Research at Gustavson

Issues, scholars and research collaboration

Research at the Gustavson School of Business involves production of scholarly work around current issues in business, particularly focusing on our areas of expertise in entrepreneurship, international business, service management and social responsibility/sustainability. We strive to maintain a collaborative, supportive and fun culture of research through a number of means.

Research Speed Networking Event
This fun event is held annually at the beginning of the academic year to kick start and reinvigorate our research energy. Similar to “speed dating”, pairs of researchers (both faculty and doctoral students) have a short window of time to share current research interests, experiences, and keep each other up-to-date on where we are in our ongoing research projects, with the intent to learn about each other’s research and facilitate collaborative research relationships.

Pipeline Palooza
Pipeline Palooza is an annual Gustavson-wide internal conference, involving researchers at all stages of our careers and research. While traditional conferences often focus on full papers in the latter half of the research pipeline, this working conference aims to celebrate and support research ideas from inception to impact. The day’s event usually includes presentations on available support for research and current research projects, as well as group discussions. The focus at our most recent conference in March 2014 was how to conduct “Insightful, Innovative and Impactful” research. Participants were asked to come prepared to give a two-minute pitch for a novel research project, a germinating research question, a gap in the literature, or a research conundrum that would benefit from collaborative and interdisciplinary thought.

Some illustrative interdisciplinary collaborations going on now at the Gustavson:
• Steve Tax, a service marketing researcher, discussed how he has started to conduct interdisciplinary research in the Operations Management and Human Resources fields. (See p. 3)
• Jen Baggs, an economist (see p. 4), discussed how she and I, an organizational anthropologist and cross-cultural management researcher, are working on a SSHRC Insight proposal around understanding and leveraging the skillsets of biculturals and people with multicultural identities in the workplace.
• Sudhir Nair, international strategy scholar, and Wade Danis, international management and entrepreneurship scholar, talked about the role of serendipity and their research in emerging economies. (See p. 2)
• Matt Murphy, sustainability and strategy scholar, and Judith Sayer, indigenous law/strategic adviser to First Nations, have just been granted a substantial two-year SSHRC Partnership Development Grant to develop socio-culturally sensitive mechanisms that will be used to evaluate economic development project proposals and assess the impact of economic development projects that are implemented in the Toquaht Nation.

There is a great deal of insightful research ongoing at the Gustavson School of Business, and we’re happy to share some of it with you in this latest Research Newsletter.

– Dr. Mary Yoko Brannen, Gustavson Director of Research, Professor, International Business, Jarislowsky CAP East Asia (Japan) Chair

Dr. Wade Danis and Dr. Sudhir Nair worked together on research examining the role of serendipity in identifying business opportunities in emerging economies. Read their stories, p. 2.

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International Business and Entrepreneurship

These researchers define the business value of finding something not being sought

Dr. Sudhir Nair was intrigued when the data from his research on why entrepreneurs choose to go international revealed strong evidence of serendipity: "It’s fascinating, we thought we’d find a lot more structure," says Dr. Nair. Initially examining India as a context for international entrepreneurship and how it is initiated, Dr. Nair and his colleagues Dr. Wade Danis and Dr. Andreea Kiss (of Iowa State University) quickly expanded the scope to look at other emerging markets, including Bulgaria and Romania. As much of the existing research focuses on a North American context, the team looked to better understand how entrepreneurs internationalize by bringing in the perspective of firms from different countries, and across multiple industries.

“A lot of entrepreneurship literature suggests that there is this entrepreneur that gets up one day and says ‘I want to go international’ and we found that actually a lot of it is just serendipitous... People find themselves in a certain situation because of a sequence of many events, prior experience, connections they have, whether it’s professional or personal. So we changed (our focus) and...we found almost an equal propensity: There are those that set out to do international business, [and] others for whom it happens serendipitously.”

Entrepreneurs experience serendipity in choosing the international markets they enter as well. “We found a fair amount of consistency in the way entrepreneurs started going across national boundaries. It was interesting that it isn’t always this very structured, linear, planned process,” Dr. Nair says part of the decision is logistical; it depends on the kind of industry and also which countries are “in your neighborhood.” However, it can be just as much about an entrepreneur’s connections, much like networking for a job.

“In effect we are studying from a cognitive approach as opposed to an economic approach. What is going on in the perceptions of the entrepreneur? So these are not objective realities, people are not sitting down and looking at data on GDP growth, industry level percentage growth, or structured models. It’s far more, ‘I know this,’ and ‘Sure, we can do that,’ or ‘I met someone’. It can be simply temporal: things changed.”

Through his research, Dr. Nair has found fascinating business ideas coming out of emerging markets that aren’t based on traditional models. “The stuff that was researched 30 years ago doesn’t hold anymore,” he says, “everything doesn’t need a formal plan. [Entrepreneur’s need to] be alert, be aware, and recognize the importance of other things that may not be purely economic.”

‘How can we facilitate serendipity?’

Dr. Wade Danis has been working with Dr. Sudhir Nair on international entrepreneurship, specifically those enterprises that “go global” early and quickly, particularly in emerging economies, such as India and China. “Entrepreneurs have been at the forefront of powering economic transition,” says Dr. Danis, “so it’s important to know how these entrepreneurs compete on the world economic stage.”

Dr. Danis and Dr. Nair, with colleague Dr. Andreea Kiss (originally from Romania), have been looking at the point where an entrepreneur first recognizes an international opportunity. “We found something interesting,” says Dr. Danis. Contrary to the common wisdom that there is a highly defined process, a pro-active, organized plan for seeking opportunity, “we found about half of the entrepreneurs had come across opportunities by happy accident...serendipitously...It was serendipitous for us, too.”

Dr. Danis says serendipity hasn’t been examined much because researchers are more comfortable with things that can be predicted consistently. “If it’s as prominent as our initial research indicates, we really have to look at it.” Business researchers will have to alter their approach.

“Perhaps there’s more opportunity for serendipity. ‘I met someone’. It can be simply temporal: things changed.”

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International Marketing and Service Management

Sometimes knockoffs kick innovation up a notch

Look closely at that cell phone your neighbour bought for a low price at a street market while travelling. It seems familiar, yet different. Is it a copycat? Or is it counterfeit? This is the focus of one stream of Dr. Linda Shi’s research.

What’s the difference?

“A copycat (‘shanzhai’) is similar to the original but they’re not the original,” says Dr. Shi. A counterfeit is just that, a cheap fake (but copycats copy technology from leading manufacturers; they are not counterfeit but they have their own brand and provide “...incremental innovation.” She cites the example of copycat iPhones in China, where some have more than one SIM card slot. “They have two, three, sometimes four … which is good for travelers.” The changes copycats make to the original technology make the item better for a specific market and they also provide the original makers with ideas for product adaptation.

The boundary between original and copycat is “very blurred,” says Dr. Shi. Whose is the original? IBM? Microsoft? They brought originals to market, but after that everybody copies technology.

Dr. Shi’s research asks why people buy copycat or counterfeit items. What is driving their choice? Is it strictly financial or is it because of functional value? And different groups of people have different attitudes: the middle class tends not to buy either counterfeit or copycat, while students are drawn by the lower price. While both are readily available in emerging economies, buying the original is the norm in Canada.

“People buy copycats for a reason; they have functional value.” And they’re cheaper.

Dr. Shi says her “shanzhai” research can help with discussions of consumer behaviour and can aid policy makers considering regulation of copycat technology: Should it be encouraged because of its adaptive innovation or restricted because it threatens originators who did the initial research?

This isn’t the only research stream in which Dr. Shi is engaged. She’s also looking into global account management and the types of managers who function best in a global economy: those who are oriented toward exploitation, or toward exploitation, and those who are “ambidextrous.” Some are good at building collaborative relationships, others at refining processes – the ambidextrous are skilled at both.

Dr. Shi is also pursuing another research stream with Dr. Steve Tax, where they’ve been looking at service recovery. He originated the idea and they worked together to develop the survey and analyze the results.

A research approach that avoids ‘silos of doom’

Dr. Steve Tax likes to look at questions from many directions.

“If you look at [a problem] from one functional perspective, or what a colleague called the ‘silos of doom’, you’re going to come up with a bad solution. I’m always interested, coming from marketing, what an HR or operations perspective is.”

Dr. Tax is currently looking at understanding customer co-creation from a risk management perspective, and he’s doing this work with several colleagues: Dr. Uzay Damali, Dr. Enrico Secchi and Dr. David McCutcheon.

Both the customer and the company assume increased risk when the customer is more involved in delivering the service. Business sees it as more efficient: the more work the customer does, the more efficient the transaction. The customer sees the benefits of an experience more shaped to their particular needs. But the company has to invest time and resources to ensure customers perform their roles well, if done poorly, it costs to make it right. The customer can suffer if the job isn’t done right, as can other customers (when a line is held up, for instance, as a newbie checks out his or her own groceries.)

Firms and researchers seem enamoured with increasing customer co-creation. “We believe that greater critical assessment is needed to understand and mitigate the risk.”

Then there’s service recovery. Dr. Tax says he often observes in the real world “things working out differently than have been discussed in the academic world … I’m always looking to challenge existing thinking.”

In research conducted with Dr. Linda Shi, he questioned the assumption that when firms successfully recover from a service failure and the customer reports that they would speak favorably about that business, that’s how the message is heard by others: a successful recovery has the same effect on both the giver and receiver.

His research indicates that while customers focus on the how the problem was solved, friends hearing about it “focus on the fail.” Thus the successful recovery could actually lead to negative word-of-mouth.

Dr. Tax prefers research that leads to findings relevant to people in business as well as academics. He looks at research from a customer’s perspective but then translates it for managers, so they can find ways to make the customer’s experience better.

In service management, most problems cross functional boundaries (marketing, HR, operations, etc.), says Dr. Tax.

“You’re going to get a more interesting paper if you have more disciplines involved…. A person from marketing and a person from operations is going to yield a more interesting paper than two people from marketing or two people from operations.”
Customer Value and International Trade

Co-creating a good health care experience can influence patient behaviour

Dr. Uzay Damali didn’t set out to study business, he started in engineering when he did his undergraduate degree in Turkey. When contemplating grad school, he was drawn to business research because of its conceptual, abstract nature, and how operations management lived on the boundary of business and engineering.

His work looks at the effectiveness of empowering diabetes patients to stay healthy in reducing health care costs. It’s another situation where patient performance in “co-creating value” is very important.

Dr. Damali’s research on this uses an American sample (he did his initial work in South Carolina), where he sees a conflict of interest in health care delivery: you want patients to get better but when the program is effective, profits decrease.

However, another facet of successful diabetes education is a decrease in the number of emergency room visits for primary diabetes care. This frees up ER capacity to deal with more urgent cases.

Dr. Damali referred to Japanese LEAN practices when considering how to eliminate extraneous costs in helping diabetes patients stay healthy. LEAN practices (such as eliminating waste) had their beginnings in the Toyota production system, and Dr. Damali looked at these when considering co-creation of health programs for diabetes patients.

He finds his students are very interested in his research, particularly MBA students. The real world examples inspire “rich discussions” in the classroom.

Dr. Damali is also working with Dr. Steve Tax on his risk management customer experience co-creation research.

“How can co-creation being expanded in health care? It requires patient motivation to get service process improvement, and hospital interaction with patients in providing knowledge can influence behaviour and motivation.

What are the risks? It’s an idea that could be integrated more broadly.”

The real payoffs of cross-border shopping

Every time our loonie gets more valuable relative to the US dollar, the long weekend line-ups get longer at border crossings, as Canadians seek the fluctuation’s payoff – buying more for less at, say, an American Target store.

Canadian retailers express considerable concern at exchange rate changes and cross-border shopping, offering catastrophic numbers to urge policy makers to regulate down-south shopping sprees.

While big price differences may be amplified by an exchange rate roller coaster, Economist Jen Baggs says, “Retailers may not be as affected as you might think.”

For starters, Dr. Baggs’ research shows the number of cross-border shoppers isn’t as high as some would have us believe, and the effect on Canadian retailers gets smaller very quickly the farther away you get from the border. Most cross-border shoppers live in border-hugging communities. “Consumers do benefit if they’re there anyway, or if they live nearby.”

Dr. Baggs has special access to two data sets that focus her research: “firm-level” StatsCan numbers and border crossers noted by census district.

Her analysis of the figures covering 24 years and several cycles of dollar volatility ($65 in 2002; $1.04 in 2007) shows people will seek out a lower price, “but they’re only willing to go so far.”

Canadians living within 10 km of the border will make the trip to save a few bucks. That can have a significant effect on retailers “particularly on profits.” But the effect on Canadian retailers is notably diminished for firms 30 or 40 km from the border and “the effect is gone…by 100km,” says Dr. Baggs.

She suggests several possible explanations. One is the cost and hassle involved in crossing the border, both in money and time. The cost of gas, the wait in line at the border, both there and back: “You’re not going to do it to buy four apples, a granola bar and a T-shirt,” says Dr. Baggs.

Another is the profit cushion afforded retailers by the fact that most imports to Canada are priced in US dollars, no matter where their origin. So when the loonie rises, imports get cheaper: “Retailers are huge cross-border shoppers themselves,” says Dr. Baggs, who was drawn to this research by the data opportunity and the chance to look at exchange rates in a different light.

These kinds of everyday-life statistics help her in class, as they’re easy to explain, they’re in the media and in most everyone’s experience. When it comes to shopping, says Dr. Baggs, “People have a lot of opinions so it’s easy to spark debate.”