strategies for identity construction: Differentiated collective categorization and industrial leadership legitimization. Under high-pressure situations, characterized by intense competition and a need for differentiation, enterprises strategically focus on establishing an organizational identity that aligns with a new category identity. This is accomplished through a process known as "compensatory orchestration", which involves enhancing the spatial dimension attributes and elevating the spatial dimension status. By expanding their field boundaries and actively engaging in collective categorization, enterprises achieve optimal distinctiveness within the competitive landscape. In contrast, under low-pressure situations where the need for differentiation is less urgent, enterprises aim to develop a unique organizational identity that sets them apart from existing categories. This is achieved through "integrative orchestration", which involves reducing temporal dimension attributes and elevating temporal dimension status. Overall, this study expands the applicability of "optimal distinctiveness" in the context of strategic transformation, and bears practical implications for managers and practitioners interested in better understanding and managing strategic repositioning of established firms.

Key Words: strategic transformation; organizational identity; identity construction; optimal distinctiveness; field environment