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Vol. 4, No. 2 (AIB Special Issue)

The Hang Seng University of Hong Kong

# Business Review

The Hang Seng University of Hong Kong

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## Message from the Editor-in-Chief

Dear Readers,


The editorial team of the Hang Seng University of Hong Kong Business Review ("HSUHK BR") would like to wish you all a very happy and healthy Year 2023.

We are pleased to present to you Volume 4, No. 2 of the HSUHK BR ("AIB Special Issue"). This is the special issue for the 2021 Academy of International Business Asia Pacific Regional Conference ("Conference"). In this issue, we presented the six carefully selected articles that were presented in the Conference.

In the first article, Chiu examined the role of managerial competencies and learning in the crisis management phase and argued that learning should be thoroughly studied in both in-crisis and post-crisis phases. In the second article, Cheng and Chung discussed the role of the China Railway Express in the integration between the China economy and other Eurasian economies. In the third article, Li examined the income disadvantage faced by Chinese "internal migrants" with childcare duties. In the fourth article, Shimura explained how the theory of Buddhism affects the mindset of business leaders whose businesses are operating in the VUCA (volatile, uncertain, complex, and ambiguous) business environment affected by the COVID-19 pandemic. In the fifth article, Huang et al. unlocked the mystery of how learning and sharing among employees is at its best in the organisational setting to generate much needed results, especially amidst the pandemic lockdown. In the sixth article, Dahms used a configurational perspective to better understand to what extent networks and competencies drive service sector foreign-owned subsidiaries' performance.

Lastly, I would like to once again express our warmest gratitude to all authors who have contributed to this AIB Special Issue of HSUHK BR.

See you in the next issue.



Lawrence Lei (PhD)

Editor-in-Chief

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# 01 | Learning from Crisis? Revisiting Crisis Management Phase

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## INTRODUCTION

The novel Coronavirus (COVID-19) has challenged the entire global economy. The whole world has been suffering the greatest recession since the Great Depression (Habel et al., 2020). When the majority of countries have been impacted severely by this unprecedented crisis, one exception existed. In the first quarter of 2020, the real GDP (Gross Domestic Product) in Taiwan grew 1.54 percent. Statistics showed that Taiwanese firms performed much better than other international counterparts. Unfortunately, this outstanding performance did not last long. Starting from

May 2021, Taiwan has started experiencing the negative impacts of COVID-19 pandemic. An interesting question raises up: Have these Taiwanese firms learnt from experience as the crisis management assumes or vice versa? In crisis management research, learning is only examined in the post-crisis phase; however, in our point of view, it is problematic as firms may be self-righteous. They believe they have learnt, but in reality, they have not. If the findings of prior research were accurate, i.e., firms eventually could learn from crisis, then why do Taiwanese firms crumble?

It seems necessary to revisit the crisis management phase in order to clarify such paradox. As a result, we propose that learning needs to be inspected in both in-crisis and post phases. Learning requires the capacity of the firms and therefore managerial competencies need to

be considered as the antecedents of learning in the pre-crisis phase. In this conceptual study, we incorporate managerial competencies (external, interpersonal, and personal competencies) as the antecedents of learning.

## Literature Review

### 2.1. Organisational crisis

According to crisis management literature, a crisis can be divided into two main strands, an event or a process (Jaques, 2007). In the COVID-19 outbreak, we believe it is more sensible to perceive a crisis as a sequence of sub-events instead of a singular and large event. As a result, we adopt the definition of crisis from Pedersen et al. (2020), "a crisis as a sequence of events that can be substantial negative consequences if not managed appropriately."

As the world has become converged due to globalisation, it has undergone numerous, as we term, crises from the 1997 Asian financial crisis, 2008 global financial crisis, 2003 SARS (severe acute respiratory syndrome), 2014 Ebola pandemic, to 2020 unfolding COVID-19. In traditional financial crises being examined in the literature of crisis management (Alves et al., 2020), the economy will eventually bounce up; however, crises stem from health hazards have much severe fatal influence on firms per se. Up to date there is only limited understanding regarding firms' response to health-related crises. We purposely select Taiwan as the main context for two reasons. First, in the first quarter of 2020, the real GDP (Gross Domestic Product) in Taiwan grew 1.54 percent. Second, learning and accumulating crises from both 2003 SARS outbreak and 2020

COVID-19 epidemic, it is anticipated that Taiwanese firms can still act as a bellwether both economically and strategically. Unfortunately, in May 2021, Taiwan's unemployment rate reached 4.1 per cent, in fact, it marked the highest rate since December 2013. The legend of pandemic prevention since then has collapsed.

### 2.2. Phases of crisis management

Crisis management includes pre-crisis, crisis, and post crisis phases (Tokakis et al., 2019). Pre-crisis phases are defined as "the signal detection of forthcoming crisis, crisis preparation and crisis prevention" (Tokakis et al., 2019). Studies show that firms tackle crisis better in the following conditions: (1) When they have crisis plan which is updated at least once a year; (2) When they possess a crisis management team; (3) Firms conduct exercises to test the plans at least once a year; and (4) Firms pre-draft crisis messages (Barton, 2000; Coombs, 2006).

Crisis phases start with a trigger event, and it includes "crisis recognition and containment" (Tokakis et al., 2019) and ends with the post-crisis phases containing recovery and learning. In the crisis phase, it focuses on firms' responses to the crisis, for instance, the reactions of the organisations and stakeholders (Coombs & Laufer, 2018; Cleeren et al., 2013). In the post-crisis phase,

where it has attracted the least researched attention (Coombs & Laufer, 2018), it concerns organisational learning in the aftermath of a crisis. According to Boin et al. (2005), the post-crisis stage consists of two crucial aspects: First, when a crisis is terminated and firms start reviving, and second, firms accumulating experiences from the crisis for future improvement. In the pre-crisis phase, firms prevent and prepare for crises with the purpose to mitigate its damage to the organisations (Coombs & Laufer, 2018). Concerning the importance of both the time immediately before and after the crisis, some studies incorporate those two periods and suggest a model of five phases (Pedersen et al., 2020): Pre-crisis normality, emergence, occurrence, aftermath, and post-crisis normality. In the pre-crisis normality, firms seek to prevent, predict or prepare for crises that are anticipated to happen in the future. Before reaching the phase of post-crisis, firms need to undergo a crisis aftermath phase where the major managerial tasks are recovery and remedy (Pedersen et al., 2020).

Regarding a three or a five-phase crisis model, the learning capacity of a firm is only being examined after the crisis is terminated. However, we believe that it is an issue. As mentioned previously, Taiwanese firms performed exceptionally in 2020 when the COVID-19 outbreak just began. For the first time in 30 years, GDP grew by 5.6 percent, (Everington, January 29, 2021). Firms presumably learn from crises, the experience can be applied as well as utilized into the future. If this assumption is accurate, it will be interesting to question why Taiwanese firms have started suffering negative impacts from COVID-19

outbreak since May 2021, even though they outperformed their worldwide rivals in previous years? To erase such wonder, revising the current crisis management phase seems a necessity.

### 2.3. Rethinking crisis management phases: The impact of managerial competencies and learning

As aforementioned, learning is only examined in the post crisis phase which we consider as problematic. Consequently, in the pre-crisis phase, we propose to incorporate managerial competencies. In line with Cardona and Lombardia (2005), we regard managerial competencies as a three-dimensional measure, namely, external competencies, interpersonal competencies, and personal competencies. First, external competencies are defined as the capacity to implement strategies in order to improve firm performance (Lara & Salas-Vallina, 2017). Second, interpersonal competencies are known as the capacity to lead teams effectively (Cheng et al., 2005). Third, personal competencies focus on self-capacity that can facilitate solving a certain issue. Managerial competencies are crucial in the pre-crisis phase of crisis management because they influence learning capacity afterwards. We view it as an issue because not every single firm learns from crisis. In this sense, managerial competencies of the firm play a crucial role. External competencies enable managers to sense forces that have a high possibility of impacting firms negatively in the case of crisis. Interpersonal competencies allow managers to communicate with other employees in the firm regarding the negative forces and seek effective collaboration. Personal competencies help the managers to generate possible solutions



to the problems. As a result, we propose that in the pre-crisis phase, managerial competencies, external competencies, interpersonal competencies, and personal competencies should be incorporated.

In crisis management, it is assumed that firms will ultimately learn from experiences; learning only is examined in the post-crisis phase. As mentioned previously, without the antecedent of managerial competencies, learning seems hardly to occur in the post-crisis phase. In learning capacity, we draw upon Huber's (1991) framework, four constructs are identified: knowledge acquisition, information distribution, knowledge utilisation, and organisational memory. In the in-crisis phase,

managers need to scrutinise the knowledge that they acquired from the in-crisis phase, and distribute as well as circulate the knowledge to other employees in the firm. Then, managers apply knowledge that they obtain for crisis resolution (Wang, 2008). Examining knowledge acquisition, information distribution, and knowledge utilisation in the in-crisis phase acts as a check point to ensure that the focal firm is actually learning. In the post-crisis, managers need to restore knowledge in a timely and accurate manner for the preparation of future crises. We incorporate both managerial competencies and learning into the crisis management phase in Figure 1.

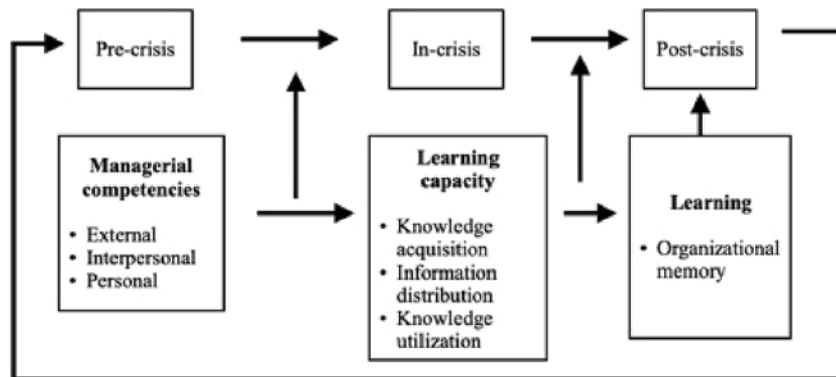


Figure 1. Crisis Management Phase

## Conclusion

This article explores managerial competencies and learning in the crisis management phase. We believe that it is necessary to examine learning in both in-crisis and post-crisis phases. In the in-crisis learning phase, managers need to acquire

knowledge, distribute information, and utilise knowledge. They perform as a check point, and managers will know whether they are actually learning or vice versa. In the post-crisis phase, in order to improve

preparation for crises in the future, managers need to restore information in a timely and accurate manner. Furthermore, incorporating managerial competencies is also necessary as it explains why some firms do not successfully navigate the crisis. Managerial competencies play as an antecedent of learning, and they need to be taken into consideration. The assumption that firms learn from experience should be modified by incorporating managerial competencies, (external,

interpersonal, and personal competencies) as the antecedents of learning. Simply presume that firms learn from crises will trap them into complacency which we regard as an issue that needs further modification. Although this article is solely a conceptual paper, we genuinely hope it can be a starting point to attract more attention on the refinement of crisis management particularly, in the current world where it is flooded with uncertainties and turbulence.

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## 02 | The Rise of China Railway Express during the COVID-19 Outbreak: Why China's Development Model Matters

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### INTRODUCTION

The outbreak of COVID-19 hit the global economy hard. The lockdown measures adopted by many countries adversely affected economic activities. The disruptions to transport further exacerbated the downfall of production and trade. However, during this difficult time, rail cargo transport between China and European nations registered an exceptionally high growth rate. In 2020, the China Railway Express (CRE) grew by 56% as measured by the number of

containers being transported. In 2021, CRE operated 15,183 freight trains and delivered about 1.46 million TEUs, representing year-on-year growth rates of 22% and 29% respectively (National Development and Reform Commission, 2022, February 21).

The notable growth of CRE services in recent years is at odds with the predictions advanced by early studies of CRE, which argued that there were insurmountable



operational and institutional problems (Chang, 2018; Hillman, 2018, March 6; Tjia, 2020). However, subsequent strategic interventions by the central government changed the situation dramatically. This paper argues that from 2016, the Chinese government positioned CRE as a flagship project of the Belt and Road Initiative. The enhanced coordination among central ministries and

competing cities brought about more orderly competition in a much-expanded market. The rapid development of CRE began before the COVID-19 outbreak. For instance, train departures grew by 73% and 29% in 2018 and 2019, respectively. The number of containers delivered surged by 70% and 33% during the same period (Choi, 2021).

### Development of a CRE in the Initial Stage (2011–2015)

Inaugurated in 2011, CRE began as a Chongqing local government project that attempted to connect the city to other Eurasian nations. The first train went from Chongqing to Duisburg in Germany via the Alashankou Port on the border of Xinjiang. Later, recognising the huge potential of future development, more cities from China's inland region also began to offer services.

During this initial stage of development, city governments attempted to improve the efficiency of international transport infrastructure. In 2010, to facilitate seamless freight journeys between China and Europe, Chongqing municipal government (together with the former Ministry of Railways and the General Administration of Customs), signed agreements with the railway companies and customs departments of the countries along the route to establish a new mode of customs clearance. Redundant checks were eliminated and direct delivery after only one custom examination became possible. The efficiency of gauge-changing transit also gradually improved. CRE demonstrated to Chinese cities its great potential as an efficient China-Europe logistics alternative. CRE was able to deliver goods to Europe in just 16 days, which is about 30 days

quicker than ocean transport (Zhang, 2018).

City governments joining CRE services sought to establish their jurisdictions as logistical hubs. It was hoped the cities would attract cargoes from their hinterlands and subsequently expand their economies. More aggressive local governments also planned to integrate the development of CRE with local industrial development (Wen, 2019). Traditionally, inland areas of China have been at a disadvantage in global industrial competition due to the high cost of accessing international markets. CRE provided inland provinces and municipalities with a direct link to Europe at a lower generalised transportation cost – the aggregation of time and monetary costs associated with the transportation of goods. Thus, the development of CRE provided the inland region with an opportunity to access Eurasian markets and attracted investors to set up new production bases in the inland region.

However, CRE services were not immediately competitive for several reasons. Firstly, ocean transport provided a low-price alternative to train transport. Although goods could be delivered by rail to Europe in about two weeks (less than a half of the shipping time of ocean freight), CRE was

twice as expensive (Jiao & Jing, 2018). Except for high-value-added and time-sensitive products like electronic products, most producers continued to prefer delivery by ship. It was difficult for CRE to attract sufficient cargoes to share the high fixed costs of the operation of each train. This pushed up per-unit freight costs and led to a huge deficit for CRE service providers.

Secondly, higher operating costs resulted from the unbalanced shipment of cargoes in two directions (Jiao & Jing, 2018). China's volume of imports from Europe is significantly smaller than its exports to Europe. Consequently, trains arriving in European cities found that there were not many goods to bring back to China. Many containers on inbound CRE freight trains were empty in the early years of operation. This meant that the high fixed costs associated with operating the CRE freight trains could not be mitigated by two-way traffic, and Chinese shippers had to bear the resultant higher costs.

Thirdly, the large number of cities which tried to adopt similar market entry strategies exacerbated the situation. Each city was only able to capture a small share of the market (Wen, 2019). The operation lacked any economy of scale, leading to large losses.

To increase the competitiveness and market share of CRE freight services in the transnational transport market, local governments provided subsidies to keep freight charges at a level not much higher than those of ocean transport. Subsidies were as much as USD 6,000 per container (Li & Li, 2019).

The local governments tried to attract more goods from Northeast and Southeast Asian countries (Wang & Xiao, 2018; Lin & Li, 2021) to lower the per unit freight cost of CRE and reduce the deficit. To do so, they tried to develop the cities under their administration into multi-modal transport hubs with seamless connections that provided efficient and reliable alternatives for goods deliveries to Central Asia, the Middle East, and Europe. This helped CRE increase the occupancy rates of its freight trains and the high fixed costs of the trains could be shared by more shippers.

The local governments also tried to alleviate the imbalance in the flow of goods between the Chinese cities and Europe by promoting the use of CRE services to exporters in European cities. The Chinese city governments established offices in target European cities to promote the CRE services.

The cities incurred huge losses providing CRE services. However, in consideration of the potential external benefits of future industrial development, local governments remained willing to subsidise the business. Each of the city governments provided subsidies to so-called "logistic platform companies", which charged service-users a very low price for shipping products to foreign countries along the CRE corridors. The resultant competition between cities on the CRE lines was considered unconstructive by the central government, which decided to step in after allowing local experiments to continue for a few years.

## Central Coordination Since 2016

With the progress of the Belt and Road Initiatives in 2016, the central government found an opportune time to intervene. A comprehensive plan entitled Construction and Development Plan for China Railway Express Construction (2016–2020) (hereafter, the Plan) was formulated and released. Essentially, CRE was recognised as having strategic importance to the overall development of the Belt and Road Initiative. Central coordination mechanisms were thus established to achieve the new strategic objective. Major measures to enhance the development of CRE were adopted. The Office of the Leading Group for the Construction of Belt and Road was assigned a coordinating role in the development of CRE and was responsible for ensuring synchronisation between central bureaus and local authorities. The Plan detailed an enhancement of communication with foreign parties, increased investment along the CRE, improved trade and customs policies, and encouraged the innovation and application of new transport technologies.

The coordinating measures of the central government aimed to promote more orderly

competition and the diversification of roles among the cities along the CRE lines in the following directions. First, the central government set a cap on the subsidies that local governments were able to give CRE users. The measures reduced total demand for CRE services but negative impacts were not seen as significant when accompanying market-expanding measures were introduced. Second, the Plan clarified the transport corridors and defined the hubs along each corridor. More transport capacity and investment were allocated to these hubs and they were able to grow to sizes that might benefit from the economies of scale. Other cities, being allowed to provide smaller amounts of subsidies than before, found themselves less competitive in providing CRE services. They subsequently differentiated their roles from those of the hub cities. Third, central-level ministries and commissions included CRE issues on the agendas of bilateral and multilateral negotiations on investment, trade, transport, and customs clearance. They were also responsible for establishing a coordination system that involved both central units and local governments.

## Conclusion

The growth of CRE represents an application of the typical experimental approach for economic development (Xu, 2011). Local governments are allowed to engage in inter-jurisdictional competition, usually triggering over-investment in the sector. Problems can then be identified, and solutions being proposed. In the case of CRE, the Plan represents an attempt by the central government to solve problems occasioned by disordered competition and insufficient demand. The situation gradually improved in subsequent years. In 2018, a total of 6,300 trains travelled on CRE, exceeding the 2020 target specified by the Plan. When COVID-19 broke out in 2020, CRE

identified an opportunity for rapid expansion. It is hoped that the improved rail transport service will enhance trade and business activities across Europe and Asia. CRE transport volumes continued to rise in the two months following the outbreak of the Russia-Ukraine war, although uncertainties have been created regarding its long-term development.

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03

## Wage-Effects of Childcare Duties for China's Internal Migrants by Gender and Income: Evidence from the China Migrants Dynamic Survey 2012–2016

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### INTRODUCTION

This study examines the income-disadvantage faced by Chinese “internal migrants” (流动人口) with childcare duties. At risk of oversimplification, according to China’s household registration (hukou 户口) system, each resident belongs to a certain administrative region, usually determined by birth or parentage. Those who lived outside their hukou endure fewer public services and other disadvantages. However, due to large disparities in economic opportunities between the rural hinterland and the more developed

cities (Jin et al 2018), such as and especially the big four (Beijing, Shanghai, Guangzhou, and Shenzhen), many still make the move.

The transition to a market-based economy, and the resulting shift in population distribution, was also accompanied by the formation of a gender-wage gap. Using data in the years of 1988 and 1995, Gustafsson and Shi (2001) found that China’s gender wage gap was increasing but relatively small comparing with that of developed

economies, and that young women and women with limited education suffered more from gender discrimination. Later studies using more updated data confirms that the gap kept widening (Ji & Wu, 2018). Somewhat unfortunately, a cross-country empirical study suggests that economic freedom, one of the foundations of newfound prosperity in China and other places (Uzelac et al., 2020), is positively correlated with the gender-wage gap (Apergis & Lynch, 2020). Apergis and Lynch (2020) also mentioned motherhood and career implications in-passing, suggesting that government intervention might be required because gender-wage gaps will persist under free markets, although no reasons were suggested.

One key difference between the migrant and non-migrant families is the absence (and presence) of extended-household parenting. For example, the elderly believe that caring for grandchildren is a social obligation (Zhang et al., 2016), enabling parents, especially mothers, to better take advantage of career opportunities

## Data

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We use the China Migrants Dynamic Survey (CMDS; 中國流動人口動態監測調查), an annual survey administered by the National Health Commission of the People's Republic of China to understand the social-economic conditions of migrant workers. Each year of the CMDS is a new cross-section. Annual sample sizes are set approximately based on the overall (not migrant) populations of China's provinces, counties, and districts, with increased weights for less-populated administrative units. We use years 2012 to 2016 as a pooled cross-section because survey questions

(Zhao, 2020, August). The difference is that migrant families face more complicated trade-offs. For example, it is common for migrant parents to leave the children and elderly behind, paying for shadow education (Peng, 2021) and other financial support as compensation. Others may choose to, or are forced to, bring their children and/or elderly along.

Our hypotheses are as follows. (1) Childcare duties decrease the wages of lower-income workers more so than those of higher-income ones. (2) Once controlled for absolute income, the effects do not significantly differ by gender. We accept as given, or condition upon during analysis, the diversity of wage-discrimination suffered by females overall. However, in the case of migrant workers with children, the most significant inhibitor to their earnings potential remains the ability to compensate for the lack of essential public services.

are similar enough to be aligned with only minor adjustments.

A key feature of the CMDS is the information on the cohabiting household members of each migrant worker. One working migrant from each household is surveyed. The surveyed migrant must be aged 15 or above (the legal working age) and, prior to 2015, an upper age-limit of 59 (presumably since 60 is the standard retirement age). That migrant provides detailed information about herself, such as monthly income, and basic

demographic information on each of the other cohabiting members. Only the income of the surveyed worker is reported, and the respondents were well-informed that they will be asked for individual income data.

## Method

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Our model is derived from Mincer's (1974) equation. The dependent variable is the natural logarithm of reported monthly wage. For the independent variables, we replace years of education with highest qualification obtained because the latter is more important for the Chinese labour market. The years of experience variable from Mincer (1974) is estimated by biological age minus the standard graduation age of the highest qualification, or fifteen years old, whichever is higher. General controlling variables include: twenty ethnicities, thirty-two provinces, eighteen vocations, and five years. We omit these results for brevity. See the CMDS documentation for definitions.

We count the number of household members requiring pastoral care as anyone under the age of 15. The parent-child familial relationship is

## Results

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For females with incomes above the 50th percentile, those living with children earn more than those without [Table 1]. Females with earnings below the 10th percentile are negatively affected by the presence of children (-0.0220\*\*), while having other adults at home makes it worse (-0.0314\*\*). Regardless of whether this is due to any selection or endogeneity effects, females

reported but is not very meaningful for Chinese migrant households because the caretaker is often not the parent. We make assumptions about which adults (ages 15 to 59 inclusive) in the household are available to help with pastoral duties. We infer availability from the household member's stated (primary) purpose of migration. We classify these responses into those that are available versus not available.

The sample is estimated separately by gender because differences in gender roles are central to our study. We also divide workers into income percentile segments and estimate each segment separately because we hypothesise that the earnings potential of lower-income workers is more negatively affected than higher-income ones. As expected, female incomes are more skewed towards the lower income segments.

earning lower incomes require childcare support. For reference, we also produced an estimate where the entire female sample is pooled. As expected, the presence of children seems to have a positive effect, but this is probably misleading because the income-segments are probably clusters.



**Table 1. Effect of Household Structure on Monthly Income of Migrant Workers by Income Segments**

Females	All	Below 10 pct	10 to 25pct	25 to 50 pct	50 to 75 pct	75 to 90 pct	above 90 pct
Years of experience	0.0139** (0.0004)	0.0026** (0.0006)	0.0004** (0.0001)	0.0008** (0.0002)	0.0006** (0.0002)	-0.0000 (0.0003)	0.0043** (0.0013)
Years of experience squared	-0.0004** (0.0000)	-0.0001** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	0.0000 (0.0000)	-0.0001** (0.0000)
No children, adults at home (Base case: No children, no adults)	0.0455** (0.0032)	0.0013 (0.0049)	0.0012 (0.0011)	-0.0003 (0.0012)	0.0027 (0.0014)	-0.0004 (0.0020)	0.0002 (0.0105)
Children, no adults at home	0.0686** (0.0026)	-0.0220** (0.0044)	-0.0009 (0.0009)	0.0009 (0.0010)	0.0050** (0.0011)	0.0027 (0.0016)	0.0187* (0.0079)
Children, adults at home	0.0496** (0.0033)	-0.0314** (0.0054)	-0.0000 (0.0012)	0.0030* (0.0013)	0.0040** (0.0014)	0.0021 (0.0020)	0.0222* (0.0100)
<b>Males</b>							
Years of experience	0.0184** (0.0003)	0.0052** (0.0006)	0.0006** (0.0001)	0.0012** (0.0001)	0.0010** (0.0001)	0.0003 (0.0002)	-0.0003 (0.0009)
Years of experience squared	-0.0005** (0.0000)	-0.0001** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000* (0.0000)	0.0000 (0.0000)
No children, adults at home	0.0910** (0.0025)	-0.0113* (0.0056)	0.0014 (0.0010)	0.0062** (0.0010)	0.0063** (0.0010)	0.0063** (0.0013)	0.0213** (0.0067)
Children, no adults at home	0.1330** (0.0023)	-0.0215** (0.0060)	0.0028** (0.0010)	0.0083** (0.0009)	0.0097** (0.0009)	0.0061** (0.0011)	0.0306** (0.0056)
Children, adults at home	0.1450** (0.0023)	-0.0320** (0.0058)	0.0055** (0.0010)	0.0094** (0.0010)	0.0093** (0.0009)	0.0089** (0.0011)	0.0374** (0.0057)

Pooled cross-section regression estimates of the effects of children and adults in the household on reported monthly income among CMDS sampled female migrant workers that reported a monthly income of at least one-hundred Chinese yuan (¥ 100). The income percentile cut-off points were calculated by pooling both genders, and separately by year. Percentiles were calculated separately for each year, so the cut-off points were different. Fixed-effects controlling variables include: twenty ethnicities, thirty-two provinces, eighteen vocations, and five year-effects. Observations whose reported income lie on a cut-off point were randomised into the segment immediately above or below by introducing a small random number with mean zero.

The situation for male is similar, especially those with earnings below the 10th percentile are burdened by children and other household members at home. This supports our hypothesis that childcare burdens low-income workers regardless of gender. However, when we compare the results of the 10–25th and the 25–50th percentile segments, we can see that gender effects persist. For males in those two segments,

the presence of at-home children and/or at-home adults earns higher incomes. We are not suggesting that children increase male incomes, but only that the unobserved effects differ by gender. Thus, while we suggest focusing on support for lower-income households, we do not deny the possible utility of gender-specific support if resources are available.

## Conclusion

Low-income internal migrants in China of both genders lack the financial resources to provide pastoral care for cohabitant children. Childcare support should primarily be based on income rather than gender. If such support is provided by the Government, then the cost of business can be reduced, especially for sectors that can only afford the lowest wages to migrant workers. Support

based on income also serves to support vulnerable female migrants because there are more females in the lower sections of the income distribution, but without the risk of missing out on poor male migrants that also need assistance. Additional gender-based childcare support could be privately provided and our results suggest that they would also be effective.

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## 04 | Humanistic Leadership Post-COVID-19 Under VUCA: Buddhist Perspectives

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### INTRODUCTION

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Today's rapidly evolving businesses operate in a volatile, uncertain, complex, and ambiguous (VUCA) world, and the COVID-19 pandemic has certainly made the environment more so. In the VUCA world, even at the time of a crisis, such as COVID-19 pandemic, a series of updates is mandatory in the organisational system of a company. The challenges in a VUCA world call for business model innovations, dynamic capabilities, and strategic leadership to help organisations thrive (Schoemaker, 2018).

There is also no doubt that pandemic has exposed weakness in leadership among various institutions at the cost of human lives. Simultaneously, the COVID-19 pandemic has magnified issues related to diversity, equity, and inclusion, and has raised awareness about global racism and xenophobia.

The motivation of this research is to explore an alternative global business leadership approach required for the post COVID-19. While many



leadership arguments have been centered around the western philosophy and business ideas, in order to fill the cultural missing piece, a viewpoint of the eastern philosophy, Buddhism is explored. The new type of leadership under the VUCA and post-COVID 19 environment from the Buddhist perspective with emphasis of humanistic values, namely humanistic leadership inspired by Japanese philosophers and educators Makiguchi,

## Discussion

COVID-19 has brought to light several types of inequalities, including income inequality within and between nations. Campanella (2020) finds that pandemics have typically led to a reduction in inequality in the past. Contrarily, the global stock markets surged, including the US stock markets, hitting historical highs without any strong evidence of neither economic recovery nor respite from the COVID-19 pandemic.

Since neither corporation nor government were prepared to adapt to the situation quickly, every organisation needs to efficiently prepare and manage the crisis and survive in the VUCA world, post COVID-19. In a VUCA world, organisations face certain challenges in helping leaders move forward with new possibilities and choices. While several approaches have been discussed, it is difficult to identify the single universal leadership approach. It should require articulating various leadership styles in order to overcome uncertainties.

Regardless of the type of leadership, the core values of new leadership in the post-COVID-19 world should be based on humanistic values. It is

Toda, and Ikeda with analogy of VUCA 2.0 which is introduced by George (February 17, 2017). The research question will be stated as follows: While many leadership approaches after the COVID-19 have been discussed based on the western way of thinking, is there any concept available at least for the food of thoughts based on the eastern way of thinking which would synchronise the existing western based leadership?

important to execute these challenges with the humanistic point of view or a management with moral and ethical restraints. The concept of humanistic management, whose core is humanistic values, is viewed as a holistic approach and as an alternative perspective to the economic paradigm in management and organisation theories (Melé, 2016). The new leadership based on humanism, namely humanistic leadership, which pursues the sustainability and prosperity at no cost of human lives.

Makiguchi (1996) introduced the concept of humanitarian competition by identifying military, political, and economic competition in different periods of human history. Ikeda (2009) explained that humanitarian competition compels a confrontation of the reality of competition while ensuring that it is conducted firmly based on humane values, and it therefore brings forth a synergistic reaction between humanitarian concerns and competitive energies. Unfortunately, more than a century has passed since the concept of humanitarian competition was introduced, but military, political, and economic competitions are intensifying around the world and COVID-19 may

well have enhanced these conventional definitions of the competition.

If society strives for humanistic competition, which requires all nations to act together for the greater good, many social sustainability issues, such as pandemics, climate change, and hunger, will be effectively tackled. To pursue these human common goals, business leaders must stay focused on their mission and values based on humanistic value and have the courage to act.

George (February 17, 2017) described vision as the ability to see through the chaos to have a clear vision of the organisation. During the pandemic, highly effective leaders who acknowledged and communicated the trade-offs necessary to create plans that are responsive to public health concerns and economic imperatives, set clear direction, the third pillar of the cultural agility, and use their transparency and authenticity to effectively communicate the chosen course of action. Kosen-rufu (Soka Gakkai International USA, 2017), world peace through individual happiness, will be an ideal vision for leaders in the post-COVID-19 world. While Kosen-rufu was originally defined as a movement to communicate the ultimate path to happiness, or to communicate the highest principle of peace to people of all classes and nations through the correct philosophy and teaching of Nichiren (2020) (Soka Gakkai International USA, 2017). Kosen-rufu as the endeavoring of global harmony and peace through individual happiness or the vision of peace as a product of a universally accepted value anchored on the unwavering respect for the dignity of human lives (Soka Gakkai International USA, 2017). To pursue the vision of the Kosen-rufu

or build a peaceful society on an individual basis requires the construction of a state of life with indestructible happiness through a process of human revolution or inner-motivated change, so that individuals actively transform their own lives and contribute to their families and local communities. Ikeda (2009) stated that a great human revolution in just a single individual will help achieve change in the destiny of a nation and, further, will enable change in the destiny of all humankind.

According to George (February 17, 2017), understanding involves an in-depth knowledge of the organisation's capabilities and strategies to take advantage of rapidly changing circumstances by playing to their strengths while minimizing their weaknesses. George (February 17, 2017) further emphasized the importance of listening and engagement because listening only to information sources and opinions that reinforce one's own views carries a great risk of missing other perspectives. Nichiren sought the power of human engagement through the earnest belief of human dignity rather than authoritative dignity. Ikeda (January 26, 2012) analyzed "On Establishing" written as the form of dialog between authority and a Buddhist monk, or the host: It is faith in the proposition that all people possess infinite potential and the capacity to bring forth their unique and essential dignity.

George (February 17, 2017) advised that leaders need the courage to step up to these challenges and make bold decisions that embody risks and often go against the grain. From the cultural agility viewpoint, highly effective leaders integrate multiple perspectives to create a course of action

during the pandemic by balancing health demands to protect employees with urgent, firm-level requirements for economic performance. To illustrate the concept of courage from the Buddhist perspective, Daishonin (n.d.a) introduced the concept of “many in body, one in mind”, which illustrates the importance of unity in bringing the courage to act. Business leaders should not only share the vision among stakeholders through a series of dialogs and encouragement, but they should also resonate throughout the organisation to unite all stakeholders towards the common goals.

The fourth element of VUCA 2.0, adaptability is to be flexible in adapting to a rapidly changing environment (Geroge, 2017). With respect to the meaning of adaptability, a Buddhist concept of oneness of life and its environment, or non-duality of life and its environment (Daishonin, n.d.b), may well fit the core characteristics of adaptability required by the new leadership. Leadership in the post-COVID-19 world requires the fundamental block of the vision to be on the humanistic value, or the belief that self-motivated, positive change within the inner life of an individual will bring about a change in one’s environment since life and

## Conclusion

COVID-19 has plunged the economic system, health, and society into an unprecedented crisis, widened inequality, and made the business environment more volatile, uncertain, complex, and ambiguous. To overcome these challenges and foster sustainable social foundations based on humanistic competition, business leaders require a different mindset based on humanistic values, along with the vision, understanding, courage,

its environment are essentially the same. Leaders must engage stakeholders to unify towards common goals of humanistic competition, coexistence of economic prosperity, and sustainability.

With the vision of world peace through individual happiness, or Kosen-rufu in mind, business leaders in the post-COVID-19 era should actively construct their own lives and contribute to their families and local communities, or in other words to human revolution. To achieve a common vision, leaders should unite stakeholders through a series of dialogs with true compassion, since life and its organisational and natural environment are essentially one.

As the Japanese word for crisis or risk comprises two Chinese characters of danger and opportunity, COVID-19 has offered us an opportunity to rethink the type of new leadership. Unless leaders possess a vision based on inclusive leadership, funded by humanistic values, and adapt to a dynamic changing environment quickly, neither the internal nor the external environment of organisations will change.

and adaptability. Buddhism has taught us to have a fundamental block of vision that self-motivated, positive change within the inner life of an individual would bring about change in one’s environment. Even with a clear vision, business leaders must engage stakeholders to unify towards common goals of humanistic competition: Coexistence of economic prosperity and sustainability. The humanistic leadership

contrasts with VUCA 2.0 from the business perspectives and culturally agility from the academic perspectives. More commonalities than differences among two approaches, the humanistic leadership is considered as a more comprehensive approach which focus on sustainability and the broader view of the leadership of any organisation.

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# 05

## Unleashing Creativity During Pandemic Isolation: The Role of Perceived Organisational Support for Creativity and Perceived Learning Climate

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### INTRODUCTION

Coronavirus and its impact caused business operations to shift from physical office work to on-line digitisation with an increasing number of remote work from home. In times of lock down, physical interactions were interrupted, and deployment of technology quickly became the alternate solution. When physical contact is limited, the modes to maintain a comparable level of creativity needed among colleagues becomes a crucial challenge for leadership and employees whose work shifts to remote. When

physical isolation is apparent, what additional managerial intervention could be introduced to stimulate proactivity, adaptivity, knowledge donating, and knowledge collecting within and among employees to keep the momentum of creativity sparking?

Performed with quantitative evidence, this current study conceptualised proxies including proactivity, adaptivity, knowledge donating, and knowledge collecting to testify the roles of

perceived organisational support for creativity (POSC) and perceived learning climate (PLC), the dual interacting terms, and to investigate their mediating roles on employees' creativity. This study aims to contribute concrete findings to

support practices and theory at times of difficulties and to instigate ways to promote creative innovation while leveraging collective knowledge for the better good of performance outcomes during the pandemic.

## Literature and Framework

Creativity is the generation of new ideas from employees, whereby innovation is the successful implementation of creative ideas by the organisation. Proposing new ways of doing things or suggestions for improvement are some of the classic representations for creativity. Perceived organisational support for creativity is deemed as the encouragement or stimulant disseminated to employees aiming to boost and lure creativity (Zhou & George, 2001). Proactivity refers to the behaviours that challenge the current status quo, or to make an extra effort, or to deviate from certain assigned tasks to counteract upon dynamic change externally (Grant & Ashford, 2008).

Proactivity is a self-initiative act and often involves making changes. It refers to the necessity to predict the occurrence of environmental uncertainty while maintaining needed continuous improvement and innovative ideas. Adaptivity refers to the dynamic changes in business opportunities or technology resulting in the individuals' ability to cope with such changes in job tasks and context (Griffin et al., 2007). Creativity is the search for new opportunities, solutions or new star products and services, at times of environmental viability and uncertainty. It is necessary to respond, to adapt, to make changes, and to motivate members within the firm

to actively undertake endeavours for continuous improvement and innovation. Pressure for continuous improvement and innovation, increasing demands on individual task initiative, and improving work styles based on initiative (Griffin et al., 2007).

Knowledge sharing covers two main components, knowledge donating, which means conveying personal intellectual capital to others, and knowledge collecting, which refers to acquiring the intellectual capital of others through consultation and active communication (de Vries et al., 2006). In the situation where employees feel that the organisation supports knowledge sharing, one is likely to engage in knowledge sharing activities which in turn, is likely to enhance one's innovative behaviours. To encourage such innovative behaviours among a firm's employees, organisations need to stir employees to plot in various modes of platform to foster knowledge sharing while providing outlets for employees to engage in creative process (Sang, 2020).

Perceived organisational support for creativity can be seen as an organisation provides support to shape an atmosphere for innovation, it creates a pathway for employees to experience supportive vibes and simmer in creative surroundings to advocate for innovation and ideas (Zhou & George,

2001). Conversely, firms' commitments to invest and promote learning will greatly enhance firms' innovative capability. The commitment in building a learning climate will strive for continuous improvements which contribute back to organisational performance (Marsick & Watkins, 2003). Perceived learning climate enables

employees to grow and provide a competitive advantage for the organisation (Eldor & Harpaz, 2016). A learning organisation induces its network of employees to strive for innovations, flexibilities, and improvements. Based on the illustrations above, the proposed conceptual framework is shown in Figure 1:

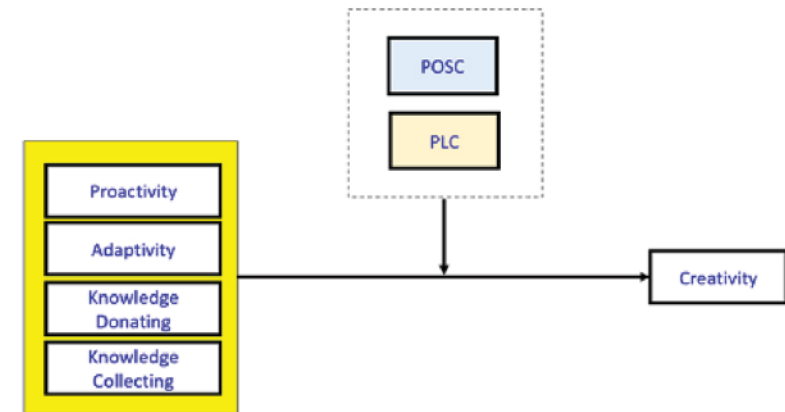


Figure 1. Conceptual Framework

## Method and Results

Online questionnaires were distributed to employees in different industries, and a total of 442 responses were received. SPSS is performed to conduct exploratory factor analysis, the results reflect that the accumulated variance contribution rate of the first factor reaches 42.9%, and hence concludes there is no common method bias. SPSS is used to perform factor analysis across all dimensions, factor loads are reported respectively per each item which is  $>0.5$ . Mplus is used to testify the results reveal as follow:  $RMSEA=0.063 < 0.08$ ;  $P < 0.001$ ,  $CFI=0.906 > 0.9$ ;  $P < 0.001$  and

$SRMR=0.053 < 0.08$ ;  $P < 0.001$ . The analysis above authenticates that this framework is robust with good model fit.

Analyses of this research report that, each of the four antecedents' proactivity, adaptivity, knowledge donating, and knowledge collecting have direct relationships to creativity. Concerning the interacting effect of perceived organisational support for creativity, it is concluded that no interacting effect is detected in the relationship between proactivity and creativity. However, perceived organisational support interacts with



the relationships of creativity to adaptivity, knowledge donating, and knowledge collecting. Interestingly, the statistical result shows a negative interacting effect on the relationship between knowledge collecting and creativity in the nested model. Despite that both knowledge donating and knowledge collecting lead to creative innovation in the presence of organisational

## Discussion

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When considering managerial intervention to instigate the needs in the remote work setting, this research deploys two interaction terms, namely perceived organisational support for creativity (POSC) and perceived learning climate (PLC), and eager to investigate their effects in the relationships. The statistical results reflect that proactivity can bring about creativity directly. The data show that in the presence of perceived organisational support for creativity (POSC), no mediating effect is found, where proactivity has a direct effect on creativity without having to go through perceived organisational support for creativity (POSC) as a mediator.

In other words, proactivity has a direct effect on creativity where one with proactive behaviours takes challenges, makes extra efforts in situations whereby one works in a highly uncertain environment, the act to take initiative and make necessary measures to predict and interact for continuous improvement can strive for innovation in ways of self-initiation.

support, the data reflect that knowledge collecting is negatively associated in this model. Respectively, when plotted into the full model under concurrent existence of both perceived organisational support for creativity and perceived learning climate, the effect of learning climate is fully saturated and left with only organisational support.

Highlight of these finding pinpoints to the importance of fostering a learning climate, it requires support from the organisation. It is crucial to build support with tangible and intangible resources allocated to ensure employees are made believe that their inputs are meaningful, and impose encouraging stimulating efforts to further develop creative means in new tangents to find new and useful discoveries for continuous improvement.

Another interesting fact unfolded is that knowledge collecting is negatively associated in the model. The implication is that perceived organisational support for creativity (POSC) can aid perceived learning climate (PLC) to capture creativity. Nonetheless, when knowledge collecting only collects knowledge, it is no differ from any data bank, it only safe keeps inputs and know-how without leveraging or lacking reintegration to higher order firm-specific resource endowment for new and possible exploration of application and market opportunities.

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## 06 | A Configurational Perspective on Service Sector Subsidiary Performance

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### INTRODUCTION

This research seeks to understand how configurations of network relationships and competencies can determine performance of service sector foreign-owned subsidiaries. This is justified as the majority of studies in the field still focuses on manufacturing sector subsidiaries and thereby ignored the increasingly important service sector (Philippe et al., 2011).

Once seen as humble servants of the headquarters, subsidiaries are now increasingly

seen as crucial sources of knowledge within the MNE (Rugman & Verbeke, 2001). Service sector subsidiaries have so far mostly been pictured as heavily dependent on headquarters due to the desire to standardise services (Lee et al., 2011), however, this has not been supported unconditionally (e.g., Ndubisi et al., 2015). Which might indicate that networks play a larger role than often acknowledged. However, so far little research has been undertaken on how different types of networks influence service sector



subsidiaries' performance (Najafi-Tavani et al., 2012).

Hence, we want to broaden our understanding of what role different kinds of intra- and inter-organisational network relationships and different value-chain activity competencies play in determining subsidiary performance. On the one hand, we focus on finely sliced value adding activities such as primary and supporting value

chain activities and their impact on performance (Rugman & Verbeke, 2001). On the other hand, we distinguish three types of organisational network relationships: intra-organisational network relationships, as well as business and non-business organisational networks in the host country. We test our framework on a sample of foreign-owned subsidiaries located in the mid-range emerging economy of Taiwan as it is an important economic hub in the region (Dahms, 2017).

## Literature Review and Hypothesis Development

### **Competencies and subsidiary performance**

The nature of competencies in service sector subsidiaries has changed over the last two decades due to changes in technologies as well as globalisation of trade (Philippe et al., 2011). Due to an increased fine slicing and worldwide distribution of value chain activities, the overall competence portfolio of a particular subsidiary is more specialised.

We extend the discussion on how competencies affect subsidiary performance by providing a more fine-grained perspective on the nature of competencies in subsidiaries. We distinguish between two dimensions of value adding activities. The first are competencies based on primary activities in subsidiaries such as sales, logistics, or production of services. This is likely to be the bread and butter for the subsidiary and likely to be the key driver of subsidiary performance. For instance, sales competencies drive performance through a continuous expansion of market share but also in a potential transfer of knowledge to other parts of the MNE network with relevant host country environments.

The second competence dimension consists of value adding activities in supporting functions. This could be research and development, human resource management, or purchasing. Those have been identified in subsidiaries in much later stages of their development and are still seen as much less common (Dahms, 2018).

### **Networks and subsidiary performance**

Foreign-owned subsidiaries are commonly seen as being embedded in at least two different networks (Dahms et al., 2022). The first is the intra-organisational network, which consists of all the other units within the MNE such as headquarters, research and development centres, and others. Those are often the most crucial network relationships since they provide the basis for transferring intangible knowledge assets that provide the basis for developing a competitive edge over local firms in the host country (Lee et al., 2011). We therefore expect that intra-organisational network relationships are crucial for subsidiary performance especially for those located in emerging markets in which local competitors might still not be able to achieve

comparable service standards.

The second network dimension is inter-organisational networks (Ndubisi et al., 2015). We distinguish between business and non-business organisational networks. Business networks consist of organisational relationships with local suppliers, buyers, and competitors. Often those relationships might be confined to nearby located subsidiaries of other MNEs. The other consists of relationships to local governments and universities for instance.

So far, we have mostly reviewed studies and arguments that relied upon the traditional symmetric way of reasoning. However, performance is a far too complex outcome to be linear (Fiss, 2011). Accordingly, we now broaden our arguments to account for complex solutions by adapting the neo-configurational perspective. In particular, we argue that there are a number of interrelationships between the concepts that we have discussed so far, each of which can have performance implications. The

## Research Design

The data has been collected from managing directors of foreign-owned subsidiaries located in Taiwan. Taiwan provides an interesting context for our study because it has a relatively long history of foreign direct investment, especially in the manufacturing sector. However, in its current development stage, the economy is changing and the service sector contributes now the lion share of economic development (Dahms, 2017). A Dun & Bradstreet database provided the basis for our sample universe. Our data collection efforts

neo-configurational perspective allows for considering such complexities without having to limit ourselves to a number of interaction or moderation terms. Additionally, it is also likely that there might be several different ways to achieve high performance through multiple combinations of networks and competencies. For instance, it might well be that there are cases in which strong business network relationships contribute to subsidiaries' performance, but only if those are simultaneously combined with high competencies in supporting value adding activities, such as human resource management. Maybe a distinct competence in that area allows service sector subsidiaries to hire the right people with the required local networks to develop positive performance outcomes. This leads to our core hypothesis:

Hypothesis 1: Several equifinal causal configurations consisting of competencies and network dimensions will lead to high performance outcomes.

resulted in a total response rate of 226 responses, which equals a response rate of 29.1%. Out of which we had 120 service sector foreign-owned subsidiaries.

In order to increase reliability and comparability of our study findings, we largely relied on constructs that have been used before in well-established studies.

We adapted the three-item performance measure

from Dahms et al. (2022). Subsidiary competencies have been measured using a seven-item construct from Dahms (2018), network relationships

strength was a ten-item construct also from Dahms et al. (2022).

## Analysis

### Construct validity

The factor loadings of each latent variable ranged from 0.563 to 0.944. The Composite reliabilities and Cronbach alpha values are well above the 0.7 threshold for most of the constructs. The Business networks and primary activities constructs show relatively low Cronbach alphas. However, all other values for those two constructs are within the commonly accepted range, hence, we kept the richness of the data and decided not to drop items.

### fsQCA

We use fsQCA technique to test our core hypothesis. We use a two-step method for calibrating our conditions. In the first step, we use all the z-scores from the previous SEM-PLS analysis. In the second step, we convert those into conditions suitable for fsQCA. In particular, we chose a z-score of 1 as being fully in, -1 of being fully out and 0 as 0.5 cut off point.

fsQCA provides truth tables according to which causal combinations are evaluated along their consistency level. We chose a consistency level of around 0.80 and a frequency threshold of 3 as cut-off points (Fiss, 2011).

We then assess the intermediate solutions. Solution coverage and consistency values are well within the range of usual thresholds for our model as presented in Table 1. The most interesting solutions are the ones with the highest raw

coverage. Adopting the conventions by Fiss (2011), ● means the condition is present, ⊗ means the condition is absent, and 'blank space' means do not care.

Table 1. fsQCA Results

Condition	Solution			
	1	2	3	4
Primary Value Chain Competencies	●	●	●	
Support Value Chain Competencies		●	●	●
Intra-organisational network relationships	⊗			●
Non-business network relationships	⊗		●	●
Business network relationships		●		●
Raw coverage	0.253	0.487	0.479	0.415
Unique coverage	0.079	0.047	0.055	0.047
Consistency	0.755	0.804	0.817	0.823
Solution consistency	0.773			
Solution coverage	0.700			
frequency cutoff:	3			
consistency cutoff:	0.821			

The solutions 2 to 4 show the highest raw coverage and hence can be seen as those with the greatest explanatory power for the foreign-owned subsidiaries in our sample. In summary, we find support for our core hypothesis in that we identify at least four configurations of conditions that can lead to high performance. Solution 3, which covers most of the cases in our sample, suggests that subsidiaries with high competence levels in primary and support value-chain activities, in conjunction with non-business network relationships achieve high performance outcomes. Most eye-catching appears to be that intra-organisational network relationships appear to matter to a much lesser extent than often suggested in studies on service sector subsidiaries

e.g., (Lee et al., 2011). Instead, we found that strong business and non-business organisational network relationships are overall much more important in two out of three solutions.

## Conclusion

This research shed some new light on the discussion on what determines performance in service sector foreign-owned subsidiaries. One of our main findings is that intra-organisational relationships matter to a lesser extent than suggested in the extant literature (e.g., Lee et al., 2011). Instead, rather in line with Ndubisi et al. (2015) and Najafi-Tavani et al. (2012) we found that external network relationships, in combination with higher competencies in either primary or

support value adding activities might be able to substitute their importance in determining subsidiary performance. This could be also because of host country characteristics. For instance, while Taiwan is still in its infancy in terms of service sector development compared to advanced economies, it is certainly not an entirely blank page either. Our results suggest that the "who you know" outside the MNE network, starts to play an increasingly important role.

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