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Locational Preferences and Network Behavior of Cross-Border Managers in China: An Actor Centered Approach

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Locational Preferences (Krumme 1969;Meester 2004)

- Krumme (1969): Personal preferences influence on the choice of the different region.
- Edginton (1995): Decision making of Japanese real estate investments in Canada.
- Monheim (1972): “*irrational considerations*” plays role in locational choice.
- City Research Associations (1994)
 - Economic location factors: quality of labor force and infrastructure
 - Non-economic locations factors: quality of life
- International level: In European top cities, *political instability* is cited as most negative factor by entrepreneurs (Healy & Baber 1990)

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Limitations for traditional research

- Lacking on understanding about management practices
- As the actions of actors are seen as embedded in social structure (Granovetter 1985), lack on understanding about how managers create new networks in host countries after the international assignment.
- Two-model network (Taylor 2001)=>actor-centered network

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Research objectives

- The People's Republic of China has changed dramatically since allowing foreign direct investment (Child 1991)
- Adjustment of individual managers assignment results in the success of foreign enterprises in China (Zimmermann Holman and Sparrow 2003)

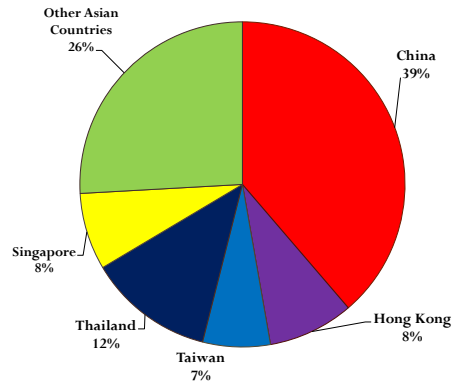


Figure 1: Numbers of Japanese overseas subsidiaries in Asia
Source: Toyo Keizai 2010, Own Calculation

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Purpose

- The purpose of this study is to examine:
 - Locational preferences of Japanese and non-Japanese managers in China
 - Management style and network behavior of foreign managers in China

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Methodology

- Interview survey
- Web-based Survey by software of *surveymonkey*
 - A mailing list consisting of 235 Japanese managers was build up, these managers were asked to fill in the online survey in Japanese.
 - Based on a social network for business professionals, called “Xing.com”, a mailing list consisting of 730 foreign managers were asked to fill in the online survey in English

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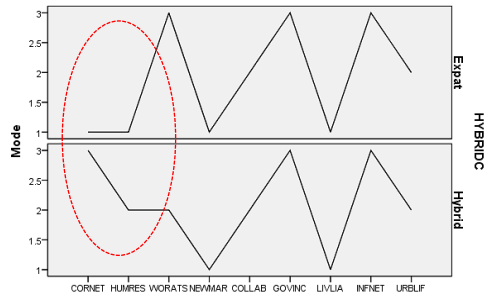
Distribution of responses across nine countries

	Frequency	Percent	Valid Percent	Response online	Response interview
Austrian	4	2.5	2.5	4	
Brazilian	1	.6	.6	1	
Dutch	1	.6	.6	1	
French	3	1.9	1.9	3	
German	52	32.1	32.1	52	
Italian	1	.6	.6	1	
Japan	75	46.3	46.3	68	7
Spanish	1	.6	.6	1	
Swiss	3	1.9	1.9	3	
Total	162	100.0	100.0	155	7

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Preferences Differences for Hybrid & Expats Manager

- Hybrid manager: Managers who have high language ability, and worked in host countries for a long time.
- Preferences about Corporate:
 - Corporate Networks
 - Hybrid < Expats
 - Human Resources Access
 - Hybrid < Expats
 - Work Environment
 - Hybrid > Expats
- Preferences about market & Livin
 - Hybrid = Expats



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Results of managers' city preference in

1st Preferred City in Asia (Japanese)

	Frequency	Percent
Bangkok	5	6.7
Dalian	2	2.7
Ho Chi Minh	1	1.3
Hong Kong	7	9.3
Kuala Lumpu	1	1.3
Kunshan	1	1.3
Seoul	1	1.3
Shanghai	31	41.3
Shenzhen	1	1.3
Singapore	6	8.0
Suzhou	1	1.3
Taibei	4	5.3
Tokyo	2	2.7
Total	75	100.0

1st Preferred City in China (non-Japanese)

	Frequency	Percent
Beijing	13	14.9
East China	1	1.1
Guangdong	1	1.1
Guangzhou	1	1.1
Hangzhou	1	1.1
Hong Kong	2	2.3
Jiangsu	1	1.1
Kunshan	1	1.1
North East	1	1.1
China		
Shandong	1	1.1
Shanghai	53	60.9
Shenzhen	1	1.1
Suzhou	5	5.7
Total	87	100.0

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Further research

- Typology of managers' differences from cross-cultural approach
- Investigate relationship between success of individual managers and corporate strategy

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