

# The Influence of Communist Ideology on Firm Innovation and FDI

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### Abstract

Innovation and foreign direct investment are essential drivers of global competitiveness of emerging market multinational enterprises. Prior research has examined a variety of institutional and managerial factors that shape firms' innovation and FDI decisions, such as governance structures, regulatory environments, and leadership characteristics. While political ideology has been recognized as an important influence on firm strategy, especially in studies of advanced economies, its role in shaping business behavior in emerging markets has only recently begun to receive attention. Within this growing literature, China represents a particularly underexplored context, despite its highly institutionalized ideological environment. This study addresses this gap by examining how Communist ideology shapes firm-level behaviors related to innovation and outward FDI, focusing specifically on non-state-owned enterprises in China.

The first empirical study replicates the work of Xu, Zhou, and Chen (2023), which examines how Maoist ideology influences patenting behavior in Chinese non-stateowned enterprises by focusing on the ideological orientation of board chairs. I adopt this replication approach as a preliminary step to verify the robustness of their findings and theoretical assumptions. Surprisingly, my results reveal an opposite pattern: Partymember chairs are associated with more patent applications and fewer instances of patent infringement. This discrepancy motivated a revision of the ideological framework and led to further hypothesis revision and testing. The second empirical study examined the impact of an evolving ideology on firms' OFDI, particularly regarding location choice, establishment mode, and investment speed. To empirically test the hypotheses, I analyzed data from publicly listed manufacturing companies from 2005 to 2022. The findings indicated that, influenced by Dengism, top management teams with a higher ratio of Communist Party of China (CPC) members were more likely to invest in developed countries, showed a lower inclination towards mergers and acquisitions, and exhibited slower FDI speed. Furthermore, younger and more educated executives have had a diminished effect on ideological imprinting due to the diminishing influence of Xi Jinping's thoughts.

This study contributes to theoretical research by revealing persistence and decaying ideological imprints. Additionally, it expands the application of imprint theory by incorporating political ideology alongside the characteristics of TMT. The findings provide valuable practical insights for business managers and policymakers navigating the intersection of ideology and firm strategy in the rapidly evolving global economy.

Keywords: Ideological imprint, Corporate innovation, FDI, Board Chair, TMT

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### **Chapter 1 Introduction**

Innovation and foreign direct investment (FDI) are essential drivers of global competitiveness of emerging market multinational enterprises (EMNEs). Innovation enables firms to develop technological capabilities and differentiate their offerings, while FDI allows them to access global markets, acquire strategic resources, and integrate into international value chains. Importantly, these two strategies are increasingly recognized as mutually reinforcing: firms often use FDI to acquire knowledge that supports innovation, and vice versa. This interdependence between innovation and FDI highlights the need to better understand the underlying strategic logic that guide firms' decisions in both domains.

Extant literature has examined a wide range of antecedents that influence firm innovation and FDI, grounded in theoretical perspectives such as the resource-based view (Barney, 1991), institutional theory (North, 1990; Scott, 2013), upper echelons theory (Hambrick & Mason, 1984). The resource-based view emphasizes internal capabilities and organizational routines as sources of innovation and strategic advantage. Institutional theory stresses the role of regulatory systems, cultural norms, and policy environments in shaping firm behavior, including FDI decisions. Upper echelons theory focuses on the demographic and psychological characteristics of top executives—such as age, education, and risk preferences—as key determinants of strategic choices. In emerging market contexts, scholars have extended these theories

to incorporate institutional voids, green innovation, and strategic asset-seeking behavior (Alam, Uddin, & Yazdifar, 2019; Bénassy-Quéré, Coupet, & Mayer, 2007; Buckley, Clegg, Cross, Voss, Rhodes, & Zheng, 2008; Hu, Chen, Wu, & Sun, 2024). These studies underscore the importance of external factors or individual demographics in shaping innovation and FDI strategies.

While existing literature has made considerable progress in identifying institutional, capability-based, and demographic antecedents of innovation and FDI, only a few studies have explored how political ideology-as a deeper cognitive orientationinfluences corporate behavior. For example, Kashmiri and Mahajan (2017) demonstrate that CEOs' political liberalism-representing their ideological orientation-positively influences firms' innovation propensity, measured through new product introductions. Their findings, grounded in upper echelons theory, reveal that liberal CEOs are more likely to take innovation-related risks and pursue aggressive innovation strategies. Similarly, Lesage, Schweitzer, Palmié, Haon, and Misra (2025) examine green new product introductions and find that liberal CEOs tend to promote more sustainabilitydriven innovation, particularly under politically adverse environments. Moreover, Fuchs, Franz, Fischer-Kreer, Greven, and Brettel (2024) explore how ideological divergence between CEOs and the national political climate influences environmental innovation intensity. These studies collectively suggest that political ideology serves as a stable and influential cognitive anchor, shaping how executives perceive risk, interpret uncertainty, and make long-term innovation investments. In the realm of FDI,

for example, Avioutskii and Tensaout (2016) has found that pollical ideology influence MNCs FDI location choice. They found that political risk, liberalization and economic reforms are important drivers of FDI inflows. Chandler, Kim, Waddingham, and Hill (2023) demonstrated that CEO's liberal-conservative tendencies influence the entry mode of firm internationalization. Their study is grounded in upper echelon theory and political psychology research. Similarly, there are also other scholars discussing the influence of political ideology on firms M&A (Chow, Chan, & Micelotta, 2021; Elnahas & Kim, 2017; Jiang & Jianhong, 2023). While these studies have established the relevance of political ideology in corporate decision-making, they primarily focus on Western liberal-conservative frameworks. By contrast, relatively few studies have examined how Communist ideology influences corporate behavior, particularly in the Chinese context. For example, research has found that left-leaning leaders are more likely to adopt CSR strategies (Jiang et al., 2018; Ou et al., 2017), and that pro-market city governors facilitate international expansion (Marquis & Qiao, 2018). Xu, Zhou, and Chen (2023) showed that Party membership among board chairs influences firms' patenting activity through Maoist ideological imprinting. Although these studies have provided a preliminary exploration for this research path, there are still significant deficiencies. In general, there is a lack of research on the role of communist ideology in shaping firm innovation and OFDI. Yet, most of this research has focused on Maoist imprint effect of individual leaders (e.g., chairs), it's still limited and questionable; besides, there is almost no research on the influence of Chinese communist ideological evolution on innovation and OFDI.

To fill these gaps, this study adopts the imprint of Chinese Communist Party (CCP) ideology as the central theoretical lens and core explanatory mechanism, exploring how it systematically influences two related yet distinct corporate outcomes: innovation and FDI through answering following three research questions: 1) How does chairman / TMT's Chinese communist ideology, in particular Maoism affect firm innovation? 2) How does chairman / TMT's Chinese communist ideology, in particular Dengism shape FDI strategies? 3) What are the influences of some key boundary conditions? The analysis builds on imprinting theory (Marquis & Tilcsik, 2013), which suggests that early, formative experiences leave enduring marks on individuals and organizations, particularly when these experiences occur in ideologically intense environments. In the Chinese context, executives affiliated with the CPC are socialized through a system of political education that reflects evolving ideological paradigms, including Maoism, with its emphasis on collectivism and self-reliance; Dengism, promoting pragmatism and gradual openness; and Xi Jinping Thought, which emphasizes state control, national rejuvenation, and ideological confidence.

To answer these questions, I conducted two empirical studies. The first one is replication and extension. One of the most prominent recent studies on ideological imprinting in Chinese firms is that of Xu, Zhou, and Chen (2023), who found that Maoist ideology, operationalized via Party membership of board chairs, has a significant impact on firms' patenting activities. While their work represents a valuable initial attempt to link political ideology with corporate innovation, I find certain aspects of their theoretical development unconvincing—particularly their interpretation of Maoism and rationality of using Maoism. To re-evaluate their findings, I begin empirical chapters with a replication and extension study that revisits their core hypotheses using updated data, revised ideological assumptions, and a broader TMT-level perspective. The second one is an empirical study investigating the relationship between Dengist ideological imprint on FDI location choice, establishment mode and FDI speed.

### Theoretical Contributions

Firstly, this study enriches the understanding of the impact of political ideological imprints on corporate innovation and FDI. Discussions on political ideological imprinting are relatively rare, especially concerning the long-term effects of communist ideology at the corporate level. This study extends imprinting theory to the political domain by exploring the profound influence of Maoism, Dengism, and Xi Jinping's thoughts (Xi's thoughts) on Chinese corporations. It reveals how these ideologies continually influence corporate innovation and FDI through the ideological imprints left on corporate leadership.

Secondly, this research expands on the dynamic effects within imprinting theory. By analyzing the age, educational background, and external economic environment of TMTs, I unveiled how these factors continuously shape the effects of political ideological imprints. Especially within the alternating contexts of globalization and deglobalization, changes in the external environment and TMT characteristics significantly impact the persistence of political imprints (Ali, Zhang, Ali, Ayalew, & Ullah, 2023b). This finding provides a new perspective for imprinting theory, highlighting the dynamic and complex nature of imprinting effects.

Thirdly, this study enriches research on upper echelons theory. Upper echelons theory emphasizes the impact of the personal backgrounds, values, and cognitive frameworks of TMT members on corporates such as corporate strategic decision-making (Hambrick & Mason, 1984). However, existing studies mainly focus on demographic characteristics such as the age and education background of CEOs and senior executives, with less attention to political ideological backgrounds. From a cognitive perspective, this study examines how ideology influences corporate decisions in innovation activities and FDI through key individuals and the collective cognition of TMTs (Park, Boeker, & Gomulya, 2020). This contribution not only broadens the applicability of upper echelons theory but also deepens the understanding of the influence and role of political ideology in corporate management. Besides, by incorporating demographic features, This study demonstrates how these features influence corporate innovation and internationalization strategies in a relatively unique ideological context.

#### Managerial Implications

This study provides practical insights for Chinese enterprises and policymakers, highlighting how political ideology, particularly the proportion of Communist Party members in TMTs. significantly influences corporate innovation and internationalization strategies. For Chinese enterprises, understanding the role of political ideology in shaping corporate strategies can help them better align their internal governance structures with strategic goals. By recognizing the potential impact of having Communist Party members in top management teams, firms can leverage their unique perspectives and values to foster a more cohesive and forward-thinking organizational culture. This alignment can lead to more effective innovation initiatives, as these members may bring a broader social and political context to decision-making, which is crucial for long-term success in a rapidly changing global environment.

Moreover, for policymakers, the findings suggest that promoting a balanced representation of political ideology within corporate leadership can have positive spillover effects on the broader economy. Policymakers can develop targeted policies to support the integration of political values with corporate governance, such as training programs for Communist Party members to enhance their business acumen or incentives for firms to adopt inclusive leadership practices. This approach not only strengthens corporate governance but also aligns with the broader goals of sustainable economic development and social stability. By fostering an environment where political ideology and business strategies can coexist harmoniously, both enterprises and the nation as a whole can benefit from more robust innovation and internationalization efforts.

The structure of this paper is as follows: Chapter One introduces the research background and objectives. Chapter Two reviews the relevant literature, analyzing the progress and gaps in existing research on political ideology, corporate innovation, and FDI. Chapter Three introduces the theoretical foundation of this study, focusing on imprinting theory, and proposes an overall research framework and theoretical hypotheses. Chapter Four is the first empirical study, replicating and extending relevant research on the impact of Maoism on corporate patent activities. Chapter Five covers the second empirical study, exploring the lasting impact of Dengism on the FDI strategies in non-SOEs and the dynamic changes in imprinting effects. Finally, Chapter 6 covers extended discussion, conclusion and future research.

### **Chapter 2 Literature Review**

This chapter reviews the existing literature on corporate innovation and internationalization. Both internal and external factors of an enterprise will affect its innovation and internationalization. At the same time, as an important part of the internal influencing factors, top managers have been extensively studied, while the influence of political ideology of top managers remains to be studied. Based on the review of the literature, this chapter puts forward the research gaps and the theory applied in this thesis.

### 2.1 Literature on political ideology

In the field of management, theories such as bounded rationality (Simon, 1991) and upper echelons theory (Hambrick & Mason, 1984) suggest that managers and leaders often rely on intuition, beliefs, and values to make decisions more quickly and easily, rather than using more deliberate methods to produce more accurate decisions (Chaiken, 1999; Kahneman, 2003). Specifically, political ideology, as a way of processing information, focuses more on fulfilling personal cognitive goals or individual needs rather than on accuracy (Kunda, 1990). This concept of motivated reasoning explains how political ideology influences attention and information processing (Jost, 2006; Jost & Amodio, 2012; Kunda, 1990). Political ideology represents values and beliefs that act as cognitive filters when collecting and evaluating information, which may lead to biased conclusions (Kunda, 1990). In other words, political ideology influences decision-making because individuals arrive at conclusions they want to be true, rather than those that are objectively more accurate, as long as they can (either consciously or unconsciously) justify their decisions as correct (Kahan, Peters, Dawson, & Slovic, 2017).

Liberal political ideology typically implies openness and a willingness to embrace change, whereas conservatism generally suggests the opposite (Jost, Nosek, & Gosling, 2008). One manifestation of this is that liberal and conservative members differ in how they approach contentious issues. On average, top management teams with a more liberal composition are more likely to embrace radical organizations than more conservative teams (Neville & Gamache, 2018), while conservatives tend to avoid taking a stance on controversial topics (Gupta & Briscoe, 2020). In high-risk situations such as war, scholars have found that liberal CEOs are more open and willing to adopt de-globalization strategies, as seen in the case of the Russia-Ukraine conflict (Thams & Dau, 2023). Furthermore, companies are more likely to adopt and promote CSR policies when they have a majority of liberal members (Gupta, Briscoe, & Hambrick, 2017a).

Liberals tend to prioritize achieving social and economic equality, whereas conservatives prefer resource distribution based on traditional hierarchies (Jost et al., 2008). Firstly, in terms of stakeholders, top management is obligated to consider stakeholder interests in strategic decisions (Andrews & David, 1987). However, more liberal managers may also feel responsible for the broader society, community, and world, driven by their egalitarian values and tendencies towards social change and concern (Tetlock, 2000). Consequently, individuals with more liberal political ideologies emphasize organizational proactivity, strategy, and governance models that hold the organization accountable both internally (to employees) and externally (to communities, customers), sharing responsibility (Tetlock, 2000). On the other hand, conservative managers, who emphasize hierarchy and performance, are more inclined to focus on local shareholders (the most direct stakeholders) and prefer governance models that centralize responsibility (Gupta, Wowak, & Boeker, 2017b). Secondly, regarding resource allocation, liberal CEOs in diversified companies tend to distribute resources more evenly across business units than their conservative counterparts (Gupta, Briscoe, & Hambrick, 2018). A similar trend can also be observed in socialist contexts, where strongly left-leaning CEOs in China allocate more funding to CSR (Ou, Li, Jiang, & Deng, 2017). Additionally, liberal CEOs are more likely to ensure equal pay for equal work (Chin & Semadeni, 2017). Thirdly, concerning gender differences and inequality, liberal decision-makers are more likely than conservative ones to hire and promote women to teams and board positions (Carnahan & Greenwood, 2018; McSweeney, McSweeney, Oliver, Park, & Withers, 2018). Fourthly, in the area of corporate social responsibility, U.S. liberal CEOs are more inclined than conservative CEOs to propose CSR initiatives (Chin, Hambrick, & Treviño, 2013). Moreover, when an organization has a majority of liberal members, it is more likely to adopt and promote CSR policies (Gupta et al., 2017a). Chinese leaders with a strong left-wing political ideology are more inclined to adopt CSR strategies, particularly in environmental protection,

compared to leaders with less leftist ideologies (Jiang, Zalan, Tse, & Shen, 2018). This emerging body of research on the relationship between ideology and CSR predominantly utilizes archival data (such as donations or party membership) to predict CSR decisions.

Scholars have used political ideology to study attitudes towards risk (Jost & Amodio, 2012). Researchers have found that liberal CEOs are more likely than conservative CEOs to engage in risky tax avoidance strategies (Christensen, Dhaliwal, Boivie, & Graffin, 2015), while conservative leaders tend to hire and promote male lawyers over female ones, perceiving men as lower-risk choices within the profession (Briscoe & Joshi, 2017; Nair, Gupta, & Wowak, 2018). When it comes to internationalization, liberal CEOs are generally more willing to pursue M&A compared to conservative CEOs (Elnahas & Kim, 2017). In another study, researchers found that liberal CEOs prefer international alliances, whereas conservative CEOs are more inclined towards acquisitions. This somewhat contradicts the common perception that liberal political ideologies are more associated with risk-taking. However, the relationship between political ideology and other risk and change-oriented indicators, such as entrepreneurship and innovation, remains an area for further research.

Political ideology also impacts interpersonal interactions. First, people tend to form stereotypes about certain ideologies (Swigart, Anantharaman, Williamson, & Grandey, 2020), which can influence subsequent interactions. For example, liberal ideologies are generally associated with acceptance of LGBTQ+ rights, and support for LGBTQ+

communities is often recognized as a liberal stance. LGBTQ+ support groups are more likely to form when the CEO is perceived as liberal rather than conservative (Briscoe, Chin, & Hambrick, 2014). Secondly, people tend to gravitate towards those with similar ideologies (Johnson & Roberto, 2018). For instance, managers are less likely to interview or hire applicants with different political ideologies from their own (Byrne, 1969), and CEOs often prefer successors who share their political views (Herrmann & Datta, 2002). Thirdly, another study showed that political ideology affects perceptions of team members; colleagues with the same political ideology are more likely to take each other's advice while disregarding that of colleagues with differing ideologies, even if they are more qualified (Marks, Copland, Loh, Sunstein, & Sharot, 2019). Moreover, political ideology is linked to employee turnover; conservative employees are more likely to leave when their personal ideologies do not align with the organization's, compared to liberal employees (Bermiss & McDonald, 2018).

Political ideology also influences corporate internationalization. In the context of international business, scholars frequently apply theories such as transaction cost theory, the OLI paradigm, institutional theory, gravity models, and political science frameworks (Aberbach, 1981; Cannone & Ughetto, 2015; Dunning, 2008; Horaguchi & Toyne, 1990; Overeem, 2005; Scott, 2013). For example, Avioutskii and Tensaout (2016) have found that liberal governments have a positive impact on the distribution of enterprises. Besides, in research on U.S. corporate location decisions, scholars discovered that greater ideological distance decreases the likelihood of a company

choosing a particular location. To better explain this phenomenon, scholars have put forward other frameworks. For instance, the partisan theory of FDI and the concept of organizational legitimacy within neo-institutionalism are used to explain how political ideology influences internationalization, especially in cross-border acquisitions (Jiang & Jianhong, 2023; Pinto, 2013).

The ruling party's ideology often determines motivations to attract or deter FDI (Pinto, 2013). He found that right-wing parties are generally less supportive of FDI than leftwing parties. Jiang and Zhang (2023) found that the right-wing ideology of the host country's ruling party negatively impacts the completion rate of CBAs by CMNEs, with the extent of this effect depending on the host country's economic and political conditions. In other words, the success of an M&A depends on the compatibility of the political ideologies of the two parties involved. For example, Chow, Louca, Petrou, and Procopiou (2022) found that firms are more likely to acquire companies with similar political ideologies. Furthermore, in studies of political ideology and cross-border M&A, scholars have noted that when the target company's employees perceive a mismatch in political ideologies between the two parties, they may experience a sense of misalignment with the organization, leading to negative perceptions or intentions to leave.

#### Summary

While existing studies have provided valuable insights into how political ideology shapes managerial cognition and corporate behavior, the current literature remains largely dominated by frameworks grounded in Western liberal-conservative dichotomies. This limits its applicability in non-Western contexts such as China, where ideological traditions are rooted in a distinct political system and have evolved across different leadership eras. Furthermore, within the limited number of studies that do engage with Chinese political ideology, there is a tendency to adopt static or monolithic interpretations—for example, treating Maoist ideology as inherently anti-innovation or as a rigid legacy of the past. Such oversimplified views risk overlooking the potential adaptability, reinterpretation, or persistence of ideological imprints in contemporary corporate settings. These limitations call for a more context-sensitive and dynamic examination of how Communist ideological legacies influence firm-level innovation in China.

### 2.2 Literature on innovation

### Resource-based view and innovation

Resource-based view (RBV) theory views companies as a collection of resources and capabilities that provide competitive advantage and create value through an open innovation strategy (Butler & Murphy, 2009; Rihayana, Supartha, Sintaasih, & Surya, 2023). It emphasizes the role of firm specific knowledge and its relationship to innovation performance, mediated by organizational learning practices and influenced by the level of autonomy (Koster, 2022). By focusing on unique resources and capabilities, companies can develop and implement innovative strategies. For example, IT capabilities and resources are critical to an organization's innovation (Butler &

Murphy, 2005, 2009; Liao, Kickul, & Ma, 2009). This theory emphasizes the importance of leveraging internal resources such as marketing and technology capabilities, corporate social responsibility programs, lean practices, and knowledge management to promote corporate innovation and improve corporate performance(Cannon & St. John, 2021; Khin & Ho, 2016; Mendes, Braga, Correia, & Silva, 2023; Pradana, Pérez-Luño, & Fuentes-Blasco, 2020; Zang & Li, 2017; Zhu, 2024).

Marketing and technical competence have been discussed under the realm of RBV. They are key preconditions for product innovation, which in turn improves organizational performance. Market orientation can further strengthen the relationship between technological capability and innovation (Khin & Ho, 2016). Both technology and marketing capabilities show an inverse U-shaped relationship with innovation duality, suggesting that a balanced approach is necessary for optimal innovation results (Zang & Li, 2017). These functions complement each other and can improve organizational performance (Zang & Li, 2017). Corporate social responsibility (CSR) has a positive impact on innovation, and business collaboration mediates this relationship to some extent. This highlights the importance of integrating social, economic, and environmental programs into innovation strategies (Mendes et al., 2023). The relationship between lean operations and R&D productivity is non-linear, and the initial benefits eventually stagnate and decline. This suggests that while lean practices can initially increase R&D productivity, over-reliance may hinder long-term innovation

(Cannon & St. John, 2021). Effective knowledge management and organizational integration significantly improve green innovation performance, suggesting that managing internal knowledge resources is critical for sustainable innovation (Zhu, 2024). Human capital and absorptive capacity are critical to capturing the benefits of innovation, suggesting that investing in human capital and absorptive capacity can drive competitive advantage by enhancing innovation performance (Pradana et al., 2020). The RBV framework also emphasizes the importance of value co-creation with stakeholders. Value co-creation within the company, with customers and suppliers, positively impacts CSR innovation, which in turn improves economic performance by enhancing innovation capabilities(Wu, Zhang, Yu, Jasimuddin, & Zhang, 2023).

### Dynamic capability and innovation

Dynamic capability refers to a company's ability to integrate, build, and reconfigure internal and external capabilities to respond to a rapidly changing environment (Liao et al., 2009; Rotjanakorn, Sadangharn, & Na-Nan, 2020; Teece, Pisano, & Shuen, 1997). The theory emphasizes the importance of adaptability and continuous improvement. Companies with strong dynamic capabilities can better identify opportunities, allocate resources, and deploy resources efficiently to innovate (Ahmadi & Arndt, 2022; Borch & Madsen, 2007). Dynamic capabilities include a variety of mechanisms, including sensing opportunities and threats, seizing opportunities, and reconfiguring assets (Da Giau, Foss, Furlan, & Vinelli, 2020). These functions are often broken down into dimensions such as dynamic mechanisms, learning mechanisms, and matching mechanisms, all of which have a positive impact on company performance (Ge & Dong, 2009).

The dynamic capability theory emphasizes the role of resource stock and integration capability in the process of enterprise innovation, and the relationship between resource stock and innovation is regulated by integration capability (Liao et al., 2009). The empirical study shows that there is a positive correlation between dynamic capability and innovation performance. For example, dynamic capabilities can help companies in the aviation industry improve their innovation outcomes (Chen, 2010), and similarly, in the food industry, dynamic innovation capabilities can significantly improve profitability, growth, and overall performance (Matopoulos & Aktas, 2022). Dynamic capabilities often mediate the relationship between external factors (such as intermediaries) and innovation performance. Organizational structure and strategic alignment can regulate this mediating effect (Lin, Zeng, Liu, & Li, 2020). Open innovation can mediate the relationship between dynamic capability and competitive performance and further enhance innovation outcomes (Pundziene, Nikou, & Bouwman, 2021).

### Knowledge-based view and innovation

Knowledge-based view (KBV) considers knowledge to be a company's most important resource, surpassing traditional resources such as land and labor. This perspective is critical to understanding how companies use their knowledge assets to drive innovation (Curado & Bontis, 2006; Jeon, Dant, & Baker, 2016; Pöyhönen & Blomqvist, 2006). KBV supports the idea that continuous learning and the development of intellectual capital are essential to sustaining innovation. Knowledge resources are dynamic and can be developed in unique ways, resulting in unique competitive advantages(Curado & Bontis, 2006; Hung, Lee, & Cheng, 2014). Combining KBV with dynamic capability and resource-based view, the concept of "knowledge power" is introduced. This concept emphasizes the impact of an organization's knowledge attributes on its innovation network, suggesting that companies with stronger knowledge capabilities can better drive technological innovation (Shi & Dang, 2011). Research has shown that companies with strong knowledge management practices, such as those in the pharmaceutical industry, can organize technology development more effectively, thereby improving their innovation performance (MacHer & Boerner, 2012).

### Institutional theory and innovation

Institutional theory has been applied to understand the relationship between institutional environment and firm innovation, which provides a valuable perspective for understanding the dynamics of firm innovation. Institutional theory focuses on the interaction between institutions and organizations, emphasizing how firms' behavior is shaped by the surrounding institutions (Scott, 2013), which include both formal organizations such as social, economic, and political groups, and informal social norms and rules (North, 1990; Peng, 2003). Central state ownership has a positive impact on firm innovation by increasing investment and improving efficiency, while local state ownership tends to inhibit innovation(Pu & Zulkafli, 2024). State-owned enterprises

have access to policy information, government support, and valuable resources (Chen, Li, Shapiro, & Zhang, 2014), and these advantages may promote innovation. With the development and improvement of the system, the advantages brought by state ownership gradually weaken, which means that non-state-owned enterprises have easier access to capital or key resources than before, while state-owned enterprises have greater discretion and are required to be responsible for corporate performance, so they will be more active in enterprise innovation or research and development (Zhou, Gao, & Zhao, 2017). Compared with old SOEs, start-up SOEs are less affected by the imprint of socialism, so they can focus more on their innovation and technology research and development strategies (Zhou et al., 2017). Public policies, such as China's mass entrepreneurship and innovation program, have been effective in stimulating innovative activity by startups, especially when supported by institutional frameworks (Li, Li, & Qiu, 2023).

However, there are different perspectives regarding the innovation of state-owned enterprises (SOEs). First, SOEs are managed by administrative orders rather than economic directives, making government intervention inevitable, and political missions often hinder enterprise development (Shleifer, 1998; Shleifer & Vishny, 1994). The managers of SOEs typically lack incentives to pursue market-oriented and efficiencybased innovation activities and instead focus on fulfilling their administrative orders (Freund, 2001; Ramamurti, 2000). According to this view, over time, SOEs may gradually lose their innovativeness and competitiveness. Owners of SOEs usually aim to satisfy a broader range of stakeholders compared to private owners (Tihanyi, Aguilera, Heugens, Van Essen, Sauerwald, Duran et al., 2019). They not only pursue financial goals but also social and political objectives (Bruton, Peng, Ahlstrom, Stan, & Xu, 2015; Jensen, 2002) . On the contrary, the literature on political connections suggests that firms with political ties benefit strategically when they engage in political activities, which are favorable to their strategic objectives (Hillman & Hitt, 1999). State ownership blends political and commercial goals (Shleifer, 1998). Overall, the non-commercial goals of SOE owners often contradict the profit motives of the enterprise, leading to political and social costs. While these costs might benefit society, they tend to reduce the financial performance of the enterprise (Tihanyi et al., 2019).

The relationship between institutional quality and corporate innovation is multifaceted and significant. Institutional quality affects the relationship between firm-level resources and technological innovation outcomes (Younas, 2023). Both formal and informal institutions' quality positively impacts innovation activities (Naveed & Shabbir, 2022). Formal policies like special economic zones significantly enhance innovation by promoting R&D investments and optimizing the innovation environment (Huang, 2022). Institutional frameworks, including effective governance, corruption control, and sound regulations, can significantly promote corporate innovation, which is evident in both developed and developing countries (Akbar, Usman, & Lin, 2024; Mrad & Bouaziz, 2018; Younas, 2023). Studies have shown that higher institutional quality, such as a robust legal system and stringent law enforcement, contributes to firms' innovation investments and patent applications. A favorable institutional environment reduces the risks associated with innovation failure while increasing the expected returns from innovation (Alam et al., 2019; Canh, Schinckus, & Thanh, 2019). Foreign institutional investors significantly improve firms' innovation levels by providing management expertise, financial support, and knowledge spillovers, which is particularly evident in developing countries (Luong, Moshirian, Nguyen, Tian, & Zhang, 2017). Moreover, studies indicate that improvements in institutional quality can indirectly promote firms' innovation by enhancing knowledge exchange and reducing information asymmetry(Jiang & Yuan, 2018). Government-provided institutional support, such as financial subsidies and technology R&D incentive policies, can significantly enhance firms' product and process innovation capabilities, especially in high-tech industries (Zhang, Wang, Zhao, & Zhang, 2017).

Poor institutional quality, such as legal deficiencies, severe corruption, and weak regulatory quality, undermines firm-level innovation (Rodríguez-Pose & Zhang, 2020). An adverse institutional environment negatively affects innovation, and perceived policy instability has a negative impact on product innovation (Odei, 2024). Weak institutional quality increases the time companies spend dealing with government regulations, hindering innovation (Rodríguez-Pose & Zhang, 2020). In emerging markets, corruption and political instability significantly reduce firms' R&D investments. These issues raise operating costs and investment risks, reducing firms' motivation to innovate(Gyamfi & Sein, 2021). Some studies have pointed out that in the context of market distortions, institutional support might lead firms to focus more on acquiring government resources rather than innovation itself, due to a lack of effective regulation and market constraints (Shu, Wang, Gao, & Liu, 2015; Zhang et al., 2017). Although government support can improve innovation capabilities, improper policy interventions may cause firms to over-rely on subsidies or protective policies, thereby affecting innovation efficiency. For example, Shu et al. (2015) found that government support might increase patent applications in the short term, but in the long run, it could inhibit the marketization of product innovation.

Institutional distance refers to the differences in the institutional environment between the home country and the host country, which significantly impact corporate innovation. Scholars have identified both positive and negative effects of institutional distance. Institutional distance can positively influence innovation performance. For instance, Chinese multinationals engaged in outward foreign direct investment (OFDI) leverage the institutional differences between home and host countries to positively impact corporate innovation (Liu, Ye, Shafait, & Jiang, 2023b). Institutional distance encourages firms to engage in management innovation and resource integration in diverse environments, thus enhancing competitiveness and innovation capacity. Research indicates that in adaptive inter-organizational systems, institutional distance can enhance knowledge sharing between firms, promoting innovative collaboration, especially in the cross-border operations of Sino-foreign joint ventures (Dong, Fang, & Straub, 2017). Furthermore, Wu (2013) found a positive relationship between institutional distance and product innovation success in emerging market firms, indicating that institutional distance helps firms learn and adapt to different institutional environments, thereby improving innovation capacity. Li, Wang, Ren, and Zhao (2020) found that formal institutional distance has a positive impact on cross-border mergers and acquisitions in the long run, aiding firms in accumulating management experience and enhancing innovation capacity.

However, both formal and informal institutional distance can negatively impact the relationship between OFDI and parent company innovation performance. This suggests that although institutional distance can drive innovation, it also presents challenges that need to be managed. Yi, Xu, Chen, and Wu (2020a) found that informal institutional distance hinders technology transfer from foreign subsidiaries to the parent company, resulting in decreased innovation performance. Cultural and behavioral conflicts arising from informal institutional differences can weaken the effectiveness of knowledge sharing and technological collaboration. Wang and Chung (2020) explored the relationship between business networks and innovation in Asian firms in Western markets and found that informal institutional distance negatively impacts innovation within business networks. This indicates that different social norms and cultural practices may create communication and cooperation barriers for multinational firms, thereby reducing innovation effectiveness.

Institutional theory emphasizes that organizations need legitimacy and technical efficiency to thrive in their environment (Zietsma & McKnight, 2009). Organizational

legitimacy (OL) plays a crucial role in promoting corporate innovation by influencing various aspects of firm operations and strategic decision-making. Firms engage in legitimacy-seeking behaviors, such as lobbying and building relationships, to align product innovation with corporate norms and beliefs. This alignment is critical for accessing resources and achieving innovation outcomes (Bunduchi, 2017). Different types of OL, such as political legitimacy (PL) and market legitimacy (ML), have varying impacts on product innovation. PL has an inverted U-shaped relationship with product innovation in new firms but shows a negative relationship in mature firms. Conversely, ML positively impacts product innovation in new firms but follows an inverted U-shaped pattern in established firms (Guo, Shen, & Su, 2019).

In the literature, scholars have studied the mediating and moderating roles of organizational legitimacy. For example, OL mediates the relationship between corporate social responsibility (CSR) and business model (BM) innovation. CSR positively affects OL, which in turn enhances BM innovation (Hu, Zhang, & Yan, 2020). Innovation legitimacy mediates the relationship between corporate reputation and firm growth, highlighting its importance in understanding how firms develop and innovate (Li, Chen, & Ma, 2016). OL can moderate the relationship between debt, R&D investment, and innovation performance. Normative legitimacy can mitigate the negative impact of debt on innovation, while cognitive legitimacy can enhance the positive impact of R&D spending on innovation. Normative legitimacy directly and indirectly affects the innovation performance of small and medium-sized enterprises

(SMEs), influencing the relationships between debt, R&D expenditure, and innovation performance (Kim, 2019).

### Stakeholder theory and innovation

Regarding internal stakeholders, the management, shareholders, and employees are considered key factors influencing corporate innovation. For instance, CEOs and directors can impact corporate innovation by influencing governance and innovation decisions (Ginesti, Spanò, Ferri, & Caldarelli, 2021; He & Jiang, 2019; Sunder, Sunder, & Zhang, 2017). Regarding shareholders' influence on corporate innovation through corporate governance, the focus differs between domestic and international literature due to variations in ownership structures. In international contexts, with dispersed ownership, institutional investors play a significant role in corporate governance. This leads to a primary focus on institutional investors' influence on corporate innovation in international studies (Alon, Wei, Song, & Xuan, 2018; Hoskisson, Hitt, Johnson, & Grossman, 2002). The impact of employees on corporate innovation is often centered on R&D personnel actively participating in the innovation process (Francis, Incheol, Bin, & Zhengyi, 2018).

For external stakeholders, there is considerable focus on the influence of governments, customers, suppliers, and creditors on corporate innovation. Government actions affect the overall allocation of economic resources and change corporate innovation incentives. Policy regulations are commonly used by governments, leading to numerous studies examining the impact of government policies on corporate innovation (Acharya

& Subramanian, 2009; Chava, Oettl, Subramanian, & Subramanian, 2013; Gao, Hsu, Li, & Zhang, 2018; Lin, Liu, & Manso, 2020). Customers influence corporate innovation by providing feedback on product information and demands (Chu, Tian, & Wang, 2019). Additionally, knowledge spillovers from suppliers serve as a vital source of corporate innovation(Cheng, 2020). Furthermore, given the nature of innovation projects, which often face severe financing constraints (Hall & Lerner, 2010), creditors like banks can influence firms' innovation investments and outputs by altering financial constraints (Cornaggia, Mao, Tian, & Wolfe, 2015; Dou & Xu, 2021). The existing literature also indicates that media and universities play crucial roles in corporate innovation (Dai, Shen, & Zhang, 2021; Yang, Chen, Du, Lin, & Lu, 2021).

Freeman (1984) proposed that stakeholders could be classified as primary (engaging in direct economic transactions and thus being impacted by the focal organization) or secondary (not engaging in direct economic transactions but still influencing/being influenced by the focal organization). Darnall, Henriques, and Sadorsky (2010) further identified that primary stakeholders could be external to the organization, such as value chain stakeholders (customers, suppliers), or internal (management and non-management employees). Secondary stakeholders could be social (environmental groups, community organizations, unions, and industry/trade associations) or regulatory (authorities). Darnall et al. (2010) found that regulatory and value chain stakeholders have a more significant impact on small companies compared to large ones, while pressure from social stakeholders affects both large and small firms similarly.
Previous research indicates that small companies are better equipped to handle pressure from external stakeholders due to resource scarcity, stronger innovation tendencies, simplified decision-making, less information asymmetry, and effective communication, which supports successful collaboration (Darnall et al., 2010; Glynn, 1996; Wickert, Scherer, & Spence, 2016).

Apart from discussing internal and external stakeholders separately, stakeholder management and stakeholder engagement have also been explored in the literature. In this context, developing good relationships with stakeholders can be a source of corporate innovation, allowing new products and services to be developed. In this area of research, Dentoni and Veldhuizen (2012) analyzed the case of Unilever, illustrating how the company occupied a unique position to develop radical innovations based on the involvement of multiple stakeholders, strengthening the company's competitiveness. Watson, Wilson, Smart, and Macdonald (2018) recently discussed the mediating role of firm capabilities in the relationship between stakeholder management and innovation. They emphasized the importance of dynamic capabilities in allowing companies to harness contrasting perspectives from various stakeholders.

Stakeholder engagement (SE) is another theme within corporate innovation research (Shams, Vrontis, Chaudhuri, Chavan, & Czinkota, 2020). Freeman (1984) introduced the strategic significance of stakeholders for successful businesses. Stakeholders are central to a firm's brand equity (Bresciani, Thrassou, & Vrontis, 2013; Kumar & Pansari, 2016; Shams, 2016), the development of new projects and products (Aarikka-Stenroos, Sandberg, & Lehtimäki, 2014; Ind, Iglesias, & Schultz, 2013), and the effective creation, communication, and delivery of value to business customers (Huggins & Thompson, 2015; Ramaswamy & Ozcan, 2016, 2018; Shams, 2016). The importance of SE has been well recognized in past literature on entrepreneurship (Chesbrough, 2003; Shams et al., 2020; Vargo & Lusch, 2011, 2016).

In addition to examining how stakeholders influence innovation, scholars have also studied the impact of innovation outcomes on stakeholders. The changes and uncertainties brought about by innovation can challenge stakeholders. Innovations, initially perceived as beneficial, may later be found to entail significant costs, with potentially adverse social effects (Dew & Sarasvathy, 2007).

# Upper echelon theory and innovation

A significant amount of research has focused on how senior executives and board members influence corporate innovation. The personality, values, preferences, habits, and cognitive abilities of top executives are key contributors to a company's innovation decisions (You, Srinivasan, Pauwels, & Joshi, 2020) because these characteristics shape how decision-makers perceive strategic opportunities, challenges, innovation, risk-taking, and performance (Barker & Mueller, 2002; Cho, Halford, Hsu, & Ng, 2016; Hambrick & Mason, 1984; Zaandam, Hasija, Ellstrand, & Cummings, 2021). Scholars have emphasized that corporate innovation performance is affected by various characteristics of key executives, such as overconfidence (Hirshleifer, Low, & Teoh,

2012), international experience (Sun, Fung, Zeng, & Qiao, 2021a; Yuan & Wen, 2018),

financial backgrounds (Yang, Xia, Li, Zhao, & Liu, 2021), technical experience (Song, Nahm, & Song, 2023), academic backgrounds (Ju, Jiang, & Zhao, 2023), educational backgrounds (Liu, Xie, & Li, 2023a; Zhou, Chen, & Chen, 2021), diversity in entrepreneurial passion (Chen & Liu, 2024), gender diversity (He & Jiang, 2019; Jin, Wang, Wang, Yang, & Guo, 2024), cultural backgrounds (Attah-Boakye, Adams, Kimani, & Ullah, 2020; Gallego-Álvarez & Pucheta-Martínez, 2021; Kostis, Kafka, & Petrakis, 2018; Tian, Deng, & Wu, 2021) and military backgrounds (Benmelech & Frydman, 2015; Lin, Nguyen, Young, & Zou, 2021a; Sunder et al., 2017). Additionally, scholars have explored the relationship between the marital status of CEOs and corporate innovation. Zhang, Zheng, Lam, Fu, and Li (2022) found a strong connection between unmarried CEOs in Standard & Poor's (S&P) 1500 companies and elevated levels of corporate innovation efficiency.

In addition to individual executive characteristics, team characteristics also influence corporate innovation. Researchers have examined the composition of top management teams (TMTs) and their impact on innovation (Qian, Cao, & Takeuchi, 2013; Wei, Yang, & Han, 2021), with a particular focus on homogeneity and heterogeneity (Hambrick, 2007; Nielsen, 2010). The first type of TMT heterogeneity refers to the extent to which a team is composed of executives with varying characteristics, such as age, gender, organizational tenure, and functional background (Harrison & Klein, 2007; Nielsen, 2010). For example, Sperber and Linder (2018) found that age heterogeneity plays a dual role in innovation decisions, while diversity in educational backgrounds benefits

innovation decisions. Dezsö and Ross (2012) observed that in today's complex competitive environment, mixed-gender teams are better equipped to solve problems and possess more diverse professional skills and perspectives compared to all-male teams. Women effectively foster communication and cooperation among senior executives, allowing them to better seize market opportunities, thereby enhancing technological innovation to meet market and customer demands. TMT diversity in functional backgrounds also significantly boosts technological innovation output (Talke, Salomo, & Rost, 2010). Furthermore, Boone, Lokshin, Guenter, and Belderbos (2019) found that TMT ethnic diversity positively influences entrepreneurial innovation in multinational firms, particularly in cases with lower social stratification and smaller power distances in their home countries.

The second type involves TMT faultlines, which refer to the possibility of dividing the team into subgroups based on member characteristics (Cooper, Patel, & Thatcher, 2014; Lau & Murnighan, 1998; Thatcher & Patel, 2012). Scholars have observed that executives with similar attributes are more likely to form alliances, while those with differing attributes are more likely to distance themselves from each other, leading to the formation of distinct TMT subgroups (Thatcher, Jehn, & Zanutto, 2003). These subgroups tend to exhibit high internal homogeneity while maintaining significant heterogeneity between them (Hutzschenreuter & Horstkotte, 2013). Executive faultlines significantly weaken the positive relationship between TMT stability and the sustainability of corporate innovation (Tan, 2024). Moreover, the influence of TMT

stability on sustainable innovation is more pronounced in firms with higher executive shareholding proportions, non-state ownership, and CEOs with technical expertise (Tan, 2024).

Taken together, these theoretical overlaps reinforce a layered understanding of innovation, where internal capabilities, institutional constraints, and leadership cognition jointly shape firm behavior.

## Summary

The innovation literature draws on six major theoretical frameworks—resource-based view (RBV), knowledge-based view (KBV), dynamic capabilities, institutional theory, stakeholder theory, and upper echelons theory — which, though distinct in focus, are often complementary.

RBV and KBV provide the foundation for understanding firm-internal sources of innovation. RBV emphasizes the strategic importance of valuable, rare, and inimitable resources (Barney, 1991; Khin & Ho, 2016), while KBV views knowledge and learning as the most critical assets for innovation and sustained advantage (Curado & Bontis, 2006; Jeon et al., 2016). Both highlight the centrality of human capital, absorptive capacity, and organizational routines in enabling innovation (Pradana et al., 2020; Zhu, 2024).

Dynamic capabilities theory builds upon RBV/KBV by introducing a temporal and adaptive dimension, describing how firms integrate and reconfigure resources in rapidly changing environments (Ahmadi & Arndt, 2022; Teece et al., 1997). Mechanisms like sensing, seizing, and transforming explain how firms sustain innovation despite uncertainty and disruption (Da Giau et al., 2020).

Institutional theory introduces a macro-environmental perspective, emphasizing that firms' innovation behaviors are shaped by the legitimacy pressures of formal and informal institutions (North, 1990; Scott, 2013). Empirical work shows that institutional quality and regulatory environments strongly influence innovation investment and patenting (Akbar et al., 2024; Alam et al., 2019). In emerging markets like China, institutional distance and political embeddedness create both opportunities and risks for innovation (Liu et al., 2023b; Yi, Xu, Chen, & Wu, 2020b).

Stakeholder theory bridges internal and external logics, emphasizing that firms innovate not only for efficiency but also to meet the expectations of diverse stakeholder groups, such as employees, customers, governments, and communities (Freeman, 1984; Watson et al., 2018). Stakeholder engagement and value co-creation have been shown to positively affect CSR-based innovation and organizational competitiveness (Dentoni & Veldhuizen, 2012; Wu et al., 2023).

Upper echelons theory contributes a micro-foundational lens, positing that executives' cognitive frameworks, values, and demographics shape how they interpret strategic choices, including innovation decisions (Hambrick & Mason, 1984; Hirshleifer et al., 2012). Research has shown that traits such as age, gender, technical background, and cultural diversity in top management teams significantly influence innovation performance (Dezsö & Ross, 2012; Tan, 2024).

While these theories differ in unit of analysis—ranging from resources and routines to institutions and executive cognition—they collectively form a multi-layered framework. For example, dynamic capabilities extend RBV/KBV, stakeholder theory complements institutional perspectives, and upper echelons theory explains how executives interpret resource constraints and institutional signals. In contexts like China, where state logic and ideological alignment influence both institutional pressures and managerial decision-making, such integrative theorizing is especially pertinent.

#### 2.3 Literature on FDI

#### The OLI Paradigm and FDI

Dunning proposed the eclectic theory (OLI Paradigm) as a broad concept to explain the reasons behind FDI inflows into specific countries (Dunning, 1988, 1998; Dunning & Lundan, 2008). According to this theory, a mix of ownership, location, and internalization factors drive firms to engage in FDI. Petrou (2007) argued that global banks from developed countries leverage their foreign market assets to capitalize on capabilities and resource benefits. Similarly, large firms are expected to channel investments into remote markets to gain advantages from their extensive assets, which are not available to smaller firms (Stoian & Filippaios, 2008). Meanwhile, Lei and Chen (2011) demonstrated that firms with strong networks and ownership advantages tend to invest in more advanced locations. These benefits include advanced manufacturing techniques, process management and development skills, high-quality products, as well as superior procurement, distribution, and relationship management.

From the perspective of the OLI paradigm, Dunning (1998) conceptualized FDI motivations, including seeking natural resources, markets, efficiency and strategic assets, to clarify the trajectory of FDI. The extent to which these incentives manifest in investment is influenced by various factors, including the country of origin, state ownership, entry mode, and resource abundance in the destination. Based on these views, literature provides evidence supporting different investment motives for multinational companies from developed and developing countries (Kedia, Gaffney, & Clampit, 2012; Wang, Hong, Kafouros, & Boateng, 2012). Companies driven by these incentives manage to overcome the detrimental effects such as corruption, liability of foreignness in the host country (Petrou & Thanos, 2014; Zhou & Guillen, 2016). Domestic factors prompt firms to adjust their behavior (Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007). He noted that the shift in China's investment motivations, mainly influenced by government support and policy changes at the domestic level, has moved from proximity-focused investments to the pursuit of natural resources.

Academic literature indicates that firms engage in FDI not only to redistribute resources to different host countries and generate profits but also to gain insights into host markets (Cui, Meyer, & Hu, 2014). As such, FDI provides firms with an ideal opportunity to access scientific and educational resources, gaining advantages from intra- and interindustry transfers at their respective locations (Cantwell & Piscitello, 2002). Scholars have conducted extensive research on FDI location choices using the OLI paradigm. A common view is that companies invest in countries to access large and financially prosperous markets, characterized by higher populations, improved living standards, increased GDP, and better public services (Galán & González-Benito, 2006; Li & Guisinger, 1992). Additionally, companies prefer countries with consistent policies and motives for attracting foreign investors, such as free trade zones, tax schemes, and local infrastructure (Cantwell & Piscitello, 2002; Loree & Guisinger, 1995). Similarly, firms are drawn to countries more receptive to overseas investment, marked by larger trade volumes and liberal business environments (Stoian & Filippaios, 2008). Traditional locational advantages, such as logistics and trade connections (Ulgado, 1997), the availability of energy, raw materials, technology (Brush, Marutan, & Karnani, 1999), or proximity to existing subsidiaries (Flores, Aguilera, Mahdian, & Vaaler, 2013), also help attract FDI.

#### Institutional Theory and FDI

Institutions are generally categorized into two types: informal and formal. Scholars argue that collectivism and humanitarian orientations are key informal entities, while shareholder orientation and property rights protection are seen as formal institutions (Zhu, Ma, Sauerwald, & Peng, 2019). Research findings suggest a collaborative effort between informal and formal institutions during the acquisition process, but the lack of compatibility in formal institutions can undermine the beneficial impact of informal institutions, hindering post-acquisition collaboration efforts (Zhu et al., 2019).

Another distinction between formal and informal influences is formal ownership outcomes versus informal personal relationships between top executives and the government (Xia, Ma, Lu, & Yiu, 2014). Numerous studies attribute both rapid international expansion and barriers of Chinese firms to their government connections (Tihanyi et al., 2019; Wilson, 2015). For instance, as a formal, equity-based state-firm connection, state ownership aids companies in gaining legitimacy both at home and in the host country, shaping their willingness and capability to participate in FDI (Jia, Xiang, & Zhang, 2019). However, some scholars found a negative effect of state ownership on OFDI (Huang, Xie, Li, & Reddy, 2017; Li, Xia, Shapiro, & Lin, 2018). Government intervention and dependence can sometimes hinder the international expansion of state-owned enterprises (SOEs). Research by Bai, Chen, and Xu (2021) revealed that political connections between SOEs' boards and management teams and the government can limit their OFDI, especially when these ties come from the administrative branch, reducing the firm's motivation for international expansion. On the other hand, Hennart, Sheng, and Carrera Jr (2017) found positive effects. Scholars generally believe that home governments can provide support to compensate for firms' competitive disadvantages in foreign markets. This support can take various forms, such as grants, loans, tax incentives, and equity financing (Buckley et al., 2007; Luo, Xue, & Han, 2010; Wang, Hong, Kafouros, & Wright, 2012). Some studies reveal a non-linear relationship between state ownership and Chinese firms' OFDI (Bai et al., 2021; Kalasin, Cuervo-Cazurra, & Ramamurti, 2020). Comparing state-owned enterprises (SOEs) and private firms, Duanmu (2012) found that SOEs are more likely to invest abroad. Private firms gain information from the political sector by improving their relations with government officials (Lazzarini, 2015). Albino-Pimentel, Dussauge, and Shaver (2018) demonstrated that political connections also help firms obtain unique information regarding foreign policies, making them more alert to political events. This information reduces the inherent uncertainty in globalization decisions, thus increasing international expansion (Albino-Pimentel et al., 2018). Moreover, political connections reduce political risk and can help resolve conflicts between managers and shareholders, further promoting corporate internationalization (Liang, Ren, & Sun, 2015). Huang, Zhou, Wu, and Wang (2023) found a non-linear effect of home-country political connections on emerging market firms' OFDI, showing that as political ties strengthen, internationalization benefits gradually diminish and may even turn negative. This relationship is more pronounced in firms with strong technological capabilities, while market-oriented reforms can mitigate this effect.

FDI activities decline as institutional distance increases (Cezar & Escobar, 2015; Wang & Anwar, 2022), while there are also studies suggesting that institutional distance promotes FDI activities (Mohamued, Khan, Meyer, Popp, & Oláh, 2024; Yi et al., 2020a). Different dimensions of institutional distance (e.g., political, economic, cultural distance) influence OFDI location choices differently. For instance, Chinese firms demonstrate a higher investment tendency in host countries with a poor political environment (Qi & Rao, 2021). Research indicates that normative institutional distance enhances host country attractiveness for Chinese OFDI, while regulatory institutional distance distance may reduce it. In the process of Chinese firms' OFDI, some firms exhibit a

preference for political institutional risk, showing a higher willingness to invest when the political environment of the host country is poor (Qi & Rao, 2021). Additionally, firm heterogeneity (e.g., state ownership proportions, internationalization experience) moderate the effects of institutional distance (Zheng, Yan, & Ren, 2016). The directional nature of institutional distance implies an asymmetric impact based on the gap in institutional effectiveness between the home and host countries. When a firm invests in a host country with more (or less) developed institutions than its home country, there exists a positive (negative) institutional distance (Tang & Buckley, 2022). Home country institution is a crucial factor that cannot be overlooked when shaping corporate strategies. The national institutional framework, which is informally shaped by the government and institutions, influences the formulation of these strategies. According to Dunning (1988), a country's outward foreign direct investment (FDI) is closely related to its stage of economic expansion, arrangement of factor assets and markets, political-economic structure, and the inefficiency or nature of its role in global intermediate goods trade. Therefore, ensuring effective arrangements of these factors with strong national mechanisms to improve economic outcomes is a prerequisite for FDI (Buitrago R. & Barbosa Camargo, 2020). Conversely, in countries with weak institutional frameworks, economic issues such as low productivity, reduced GDP growth, and declining investment could obstruct FDI (Buitrago R. & Barbosa Camargo, 2020). The Chinese government and the Chinese Communist Party play a significant role in establishing the rules of the game by setting these frameworks (Buckley, Clegg,

Voss, Cross, Liu, & Zheng, 2018). When studying the internationalization of Chinese firms, it is essential to consider the characteristics of the government, as it acts as a key stakeholder. Many Chinese multinational corporations have built strong competitive capabilities based on governmental and banking support (Deng, 2012). Moreover, researchers have found that perceived political and legal risks are associated with outward direct investment. In these studies, one of the criteria for measuring political and legal risks is government transparency. Supporting impartial and open official or formal institutional actions within emerging markets, such as China, introduces competitive and transparent mechanisms to the market, creating new forms of corporate governance that foster international corporate development (Buitrago R. & Barbosa Camargo, 2020).

Host country institution is another challenge for Chinese firms. From the perspective of institutional theory (Scott, 2013), if Chinese or other countries' firms aim to further develop, a key issue is obtaining institutional legitimacy by navigating restrictive hostcountry regulations and overcoming cultural barriers (Yang, 2009). Yang (2009) focused on the application of isomorphism, imitation, coercion, and standard procedures in the cross-border mergers of Chinese firms, revealing varied responses to these acquisition choices. Over time, the overall level of integration in mergers has notably declined. Chinese firms tend to invest in environments that are similar to their home country. Their domestic market operational experience equips them with potentially required ownership advantages for competitiveness (Alden & Davies, 2006). The influence of the home-country environment on Chinese multinational corporations' investment decisions has been clearly demonstrated. After making overseas investments, Chinese firms must adjust their market entry strategies to ensure compliance with host-country regulations and norms, while also adhering to regulations set by the Chinese government (Liou, 2009). The impact of host-country and home-country institutional environments creates a distinctive pattern for Chinese outward direct investment (Cui & Jiang, 2009). The involvement of the Chinese government alters the internal dynamics of business-government interactions in the host country, which is a unique feature (Buckley et al., 2018). In negotiations with host countries, some Chinese firms are represented by the Chinese government rather than the firms themselves, which can provide benefits such as increased bargaining power and protection (Buckley et al., 2018).

According to Thornton, Ocasio, and Lounsbury (2012), six institutional logics exist, namely, profession, state, market, family, religion, corporation. when telling Chinese stories, they use both state logics and market logics because of the unique economic system. For example, Tang (2019) examined the moderating effect of market capitalism under the circumstance of state capitalism through incorporating institutional logics with isomorphism perspective.

## Springboard theory and FDI

Springboard theory, introduced by Luo and Tung (2007) and further developed by them in 2018 (Luo & Tung, 2018), has evolved with considerations of recent de-globalization trends (Luo & Witt, 2022). This theory explains the motivations, processes, and behaviors of emerging market multinational enterprises (EMNEs) during various periods of international expansion.

The springboard perspective highlights that certain EMNEs proactively seek strategic assets to enhance their global competitiveness (Luo & Tung, 2007). In contrast to MNEs of developed economy, which typically adopt a gradual approach as described by the traditional internationalization process theory (Johanson & Vahlne, 1990; JohansonJ, 1977), EMNEs often engage in bold, high-risk actions regarding entry modes, location selection, and ownership structures (Kumar, Singh, Purkayastha, Popli, & Gaur, 2020; Schaefer, 2020)(Kumar et al., 2020; Schaefer, 2020). More recently, Luo and Tung (2018) expanded the springboard theory by introducing the concept of an upward spiral. While many researchers have applied this theory to examine firms' internationalization strategies, limited research has investigated whether EMNEs actually benefit from such springboard behaviors. From a theoretical standpoint, Luo and Tung (2007) suggested that these behaviors create both opportunities and challenges for EMNEs. Empirical evidence, such as the findings of Anderson, Sutherland, and Severe (2015), revealed that Chinese MNEs enhanced their domestic innovation capabilities following acquisitions. Furthermore, Schaefer (2020) demonstrated, through a case study of Huawei Technologies Co., Ltd., that hiring experts in cutting-edge technology enabled Huawei to close the gap with global industry leaders in technological advancement. In general, springboard theory posits that emerging market multinational enterprises

(EMNEs) engage in aggressive international expansion to acquire strategic assets and capabilities that they lack in their home countries. This theory highlights the unique pathways and strategies EMNEs adopt to overcome their latecomer disadvantages and catch up with established multinational enterprises (MNEs) from developed economies (Luo & Tung, 2018; Torrecillas & Brandão Fischer, 2023; Zámborský & Yan, 2022). Springboard theory provides insights into the unique strengths and challenges of emerging market firms, particularly their institutional vulnerabilities and complexities shaped by home-country conditions (Luo & Tung, 2018). It suggests that governments can facilitate foreign direct investment (FDI) and reduce barriers for multinational enterprises by fostering a transparent and supportive regulatory environment (Wu & Wang, 2017). Public policy should prioritize supporting small and medium-sized enterprises (SMEs) through educational initiatives that help them effectively implement springboard strategies in international markets (Dominguez, 2020).

Additionally, the theory highlights the convergence, duality, and adaptability advantages of springboarding multinational enterprises relative to those from developed economies. It underscores the need to understand the connection between springboarding and post-springboarding activities, as well as the key cross-cultural and human resource management challenges associated with this process (Luo & Tung, 2018). By facilitating the integration of home- and host-country market logics, this perspective enhances the understanding of emerging market entry strategies (Li, Prashantham, Zhou, & Zhou, 2022b). Moreover, the theory details how these capabilities play distinct roles across different stages of the upward spiral process, providing valuable insights into the evolutionary trajectory of emerging market firms (Li et al., 2022b). The double-loop springboard theory posits that both inward and outward internationalization are critical for enhancing the competitiveness of Chinese multinational enterprises. However, recent research suggests that in the context of deglobalization, inward internationalization has a greater impact on innovation performance than outward internationalization (Kim, Chung, & Kim, 2023).

Emerging market firms adopt different upgrading paths depending on their homecountry conditions, with path-compressed firms being the most prevalent in leveraging a springboard strategy to rapidly enhance their capabilities and competitiveness (Enderwick & Buckley, 2021). The choice of upgrading path in the springboard perspective depends on domestic conditions, including market size and growth, innovation capacity, government intervention, and market and institutional imperfections. Companies typically make a series of acquisitions, starting with smaller targets and gradually moving to larger ones to minimize risk and optimize learning (Elango & Pattnaik, 2011). Emerging market firms frequently use cross-border mergers and acquisitions (M&As) to develop and capitalize on their capabilities. When expanding into countries with lower institutional quality or shorter institutional distance, they prioritize capability-building. In contrast, when entering countries with higher institutional quality or greater institutional distance, they focus on leveraging their existing strengths (Zámborský & Yan, 2022). The strategy and timing of a firm's first cross-border acquisition (CBA) significantly impact its subsequent expansion trajectory and overall performance. A focused approach in the initial CBA typically accelerates expansion frequency, while a joint strategy tends to slow it down (Wu et al., 2024). The upward spiral model delineates the stages of resource accumulation, illustrating how emerging market firms progressively enhance their capabilities through learning, knowledge transfer, and global connectivity (Torrecillas & Brandão Fischer, 2023). Their international competitiveness is driven by strategic agility and duality, enabling them to adapt to and integrate operations across diverse geographic regions. These dynamic capabilities allow them to balance the portfolio logic of their home markets with the springboard logic of host markets (Li et al., 2022b; Luo, Maksimov, & Bu, 2021).

Technological alliances play a pivotal role in boosting the innovation performance of emerging market firms, especially in the era of deglobalization, where inward internationalization—supported by these alliances—has significantly improved the innovation outcomes of Chinese multinational enterprises (Kim et al., 2023). To enhance knowledge acquisition and capability-building, emerging market firms often establish learning hubs in mature markets, initially utilizing acquired knowledge and assets domestically before expanding into other emerging and developed economies (Hertenstein & Alon, 2022). To reinforce their market entry and expansion strategies, firms should actively engage in strategic alliances and partnerships, capitalizing on complementary advantages (Thakur, Cabrera, DeCarolis, & Boni, 2018).

Subsidiaries of multinational enterprises (MNEs) often engage in outward foreign direct investment (OFDI) to mitigate performance shortfalls. This decision is shaped by the institutional distance between the subsidiary's home and host countries, with firms tending to favor OFDI destinations that offer greater institutional similarity (Deng, Li, & Liesch, 2022).

Integrating the springboard perspective with performance feedback theory reveals that a negative expectation-performance gap accelerates the internationalization pace of Chinese multinational enterprises. This effect is particularly pronounced in private firms and is moderated by organizational slack (Yi, Li, Yan, Guo, & Zhao, 2025).

The springboard strategy involves investing in a country as a strategic base to re-export to a third market (Dominguez, 2020). The key motivations behind this strategy include firm-specific factors, network relationships, and country-level advantages. Public policy can support such initiatives by expanding market access and reducing trade barriers (Dominguez, 2020).

The relationship between state ownership and OFDI is influenced by both subnational and national political and economic institutions. Depending on the regulatory environment and political dynamics between the home and host countries, state ownership can either facilitate or constrain OFDI (Tang, Shu, & Zhou, 2022).

The effect of pro-market institutions in host countries on OFDI follows an inverted U-

shaped trajectory: moderate levels of market-supporting institutions stimulate OFDI, while excessively high levels may deter it. This relationship is further influenced by factors such as domestic market liberalization and government subsidies (Tang, 2021). Additionally, springboard theory offers valuable insights into how emerging market multinational enterprises (MNEs) make investment location decisions. The springboard strategy enables these firms to leverage internationalization to acquire strategic assets and capabilities that are scarce in their home markets, thereby enhancing their competitiveness both domestically and globally (Hertenstein & Alon, 2022; Luo & Tung, 2018).

EMNEs often establish subsidiaries in developed economies to access advanced knowledge and technology (Hertenstein & Alon, 2022; Luo & Tung, 2018). These resources are then transferred back to their home-country operations, playing a pivotal role in shaping their competitive positioning (Hertenstein & Alon, 2022; Torrecillas & Brandão Fischer, 2023).

Some multinational firms strategically utilize regional hubs or springboard subsidiaries to facilitate their expansion into nearby markets. For instance, Chinese automotive MNEs adopt the springboard strategy to first enter mature markets, acquire technological expertise, and subsequently expand into other emerging and developed economies (Hertenstein & Alon, 2022). Similarly, European MNEs leverage their Spanish subsidiaries as gateways to the Latin American market, capitalizing on Spain's strong cultural and economic ties with the region (Pla-Barber & Camps, 2012; Villar, Pla-Barber, Domingo, & Madhok, 2017).

Moreover, the institutional environment of host countries plays a crucial role in investment decisions. Firms often prioritize locations with favorable regulatory frameworks and lower investment risks to maximize returns (Zámborský & Yan, 2022). The direction of institutional distance also shapes springboarding motivations: firms expanding from high- to low-quality institutional environments emphasize capabilitybuilding, whereas those moving in the opposite direction focus on utilizing their existing strengths (Zámborský & Yan, 2022).

Another strategic dimension of the springboard approach involves investing in one country as a base for re-exporting goods and services to a third market (Dominguez, 2020). Springboard subsidiaries enable multinational firms to mitigate perceived psychological distance between headquarters and target regions, allowing them to maintain neutrality and navigate regional complexities (Magomedova, Achcaoucaou, & Miravitlles, 2017).

Springboard theory conceptualizes the international expansion of emerging market firms as a multi-stage process of resource accumulation and capability development (Torrecillas & Brandão Fischer, 2023).

## Upper echelon theory and FDI

The personal characteristics of CEOs, such as international experience (Herrmann & Datta, 2006; Sun et al., 2021a), compensation(Herrmann & Datta, 2006; Sun et al.,

2021a), narcissism (Fung, Qiao, Yau, & Zeng, 2020a), political ideology (Chandler et al., 2023), and political connections (Wang, Chen, & Chen, 2024), have attracted substantial attention in studies on corporate internationalization. CEOs' international experience generally promotes Chinese firms' outward foreign direct investment (OFDI), with the impact of foreign study experience being stronger than that of foreign education experience (Sun et al., 2021a). Lee, Park, and Chung (2022) found that undercompensated CEOs are more likely to invest in conflict-prone countries as a way to compensate for insufficient remuneration. Similarly, Fung et al. (2020a) demonstrated that CEO narcissism has a positive and significant effect on firm-level OFDI. Moreover, they found that firms with state ownership and political connections show a more pronounced positive effect of CEO narcissism on OFDI.

Multiple studies have highlighted the significant impact of top management teams' (TMT) international experience on firms' internationalization efforts. TMT members with substantial international business experience are better equipped to handle the complexities of international markets and can contribute to devising and implementing effective internationalization strategies. For instance, Athanassiou and Nigh (2002) emphasized that TMTs, as networks of international business advisory, can leverage their international experience to enhance their ability to support and implement internationalization decisions. Additionally, Li (2018) found that the more extensive the TMT's international experience, the higher the degree of internationalization achieved by the firm.

TMT diversity, including diversity in educational background, functional background, and nationality, is closely associated with the complexity of a firm's internationalization. The diversity within the TMT enhances the firm's internationalization capability through the mediating effect of international alliances (Lee & Park, 2006). TMT tenure heterogeneity was likely to impede firms' outward FDI commitment (Meng, Yan, & Cao, 2019). A higher level of diversity in the functional backgrounds of the TMT may provide a strong knowledge base for making decisions about outward FDI, which is crucial for managing international uncertainties (Liesch & Knight, 1999).

### Summary

The four major theoretical perspectives—OLI paradigm, institutional theory, springboard theory, and upper echelons theory—offer complementary insights into the complex mechanisms driving FDI, particularly in the context of EMNEs such as those from China. These frameworks differ in their levels of analysis and explanatory mechanisms but also exhibit meaningful areas of overlap and integration that enable a more holistic understanding of internationalization.

All four theories recognize that FDI is shaped by both firm-internal and externalenvironmental factors. OLI, institutional, and springboard theories each highlight the salience of home- and host-country conditions, but they emphasize different institutional or structural dimensions: OLI theory focuses on location-specific advantages and ownership capabilities (Dunning, 1988), institutional theory stresses regulatory and normative pressures (Scott, 2013), and springboard theory emphasizes institutional voids and the compensatory motivations of latecomer firms (Luo & Tung, 2007; Luo & Tung, 2018). Upper echelons theory, while operating at the micro-foundational level, similarly acknowledges that external institutional conditions shape managerial perception and risk evaluation, thus affecting the design and speed of FDI strategies (Chandler et al., 2023; Hambrick & Mason, 1984).

These frameworks also share the recognition that firm heterogeneity is central to explaining divergent FDI behaviors. OLI theory foregrounds firm-specific ownership advantages; institutional theory considers a firm's embeddedness in national institutional systems; springboard theory links heterogeneity to firms' developmental gaps and strategic urgency; and upper echelons theory highlights how managerial characteristics—such as international experience, political ideology, or narcissism—produce strategic variation even under similar external conditions (Fung, Qiao, Yau, & Zeng, 2020b; Sun et al., 2021a).

However, the theories differ in their underlying assumptions and analytical focus. The OLI paradigm follows an economic and structuralist logic, viewing FDI as a rational process of advantage optimization. Institutional theory, rooted in sociology, posits that firms pursue legitimacy and adapt to institutional pressures, often assuming bounded rationality and compliance. Springboard theory offers a behavioral and processual view, especially tailored to EMNEs, portraying FDI as a mechanism for institutional arbitrage and capability acquisition under uncertainty and political complexity. Upper echelons theory, by contrast, employs a cognitive and psychological lens, asserting that FDI

choices are shaped by top executives' personal values, ideologies, and interpretive schemas (Chandler et al., 2023; Hambrick & Mason, 1984).

Despite these differences, important points of convergence exist. Institutional theory complements OLI by explaining how institutional distance moderates the realization of location advantages, particularly in politically sensitive or high-risk markets (Qi & Rao, 2021; Tang & Buckley, 2022). Springboard theory extends both OLI and institutional theory by incorporating political facilitation, time compression, and non-linear expansion behavior, particularly evident in Chinese SOEs acquiring strategic assets abroad (Kim et al., 2023; Schaefer, 2020). Upper echelons theory, in turn, adds explanatory depth by revealing how top managers interpret ownership advantages (OLI), institutional pressures, and strategic upgrading needs (springboard theory), thereby making sense of why structurally similar firms exhibit different FDI patterns. In the Chinese context, where internationalization occurs within a dual institutional system shaped by both state authority and market reform, such theoretical integration is especially relevant. Ownership advantages are often state-constructed; institutional pressures reflect both domestic ideology and host-country regulation; and managerial decision-making is influenced not only by commercial logic but also by political identity and cognitive imprints. Together, these theories form a multi-level framework for understanding FDI-linking structural foundations, institutional contingencies, strategic motivations, and executive cognition-and provide a more nuanced lens for analyzing the global expansion of Chinese firms.

#### 2.4 Research gap

Although existing literature on innovation and FDI have developed rich theoretical explanations—drawing from various theories. These dominant frameworks have largely focused on firm-specific capabilities, institutional environments, or executive demographics. As the review has shown, these theories provide valuable insights into how firms internationalize or innovate, but they seldom incorporate political ideology as a key explanatory mechanism. Ideology is often treated as background context or embedded within institutional distance yet not theorized as a persistent driver of strategic behavior. In particular, little is known about how political ideology shapes decision-making within top management teams (TMTs), especially in ideologically saturated environments like China.

It can be seen from the existing research that scholars have paid extensive attention to the influence of political ideology on companies in the context of both developed and developing countries (Chin et al., 2013; Duran, Kostova, & van Essen, 2017; Elnahas & Kim, 2017). However, in both developed and developing countries, current research is mostly based on capitalist frameworks, focusing on the liberal-conservative binary, and less on other types of political ideologies (Xu et al., 2023).

In the field of innovation, existing studies mainly emphasize the role of internal capabilities (RBV/KBV) or external institutional support (institutional theory), yet overlook how long-term ideological socialization might shape executive's cognition and beliefs so as to influence innovation behaviors.

Similarly, in the field of FDI, studies often rely on OLI, institutional distance, or springboard motives to explain firms' international expansion patterns, while failing to consider how top executives' ideological beliefs influence their strategic preferences for FDI location, entry mode, and investment pace. Moreover, most current research focuses on board chairs or CEOs; the role of the collective TMT ideological composition has not been sufficiently addressed.

To address this gap, this study employs the lens of political ideology to analyze how the Chinese Communist Party's ideology influences firm outcomes, particularly innovation and internationalization strategies. By integrating imprint theory, upper echelons theory, this research examines how top executives' communist ideology influence firms' innovation and OFDI in China. This perspective not only enriches the existing theoretical framework but also aids global scholars in better understanding the distinctive behavior of Chinese firms in the context of globalization and deglobalization. Firstly, imprinting theory posits that certain critical external conditions or events during an individual's or organization's formative stages exert lasting and profound impacts (Marquis & Tilcsik, 2013). This "imprint" can endure, influencing future behavior and decisions (Marquis & Tilcsik, 2013). For political ideology, especially communism, this imprint forms through personal socialization processes such as joining the Party, receiving communist education, and participating in political activities (Marquis & Qiao, 2018). Such ideological influences may persist throughout a person's career. Imprinting theory also explains how the environment exerts long-term effects on

organizational behavior (Marquis & Tilcsik, 2013). In the context of China's political economy, communist ideology is embedded in individuals and organizations through the education system, political institutions, and work environments. The environment of Party-member executives itself is strongly marked by political imprints, and institutionalized processes further reinforce these ideological influences. Imprinting theory can thus explain how these external factors influence corporate managers' decisions over time.

Secondly, upper echelons theory, proposed by Hambrick and Mason (1984), suggests that corporate strategic decisions are not merely outcomes of external environmental factors and institutional constraints, but also reflect the personal characteristics, experiences, values, and cognitive frameworks of top executives. In the face of uncertainty and complex decision-making, corporate behavior is often shaped more by the values and experiences of top management teams (TMTs). For Chinese Party-member executives, their communist ideology, political identity, and socialization experiences likely have a deep impact on strategic choices. Upper echelons theory helps explain how these personal attributes affect risk preferences, resource allocation, and strategic choices in innovation and internationalization. Furthermore, the communist ideology of Party-member executives may constitute a unique cognitive framework, leading them to prioritize social responsibility, collective welfare, and national interests in corporate decision-making, beyond just commercial interests.

# **Chapter 3 Theory and Research Framework**

This chapter builds on a conceptual perspective that centers on the ideological imprinting of CPC membership among senior executives. Rather than approaching from the outcome side to identify determinants of innovation or FDI, this analysis begins with how durable ideological beliefs, formed through long-term political socialization, shape executive cognition and strategic preferences. This perspective is grounded in imprinting theory and emphasizes how deeply internalized ideological frameworks guide behavior, beyond demographic traits or external institutional pressures. By tracing how these cognitive imprints influence strategic decision-making, this chapter provides the theoretical basis for understanding firm-level behavior in the Chinese context.

# 3.1 Theory foundation

#### 3.1.1 Imprint theory

Since Stinchcombe (1965) first introduced the concept of "imprinting" in organizational studies, nearly fifty years have passed. He described how organizations replicate environmental elements and maintain them persistently from their founding stages. As a concept, imprinting has been applied to various analytical levels, from industries to individuals. The theory identifies economic, technological, physical, and personal influences that leave lasting imprints. Imprinting is "a process in which, during a brief period of heightened sensitivity, a focal entity develops characteristics that reflect prominent features of the environment. These characteristics persist even as the environment changes significantly over time" (Marquis & Tilcsik, 2013). While imprints endure, their effects can vary over time, interacting with changing environments. Imprinting is characterized by three fundamental features: 1) a sensitive period with increased sensitivity to environmental influences; 2) during this critical period, the environment exerts strong influence, enabling the focal entity to reflect these environmental features with lasting impact; and 3) persistent characteristics emerge in subsequent environments after this sensitive stage (Marquis & Tilcsik, 2013). The core of imprinting theory lies in explaining how individuals or organizations are influenced by lasting impacts from past experiences. Imprinting research primarily follows two streams: organizational imprinting (Baron, Hannan, & Burton, 1999; Lounsbury, 2007) and individual imprinting (Marquis & Qiao, 2018; Wang, Du, & Marquis, 2019). Cultures and customs present the imprints of a collective identity. At the institutional level, a nation's borders define clear boundaries for collective identity (Kogut, 1993). National cultures and customs exert enduring influences on people, even as modernization progresses, with cultural legacies persisting at the national level (Marquis & Tilcsik, 2013). Therefore, a society's cultural heritage-whether religious, Confucian, or communist-instills lasting values that persist even through modernization (Inglehart & Baker, 2000). The preservation of national imprints is influenced by government policies, educational institutions, and mass media, which reflect deep cultural heritage and associated political frameworks. Consequently, these unique, broad patterns largely remain constant despite ecological changes (Dobbin, 1994). Early empirical research on foundational institutional factors affecting organizations often demonstrates that they integrate existing social and political structures into their design, preserving these unique features well beyond their founding periods. Mature organizational frameworks and state power shape and limit founders' strategic choices, fostering sustainability (Carroll and Hannan, 2018).

At the economic and technological levels, many studies indicate that organizations carry imprints of the economic and technological conditions at their founding (Marquis & Tilcsik, 2013). Initial economic and technological conditions shape different capabilities and practices (Zyglidopoulos, 1999). The economic environment at an organization's inception influences its continued presence within the organization, while the economic environment formed within the organization influences the outlook of future work. Organizations established during difficult times may later exhibit greater resilience. Perrow (1999a) and Perrow (1999b) emphasized that the technologies available at an organization's founding rarely undergo fundamental changes, instead often accumulating incremental modifications. Thus, elements within the organization continue to carry the legacy of its origins. New organizations are also founded by modeling existing organizations, leaving imprints at the collective level. At the individual level, current research shows that two distinct types of leaderspolitical leaders and influential entrepreneurs-create imprinting effects (Marquis & Tilcsik, 2013). Scholars have studied the influence of Mao Zedong on China's development. Raynard, Lounsbury, and Greenwood (2013) demonstrated that following the Communist Revolution in 1949, China embarked on a unique path to industrialization that continues to shape its current industrial structure. Mao played a key role in the imprinting process. For example, his choice to focus on China's western regions for the aviation industry was due to its strategic position, far from both the coast and the Soviet Union. Influential entrepreneurs can also generate such effects by developing new products or business strategies, with the critical functions of powerful organizations allowing individuals to create lasting impacts across broad domains (Marquis & Tilcsik, 2013). Specific entities serve as conduits, enhancing the influence of individual groups within organizations. One of the strongest pieces of evidence for imprinting is the lasting influence of individual founders on organizations. Initial choices and personal traits of founders significantly influence the future strategies and actions of organizations (Kimberly, 1979). Entrepreneurs contribute unique characteristics to newly established organizations (Johnson, 2007). Additionally, individuals can leave imprints on other individuals, such as early career mentors and peers who shape one's career and job choices (Marquis & Tilcsik, 2013).

While the above emphasizes the persistence of imprints, they can also decay. Over time, organizations begin to deviate from traditional imprinting patterns. As competitive landscapes evolve, initially acquired knowledge becomes less beneficial in new environments, prompting more proactive organizations to seek change. Imprinting's persistence, rather than permanence, reflects a balance between inertia and adaptability.

The question of imprint decay reflects perspectives on inertia and adaptability in strategic choices. Many studies suggest that firms attempt to change inherent imprint characteristics. Companies seeking new knowledge from market economies may alter their socialist imprints. As organizational performance declines, companies may deviate from ingrained strategies. Firms are more likely to deviate from established strategies when traditional internal forces are weaker, and younger firms or those with younger CEOs are more likely to depart from established strategies.

Based on Marquis and Tilcsik (2013), Simsek, Fox, and Heavey (2015) developed imprinting theory further, proposing a process-based framework. This process comprises three stages: the first is genesis, where imprinting occurs during a brief period of heightened sensitivity, making an organization or individual highly receptive to external influences that form an imprint. Key constructs in this stage include the imprinter, the imprinted, and the imprinting process. The second stage is metamorphosis, describing how imprints evolve and transform over time. This process involves dynamic changes, including how imprints are reinforced, weakened, or altered. Key constructs in this stage include persistence, adaptability, and malleability of imprints. The third stage is manifestation, where imprints ultimately influence organizational or individual behaviors and outcomes, affecting decisions, strategic choices, organizational structure, and culture. Across these three stages, five core constructs emerge: the imprinter, the imprinted, the imprinting process, and their subsequent evolution, collectively shaping the origin and dynamics of imprints.

### 3.1.2 Ideology evolution of CPC

To better understand the theoretical framework of this thesis, this section will begin with a brief overview of the evolution of the Chinese Communist Party's ideology. It will then introduce the imprinting mechanisms of Communist ideology within the Party, followed by the presentation of the conceptual framework of this thesis.

The imprint of communist ideology is deeply embedded in China's national development and institutional construction over the past 80 years. As the core guiding principle of the Chinese Communist Party's governance, this ideology has not only established a systematic vigilance and rejection of capitalist systems, but—shaped by a long-standing centralized political regime—has also profoundly influenced China's political structure, administrative system, and organizational logic (Marquis & Qiao, 2018; Wang et al., 2019). In China, ideology is not an abstract concept; rather, it is embedded in institutionalized and organizational forms within the education system, political appointment mechanisms, and corporate governance structures, playing a significant role in the socialization of top executives' values.

Although the core ideological framework of the Chinese Communist Party—rooted in Marxism-Leninism—has maintained overall continuity, the specific ideological emphases, policy tools, and strategic orientations have varied significantly across different leadership regimes. This "organic evolution" of ideology not only reflects the CCP's official narrative of "integrating Marxism with China's national conditions," but also demonstrates an interactive adjustment between the Party's governance logic and the country's stage of development.

Indeed, each ideological shift in China has typically responded to prevailing socioeconomic conditions, international dynamics, and governance challenges, highlighting a strong capacity for environmental adaptation and strategic recalibration. Therefore, this study does not treat ideology as a static or fixed explanatory variable, but rather as a set of beliefs, principles, and policy priorities that are continuously adjusted and restructured over time.

It is precisely these evolving ideological frameworks that, during specific historical periods, have left differentiated and structured cognitive imprints on organizational actors, especially top corporate executives, thereby influencing their judgments, preferences, and behavioral logic regarding strategic issues such as innovation and internationalization.

Maoism forms a critical part of Chinese communist ideology, integrating Marxist-Leninist principles with unique approaches during China's revolutionary and developmental phases. Key principles include: 1) Class Struggle: Emphasizes that the driving force of social development lies in class conflict (Mao, 1965a). 2) People's Democratic Dictatorship: Advocates for broad-based democracy under the leadership of the Communist Party, which ensures the protection of socialist achievements (Mao, 1965a). 3) Socialist Construction: Encourages building a socialist society through a public ownership-based economic foundation and a socialist superstructure (Mao, 1965a, 1965b). 4) Self-Reliance and Hard Work: Promotes the concept of overcoming challenges independently to achieve national and societal progress (Mao, 1977; Misra, 1998).

Over time, the evolution of China's communist beliefs has become particularly significant, especially after the reforms and opening up. This period marked a shift towards more liberal and pragmatic economic strategies, while still maintaining core Party leadership and the socialist framework. The primary ideological focus during this era has included: 1) Economic Transformation and Openness: Fostering market economic growth while preserving socialist characteristics (Deng, 1994). 2) Scientific Outlook on Development: Prioritizing harmonious, coordinated, and sustainable development, with attention to environmental protection and resource conservation (Hu, 2012). 3) Building a Harmonious Society: Aiming for a fair, just, stable, and balanced society (Hu, 2012). 4) Cultural Confidence: Emphasizing the protection and development of Chinese cultural heritage to enhance national cultural soft power (Xi, 2014, 2019).

The existing literature discusses the impact of Deng Xiaoping's reforms and Xi Jinping's leadership on contemporary Chinese institutions and management practices (Gore, 2018; Wei, 2019). Marquis and Qiao (2018) and Xu et al. (2023) suggest that the decline of orthodox Marxist communist beliefs has led to a reduction in the communist ideological imprint, which once vilified capitalism. Additionally, Leutert (2018) notes that Xi Jinping has reasserted central control over the state economy by
emphasizing core leadership, revolutionary heritage, informal networks of loyalists, and existing governance mechanisms. Liu, Heugens, and Wijen (2020) highlighted that since Xi's rise to power in 2012, the government has exerted informal control over enterprises through ideological pressure, aligning them with national policy goals. This underscores the importance of Dengism and Xi Jinping Thought in shaping contemporary Chinese political beliefs, pointing to the need for further research on their impact on the behavior of Chinese entrepreneurs and corporate executives.

It is worth notice that the relationship between entrepreneurship and CPC membership was strengthened after the "three representatives" theory of Jiang Zemin was established and practiced. Thus, it is important to further clarify that the causal pathway presented in this study—linking Party membership to strategic behavior—may involve executives' educational backgrounds, government experience, or political connections. However, these observable characteristics are not the theoretical focus of this study. Instead, I argue that Party membership should be understood as a cognitive imprint formed through institutionalized political socialization, rather than as a mere proxy for resource endowments.

The RBV indeed provides a powerful framework for explaining how individuals' access to scarce resources—such as networks, reputation, and expertise—can shape corporate behavior (Barney, 1991). However, RBV focuses on what executives possess, whereas imprinting theory (Marquis & Tilcsik, 2013) emphasizes how executives think—that is, how they internalize specific cognitive structures within institutional environments and subsequently project these structures into strategic decision-making processes. Prior research has shown that demographic variables alone often fail to capture the deeper differences in executives' value systems and behavioral logic (Crossland & Hambrick, 2011).

In the Chinese context, Communist Party members undergo systematic and continuous ideological education within Party organizations, participating in structured organizational life, theoretical study, and behavioral norms. This institutionally embedded political socialization process is highly conducive to the formation of ideological schemas at the cognitive level, shaping how executives assess issues such as legitimacy, uncertainty, and national interest.

Empirical studies in the Chinese context have found that Party membership is associated with strategic behaviors, such as patenting, internationalization, corporate philanthropy (Ali, Zhang, Ali, Ayalew, & Ullah, 2023a; Marquis & Qiao, 2018; Yanling, Mingfa, Qiong, & Weiwei, 2021). These findings suggest that Party affiliation functions not only as a political credential but also as a durable ideological identity that shapes strategic preferences. Similar patterns have been documented in Western contexts, where executives' political orientations—such as liberal versus conservative leanings have been shown to predict consistent differences in firm decisions (Swigart et al., 2020). These studies have found that executives' political convictions bias how these executives approach strategic situations they encounter. Ideology conditions the evaluation of strategic options as legitimate or appropriate (Campayo-Sanchez, MasRuiz, & Nicolau, 2025). As Party members are systematically exposed to political education and ideological reinforcement, their decision-making logic may diverge from that of non-members, even in similar organizational roles.

I thus theorize that even among executives with similar resource backgrounds, Party members — due to their ideological imprinting—may exhibit strategic preferences that differ from those of non-members.

Admittedly, in certain institutional contexts — such as those dominated by market forces or characterized by weak Party penetration — Party membership might be reduced to a symbolic or resource-based label. However, in China's highly organized and politically embedded governance system, Party affiliation continues to carry strong ideological connotations and normative force. The cognitive imprint formed through long-term ideological indoctrination cannot be simply equated with the advantages of education or social capital as depicted in traditional resource-based logic.

This study therefore emphasizes that Party membership is a product of ideological socialization. It represents a cognitive structure shaped by a specific institutional environment, one that exerts stable influence on strategic behavior. This explanatory pathway highlights the theoretical value of cognitive mechanisms in understanding variations in corporate strategy in China and extends the application of imprinting theory into the domain of ideological research, forming one of the core foundations of my theoretical framework.

# 3.1.3 Imprint mechanism of CPC ideology

The mechanism of ideological imprinting within the CPC primarily relies on systematic organization and education to profoundly shape and reinforce ideology among Party members. According to Tsai and Dean (2017), the CPC's resilience and enduring position are largely attributed to its capacity to learn and adapt to new economic and social conditions, thereby solidifying its stability and legitimacy. In the Chinese political landscape, "learning" often acts as a crucible for thought, where Party members frequently delve into the Party's historical legacy for inspiration. Through learning and education, the CPC enhances its governance capacity and unifies the ideological understanding of its members.

Scholars outside China have also studied the CPC's approach to Party member education. For example, Townsend and Womack (1986) observed that the CPC employed education to elevate the ideological awareness of its revolutionary ranks, which were composed of diverse backgrounds, including farmers, former bandits, and Kuomintang soldiers. This education involved indoctrination and rectification techniques to overcome the strong influence of non-proletarian ideas. Similarly, Rue and Rue (1966) emphasized that one of Mao Zedong's significant contributions was his insistence on using organizational and educational methods to address internal Party differences, establishing an approach distinct from punitive measures like expulsions or arrests. The Party's education system serves as a primary channel for ideological imprinting. Through regular and ad hoc theoretical study sessions, Party school training, and thematic educational activities, Party members are systematically educated on Marxism, Maoism, Dengism, the "Three Represents," the Scientific Outlook on Development, and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. These efforts continuously reinforce the ideological imprint. Organizational life also plays a key role, with formats such as "Three Meetings and One Lecture" (Party member meetings, committee meetings, group meetings, and Party lectures) and democratic meetings facilitating ideological exchange and education. Party members participate in regular meetings and lectures, deepening their understanding of Party theories and policies.

Ideological guidance is further reinforced through cultural dissemination, leveraging both traditional and new media to spread propaganda and guide public opinion, thereby shaping and strengthening members' ideological alignment. Additionally, by engaging Party members in social practices, volunteer service, and grassroots investigations, theory is integrated with practice, enhancing members' theoretical understanding and emotional alignment with the Party's ideology.

Leadership plays a vital role in this imprinting process. Leaders are expected to take the lead in ideological education, set examples by lecturing on Party theory, participating in organizational life, and driving ideological improvement among members. Makarenko (1951) emphasized that communist ethics should aim at collective welfare, with education fostering reasonable collective influence on individuals. Holbig (2009) also argued for the importance of ideological education for Party cadres, noting that genuine belief in ideology and the demonstration of "true conviction" is usually mobilized among political elites, particularly CPC cadres, through continuous educational activities.

In addition to the role of key individuals, the Party reinforces ideological imprinting through the promotion of role models and heroic figures, whose examples are intended to provide profound moral and ideological guidance to Party members. Figures like Jiao Yulu and Lei Feng are celebrated to inspire members with stories of dedication and moral integrity (Jacques, 2009). This emphasis on role models underscores the Party's tradition of using moral education and examples to instill values.

The institutionalization of ideological education is maintained through Party regulations, ensuring that the imprinting process is both systematic and consistent. Key documents, such as the "Opinions on Strengthening the Party's Political Construction" and the "Regulations on Education and Management of Communist Party Members", provide a framework for sustaining ideological imprinting.

Within enterprises, political and ideological education manifests as the implementation of higher-level Party directives. The "*sanhuiyike*" framework remains an essential form of ideological education, including "*Zhibudangyuandahui*", "*zhibuweiyuanhui*", "*dangxiaozuhui*", "*dangke*". Theme Party Day activities are also planned annually, covering diverse formats like indoor study, watching documentaries, site visits, and volunteer services. Online training sessions or lectures by experts from Party schools or government research centers are common methods of ideological education in the corporate setting. Organizational activities include Party branch elections, member recruitment, and Party fee collection, among others, reinforcing communist ideology through both formal and informal means, consistently exposing corporate Party members to communist ideology and strengthening their ideological imprints.

I would like to clarify that the ideological imprint on Party-member executives is not merely a passive response to specific policies, but rather a cognitive schema and value structure formed through a long-term, institutionalized socialization process. This process is highly organized and systematic, encompassing Party school education, organizational life, ideological indoctrination, and practical political activities, with notable continuity and depth.

It is particularly important to highlight that although different historical stages of Communist ideology emphasize different themes, these differences are not confined to the policy level. Instead, they are systematically transmitted through structured learning and institutionalized education and eventually internalized into the cognitive frameworks and behavioral norms of Party-member executives. For instance, Mao Zedong's era emphasized class struggle and mass mobilization; Deng Xiaoping prioritized pragmatic reform and gradual opening; Xi Jinping stresses state governance capacity, ideological security, and national confidence. These intergenerational differences are not superficial shifts in policy style but have gradually solidifiedthrough the mechanism of imprinting—into historically grounded ideological cognitive structures.

Additionally, one might question whether Party membership itself simply reflects a selection effect whereby successful entrepreneurs are inducted after demonstrating exceptional capabilities. Regarding this concern, it is true that since the Jiang Zemin administration, especially following the institutionalization of the "Three Represents," the Party has actively expanded its membership to include private entrepreneurs and business elites. Nevertheless, this does not invalidate the imprinting mechanism. Even when Party membership occurs later in an executive's career, it still entails a formal and institutionalized process of ideological socialization-including political training, Party meetings, and exposure to dominant ideological narratives-which can effectively reshape cognitive schemas. In this sense, ideological imprinting is not limited to early-life exposure but can also emerge through high-intensity organizational environments, particularly in systems with strong ideological reinforcement mechanisms like the CPC. Thus, the ideological influence on strategic decision-making is not merely an artifact of ex post selection or policy responsiveness, but a product of embedded institutional processes that continuously shape executive cognition.

Therefore, this study contends that ideologies from different eras constitute distinct sources of imprinting, and that Party membership represents not merely a political label or policy compliance, but the outcome of a deeply embedded socialization process. The relative stability of the strategic preferences shaped by such ideological imprinting serves as the theoretical foundation for the construction of my model and hypotheses.

#### **3.2 Research framework**

This thesis aims to explore the imprinting effect of Maoism on corporate patent activities and the long-term influence of Dengism on outward foreign direct investment (OFDI) decisions in Chinese enterprises. Additionally, I examine the attenuation of imprinting effects over time and the dynamic impact of external environmental factors on these imprinting effects. Specific hypotheses will be developed and presented in Chapter 4 and Chapter 5.

According to imprinting theory, political ideology, as a stable framework of values and cognition, exerts long-lasting influence on individuals and organizations (Jost, Federico, & Napier, 2009; Marquis & Tilcsik, 2013). The primary goal of non-SOEs is profit maximization and creating cash flow for stakeholders. In China's transitional economy, ongoing marketization has enabled non-SOEs to flexibly organize resources and proactively seek opportunities in foreign markets. However, communist ideology emphasizes the importance of national and collective interests, suggesting that corporate behaviors should align with both economic objectives and national political and social goals. This sense of national and collective consciousness is continuously reinforced through Party member education. The longer Party members are exposed to ideological education, the deeper their communist ideological imprint becomes. Notably, the goals of communist ideology differ from those of non-SOEs, creating

ideological friction when these contradictory views coexist, potentially altering organizational behaviors. When corporate decision-makers (such as chairmen or executives) are Party members, the internalized ideology may influence corporate decisions to align more closely with communist ideology. Based on this premise, I have developed a general framework about the influence of Party-member decision-makers on corporate patent activities and FDI decisions presents the broad theoretical framework for this thesis (Figure 3-2-1).

Figure 3-2-1 illustrates the overall conceptual framework of this dissertation. The framework consists of two interrelated studies: one focusing on firm innovation and the other on FDI. These are presented as Study 1 and Study 2, respectively. Study 1 examines the impact of ideological imprints on patent-related innovation activities, articulated through four theoretical paths (Step 1 to Step 4):

Steps 1 and 2 analyze the influence of Maoist ideology, through both the chairman and the TMT; Steps 3 and 4 explore the role of Dengist ideology, again at the levels of chairman and TMT. Study 2 shifts to investigate how Dengist ideology within the TMT affects firms' FDI strategies.

The framework incorporates two sets of moderating mechanisms: (1) age and education, which condition the strength or decay of ideological imprints; and (2) regional ideological persistence, which reflects the embeddedness of ideological environments across geographic contexts. Together, these theoretical components provide the structural foundation for the subsequent analysis and empirical validation.



## Figure 3-2-1 Conceptual framework



To deepen the analytical logic embedded in the conceptual framework (Figure 3-2-1), the following section systematically unpacks each pathway. These paths reflect distinct combinations of ideological sources (Maoist and Dengist thought), managerial levels (chairman vs. TMT), and strategic outcomes (innovation and FDI). Each pathway is grounded in imprinting theory and upper echelons theory and further shaped by moderating factors such as executive age, educational background, and the regional ideological environment. This detailed explanation provides the theoretical foundation for the empirical tests presented in subsequent chapters.

Study 1: Relationship Between Communist Ideology and Innovation Activities: A Replication and Extension

# Step 1: Chairman's Maoist Imprint and Innovation

A significant body of research on ideology, grounded in upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984), emphasizes the role of CEOs as key figures whose values and cognitive frameworks shape strategic behavior (Chin & Semadeni, 2017; Chin et al., 2013; Gupta, Nadkarni, & Mariam, 2019). In Chinese enterprises, however, the chairman typically holds a position above the CEO and serves as the ultimate decision-maker on strategic issues (Xu et al., 2023). Maoist ideology, which emphasizes collectivism and skepticism toward private ownership, may influence Party-affiliated chairmen to undervalue intellectual property rights and resist market-driven innovation. Xu et al. (2023) argue that such chairmen are less likely to promote patent applications and more prone to tolerate or overlook patent infringement. Nonetheless, Mao's attitude toward science was not entirely opposed. His 1956 call to "Let a hundred flowers bloom, let a hundred schools of thought contend" encouraged scientific discussion and diversity, especially in national defense. This duality suggests that Maoist imprinting may shape innovation in complex ways, with its effects depending on how chairmen interpret ideological legacies.

Further, secondhand imprinting may reinforce Maoist ideology. Older Party-affiliated chairmen who directly experienced Maoist education and Party life may transmit their cognitive schemas to younger executives through mentoring and organizational rituals (Marquis & Tilcsik, 2013).

#### Step 2: TMT's Maoist Imprint and Innovation

Beyond individual leaders, Maoist ideological imprinting can also manifest at the team level. A higher proportion of Party members within the TMT may indicate strong intrateam behavioral integration and ideological homogeneity. Teams dominated by Maoist values may demonstrate resistance to market-oriented innovation, favoring collective consensus over bold experimentation. This can result in fewer patents, slower R&D, and reluctance to pursue novel technologies.

As with individual imprinting, demographic characteristics such as age and education can weaken collective Maoist imprinting (Xu et al., 2023). Younger or better-educated team members, with more exposure to global managerial norms, may dilute the ideological rigidity of the team.

# Step 3: Chairman's Dengist Imprint and Innovation

Deng Xiaoping's ideology marked a significant shift towards pragmatism and economic development, emphasizing the importance of continuous learning and the adoption of advanced technologies. This pragmatic approach, encapsulated in his famous saying, "It doesn't matter whether a cat is black or white, as long as it catches mice," underscored his focus on practical results over ideological purity.

Age and education can make individuals more receptive to new ideas. As a new ideology, Xi Jinping Thought continuously emphasizes the importance of innovation. Therefore, age and education can reinforce the influence of Dengism. Older Party members are more likely to remain loyal to Dengism.

#### Step 4: TMT's Dengist Imprint and Innovation

At the team level, a higher proportion of Party members in the TMT is more likely to result in behaviors driven by Dengist ideological logic. Teams dominated by Dengism may place greater emphasis on innovation. This influence is also reinforced by age and education. However, due to the loyalty of older Party members to the old ideology, this relationship may be weakened.

Study 2: TMT's Dengist Imprint and FDI Strategies

Finally, the influence of Dengist ideology extends to internationalization strategies. TMTs imprinted with Dengist values are likely to prefer cautious and calculated FDI approaches (Deng, 1994). They may avoid aggressive market entry modes such as M&A or greenfield investments in politically sensitive regions, opting instead for safer, incremental international expansion. This aligns with the Dengist principle of "taoguang yanghui"—"hide your strength and bide your time"—which remains influential in Chinese diplomatic and economic policy (Jisi, 2011).

However, this ideological imprint is not immutable (Marquis & Tilcsik, 2013). Younger, more educated TMT members may be more open to new ideas (Barker & Mueller, 2002;

Firk, Gehrke, Hanelt, & Wolff, 2022; Xu et al., 2023). Their exposure to global business practices and strategic learning frameworks may moderate the conservative effects of Dengist ideology, allowing firms to adapt more flexibly to international market opportunities.

# Chapter 4 Relationship Between Communist Ideology and Innovation Activities: A Replication and Extension

This chapter directly addresses the first research question proposed in Chapter 3, namely: how does the ideological imprint of CPC members, particularly those influenced by Communist ideology affect firm innovation in the Chinese context? Building on the theoretical framework developed earlier, this chapter empirically examines the relationship between CPC-affiliated leadership and two key aspects of firm-level innovation: patent applications and patent infringement. The analysis follows a two-part structure: a replication of Xu, Zhou, and Chen (2023), and extension studies that incorporates revised ideological assumptions, extended data, and a broader perspective including both chair-level and TMT-level ideological imprints.

## 4.1 Introduction

The ideological background of corporate leaders has long been a topic of interest in strategic management and political economy (Briscoe et al., 2014; Chin, Zhang, Jahanshahi, & Nadkarni, 2021; Gu, Kaviani, Li, Maleki, & Mao, 2022). In the context of China, the ideological influence of the Chinese Communist Party (CCP), particularly the legacy of Maoism and Dengism, plays a prominent role in shaping executive decisions (Marquis & Qiao, 2018; Xu et al., 2023). Imprinting theory provides a powerful lens to understand how early political and ideological exposures exert lasting

effects on corporate behavior (Marquis & Tilcsik, 2013). Recent research has increasingly acknowledged the enduring impact of political ideology on firm-level innovation outcomes (Gu et al., 2022; Lin, Fu, & Fu, 2021b; Wang & Rafiq, 2009; Zhou et al., 2017).

Innovation is crucial for firms to maintain competitiveness and drive growth in today's rapidly evolving business landscape (Porter, 1990). It enables companies to develop new products, improve existing offerings, and optimize processes, leading to increased efficiency and productivity (Siegel, 2007). Innovation helps firms differentiate themselves from competitors, create unique value propositions, and capture new market opportunities (Crossan & Apaydin, 2010). Ultimately, firms that prioritize tech innovation are better positioned to thrive in an increasingly digital and globalized economy.

A seminal study by Xu, Zhou and Chen (2023) contributes to this discussion by arguing that Maoist ideology continues to shape corporate innovation through the imprinting of Party-member board chair. Their empirical findings suggest that chair's Party membership is negatively associated with patent applications and positively associated with patent infringement, and that these effects are moderated by age, education, and secondhand imprinting mechanisms.

Xu et al. (2023)'s logic behind their result was grounded in the interpretation of Maoism. Despite its theoretical innovation, the study raises several conceptual and empirical concerns. Most notably, it oversimplifies Maoist ideology and overlooks the transitional influence of Deng Xiaoping's pragmatic ideology during the study period beginning in 2000, when Dengism had become the dominant guiding force in China's reform era. In my research, I ask the important counter questions to their analysis; namely, 1) does Maoism negatively influence patent application and positively influence patent infringement? 2) Is it reasonable to examine the effect of Maoism in terms of patent activities? To examine these questions, in this article, I replicate and extend Xu et al. (2023), aiming to provide a more comprehensive interpretation of ideological imprinting in corporate innovation. my replication follows their methodological design but incorporates additional contextual analysis and extends the data period to 2022, capturing recent ideological evolution. Moreover, I introduce a critical theoretical adjustment by emphasizing the dominant role of Dengism over Maoism in post-1978 China and reassess the original assumptions in light of this ideological transition.

Additionally, I revise the theoretical framework by moving from a single-individual focus (chairman) to a collective-level ideological composition (TMT-level Party membership), in line with upper echelons theory (Hambrick & Mason, 1984). my extended analysis tests whether the communist ideology tendency of TMTs is positively associated with patent application and negatively associated with patent infringement. I also examine whether the moderating effects of age, education, and secondhand imprinting mechanisms identified in the original study are robust at the TMT level. Our findings challenge the original study's conclusions. I observe that Party-member board chairs are more likely to increase patent applications and reduce patent

infringement, which aligns more closely with Maoist emphasis on science development and Dengist focus on emphasizing technological advancement and compliance. I further find that the moderating effects of age, education, and older Party-member directors are largely insignificant. These results not only offer new insights into ideological imprinting in corporate innovation but also highlight the limitations of applying Maoist framing to a post-reform context.

By revisiting and extending Xu et al. (2023), this study responds to the call for replication in strategic management (Bettis, Helfat, & Shaver, 2016), addresses theoretical misalignments in the original study, and expands my understanding of how ideological legacies—particularly Dengism—shape innovation strategy in Chinese firms. I identify three contributions. First, I contribute enriches knowledge in ideological imprinting and innovation. Second, I highlight the need for replication studies to advance theory development. Third, this study challenges a narrow interpretation of Maoism.

## 4.2 Research and hypothesis summary

Xu et al. (2023) anchored their hypothesis in imprinting theory and the interpretation of Maoism. Building on imprint theory (Marquis & Tilcsik, 2013), the authors argued that Maoist communist ideology continues to influence Party members. The authors believe that Maoism stigmatizes intellectuals, and it reverses "manpower". Meanwhile, Maoism focused more on state ownership and view private ownership as a sin. As such, authors have their Hypothesis 1. In Chinese non-SOEs, a board chair's Communist Party membership has (a) a negative effect on the number of patent applications submitted and (b) a positive effect on the likelihood of patent infringement.

However, young age and higher education level decays imprinting effect. Younger Party members have not been exposed to Maoism, they are more easily to accept new ideology. People with higher education have a better ability to receive new ideas. Hence, they put forth their hypothesis.

Hypothesis 2. The effects of a board chair's Communist Party membership on (a) patent applications and (b) patent infringement are weaker if a board chair is of a younger age.

Hypothesis 3. The effects of a board chair's Communist Party membership on (a) patent applications and (b) patent infringement are weaker if a board chair has higher educational attainment.

But the persistent effect can be transmitted through secondhand imprinting mechanism, where young members and higher educated chairs receive ideological influences from older Party members. Relatedly, they put forth their hypothesis.

Hypothesis 4. The moderating effects of a board chair's young age on the relationships between Party membership and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent. Hypothesis 5. The moderating effects of a board chair's educational attainment on the relationships between Party membership and (a) patent applications and (b) patent infringement proposed in Hypothesis 3 are reduced when the presence of older Party-member directors in a region is more prominent.

Based on their arguments and hypothesis, Figure 4-2-1 was the framework I draw based on their logic, Table 4-2-1 was the summary of separate hypothesis.



Figure 4-2-1 Research Framework of Xu et al. (2023)

# Table 4-2-1 Hypothesis and Result of Xu et al. (2023)

H1(a) In Chinese non-SOEs, a board chair's communist party membership has a negative effect on the number of patent application  $\sqrt{}$ 

H1(b) In Chinese non-SOEs, a board chair's communist party membership has a positive effect on the likelihood of patent  $\sqrt{}$  infringement.

H2(a) The effects of a board chair's communist party membership on patent application are weaker if a board chair is of a young age.  $\sqrt{}$ 

H2(b) The effects of a board chair's communist party membership on infringement are weaker if a board chair is of a young age.  $\sqrt{}$ 

H3(a) The effects of a board chair's communist party membership on patent application are weaker if a board chair has a higher  $\sqrt{}$  education attainment.

H3(b) The effects of a board chair's communist party membership on patent infringement are weaker if a board chair has a higher  $\sqrt{}$  education attainment.

H4(a) The moderating effect of a board chair's young age on the relationship between Party membership and patent application  $\sqrt{}$  proposed in H2 are reduced when the presence of older Party-member directors in a region is more prominent

H4(b) The moderating effect of a board chair's young age on the relationship between Party membership and patent infringement  $\sqrt{}$  proposed in H2 are reduced when the presence of older Party-member directors in a region is more prominent

H5(a) The moderating effects of a board chair's education attainment on the relationship between Party membership and patent  $\times$  application proposed in H3 are reduced when the presence of older Party-member directors in a region is more prominent.

H5(b) The moderating effects of a board chair's education attainment on the relationship between Party membership and patent  $\times$  infringement proposed in H3 are reduced when the presence of older Party-member directors in a region is more prominent.

There are multiple reasons why I choose to do a replication. First, the original study provides a rather incomplete interpretation of Maoism, lacking in-depth analysis of the original sources and historical context. The study only mentions Mao's dismissive attitude towards intellectual property and scientific research, but neglects other relevant principles in Mao's thoughts, such as self-reliance and technological autonomy (Cheek, 2002; Schmalzer, 2016). The replication study, through more detailed contextual analysis and referencing original materials, will offer a more objective and comprehensive understanding of the multi-dimensional impact of CPC communist ideology on modern corporate innovation.

Second, there are implicit assumptions in the theoretical framework of the original study. While it asserts that Maoism continues to exert its influence, the emphasis on Deng Xiaoping's policies is particularly significant given that the study's starting point is the year 2000 (Naughton, 2007; Naughton, 2018). At this juncture, Deng's influence was still dominant in shaping the economic and political landscape of China (Naughton, 2007; Naughton, 2018). This suggests that the analysis may lean more towards recognizing Deng's impact rather than that of Mao.

Third, the original study was published in a top management journal and had a significant impact in exploring the influence of political ideology on corporate innovation behavior. The study proposed a potential negative effect of Maoism on corporate patent activities and introduced new theoretical concepts. However, given its academic influence and theoretical innovation, it is particularly important to conduct a

replication study to verify the robustness of its conclusions and test whether the results are universally applicable in different contexts.

Finally, the original study's data spans from 2000 to 2017, covering changes in leadership policies, but it does not thoroughly examine how these changes impacted corporate patenting activity. By extending the time frame to 2022, this study can more comprehensively analyze the influence of contemporary ideology on patents, thus providing a better understanding of the ongoing role of ideology in different historical contexts.

4.2.1 Revised hypothesis development (I)

Xu et al. (2023) generally supported their hypotheses, indicating that Maoist ideology influences corporate innovation outcomes. While Xu et al. (2023) make an important contribution by highlighting the imprint of Maoism at the individual level, their analysis focuses solely on the board chair. This overlooks the collective influence of the TMT, which upper echelons theory suggests plays a decisive role in strategic decision-making (Hambrick & Mason, 1984). The chairman may not unilaterally determine innovation strategies, particularly in firms where TMT members hold distributed power and interactively shape firm outcomes.

In the field of strategic management, TMT has long been considered a key organizational actor influencing firm-level outcomes. Unlike the singular leadership of a chairman, a TMT—composed of executives with diverse professional backgrounds, experiences, and values—plays a collective role in shaping strategic directions, including innovation activities (Carpenter, Geletkanycz, & Sanders, 2004; Zhou, Zhou, Zhang, Zhao, & Chen, 2022).

Prior research has shown that Maoist ideological imprinting—characterized by despising intellectuals and opposing toward private ownership — may constrain proinnovation behavior while weakening adherence to intellectual property norms. Xu et al. (2023) found that at the chairman level, Party membership was associated with fewer patent applications and a higher likelihood of infringement, reflecting the enduring influence of ideological values shaped under earlier political regimes.

Building on this logic, I extend the unit of analysis from the chairman to TMT. Drawing from upper echelons theory, I argue that when the proportion of Party members in the TMT is high, collective ideological imprinting is more likely to influence strategic outcomes. Specifically, two mechanisms are at play: power distribution and behavioral integration (Finkelstein, 1992; Hambrick, 1994). The former suggests that when Party members dominate the TMT, their ideological views are more likely to guide decisionmaking; the latter implies that shared political backgrounds facilitate consensus around ideologically shaped preferences. Thus, ideological values such as suspicion toward private ownership and preference for internal cohesion may be reinforced at the team level, leading to a conservative innovation posture and relaxed attitudes toward patent infringement. Therefore, I put forth my hypothesis. Hypothesis 1. In Chinese non-SOEs, a TMT's communist ideology tendency has (a) a negative effect on the number of patent applications submitted and (b) a positive effect on the likelihood of patent infringement.

Political socialization theory suggests that younger individuals, having grown up in less ideologically saturated environments, are less likely to internalize and retain rigid ideological values (Wiseman, Astiz, Fabrega, & Baker, 2011). Xu et al. (2023) found that younger chairmen exhibit weaker Maoist imprinting effects, showing greater openness to market-based logic and innovation-oriented behavior.

While ideological imprinting may persist at the group level, its intensity can vary depending on the demographic profile of the TMT. Age, in particular, has been theorized to influence ideological tendency (Cornelis, Van Hiel, Roets, & Kossowska, 2009; Truett, 1993). Drawing on imprint theory, individuals who came of age during periods of intense ideological indoctrination are more likely to internalize and retain ideological beliefs throughout their professional careers (Ahn, 2018; Marquis & Tilcsik, 2013). By contrast, younger executives—especially those shaped by China's post-reform and increasingly market-oriented education system—may be less exposed to and less receptive to earlier ideological paradigms.

When applied to the TMT level, average team age serves as a proxy for collective generational exposure to political ideology. TMTs composed primarily of older executives are more likely to reflect deeply rooted ideological commitments, while younger TMTs are more pragmatic, flexible, and responsive to contemporary business logics. Therefore, even when the proportion of Party members is high, a younger TMT may dilute or reinterpret ideological norms, strengthening their behavioral expression in strategic decisions such as innovation investments or intellectual property compliance. Hence, I put forth hypothesis:

Hypothesis 2. In Chinese non-SOEs, the effects of a TMT's communist ideology tendency on (a) patent applications and (b) patent infringement are weaker if a TMT is of a younger age.

Another key factor that conditions the strength of ideological imprinting is the educational attainment of the TMT. Education is widely recognized as a critical factor that shapes cognitive complexity, openness to new ideas, and willingness to deviate from dogmatic beliefs (Hambrick & Mason, 1984; Wiersema & Bantel, 1992). Xu et al. (2023) posit that more highly educated chairmen are better equipped to challenge or reinterpret ideological norms, thereby weakening imprinting effect of Maoism.

When applied to the team level, I argue that TMT educational attainment influences how ideological imprints are cognitively processed and behaviorally expressed within the firm. A highly educated team is more likely to accept new ideas, and less likely to rigidly adhere to inherited ideological doctrines. Moreover, teams with greater educational capital may also possess stronger exposure to global best practices and institutional norms that dilute ideological constraints. Consequently, the ideological effect of Party membership within the TMT — whether in shaping innovation enthusiasm or legal compliance — is expected to be stronger when the TMT is more highly educated. Therefore, I put forth my hypothesis.

Hypothesis 3: The effects of a TMT's communist ideology tendency on (a) patent applications and (b) patent infringement are weaker if a TMT has higher educational attainment.

Younger top executives tend to exhibit weaker ideological imprints (Xu et al., 2023). However, this weakening effect may not occur uniformly across all institutional contexts. Drawing on the concept of secondhand imprinting (Marquis & Tilcsik, 2013), ideological norms can still be transmitted through social interaction, especially when older Party members act as informal mentors within regional Party networks.

At the team level, this implies that even if a TMT is relatively young on average, the weakening effect of age on ideological imprinting may be mitigated in regions with a high concentration of veteran Party-member corporate elites. These older elites—through their participation in Party-organized activities such as Party lessons, "Organizational Life," and informal mentoring—may reinforce ideological values among younger executives. Therefore, the moderating effect of age is conditional: it is weaker in regions where the Party's ideological influence remains socially embedded and generationally transmitted. Therefore, I put forth hypotheses.

Hypothesis 4. The moderating effects of a TMT's young age on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent. Using a similar logic to that contained in Hypothesis 4, I argue that highly educated TMTs may not fully escape ideological influence when they are embedded in environments that institutionalize Party values and social expectations. Older Party-member elites in the region can act as ideological carriers, exerting influence through peer pressure, role modeling, and routine Party activities. As a result, the weakening effect of TMT education on ideological imprinting is conditional upon regional Party dynamics. Therefore, I put forth hypotheses.

Hypothesis 5. The moderating effects of a TMT's education attainment on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent.

#### 4.2.2 Revised hypothesis development (II)

The dominant ideological framework shaping Chinese political and economic life has undergone a significant shift since the late 1970s (Vogel, 2011). While Maoist ideology emphasized class struggle, anti-intellectualism, and collectivism rooted in revolutionary radicalism, the post-Mao era—particularly from the 1980s onward—has been governed by Dengism (Vogel, 2011; Zweig, 2002). Dengism reorients the ideological narrative toward pragmatic economic reform, political stability, and global engagement (Hu, 2014; Vogel, 2011; Zweig, 2002). It is grounded in principles such as "development is the absolute principle", "science and technology are the primary productive forces", and "crossing the river by feeling the stones", all of which promote a flexible yet disciplined modernization path (Hu, 2014; Vogel, 2011).

In contrast to Maoism, which has become increasingly historical and symbolic, Dengism remains an active, institutionalized ideology, embedded in the political education system, Party doctrine, and managerial discourse in China (Liu & Weng, 2025; Zhou et al., 2017). From the 1998 revision of the Constitution to the 2004 inclusion of Dengism in university curricula and Party schools, Dengist ideology continues to shape how Party elites—including corporate executives—perceive development, legitimacy, and international norms (Tsang, 1996; Zhou et al., 2017). Thus, while Xu et al. (2023) focus on Maoist ideological imprinting, I contend that their empirical period (2000–2017) more closely aligns with the dominance of Dengism

(Vogel, 2011; Zweig, 2002). Firms led by Party-member chairmen during this period are more likely to be influenced by developmental pragmatism than by class struggle ideology.

As market pressures and global competition have intensified, the importance of scientific technology has continued to date. Dengism keeps exerting its effect (Hu, 2014; Vogel, 2011). This long-lasting effect keeps strengthening the importance of scientific technology. Additionally, bring in and go out strategy, promoted by Deng Xiaoping, emphasizing the necessity to learn advanced technology from developed countries (Deng, 1994). Both of them encourage companies to engage more in R&D and patent applications.

Private ownership and private enterprises were authorized and legalized, as they were seen as beneficial for the release of productive forces (Xu, Lu, & Gu, 2014). This shift towards privatization was part of a broader economic reform agenda aimed at enhancing efficiency, innovation, and overall economic growth. Private ownership introduced market-driven incentives that encouraged firms to innovate and adopt new technologies. The first Patent Law was promulgated in 1984, and revised in 1992, 2000, 2008 and 2012, aiming to guarantee and promote innovation through legislation (Hu, 2014).

Given the ideological imprint of Dengism and the attitude shift towards private ownership, it is plausible to hypothesize that the Party affiliation of the board chair plays a significant role in influencing a firm's innovation activities, particularly patent applications. Party members, especially those in leadership positions, may be more likely to align their firm's strategies with state objectives of promoting innovation and technological advancement (Liu & Weng, 2025). Their commitment to the values of Dengism, particularly the emphasis on scientific technology as a primary productive force, could create a favorable environment for innovation, leading to more patent applications.

In China, Party members are often influenced by continuous ideological education and political socialization processes throughout their careers. These processes consistently emphasize the importance of legitimacy and compliance (Zhou et al., 2017). Research shows that the role of legitimacy in corporate management is particularly significant in

China. Compared to non-Party members, Party-member leaders tend to pay more attention to the company's social image and legitimacy in decision-making, as this not only affects the company's market position but also its performance in government relations (Huang & Zhao, 2016). Bucheli and Salvaj (2018) found that companies with higher legitimacy and compliance records are more likely to receive policy support and resource preferences. Therefore, as representatives of the Party, Party-member chairmen are more inclined to choose compliant business practices in decision-making, avoiding the negative impact of patent infringement on the company's reputation and resource acquisition. Furthermore, discipline and obedience inherent in communist ideology may also play a role in reducing incidence of wrongdoing (Cooter, 1996), such as patent infringement behavior. Party-member chairmen are subject to disciplinary requirements, making them more focused on complying with laws and regulations in their decision-making, thereby avoiding patent infringement. Party-member chairmen not only view legal business practices as a long-term competitive strategy for the company but also as a reflection of their personal identity and organizational affiliation. Therefore, they are more inclined to maintain the company's competitiveness in the market through legal means rather than seeking short-term gains through infringement. Hypothesis 1: In Chinese non-SOEs, a board chair's Communist Party membership has a) a positive effect on the number of patent applications and b) a negative effect on the likelihood of patent infringement.

Prior research has suggested that younger Party members are less ideologically imprinted due to their lack of firsthand exposure to historical political regimes, such as the Maoist era (Xu et al., 2023). However, under the ideological framework shaped by Dengism and Xi Jinping Thought, this logic may no longer hold. Rather than weakening imprinting effects, younger Party-member chairmen may demonstrate stronger ideological alignment with the current Party line, especially in domains tied to innovation, compliance, and national development.

First, younger Party-member executives came of age during a period in which Dengist principles—such as "development is the absolute principle" and "science and technology are the primary productive forces"—dominated both public discourse and political education. Their formative years were not marked by ideological radicalism but by institutional reform, global integration, and policy pragmatism. These experiences fostered a generation of leaders whose core values are inherently aligned with the Party's developmental vision.

Second, the mechanisms through which younger Party members are ideologically socialized have evolved significantly. Today's chairmen undergo structured political education through university courses, Party admission training, and ongoing ideological study sessions. These mechanisms ensure not only the acquisition of Party membership, but also the continual internalization of its evolving ideological content — particularly the emphasis on innovation, intellectual property protection, and strategic compliance promoted by Xi Jinping Thought.

Third, younger executives are more cognitively open to adopting new ideological frames, and the prevailing ideological regime — the fusion of Dengist pragmatism and Xi-era strategic ambition — offers them a coherent and aspirational narrative. They are not burdened by the ideological transitions that older Party elites experienced and therefore are more likely to integrate the Party's current ideology into their strategic decision-making without hesitation or contradiction.

Hypothesis 2. The effects of a board chair's Communist Party membership on (a) patent applications and (b) patent infringement are stronger if a board chair is of a younger age.

Under Maoist ideology, higher education created cognitive dissonance among Partymember elites, as Maoism devalued formal knowledge and privileged the revolutionary experiences of the working class. In contrast, Dengist ideology re-legitimized intellectual labor, science, and education as key drivers of modernization, with Xi Jinping Thought further emphasizing innovation as the "core of national development strategy."

This ideological shift means that higher education now reinforces, rather than conflicts with, the dominant political logic. Educated Party members are not forced to suppress their professional identity in favor of political loyalty; instead, they are encouraged to integrate their technical expertise with state-led development goals. This cognitive alignment fosters a stronger internalization of ideological values, resulting in more ideologically consistent behavior—such as increased engagement in patenting activities and stronger legal compliance.

The post-reform era has seen a systematic reintegration of faculty into the Party's ideological agenda. Instructors at universities and Party schools now serve as institutional carriers of Dengist and Xi-era ideology, having themselves undergone ideological training through state-run programs and institutional evaluations.

This institutional embedding of ideology in education ensures that highly educated Party-member executives are more likely to absorb, accept, and act upon core ideological messages, especially those emphasizing innovation, intellectual property rights, and rule-of-law compliance.

Since the 2004 revision of national higher education policies, universities are mandated to incorporate political ideology—particularly Dengism, the "Three Represents," Scientific Outlook on Development, and now Xi Jinping Thought—into mandatory coursework, thesis assessment, and institutional governance. Rather than diluting ideology, higher education in China has become a key channel for its reproduction. Party-member executives with higher education thus not only gain technical expertise but also develop a structured ideological framework that aligns closely with national objectives. This dual reinforcement—technical capacity and ideological clarity—leads to stronger imprinting effects on innovation-related behaviors and legal practices.

Hypothesis 3. The effects of a board chair's Communist Party membership on (a) patent applications and (b) patent infringement are stronger if a board chair has higher educational attainment.

While younger chairmen are more receptive to Xi Jinping Thought's elevation of innovation as a national strategic imperative, older Party-member directors often retain an earlier, more pragmatic interpretation of Dengism—one that emphasizes stability, gradual opening, and the importation of foreign knowledge rather than indigenous technological breakthroughs. This conservative adaptation of Dengism, while consistent with reformist values, may be ideologically misaligned with Xi-era innovation nationalism.

When regional Party elites are dominated by such older members, their ideological influence may dilute the radical innovation found in Xi's ideology, thereby weakening the positive effects associated with youth.

In the CPC system, "organizational life" (e.g., Party Day, Party Lessons) remains a key mechanism of intra-Party education. During these interactions, younger chairmen are frequently mentored or evaluated by older Party-member directors, who possess not only seniority but perceived ideological authority. While formal ideological instruction may now emphasize Xi-era thinking, the actual ideological cues transmitted during such interactions may reflect the prior generation's more conservative orientation. These informal socialization dynamics facilitate secondhand imprinting and may constrain the younger leaders' responsiveness to contemporary ideological priorities.
Older Party-member directors and younger Party-member chairmen belong to the same elite political stratum in China's corporate system. This shared status provides ample opportunities for peer recognition, coalition-building, and normative imitation. However, as older elites often continue to interpret Dengist pragmatism through a riskaverse lens, their interactions with younger leaders serve to pass down less aggressive interpretations of innovation ideology. These secondhand ideological transmissions operate subtly but effectively in reducing the behavioral distinctiveness associated with youth.

In CPC discourse, the term "old comrade" carries deep ideological meaning. It denotes a Party member who is not only politically loyal but symbolically tied to the Party's historical legacy. In many cases, such older members become informal ideological reference points for younger cadres. Their influence is especially salient in regions where older Party-member directors are prevalent, as they implicitly define "correct" Party conduct. If their outlook privileges order, stability, and state control—traits embedded in early Dengist thinking—their presence may blunt the innovation-centered ideological responsiveness of younger chairmen.

Hypothesis 4. The moderating effects of a board chair's young age on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent. Although higher education enhances Party-member executives' capacity to internalize the innovation-oriented elements of Xi Jinping Thought, this ideological amplification is not unconditional. In regions where older Party elites are more dominant, the resocialization pressures from these senior figures—through secondhand imprinting may partially neutralize or redirect how education is expressed ideologically.

In this sense, consistent with the logic used in age-based moderation, the positive effect of education on ideological imprinting is weakened by the influence of older Partymember directors in the region.

Hypothesis 5. The moderating effects of a board chair's education attainment on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent.

4.2.3 Revised hypothesis development (III)

Building upon the prior analysis at the chairman level, I extend the logic of Dengist ideological imprinting to the collective level of TMTs. When a TMT contains a higher proportion of Party-member executives, it becomes more ideologically aligned with Dengist principles, particularly the emphasis on scientific and technological development and disciplined engagement with global markets.

This ideological convergence facilitates innovation-oriented decision-making, as TMTs internalize state-promoted values regarding technological advancement and institutional compliance. On one hand, Dengism's core message, "science and

technology are primary productive forces"—encourages firms to invest in R&D and seek competitive advantage through patentable innovation. On the other hand, its pragmatism and legal consciousness disincentivize behaviors that could undermine legitimacy, such as patent infringement.

Thus, TMTs with stronger Communist ideological orientation are more likely to pursue innovation legally and avoid wrongdoings. This leads to the following hypothesis: *Hypothesis 1: In Chinese non-SOEs, a TMT's communist ideology tendency has a) a positive effect on the number of patent applications and b ) a negative effect on the likelihood of patent infringement.* 

While earlier studies argue that younger Party members are less ideologically imprinted due to a lack of exposure to historical ideological regimes (Xu et al., 2023). Under the current political-ideological system, marked by Dengist pragmatism and Xi Jinping Thoughts innovation-driven national vision, younger executives may, in fact, demonstrate stronger ideological alignment than their older counterparts.

First, younger Party members came of age in an era dominated by reformist and developmental ideology, where economic growth, scientific advancement, and legal governance were not only accepted but celebrated. Their foundational values were shaped through consistent exposure to state-directed narratives such as "development is the absolute principle" (Deng) and "innovation-driven" (Xi). Compared to older Party elites who may have experienced ideological rupture or transition, younger executives are ideologically coherent, having internalized a continuous message of modernization and national progress.

Second, the political socialization mechanisms for younger Party members have become highly institutionalized. Their ideological training is embedded in modern education, structured Party activities, and digital propaganda tools. These mechanisms do not merely compensate for the lack of historical exposure—they replace it with highfrequency, high-consistency ideological reinforcement under the current regime.

Third, younger elites are inherently more adaptable to new ideological narratives, and in the Xi era, such narratives are no longer in conflict with modernity or professionalism. On the contrary, the state's ideology actively rewards technical competence, innovation capability, and legal awareness, all of which resonate with younger executives' training and career incentives. Therefore, age operates as a strengthening factor under the current ideological regime: the younger the Party-member executive, the greater the internalization of Party-led innovation and development logic, and the stronger the manifestation of such imprinting in strategic behavior.

Hypothesis 2. The effects of a TMT's communist ideology tendency on (a) patent applications and (b) patent infringement are stronger if a TMT is of a younger age.

At the TMT level, the educational attainment of executives contributes not only to individual-level ideological cognition but also to collective cognitive consistency. When a TMT consists of highly educated Party-member executives, their shared exposure to state-endorsed curricula—grounded in Dengist development logic and Xiera innovation imperatives—facilitates a convergent understanding of the Party's strategic goals.

This shared ideological foundation reduces intra-team value conflict and enhances behavioral integration (Hambrick, 1994), allowing the team to respond cohesively to ideological expectations. In this context, education operates as a unifying mechanism, strengthening the team's commitment to ideologically endorsed behaviors such as innovation-driven patenting and rule-bound market engagement.

In a TMT composed of Party-member executives, education does not function solely through formal instruction, but also through peer-based ideological reinforcement. Given that professors today often serve as institutional agents of state ideology, TMT members with similar academic and Party-training backgrounds tend to share a common normative language and political vocabulary.

As team members interact, they reinforce these ideological cues through shared strategic planning, political learning sessions, and routine Party organizational life. This creates a peer-driven socialization dynamic, in which educated executives are not only individually aligned with Party ideology but are also normatively influenced by one another's ideological commitment—further amplifying the imprinting effect at the team level.

Most highly educated Party-member executives in China ascend to senior roles through similar institutional pathways—such as universities, state-run MBA programs, and Party-affiliated leadership training. These experiences serve as long-term ideological filters, embedding Dengist and Xi Jinping Thought at multiple stages of their professional development.

When such executives come together in a TMT, their collective history of ideological institutionalization enables a higher level of behavioral cohesion and ideological salience. This shared background transforms education from a neutral credential into an ideological conduit, enabling the team to act as a cohesive unit aligned with the Party's innovation-led, law-governed, and development-first agenda.

Hypothesis 3. The effects of a TMT's communist ideology tendency on (a) patent applications and (b) patent infringement are stronger if a TMT has higher educational attainment.

While individual-level imprinting may manifest through personal values and leadership style, TMT-level imprinting reflects how a group of ideologically aligned Partymember executives collectively interpret and implement ideological signals.

In regions where older Party-member directors are more prevalent, their enduring influence continues to shape the ideological environment in which younger TMTs operate. Older Party members stay loyal to Dengism. They do not attach as much importance to innovation as young people do. Although younger Party-member executives tend to be more receptive to Xi Jinping Thought's emphasis on indigenous innovation and strategic self-reliance, their behavioral translation of such ideological receptiveness may be constrained by subtle re-socialization pressures from older elites. These pressures operate through organizational routines such as Party meetings, regional political forums, and elite networking activities that expose TMTs to conservative norms rooted in early Dengist thinking—such as policy stability, controlled reform, and risk aversion. In this way, secondhand ideological imprinting at the group level may temper the otherwise innovation-driven orientation of younger TMTs. As a result, the generational effect that would otherwise enhance ideological responsiveness is weakened in regions dominated by older Party-member elites.

Hypothesis 4. The moderating effects of a TMT's young age on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent.

Similarly, while higher educational attainment within the TMT enhances members' capacity to cognitively engage with and internalize state ideology—particularly the innovation-centered discourse of Xi Jinping Thought—this effect may be attenuated in environments where older Party-member elites continue to exert ideological influence. Highly educated Party-member executives are typically more adept at integrating ideological commitments with modern strategic frameworks, making them more responsive to national policy shifts that prioritize innovation and compliance. However, in regions with a high concentration of older Party-member directors, secondhand imprinting may occur through informal channels of political mentoring, peer supervision, and symbolic norm enforcement.

These older elites often convey a more conservative interpretation of Dengist principles, one that places greater emphasis on institutional discipline, centralized authority, and reform gradualism. Within this ideological climate, even highly educated TMTs may face re-socialization pressures that encourage adherence to these more traditional views, thereby limiting the influence of education on how Dengist or Xi's ideology is enacted. As a result, the positive moderating role of education on ideological imprinting weakens in such contexts, where field-level ideological cues prioritize conformity and riskavoidance over innovation-led strategic behavior.

Hypothesis 5. The moderating effects of a TMT's education attainment on the relationships between a TMT's communist ideology tendency and (a) patent applications and (b) patent infringement proposed in Hypothesis 2 are reduced when the presence of older Party-member directors in a region is more prominent.

#### 4.3 Research method for replication and extension

#### Xu et al. (2023)'s methodology and results

They used data from non-SOE manufacturing listed firms between 2000 and 2017. They chose 2000 as the starting year because patent infringement information became available only after Patent Law was revised in 2000. They tested their hypothesis with a negative binomial regression and a logit regression. Detailed information of variable and measurements would be shown in the next part.

Most of their hypothesis were supported. In their sample, the coefficient and significance levels for the hypotheses were H1(a): b=-0.219, p<0.001, and H1(b):

b=1.648, p<0.001. The moderating effects of younger age and education level, for H2(a/b) and H3(a/b), were b=0.001, p<0.05 (H2a), b=-0.074, p<0.05 (H2b), b=-0.319, p<0.001 (H3a), and b=2.672, p<0.001 (H3b), respectively. However, the triple moderating effect of the proportion of older Party-member directors yielded results of b=-0.086, p>0.10 (H5a), and b=1.907, p>0.10 (H5b), showing no empirical evidence supporting Hypothesis 5. Aside from the results of H1, the remaining results were derived from the final comprehensive model, with individual results for each hypothesis also supported.

The study titled *The Impact of Communist Ideology on the Patenting Activity of Chinese Firms*, was published by Xu et al. (2023) explores why Maoist ideology continues to have a lasting influence on the behavior of Party members. Although the influence of Maoism has weakened among younger and more educated Party members, this influence persists through a process of "secondhand ideological imprinting." Using data from non-SOE manufacturing listed firms between 2000 and 2017, the study analyzes changes in patent application numbers and the likelihood of patent infringement when the board chair is a Party member.

The core variables of the study include the independent variable: the board chair's Party membership; the dependent variables are the number of patent applications and possibility of patent infringement; and the moderating variables include the board chair's (young) age and education level, as well as the proportion of older Party members among the board of directors in the firm's province. The study finds that firms with Party-member board chairs attribute to less patent applications and are more likely to engage in patent infringement. However, this effect is moderated by the board chair's young age and educational background, with younger or more educated chairs helping to mitigate the negative impact of Maoist ideology. In addition, the proportion of older party members in a province reduces the moderating effect of age and shows no influence of education on this effect.

#### 4.3.1 Data Source

First, I conducted an exact replication, strictly following the steps of data collection of original study with regard to same source, population, sample, variables, measurements and models. Due to the accessibility of data sources, this allows me to do an exact replication in the original time period of 2000-2017. I collected public listed manufacturing firm list from Shanghai and Shenzhen Stock Exchange. I collected firm-level information from CSMAR database to select non-SOEs and exclude delisted firms. In order to keep POEs information accurate, I filtered out SOEs through multiple standards, such as state shares, equity nature, actual controller and the time when firms converted to POE or SOE. Finally, I obtained 9420 firm-year observations from 1531 companies after lagging all explanatory variables, while the original paper showed 9262 samples from 1543 firms. Second, in the first part of extension, I kept the same time span, while replacing board chair to top management team CPC member ratio and changing board chair level control variable to team level. Third, in the second part of

extension, I expanded the time range to 2022, I obtained 11330 company-annual observations from 1830 firms.

We collected data from the same sources as the original paper. First, I manually collected board members' and CEOs' party membership from CVs listed in annual reports. Additionally, I gathered demographic details of board chairs and CEOs from CSMAR, encompassing their age, educational background, government employment history, and SOE experience. Third, I collected firm and industry level factors also from CSMAR, including firm age, firm size, R&D intensity, state ownership, ROA, and industry competition. Fourth, I collected patent application numbers of listed firms from China National Intellectual Property Administration (CNIPA) whose name was State intellectual Property Office of China (SIPO). Fifth, I collected patent infringement information from China Judgements Online (wenshu.court.gov.cn) and PKULAW database (www.pkulaw.com) whose English version is called the China Law Info database (www.lawinfochina.com). Lastly, I collected provincial and regional information from the National Economic Research Institute (NERI) and China Statistical Yearbooks.

#### 4.3.2 Variables and Measurements

#### Dependent variable

Adhering to the methodologies and procedures outlined in the original paper, I incorporate two dependent variables: the quantity of patent applications and the probability of patent infringement. The CNIPA delineates three patent categories:

invention, utility, and design. Patents for inventions are awarded for novel technical innovations in a product, process, or enhancement; utility patents cover innovative technical aspects related to shape, structure, or their amalgamation; and design patents cover novel designs that incorporate shape, pattern, or their various combinations, including color, shape, and pattern combinations, for visual appeal. my metric was the aggregate quantity of these three categories of patent applications. All variables were shown in Table 4-3-1.

We used a dummy variable to quantify patent infringement, and it was coded as 1 if the firm was found guilty in a given year of a lawsuit alleging patent infringement. China Judgements Online is the website that was established by The Supreme People's Court of The People's Republic of China in 2013. The platform uniformly publishes the effective decisions of the people's courts at all levels. PKULAW database provides comprehensive and massive collections of adjudication documents, including cases and adjudication documents, case reports, arbitration cases and other sub-databases. Adhering to identical procedures, the filing date was utilized to pinpoint the year when the patent was violated. my method to determine a company's guilt in a patent infringement case involved contrasting the defendants' names with those of the companies on the list and their respective subsidies.

### Independent variables

Party orientation is often measured by the contributions or donations to political parties in Western countries. Building on previous research in China and the initial study, Party membership was quantified using a placeholder variable. The code was assigned a value of 1 for chairs belonging to the CPC, and 0 in all other cases.

#### Moderators

In this study, I used three moderators in total. The first two represent the youthful age and educational attainment of a chairmen. The calculation of young age was conducted by subtracting the actual age from 100. A larger result represents a younger age. The educational attainment was categorized as follows: 1 for high school, 2 for community college *(da zhuan)*, 3 for bachelor's degree, 4 for master's degree, and 5 for doctoral degree. The third moderating factor was senior Party-member directors' ratio, determined by the proportion of these directors in the total count of Party-member directors across all publicly traded companies in the respective province of the firm's headquarters. Older members of the Party were classified as those who attained the age of 18 prior to 1978.

#### Control variables

Control variables were incorporated at various stages. Firstly, at the level of the board chair, my inclusion criteria encompassed the founder chair, experience in government/SOE operations, familiarity with OECD, and ownership of the chair. Secondly, in my analysis at the company level, factors such as the company's age, size, ROA, and the intensity of research and development were incorporated. Thirdly, I managed competition within the industry. Fourthly, on a regional scale, my analysis encompassed the growth of GDP at the city level and the expansion of internet services.

Fifthly, on a provincial scale, legal development level was a component of the NERI marketization index.

#### Endogeneity

Since the nature of independent variable CPC membership is self-made decision, not all board members are CPC members. This created endogeneity problem. In order to address this issue, I employed propensity score matching (PSM), which helps eliminating spurious results caused by these variables (Rosenbaum & Rubin, 1983). In order to conduct a PSM, I first ran a logit regression including independent variable (CPCM) and all control variables. Besides, I checked the area under the ROC curve. I categorized sample intro treatment group and control group, using a caliper of 0.25 standard deviation and dropping outside observations. Finally, I got 5277 observations and 9241 observations.

## 4.3.3 Estimation model

We constructed two sets of models to capture the ideological imprinting effects at different executive levels. Equation (1) reflects chairman-level influences, while Equation (2) captures collective ideological effects at the TMT level. Each set is applied to both patent application and infringement likelihood, with consistent control variables across models.

	Measurements of original and exact replication study	First extension	Second extension	Third extension	Data source
CPC membership (CPCM)	=1 if board chair is a CPC member, otherwise 0	= the percentage of CPC members in a top management team	=1 if board chair is a CPC member, otherwise 0	= the percentage of CPC members in a top management team	Annual report
Patent Application (PA)	= number of patent application	same	same	same	CNIPA (SIPO)
Patent Infringement (PI)	= 1 if a firm experience a lawsuit of patent infringement as defendant, otherwise 0	same	same	same	PKULAW (China Law Info)
Young age (YA)	= 100 - the chair's actual age	= 100- TMT's age	= 100 - the chair's actual age	= 100- TMT's age	CSMAR, Annual report
Education degree (EDU)	<ul> <li>= 1, if the education level is high school,</li> <li>= 2, if the education level is community college,</li> <li>= 3, if the education level is bachelor's degree</li> <li>= 4, if the education level is master's degree</li> <li>= 5, if education level is doctoral degree</li> </ul>	same	same	same	CSMAR, Annual report
Older party member director (OPD)	= the percentage of older party member directors in a given province	same	same	same	CSMAR
Founder chair (FC)	= 1 if chair is the founder of company, otherwise 0	same	same	same	CSMAR, Annual report
Government/SOE experience (GS)	= 1 if chair with the government or SOE working experience=1, otherwise 0	= 1 if CEO with government or SOE working experience, otherwise 0	=1 if chair with the government or SOE working experience=1, otherwise 0	= 1 if CEO with government or SOE working experience, otherwise 0	CSMAR, Annual report
Overseas experience (OECD)	= 1 if chair with OECD experience, otherwise 0	= 1 if CEO with government or SOE working experience, otherwise 0	=1 if chair with OECD experience, otherwise 0	= 1 if CEO with government or SOE working experience, otherwise 0	CSMAR, Annual report
R&D intensity (RD)	= R&D expenditure divided by total sales	same	same	same	CSMAR
State share (SS)	= The percentage of state ownership	same	same	same	CSMAR
Firm size (FS)	= The logarithm of total employee number	same	same	same	CSMAR
Firm age (FA)	= The number of years since IPO	same	same	same	CSMAR
ROA	= Return on assets	same	same	same	CSMAR
Industry competition (IC)	= 1-HHI	same	same	same	CSMAR
GDP growth (GDP)	= City level GDP growth	same	same	same	Chinese
					Statistical
					Yearbooks
Internet development (IUR)	= The proportion of internet users out of	same	same	same	Chinese
	total population				Statistical
					Yearbooks
Legal development (LD)	= Province level data from NERI	same	same	same	NERI
	marketization index				marketization
					index

Table 4-3- 1	Variables.	Measurements a	and Data S	Source of	Original	Studv.	Replication	and l	Extension
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We adopted same regression model with Xu et al. (2023). I conducted a random effect negative binomial regression to model firms' patent application and a logit regression for patent infringement. To examine the influence of the chairman's communist ideology and individual characteristics on firm patent application and infringement behavior, I employ the following model:

(1) 
$$PA_{it} = \beta_0 + \beta_1 (CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \varepsilon_{i,t-1} \\ \log \left(\frac{P_{i1}}{P_{i0}}\right) = \beta_0 + \beta_1 (CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \varepsilon_{i,t-1}$$

To account for collective ideological imprints, I extend the baseline model by replacing

chair-level variables with their TMT-level counterparts.

(2)  $PA_{it} = \beta_0 + \beta_1 (TMT\_CPCM)_{i,t-1} + \beta_2 (TMTYA)_{i,t-1} + \beta_3 (TMTEDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \varepsilon_{i,t-1} \\ \log \left(\frac{P_{i1}}{P_{i0}}\right) = \beta_0 + \beta_1 (TMT\_CPCM)_{i,t-1} + \beta_2 (TMTYA)_{i,t-1} + \beta_3 (TMTEDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \varepsilon_{i,t-1}$ 

where *i* and *t-1* represented the firm *i* and the year *t-1* respectively since I lagged all explanatory variables;  $\beta 0$ ,  $\beta 1$  ...  $\beta 8$  were the regression coefficients; CPCM and TMT\_CPCM were independent variable. PA was the dependent variable, which was measured as the total number of patent applications in a specific year; PI was the other dependent variable, which was measured as a binary variable. If firm *i* was accused as a defendant in a given year, it would be coded as 1, 0 otherwise.  $\log\left(\frac{P_{it1}}{P_{it0}}\right)$  was the probability that firm *i* was a defendant in a patent infringement lawsuit.

YA (young age) was the first moderator, which was measured as 100 minus actual age; TMTYA was measured as 100- TMT's average age; EDU and TMTEDU (education level) were education level, which was measured as categorical variable; OPD (older Party-member director) was the third moderator, which was measured as the ratio of older Party-member directors in a province level.

To test the moderating role of executive age, I incorporated an interaction term between Party membership and the young age indicator at both the chairman (1.a) and TMT levels (2.a). This allowed to assess whether younger executives weaken the ideological

imprint effect on application and infringement behaviors.

(1.a) 
$$PA_{it} = \beta_0 + \beta_1 (CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (CPCM)_{i,t-1} * (YA)_{i,t-1} + \varepsilon_{i,t-1}$$

$$\log\left(\frac{P_{i1}}{P_{i0}}\right) = \beta_0 + \beta_1 (CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (CPCM)_{i,t-1} * (YA)_{i,t-1} + \varepsilon_{i,t-1}$$
(2.a)  $PA_{it} = \beta_0 + \beta_1 (TMT\_CPCM)_{i,t-1} + \beta_2 (TMTYA)_{i,t-1} + \beta_3 (TMTEDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (TMT\_CPCM)_{i,t-1} * (TMTYA)_{i,t-1} + \varepsilon_{i,t-1}$ 

$$\begin{split} \log \left( \frac{P_{i1}}{P_{i0}} \right) &= \beta_0 + \beta_1 (\textit{TMT\_CPCM})_{i,t-1} + \beta_2 (\textit{TMTYA})_{i,t-1} \\ &+ \beta_3 (\textit{TMTEDU})_{i,t-1} + \beta_4 (\textit{OPD})_{i,t-1} \\ &+ \beta_5 (\textit{Controls})_{i,t-1} + \beta_6 (\textit{TMT\_CPCM})_{i,t-1} \\ &* (\textit{TMTYA})_{i,t-1} + \varepsilon_{i,t-1} \end{split}$$

To test the moderating role of education, I incorporate an interaction term between Party membership and the education indicator at both the chairman (1.b) and TMT levels (2.b). This allowed to assess whether higher education weaken the ideological imprint effect on application and infringement behaviors.

(1.b) 
$$PA_{it} = \beta_0 + \beta_1 (CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (CPCM)_{i,t-1} + (EDU)_{i,t-1} + \varepsilon_{i,t-1}$$

$$\log\left(\frac{P_{i1}}{P_{i0}}\right) = \beta_0 + \beta_1(CPCM)_{i,t-1} + \beta_2 (YA)_{i,t-1} + \beta_3 (EDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (CPCM)_{i,t-1} * (EDU)_{i,t-1} + \varepsilon_{i,t-1} (2.b) PA_{it} = \beta_0 + \beta_1 (TMT_CPCM)_{i,t-1} + \beta_2 (TMTYA)_{i,t-1} + \beta_3 (TMTEDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (TMT_CPCM)_{i,t-1} * (TMTEDU)_{i,t-1} + \varepsilon_{i,t-1} 
$$\log\left(\frac{P_{i1}}{P_{i0}}\right) = \beta_0 + \beta_1 (TMT_CPCM)_{i,t-1} + \beta_2 (TMTYA)_{i,t-1} + \beta_3 (TMTEDU)_{i,t-1} + \beta_4 (OPD)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (TMT_CPCM)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (TMT_CPCM)_{i,t-1} + \beta_5 (Controls)_{i,t-1} + \beta_6 (TMT_CPCM)_{i,t-1} + (TMTEDU)_{i,t-1} + \varepsilon_{i,t-1}$$$$

We conducted three-way moderating effect regressions. On the basis of previous equations, I further introduced OPD in. Equation 1.c and 2.c estimated the three way interaction with young age.

Similarly, Equation (1.d) and (2.d) estimated the three-way interaction with education.

I also conducted similar robustness tests for extension research. First, I replaced chair's CPC identity to the ratio of CPC member directors of a board. I replaced the focal board chair's young age with the average (young) age of all Party-member directors and replaced the focal chair's educational attainment with the average level of education of all Party-member directors. Second, I used the number of inventions as an alternative dependent variable. I further used R&D intensity as an additional dependent variable. Third, I used city-level older party member director ratio as an alternative variable of province-level one. Fourth, I conducted models with full sample. Fifth, while I focused on board chairs, CEOs are also relevant. To reduce potential omitted variable bias, I controlled CEO features such as CEOs' (young) age, educational attainment, government/SOE experience, and overseas experience.

Sixth, I did coarsened exact matching (CEM) and entropy balancing. Seventh, I explored whether they might adopt noncompetitively oriented strategies such as diversification and whether Party-member chairs were more likely to appoint Party-member CEOs and found a positive relationship.

#### 4.4 Result

#### 4.4.1 Result of replication

Following the steps of the original study, I obtained an area under the ROC curve (AUC) of 0.7156, as shown in Figure 4-4-1, and analyzed the characteristics of data before and after PSM matching, as illustrated in Figure 4-4-2. Table 4-4-1 and Table 4-4-2 presented the descriptive statistics of the data before and after matching, showing differences between the replicated study data and the original data. Table 4-4-3 and Table 4-4- 4 showed the correlation of full sample and matched sample, respectively. Table 4-4- 5 displayed the relationship between the chairman's Party membership and patent applications. A significant positive relationship was found between Party membership and patent applications ( $\beta$ =0.153, p<0.001), but the moderating effects of age ( $\beta$ =-0.006, p>0.1) and education ( $\beta$ =0.043, p>0.1) were not significant. Additionally, the second and imprint effects of older Party members on the moderation by age and education were also insignificant ( $\beta$ =-0.05, p>0.1,  $\beta$ =0.298, p>0.1). Therefore, in this model, I achieved a conflicting result for Hypothesis 1a, Hypotheses 2a, 3a, 4a, and 5a were not.

Table 4-4- 6 illustrated the relationship between the chairman's Party membership and the likelihood of patent infringement. The chairman's Party membership was significantly negatively associated with patent infringement ( $\beta$ =-0.666, p<0.001), while the moderating effects of age ( $\beta$ =-0.060, p>0.1) and education ( $\beta$ =-0.259, p>0.1) were not significant. When examining the secondhand imprint effect from older Party members, I found that the proportion of older Party members had a significant moderating effect on age ( $\beta$ =3.180, p<0.005) but not on education ( $\beta$ =0.015, p>0.1). Thus, in the patent infringement model, Hypotheses 1b and 4b showed conflicting results compared with original results, Hypotheses 2b, 3b, and 5b were not supported.



Figure 4-4- 2 Propensity Score Matching Quality



	(	у		Replication		
	Obs	Mean	SD	Obs	Mean	SD
Patent application (PA)	9262	29.63	189.53	9483	28.46	212.45
Patent infringement (PI)	9262	1.62	12.62	9483	1.00	9.91
CPCM	9262	0.21	0.41	9483	0.26	0.44
Young age (YA)	9262	49.27	8.17	9483	48.02	8.37
Degree (ED)	9262	3.08	1.01	9483	3.25	0.98
Older Party Member (OPD)	9262	0.47	0.15	9483	0.43	0.14
GOV/SOE	9262	0.39	0.49	9483	0.26	0.44
OECD	9262	0.17	0.17	9483	0.04	0.19
Founder chair (FC)	9262	0.69	0.46	9483	0.55	0.50
Chair ownership (CO)	9262	12.45	16.25	9483	11.31	15.86
Firm age (FA)	9262	6.15	5.34	9483	5.82	5.33
Firm size (FS)	9262	7.26	1.12	9483	7.34	1.11
ROA	9262	0.04	0.08	9483	0.05	0.27
State share (SS)	9262	0.58	2.87	9483	0.87	3.38
RD	9262	0.03	0.05	9483	3.00	3.94
Legal development (LD)	9262	8.97	4.44	9483	8.15	3.01
City GDP growth (GDP)	9262	10.44	4.66	9483	10.52	3.33
Internet user ratio (IUR)	9262	0.39	0.39	9483	0.37	0.40
Industry competition (IC)	9262	0.92	0.07	9483	0.91	0.08

Table 4-4-1 Statistics Comparison between Full Sample

Table 4-4-2 Statistics Comparison between Matched Sample

Original Study Replication												
	(	Driginal Stud	ly		Replication							
	Obs	Mean	SD	Obs	Mean	SD						
Patent application (PA)	5731	26.37	161.68	5277	27.35	212.75						
Patent infringement (PI)	5731	1.85	13.47	5277	1.00	9.59						
CPCM	5731	0.34	0.47	5277	0.46	0.50						
Young age (YA)	5731	47.12	8.02	5277	46.88	8.38						
Degree (ED)	5731	3.05	1.01	5277	3.19	1.01						
Older Party Member (OPD)	5731	0.47	0.13	5277	0.44	0.14						
GOV/SOE	5731	0.48	0.50	5277	0.30	0.46						
OECD	5731	0.01	0.12	5277	0.01	0.08						
Founder chair (FC)	5731	0.68	0.47	5277	0.52	0.50						
Chair ownership (CO)	5731	11.13	15.47	5277	10.38	15.33						
Firm age (FA)	5731	6.62	5.46	5277	6.09	5.29						
Firm size (FS)	5731	7.39	1.10	5277	7.47	1.06						
ROA	5731	0.04	0.07	5277	0.05	0.32						
State share (SS)	5731	0.66	3.07	5277	0.91	3.47						
RD	5731	0.03	0.04	5277	0.03	0.03						
Legal development (LD)	5731	8.79	4.54	5277	7.89	3.04						
City GDP growth (GDP)	5731	10.61	4.41	5277	10.70	3.41						
Internet user ratio (IUR)	5731	0.32	0.32	5277	0.29	0.30						
Industry competition (IC)	5731	0.92	0.07	5277	0.91	0.09						

	PA	PI	CPCM	YA	ED	OPD	GOV/SOE	OECD	FO	СО	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
PA	1																		
PI	0.083***	1																	
CPCM	-	-0.024**	1																
***	0.028***	0.000																	
YA	-	-0.008	-	1															
ED	0.036***	0.001	0.128***	0.217***	1														
ED	0.011	0.001	- 0.060***	0.217	1														
OPD	_	-	0.009	0 203***	_	1													
OID	0.052***	0.039***	0.057	0.205	0.042***	1													
GOV/SOE	0.065***	-0.000	0.107***	0.011	0.121***	0.010	1												
OECD	-0.005	-0.003	-	0.079***	0.093***	-0.020*	-0.014	1											
			0.107***																
FC	-0.004	0.011	-	-	-	-	-0.025**	-0.016	1										
			0.066***	0.147***	0.052***	0.290***													
CO	-0.009	0.013	-	-0.007	-	-	-0.047***	0.017*	0.531***	1									
	0.00(**	0.000	0.060***	0.012	0.037***	0.209***	0.000***	0.000**											
FA	0.026**	0.002	0.052***	0.013	0.125***	-	0.082***	-0.022**	-	-	1								
ES	0 212***	0 059***	0 109***			0.116****	0.010*	0.006	0.577***	0.396***	0 169***	1							
15	0.215	0.058	0.108	- 0 129***	-	-	0.019	-0.000	-	- 0 142***	0.108	1							
ROA	0.010	0.005	0.001	-0.018*	-0.005	-0.022**	0.006	-0.006	0.042***	0.033***	-	-0.003	1						
	01010	01000	01001	0.010	01002	01022	01000	0.000	0.0.12	01022	0.035***	01002							
SS	-0.023**	-0.011	0.012	0.062***	0.028***	0.217***	0.024**	-0.026**	-	-	-0.009	-	-	1					
									0.142***	0.105***		0.042***	0.022**						
RD	0.033***	0.029***	-	-	0.077***	-	0.011	0.028***	0.305***	0.247***	-	-	0.013	-	1				
			0.095***	0.065***		0.350***					0.186***	0.121***		0.094***					
LD	0.045***	0.025**	-	-	-0.013	-	-0.028***	0.046***	0.290***	0.210***	-	0.023**	0.025**	-	0.292***	1			
CDD	0.024**	0.000**	0.072***	0.123***	0.000	0.411***	0.011				0.090***	0.012	0.000	0.175***			1		
GDP	-0.024**	-0.023**	0.059***	0.113***	-0.008	0.514***	0.011	- 0.020***	-	-	-	-0.013	-0.009	0.122***	- 0.272***	- 0.451***	1		
II ID	0.078***	0 044***		0.003	0.071***		0.058***	0.058***	0.190***	0.140***	0.029***	0.000	0.025**		0.2/3***	0.431***		1	
IUK	0.076	0.044	0.137***	-0.003	0.071	- 0.205***	0.056	0.005	0.137	0.155	-0.012	0.000	0.025	- 0.068***	0.202	0.304	- 0.169***	1	
IC	0.000	0.007	0.004	-	0.041***	-	0.022**	0.013	0.027***	0.074***	-0.006	-	-0.012	-0.017	0.142***	0.058***	-	0.050***	1
-				0.034***		0.103***						0.058***					0.050***		-

	PA	PI	CPCM	YA	ED	OPD	GOV/SO E	OECD	FO	CO	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
PA PI CPCM	1 0.043*** -0.032**	1 -0.017																	
YA	-0.027**	0.005	- 0.055***	1															
ED	0.014	-0.008	-0.020	0.212***	1														
OPD	- 0.047***	-0.015	0.047***	0.213***	- 0.057***	1													
GOV/SOE OECD	0.059*** 0.001	-0.008 0.017	0.077*** -0.026*	0.053*** 0.027**	0.143*** 0.034**	-0.014 -0.012	1 0.004	1											
FC	-0.009	0.009	- 0.070***	- 0.152***	- 0.056***	- 0.304***	-0.022	0.001	1										
CO	-0.012	-0.002	- 0.101***	-0.026*	- 0.049***	- 0.214***	- 0.053***	0.001	0.550***	1									
FA	0.019	-0.006	0.054***	0.017	0.138***	- 0.140***	0.095***	-0.010	- 0.589***	- 0.399***	1								
FS	0.214***	0.052***	0.075***	- 0.097***	0.005	- 0.075***	-0.003	0.017	- 0.114***	- 0.169***	0.229***	1							
ROA	0.009	0.004	0.002	-0.017	-0.004	-0.018	0.003	0.006	0.035**	0.025*	-0.027*	-0.006	1						
SS	-0.024*	-0.006	0.007	0.068***	0.020	0.200***	0.021	0.002	0.130***	- 0.099***	-0.013	0.043***	-0.027*	1					
RD	0.011	0.023*	- 0.065***	- 0.098***	0.078***	- 0.398***	0.052***	0.018	0.365***	0.289***	- 0.190***	- 0.148***	0.016	- 0.107***	1				
LD	0.038***	0.022	0.051***	0.142***	-0.030**	0.390***	-0.003	0.038***	0.304***	0.211***	- 0.088***	-0.006	0.022	0.151***	0.335***	1			
GDP	-0.028**	-0.010	0.049***	0.118***	0.001	0.511***	-0.018	-0.019	- 0.205***	- 0.139***	-0.035**	0.009	-0.012	0.120***	- 0.309***	- 0.445***	1		
IUR	0.080***	0.046***	- 0.060***	- 0.060***	0.046***	- 0.202***	0.106***	0.052***	0.140***	0.124***	0.018	-0.015	0.025*	- 0.053***	0.222***	0.402***	- 0.211***	1	
IC	-0.003	0.007	0.004	- 0.040***	0.035**	- 0.091***	0.031**	0.025*	-0.009	0.076***	0.010	- 0.059***	-0.017	-0.001	0.125***	0.030**	-0.034**	-0.003	1

Table 4-4- 4 Correlation of Matched Sample

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM (H1a)		0.153***	0.420**	0.015	0.302	0.418	0.463
		(0.04)	(0.21)	(0.13)	(0.62)	(0.41)	(0.67)
CPCM*YA (H2a)		( )	-0.006	~ /	-0.004		-0.003
			(0.00)		(0.01)		(0.01)
CPCM* EDU (H3a)			× /	0.043	× /	-0.081	-0.069
<b>`</b>				(0.04)		(0.12)	(0.12)
CPCM* OPD					0.297	-0.971	-0.357
					(1.43)	(0.91)	(1.54)
OPD* YA					0.005		-0.002
					(0.02)		(0.02)
CPCM*YA*OPD (H4a)					-0.005		-0.012
					(0.03)		(0.03)
OPD*EDU						0.193	0.201
						(0.18)	(0.18)
CPCM*OPD*EDU(H5a)						0.298	0.311
						(0.27)	(0.28)
YA	-0.006**	-0.006**	-0.003	-0.006**	-0.005	-0.006**	-0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
EDU	0.048**	0.053**	0.052**	0.034	0.052**	-0.048	-0.059
	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.08)	(0.08)
OPD	0.436	0.510	0.522	0.490	0.266	-0.226	-0.211
	(0.43)	(0.43)	(0.43)	(0.43)	(1.04)	(0.73)	(1.11)
GOV/SOE	-0.142***	-0.150***	-0.150***	-0.151***	-0.151***	-0.150***	-0.150***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
OECD	0.085	0.093	0.078	0.099	0.080	0.100	0.086
	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
FC	0.178***	0.183***	0.183***	0.183***	0.183***	0.176***	0.180***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
CO	0.002	0.001	0.001	0.001	0.001	0.001	0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FA	-0.084***	-0.084***	-0.084***	-0.084***	-0.084***	-0.084***	-0.084***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FS	0.360***	0.360***	0.359***	0.359***	0.359***	0.360***	0.358***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
ROA	0.171***	0.166***	0.167***	0.167***	0.167***	0.167***	0.168***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
SS	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
RD	0.038***	0.037***	0.037***	0.037***	0.037***	0.037***	0.037***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
LD	0.04/***	0.048***	0.048***	0.048***	0.047***	0.048***	0.047***
CDD	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
GDP	0.006	0.006	0.006	0.005	0.006	0.005	0.005
H ID	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
IUK	0.026	0.030	0.028	0.033	0.027	0.041	0.036
IC	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
IC.	0.995**	1.005**	0.994**	1.021***	0.988**	1.044***	1.024***
Constant	(0.39)	(0.39)	(0.39)	(0.39)	(0.39)	(0.39)	(0.39)
Constant	-3./34***	-3.910***	-0.029***	-3.840***	-3.923***	-3.498***	-3.004***
Voor and industry	(0.59)	(0.59)	(0.60) VES	(0.60) VES	(0.71) VES	(0.65) VES	(U. /4) VES
dumming	IES	ILS	IES	IES	IES	I ES	IE5
N	5277	5277	5277	5277	5277	5277	5277
1N	3211	5211	3211	3211	3211	3211	3211

Table 4-4- 5 Effects of Board Chair's Party Membership on Patent Applications

Standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM (H1b)		-0.666*	-3.516	0.120	7.715*	0.404	6.544
		(0.39)	(2.82)	(1.13)	(4.38)	(2.45)	(4.39)
CPCM*YA (H2b)			0.060		-0.162*		-0.144
			(0.06)		(0.09)		(0.10)
CPCM* EDU (H3b)				-0.259		-0.482	0.043
				(0.34)		(0.90)	(0.84)
CPCM* OPD					-28.753**	-0.358	-23.720*
					(13.53)	(5.88)	(13.05)
OPD* YA					-0.057		-0.105
					(0.12)		(0.13)
CPCM*YA*OPD (H4b)					-0.057		-0.105
					(0.12)		(0.13)
OPD*EDU						3.180**	3.393**
						(1.28)	(1.36)
CPCM*OPD*EDU(H5b)						0.401	-1.172
× ,						(2.02)	(1.95)
YA	0.014	0.011	-0.007	0.011	0.017	0.015	0.037
	(0, 02)	(0.02)	(0.02)	(0.02)	(0.05)	(0.02)	(0.06)
FDU	-0.164	-0.161	-0.169	-0.085	-0.185	-1 370***	-1 437**
	(0.18)	(0.18)	(0.18)	(0.23)	(0.18)	(0.53)	(0.57)
מעט	0.10	0.10)	0.10	(0.23) 8 0/0***	6.024	(0.55)	14 499**
OFD	-9.005	-9.100	-9.039	-0.940	-0.034	- 10 400***	-14.400
	(2, 19)	(2.16)	(2, 14)	(2.22)	(5, 60)	(5.72)	(7.22)
COWSOF	(5.16)	(3.10)	(3.14)	(3.22)	(3.00)	(3.72)	(7.22)
JUV/SUE	-0.422	-0.424	-0.412	-0.410	-0.4/6	-0.4/2	-0.480
	(0.41)	(0.41)	(0.42)	(0.41)	(0.42)	(0.42)	(0.42)
OECD	0.407	0.343	0.386	0.350	0.420	0.399	0.419
	(0.85)	(0.86)	(0.86)	(0.86)	(0.85)	(0.83)	(0.82)
FC	0.203	0.159	0.170	0.152	0.197	0.089	0.129
	(0.49)	(0.49)	(0.51)	(0.49)	(0.51)	(0.50)	(0.53)
CO	-0.007	-0.006	-0.006	-0.006	-0.007	-0.010	-0.009
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FA	-0.040	-0.036	-0.036	-0.035	-0.032	-0.043	-0.041
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
FS	0.564***	0.533***	0.544***	0.534***	0.545***	0.554***	0.567***
	(0.14)	(0.13)	(0.14)	(0.14)	(0.13)	(0.13)	(0.13)
ROA	0.159	0.182	0.177	0.176	0.204	0.158	0.171
	(0.17)	(0.16)	(0.15)	(0.16)	(0.15)	(0.18)	(0.20)
SS	-0.020	-0.021	-0.023	-0.021	-0.019	-0.031	-0.029
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
RD	0.073**	0.072**	0.073**	0.071**	0.070**	0.076***	0.075***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Π	0.143*	0.135*	0.139*	0.132*	0 142*	0.131*	0.134*
ED	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
CDB	0.075	0.081	0.077	0.081	0.070	(0.08)	0.070
ODF	-0.073	-0.081	-0.077	-0.081	-0.079	-0.083	-0.079
	(0.08)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.07)
IUR	0.952***	0.929**	0.983***	0.914**	0.993**	0.980**	1.045***
	(0.33)	(0.37)	(0.36)	(0.37)	(0.39)	(0.40)	(0.39)
IC	3.420	3.581	3.946	3.593	5.073	3.648	5.165
~	(2.98)	(2.97)	(2.95)	(2.92)	(3.38)	(3.22)	(3.40)
Constant	-	-	-9.711***	-	-	-6.182	-9.171**
	10.499***	10.047***		10.281***	12.337***		
	(3.32)	(3.34)	(3.33)	(3.41)	(4.19)	(3.90)	(4.55)
Year and industry	YES	YES	YES	YES	YES	YES	YES
1							
dummies							

Table 4-4- 6 Effects of Board Chair's Party Membership on Patent Infringement

### 4.4.2 Result of revised hypothesis ( | )

Table 4-4-7 presented the descriptive statistics of the data before and after matching with the new independent variable TMT Party member ratio. Table 4-4-8 and Table 4-4-9 showed the correlation of full sample and matched sample, respectively. Table 4-4- 10 displayed the relationship between TMT Party member ratio and patent applications. A significant positive relationship was found between Party membership and patent applications ( $\beta$ =0.177, p<0.005), but the moderating effects of age ( $\beta$  = -0.001, p>0.1) and education ( $\beta$ = -0.018, p>0.1) were not significant. Additionally, the secondhand imprint effects of older Party members on the moderation by age was found negatively significant ( $\beta$ =-0.215, p<0.1) but education were insignificant ( $\beta$ = -0.072, p>0.1). Therefore, in this model, I also achieved conflicting results for Hypothesis 1a, consistent result for Hypothesis 4a, Hypotheses 2a, 3a and 5a were not supported. Table 4-4- 11 illustrated the relationship between TMT Party member ratio and the likelihood of patent infringement. Except for moderating effect of education ( $\beta$ =-0.987, p < 0.1), I didn't achieve any significant result. Thus, in the patent infringement model, compared with original results, I achieved conflicting result of Hypothesis 3a, and didn't find other supportive evidence for any other hypothesis.

Following Xu et al. (2023) robustness test procedures, first, I replace patent applications to the number of inventions. Second, I replaced patent applications to R&D. Third, I replace province level older party member director ratio to city level older party member director ratio. Fourth, I controlled CEOs characteristics, such as CEO age, CEO education, CEO overseas experience and CEO governemnt / SOEs experience. Fifth, I use normal negative binomial regression with cluster effect to examine the robustness of patent application. Sixth, I used the full sample to test the influence of TMT CPC member ratio on patent application and patent infringement. All results of robustness test showed in Table 4-4- 12 and Table 4-4- 13 . Further, I examined the relationship between CEO CPC membership and firm diversification in Table 4-4- 14 .

		Full Sampl	e	Μ	atched samp	le
VarName	Obs	Mean	SD	Obs	Mean	SD
Patent application (PA)	9483	28.46	212.45	5277	27.35	212.75
Patent infringement (PI)	9483	0.01	0.10	5277	0.01	0.10
CPCM	9483	0.16	0.24	5277	0.21	0.27
Young age (YA)	9483	52.41	7.30	5277	45.39	4.02
Degree (ED)	9483	3.36	0.90	5277	3.16	0.75
Older Party Member (OPD)	9483	0.43	0.14	5277	0.30	0.46
GOV/SOE	9482	0.16	0.36	5277	0.01	0.08
OECD	9482	0.17	0.37	5277	0.52	0.50
Founder chair (FC)	9483	0.55	0.50	5277	10.38	15.33
Chair ownership (CO)	9483	11.31	15.86	5277	6.09	5.29
Firm age (FA)	9483	5.82	5.33	5277	7.47	1.06
Firm size (FS)	9483	7.34	1.11	5277	0.05	0.32
ROA	9483	0.05	0.27	5277	0.91	3.47
State share (SS)	9483	0.87	3.38	5277	2.55	3.19
RD	9483	3.00	3.94	5277	7.89	3.04
Legal development (LD)	9483	8.15	3.01	5277	10.70	3.41
City GDP growth (GDP)	9483	10.52	3.33	5277	0.29	0.30
Internet user ratio (IUR)	9483	0.37	0.40	5277	0.91	0.09
Industry competition (IC)	9483	0.91	0.08	5277	27.35	212.75

Table 4-4- 7 Comparison of Descriptive Statistics of Full Sample and Matched Sample

	PA	PI	TMT_CPCM	TMTYA	TMTEDU	OPD	GOVSOE	OECD	FC	CO	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
PA PI TMT_CPCM TMTYA	1 0.083*** -0.026** 0.018*	1 -0.026** -0.006	1 0.106***	1															
TMTEDU	0.074***	0.015	-0.051***	- 0.030***	1														
OPD	- 0.052***	- 0.039***	0.068***	- 0.305***	-0.119***	1													
GOVSOE	0.065***	-0.000	0.035***	-0.011	0.153***	0.010	1												
OECD	-0.005	-0.003	-0.074***	0.011	0.057***	-0.020*	-0.014	1											
FC	-0.004	0.011	-0.112***	0.072***	0.072***	- 0.290***	-0.025**	-0.016	1										
СО	-0.009	0.013	-0.102***	0.020**	0.018*	- 0.209***	-0.047***	0.017*	0.531***	1									
FA	0.026**	0.002	0.138***	0.126***	0.046***	- 0.116***	0.082***	-0.022**	- 0.577***	- 0.396***	1								
FS	0.213***	0.058***	0.073***	0.083***	0.020*	- 0.085***	0.019*	-0.006	- 0.073***	- 0.142***	0.168***	1							
ROA	0.010	0.005	-0.015	0.003	0.007	-0.022**	0.006	-0.006	0.042***	0.033***	- 0.035***	-0.003	1						
SS	-0.023**	-0.011	0.038***	- 0.057***	-0.008	0.217***	0.024**	-0.026**	- 0.142***	- 0.105***	-0.009	- 0.042***	-0.022**	1					
RD	0.033***	0.029***	-0.139***	0.120***	0.153***	- 0.350***	0.011	0.028***	0.305***	0.247***	- 0.186***	- 0.121***	0.013	- 0.094***	1				
LD	0.045***	0.025**	-0.118***	0.198***	0.081***	- 0.411***	-0.028***	0.046***	0.290***	0.210***	- 0.090***	0.023**	0.025**	- 0.175***	0.292***	1			
GDP	-0.024**	-0.023**	0.066***	- 0.208***	-0.068***	0.514***	0.011	-0.038***	- 0.190***	- 0.140***	- 0.029***	-0.013	-0.009	0.122***	- 0.273***	- 0.451***	1		
IUR	0.078***	0.044***	-0.158***	0.078***	0.145***	- 0.205***	0.058***	0.065***	0.157***	0.135***	-0.012	0.000	0.025**	- 0.068***	0.202***	0.384***	- 0.169***	1	
IC	0.000	0.007	-0.010	0.057***	0.067***	- 0.103***	0.022**	0.013	0.027***	0.074***	-0.006	- 0.058***	-0.012	-0.017	0.142***	0.058***	- 0.050***	0.050***	1

Table 4-4- 8 Correlation of Full Sample

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	PA	PI	TMT_CPCM	TMTYA	TMTEDU	OPD	CEOGOVSOE	CEOOECD	FC	CO	FA	FS	ROA	SS	RD	LD	GDP	IUR	I
PA PI TMT_CPCM TMTYA TMTEDU	1 0.043*** -0.026* 0.019 0.071***	1 -0.029** -0.024* 0.013	1 0.117*** -0.042***	1 -0.033**	1														
OPD	- 0.047***	-0.015	0.025*	- 0.334***	-0.119***	1													
GOVSOE OECD	0.059*** 0.001	-0.008 0.017	-0.005 -0.025*	-0.012 0.008	0.194*** 0.040***	-0.014 -0.012	1 0.004	1											
FC	-0.009	0.009	-0.053***	0.088***	0.047***	- 0.304***	-0.022	0.001	1										
СО	-0.012	-0.002	-0.057***	0.035**	0.022	- 0.214***	-0.053***	0.001	0.550***	1									
FA	0.019	-0.006	0.077***	0.134***	0.074***	- 0.140***	0.095***	-0.010	- 0.589***	- 0.399***	1								
FS	0.214***	0.052***	0.041***	0.064***	0.021	- 0.075***	-0.003	0.017	- 0.114***	- 0.169***	0.229***	1							
ROA	0.009	0.004	-0.007	0.010	0.010	-0.018	0.003	0.006	0.035**	0.025*	-0.027*	-0.006	1						
88	-0.024*	-0.006	0.031**	- 0.064***	-0.008	0.200***	0.021	0.002	- 0.130***	- 0.099***	-0.013	- 0.043***	- 0.027*	1					
RD	0.011	0.023*	-0.095***	0.152***	0.138***	- 0.398***	0.052***	0.018	0.365***	0.289***	- 0.190***	- 0.148***	0.016	- 0.107***	1				
LD	0.038***	0.022	-0.084***	0.197***	0.081***	- 0.390***	-0.003	0.038***	0.304***	0.211***	- 0.088***	-0.006	0.022	- 0.151***	0.335***	1			
GDP	-0.028**	-0.010	0.046***	- 0.198***	-0.059***	0.511***	-0.018	-0.019	- 0.205***	- 0.139***	-0.035**	0.009	-0.012	0.120***	- 0.309***	- 0.445***	1		
IUR	0.080***	0.046***	-0.083***	0.102***	0.144***	- 0.202***	0.106***	0.052***	0.140***	0.124***	0.018	-0.015	0.025*	- 0.053***	0.222***	0.402***	- 0.211***	1	
IC	-0.003	0.007	-0.008	0.060***	0.055***	- 0.091***	0.031**	0.025*	-0.009	0.076***	0.010	- 0.059***	-0.017	-0.001	0.125***	0.030**	-0.034**	- 0.003	1

Table 4-4-9 Correlations with Matched Sample

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM_pro (H1a)		(0.08)	0.220	0.233	-3.977	0.175	-4.127
CPCM pro*TMTVA (H2a)		(0.08)	-0.001	(0.50)	(2.48)	(0.90)	(2.70)
CFCM_plo <sup>+</sup> IMTIA(II2a)			(0.02)		(0.050)		(0.05)
CPCM pro* TMTEDU (H3a)			(0.02)	-0.018	(0.05)	0.014	0.045
				(0.09)		(0.28)	(0.27)
CPCM pro* OPD				( )	9.723*	0.097	10.140*
					(5.30)	(2.01)	(5.82)
OPD* TMTYA					-0.022		-0.015
					(0.04)		(0.04)
CPCM_pro*TMTYA*OPD (H4a)					-0.215*		-0.214*
					(0.12)		(0.12)
OPD*TMTEDU						0.385*	0.359
						(0.23)	(0.23)
CPCM_pro*OPD*TMTEDU(H5a)						-0.072	-0.146
	0.001	0.000	0.000	0.000	0.010	(0.62)	(0.61)
IMIAge	0.001	0.000	0.000	0.000	0.010	0.001	(0.00)
	(0.00)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)
IMIEDU	0.033	0.033	0.033	0.03/	0.033	-0.126	-0.115
OPD	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.11)	(0.11)
OPD	(0.470)	(0.494)	(0.494)	(0.498	(2.03)	-0.704	(2, 27)
GOW/SOF	(0.43) 0.147***	(0.43) 0.145***	(0.43) 0.145***	(0.43) 0.145***	(2.05)	(0.00)	(2.27)
dov/sol	(0.05)	-0.143	-0.143	-0.143	(0.05)	(0.05)	(0.05)
OFCD	0.052	0.069	0.069	0.066	0.071	0.064	0.066
OLED	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
FC	0.188***	0.186***	0.186***	0.186***	0.185***	0.184***	0.184***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
CO	0.001	0.001	0.001	0.001	0.001	0.001	0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FA	-0.083***	-0.084***	-0.084***	-0.084***	-0.083***	-0.084***	-0.083***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FS	0.362***	0.362***	0.362***	0.363***	0.364***	0.365***	0.366***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
ROA	0.172***	0.171***	0.171***	0.171***	0.171***	0.172***	0.172***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
SS	-0.007	-0.008	-0.008	-0.008	-0.007	-0.008	-0.007
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
RD	0.038***	0.038***	0.038***	0.038***	0.038***	0.038***	0.038***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
LD	0.045***	0.046***	0.046***	0.046***	0.048***	0.048***	0.049***
677 B	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
GDP	0.007	0.007	0.007	0.007	0.007	0.007	0.007
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
IUK	0.025	0.026	0.026	0.026	0.029	0.023	0.026
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	(0.20)	(0.20)	0.9/0**	$(0.9)/2^{**}$	0.983**	0.908**	0.9/3**
Constant	(U.37) 6 048***	(U.39) 6 072***	(U.37) 6 082***	(U.37) 6 085***	(U.39) 6 588***	(0.40) 5 407***	(U.37) 5 800***
Constant	(0.60)	-0.073	(0.62)	-0.065	(1.07)	-3.497	(1.16)
	(0.00)	(0.00)	(0.02)	(0.00)	(1.07)	(0.70)	(1.10)
Year and industry dummies	YES						
N	5277	5277	5277	5277	5277	5277	5277

# Table 4-4-10 Effects of TMT Party Member Ratio on Patent Application

Standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM pro (H1a)	WIGGET I	-0.982	4.947	2.051	-27.914	3.388	-24.696
		(0.88)	(7.48)	(1.59)	(42.01)	(5.13)	(39.67)
CPCM_pro*TMTYA (H2a)			-0.133		0.595		0.603
			(0.16)		(0.88)		(0.82)
CPCM_pro* TMTEDU (H3a)				-0.987*		-2.096	-1.487
CDCM mas* ODD				(0.55)	72 616	(1.79)	(1.91)
CPCM_pro* OPD					(60.40)	-1.049	80.411
OPD* TMTYA					0.947***	(11.00)	1.105***
					(0.34)		(0.36)
CPCM_pro*TMTYA*OPD					-1.622		-1.756
(H4a)							
					(1.46)	2 220+++	(1.38)
OPD*IMIEDU						3.230***	4.251***
CPCM pro*OPD*TMTFDU(						1.10)	0.061
H5a)						1.902	0.001
						(3.30)	(3.62)
TMTAge	-0.074*	-0.069	-0.053	-0.070	-0.460***	-0.066	-0.517***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.15)	(0.04)	(0.16)
TMTEDU	0.007	0.019	0.012	0.149	0.026	-1.157**	-1.549***
OPD	(0.19)	(0.20)	(0.20)	(0.23)	(0.20)	(0.54)	(0.59)
OFD	-8.755	-0./00	-8.09/**	-8.344	- 51 613**	- 20.783**	- 73 987**
					*	*	*
	(3.30)	(3.39)	(3.40)	(3.34)	(16.67)	(5.28)	(19.97)
GOV/SOE	-0.488	-0.524	-0.524	-0.547	-0.493	-0.624	-0.616
	(0.42)	(0.41)	(0.41)	(0.41)	(0.42)	(0.42)	(0.43)
OECD	0.337	0.252	0.273	0.177	-0.147	0.281	-0.198
50	(0.81)	(0.82)	(0.83)	(0.83)	(0.84)	(0.83)	(0.86)
FC	0.176	0.169	0.1/1	0.138	0.218	0.120	0.128
CO	-0.007	-0.007	-0.007	-0.006	-0.006	-0.006	(0.49)
00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FA	-0.041	-0.039	-0.037	-0.038	-0.037	-0.038	-0.041
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
FS	0.571***	0.566***	0.569***	0.573***	0.606***	0.589***	0.652***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.15)	(0.14)	(0.15)
ROA	0.161	0.172	0.169	0.166	0.199	0.155	0.195
55	(0.15)	(0.16)	(0.16)	(0.17)	(0.15)	(0.21)	(0.17)
35	(0.04)	(0.04)	(0.04)	(0.013)	(0.023)	(0.04)	(0.024)
RD	0.071**	0.068**	0.068**	0.067**	0.076**	0.070**	0.079***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
LD	0.141*	0.133*	0.131	0.131	0.137*	0.146*	0.160**
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
GDP	-0.082	-0.090	-0.089	-0.094	-0.093	-0.100	-0.103
H ID	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
IUR	0.938***	0.908***	0.90/***	0.915***	0.856**	0.894***	0.855**
IC	(0.55)	(0.34)	(0.34)	(0.33)	(0.39)	(0.33)	(0.40)
10	(3.01)	(2.84)	(3.05)	(2.77)	(3.39)	(3.38)	(3.60)
Constant	-6.700*	-6.556*	-7.416*	-6.697*	9.899	-2.284	17.910*
	(3.74)	(3.64)	(3.86)	(3.60)	(8.32)	(4.49)	(9.43)
Year and industry dummies	YES	YES	YES	YES	YES	YES	YES
Ν	3647	3647	3647	3647	3647	3647	3647

# Table 4-4-11 Effects of TMT Party Member Ratio on Patent Infringement

Standard errors in parentheses

Table 4-4-12 Robustiess Test							
	Model 1	Model 2	Model 3 (Cit	Model 3 (City level OPD)		EO controls)	
VARIABLES	Invention	RD	PA	PI	PA	PI	
CPCM	-5.346*	6.332	0.969	10.250	-4.246	-20.267	
	(3.23)	(4.44)	(1.73)	(15.94)	(2.71)	(40.31)	
CPCM*YA	0.092	-0.131	-0.015	-0.081	0.091*	0.500	
	(0.06)	(0.09)	(0.03)	(0.36)	(0.05)	(0.84)	
CPCM* Degree	0.415	-0.382	-0.032	-3.296*	0.093	-1.406	
-	(0.33)	(0.52)	(0.20)	(1.70)	(0.28)	(1.93)	
CPCM* OPD	16.138**	-9.254	-1.760	0.156	7.875	10.422*	
	(7.08)	(8.32)	(3.59)	(27.12)	(5.85)	(5.82)	
OPD* YA	0.017	-0.189***	-0.025	0.158	-0.011	-0.013	
	(0.05)	(0.07)	(0.02)	(0.14)	(0.04)	(0.04)	
CPCM*YA*	-0.265*	0.246	0.080	-0.145	-0.153	-0.214*	
OPD							
	(0.14)	(0.17)	(0.07)	(0.60)	(0.11)	(0.12)	
OPD * Degree	0.731***	-1.256***	0.284**	1.180	0.059	0.374	
-	(0.27)	(0.40)	(0.14)	(0.74)	(0.23)	(0.24)	
CPCM* OPD *	-1.396*	-0.132	0.066	3.698	-0.043	-0.241	
Degree							
-	(0.75)	(0.98)	(0.43)	(3.02)	(0.70)	(0.61)	

Table 4-4-12 Robustness Test

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Model 5 (Clustered	Model	6 (Full sample)			
	by Firm)					
VARIABLES	PA	PA	PI			
CPCM	-11.747**	-3.182	-11.311			
	(5.61)	(2.24)	(27.28)			
CPCM*YA	0.197*	0.057	0.357			
	(0.11)	(0.04)	(0.54)			
CPCM* Degree	0.921*	0.225	-1.880			
-	(0.50)	(0.23)	(2.17)			
CPCM* OPD	73.104	8.491*	54.296			
	(67.16)	(4.88)	(49.28)			
OPD* YA	1.021***	-0.006	0.647**			
	(0.37)	(0.03)	(0.26)			
CPCM*YA* OPD	-1.589	-0.147	-1.327			
	(1.39)	(0.10)	(0.99)			
OPD * Degree	4.198***	0.532***	1.491			
	(1.23)	(0.17)	(1.20)			
CPCM* OPD * Degree	-0.096	-0.625	1.642			
-	(3.68)	(0.53)	(4.15)			

Table 4-4-13 Robustness Test

Robust standard errors in parentheses

	Firr	n diversification	CEO Party membership		
Party membership		-0.017		6.556***	
		(0.03)		(0.20)	
YA	-0.006**	-0.005**	0.078***	0.059***	
	(0.00)	(0.00)	(0.01)	(0.01)	
Degree	0.037***	0.037***	-0.042	-0.074	
	(0.01)	(0.01)	(0.04)	(0.06)	
OPD	0.512***	0.510***	-2.199***	-2.060**	
	(0.18)	(0.18)	(0.67)	(0.84)	
GOV/SOE	-0.017	-0.017	0.017	0.022	
	(0.02)	(0.02)	(0.07)	(0.09)	
OECD	0.031	0.030	-0.625	-0.361	
	(0.10)	(0.10)	(0.47)	(0.57)	
FC	0.006	0.006	0.089	-0.058	
	(0.03)	(0.03)	(0.10)	(0.12)	
CO	0.000	0.000	-0.004	-0.004	
	(0.00)	(0.00)	(0.00)	(0.00)	
FA	0.029***	0.029***	0.011	-0.017	
	(0.00)	(0.00)	(0.01)	(0.01)	
FS	-0.131***	-0.131***	0.034	0.066*	
	(0.01)	(0.01)	(0.03)	(0.04)	
ROA	-0.060**	-0.060**	0.028	0.023	
	(0.03)	(0.03)	(0.10)	(0.09)	
SS	0.006***	0.006***	-0.004	-0.013	
	(0.00)	(0.00)	(0.01)	(0.01)	
RD	-0.012***	-0.012***	0.010	0.031**	
	(0.00)	(0.00)	(0.01)	(0.01)	
LD	-0.010**	-0.010**	0.003	0.022	
	(0.00)	(0.00)	(0.01)	(0.02)	
GDP	-0.000	-0.000	0.001	0.008	
	(0.00)	(0.00)	(0.01)	(0.02)	
IUR	0.022	0.022	-0.513***	-0.369**	
	(0.03)	(0.03)	(0.14)	(0.15)	
IC	-0.521***	-0.523***	-0.273	0.179	
	(0.18)	(0.18)	(0.71)	(0.90)	

# Table 4-4- 14 Effects of TMT Party Membership on Firm Diversification and Party-Member CEO

Robust standard errors in parentheses

4.4.3 Result of revised hypothesis ( || )

In this extension step, I employed the same methods and steps as in the original research. First, I obtained an ROC curve area of 0.7275 (Figure 4-4- 3). Figure 4-4- 4 shows the characteristics of the treatment and control groups before and after PSM matching. Table 4-4- 15 provide descriptive statistics of variables before and after matching, while Table 4-4- 16 and Table 4-4- 17 display the correlations. Table 4-4- 18 and Table 4-4-19 present the regression analysis results for patent applications and patent infringement, respectively. Model 1 is the baseline model with control variables, while Model 2 adds the main effect of party-member chairmen status. Models 3, 4, and 5 examine the interaction effects of party-member chairmen status with younger age, education level, and older Party-member director ratio, respectively.

Table 4-4- 18 shows the count regression model results for testing patent application hypotheses. Hypothesis 1a predicts a positive impact of party-member chairmen status on patent application numbers. In Model 2, the coefficient for party-member chairmen status is positive and statistically significant ( $\beta$ =0.135, p<0.001), indicating that Dengist imprint continue to encourage patent applications. Model 3 and Model 4 examine the interaction with age and education, respectively. The coefficient for interaction effect of age ( $\beta$ =0.003, p>0.1) and education ( $\beta$ =-0.045, p>0.1), showing unsignificant results.

Table 4-4- 19 presents the logit model results for testing the probability of patent infringement. Hypothesis 1b predicts a negative impact of party-member chairmen
status on patent infringement likelihood. In Model 2, the coefficient for party-member chairmen status is negative and statistically significant ( $\beta$ =-0.932, p<0.001), indicating that Maoist imprints decrease patent infringement likelihood. Model 3 and Model 4 examine the interaction with age, education respectively. The coefficient for interaction effect of age ( $\beta$ =-0.010, p>0.1), education ( $\beta$ =0.031, p>0.1) showing unsignificant results.

Next, I conducted robust checks (Table 4-4-20 and Table 4-4-21) and further analyses in the same manner as the original study. First, I replaced the independent variable with the proportion of party members on the board. Second, I replaced the chairmen's young age and education with the board's average age and education level. Third, I replaced the number of patent applications with the number of invention patent applications. Fourth, I replaced the total number of patent applications with R&D intensity. Fifth, I performed a regression analysis using the entire sample. Sixth, I added CEO-related control variables, including CEO age, education, overseas experience, and prior government or SOE work experience. Seventh, I switched from PSM to Coarsened Exact Matching (CEM). Eighth, I replaced PSM with entropy balancing. Ninth, I employed regular negative binomial regression with standard errors clustered by firm. In further analyses (Table 4-4-22), I first examined the relationship between partymember chairmen and corporate diversification to test whether they pursue noncompetitive strategies, yielding a positive significant result. Second, I tested whether party-member chairmen are more likely to select party members as their successors,

and this also yielded a positive significant result.



Figure 4-4- 4 Propensity Score Matching Quality



	Ι	Full Sample		М	atched Sam	ple
	Obs	Mean	SD	Obs	Mean	SD
PA	18587	38.79	276.40	9241	40.72	318.50
PI	18587	0.01	0.10	9241	0.01	0.10
CPCM	18587	0.22	0.42	9241	0.42	0.49
Young age (YA)	18587	46.64	8.69	9241	45.34	8.75
Degree	18587	3.27	0.97	9241	3.20	0.98
OPD	18587	0.44	0.13	9241	0.13	0.08
GOV/SOE	18587	0.44	0.13	9241	0.44	0.13
OECD	18587	0.23	0.42	9241	0.30	0.46
Founder chair (FC)	18587	0.06	0.24	9241	0.04	0.20
Chair ownership (CO)	18587	0.56	0.50	9241	0.55	0.50
Firm age (FA)	18587	12.62	16.01	9241	12.82	16.44
Firm size (FS)	18587	6.49	6.03	9241	7.46	6.34
ROA	18587	7.39	1.11	9241	7.55	1.11
State share (SS)	18587	0.04	0.22	9241	0.05	0.28
RD	18587	0.65	2.89	9241	0.75	3.23
Legal development (LD)	18587	5.82	3.82	9241	3.44	3.75
GDP	18587	10.58	4.17	9241	9.85	4.05
Internet user ratio (IUR)	18587	8.49	3.67	9241	8.93	3.80
Industry competition (IC)	18587	0.85	0.78	9241	0.69	0.68

Table 4-4- 15 Comparison of Descriptive Statistics of Full Sample and Matched Sample (2000-2022)

	PA	PI	CPCM	YA	Degree	OPD	GOV/SOE	OECD	FC	СО	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
РА	1																		
PI	0.133***	1																	
CPCM	-0.005	- 0.020***	1																
YA	- 0.026***	-0.004	- 0 114***	1															
Degree	0.035***	0.016**	-	0.193***	1														
OPD	-0.008	-0.001	-	0.097***	-	1													
Gov/SOE	0.042***	-0.003	0.019***	-0.004	$0.045^{***}$ $0.106^{***}$	-0.017**	1												
OECD	0.041***	0.002	-	0.017**	0.086***	-	-0.010	1											
EC	0.001	0.008	0.052***	-	0.010**	0.026***	0.002	0.000	1										
FC	-0.001	0.008	-0.018***	0.088***	-0.019***	0.146***	-0.002	-0.000	1										
CO	-0.004	0.002	0.001	- 0.033***	-0.007	- 0.094***	- 0.026***	0.010	0.460***	1									
FA	0.061***	0.008	0.123***	0.015**	0.120***	- 0.146***	0.092***	0.054***	- 0.324***	- 0.210***	1								
FS	0.219***	0.075***	0.110***	- 0.115***	0.004	- 0.047***	0.046***	0.010	- 0.059***	- 0.093***	0.214***	1							
ROA	0.008	0.008	0.021***	-0.016**	-0.007	-0.011	0.002	-0.001	0.058***	0.050***	- 0.028***	0.004	1						
SS	-0.015**	-0.012	0.024***	0.047***	0.018**	0.116***	0.018**	-0.008	- 0 084***	- 0.062***	-	- 0.038***	-0.009	1					
RD	-0.000	-0.000	-0.006	-0.014*	-0.007	-0.003	-0.004	-0.001	-0.005	-0.003	-0.010	-0.011	0.000	0.001	1				
LD	0.046***	-0.002	-	-	0.072***	0.028***	-	0.073***	0.113***	0.130***	-0.007	0.027***	-0.018**	- 0 116***	0.014*	1			
GDP	-	-0.007	0.126***	0.149***	-	0.281***	0.034***	-	-	-	-	-	0.022***	0.110***	-	-	1		
	0.030***		_	_	0.088***		_	0.086***	0.085***	0.100***	0.101***	0.034***	_	_	0.019***	0.488***			
IUR	0.058***	0.024***	0.140***	0.104***	0.092***	0.085***	0.037***	0.094***	0.047***	0.075***	0.029***	0.038***	0.028***	0.074***	0.011	0.618***	0.403***	1	
IC	0.001	0.002	-0.010	- 0.036***	0.068***	- 0.048***	0.017**	0.021***	0.026***	0.063***	-0.005	- 0.041***	-0.004	-0.018**	0.009	0.108***	- 0.097***	0.095***	1

 Table 4-4- 16 Correlation of Full Sample (2000-2022)

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Table 4-4- 17 Correlation of Matched Sample (2000-2022)																			
	PA	PI	CPCM	YA	Degree	OPD	GOV/SOE	OECD	FC	СО	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
DA	1																		
PA	1																		
PI	0.120***	1																	
CDCM	0.024**		1																
CPCM	-0.024***	- 0.034***	1																
YA	-0.024**	-0.000	-	1															
			0.037***																
Degree	0.038***	0.014	-0.023**	0.220***	1														
OPD	-0.017*	-0.009	-0.008	0.112***	-	1													
					0.069***														
Gov/SOE	0.034***	-0.011	0.033***	0.028***	0.132***	-0.000	1												
OECD	0.069***	0.010	-0.007	-0.014	0.063***	-	0.012	1											
						0.053***													
FC	-0.004	0.019*	-0.012	-	-0.016	-	-0.017	0.017	1										
CO	-0.007	0.004	-0.005	0.115***	0.000	0.17/***	-0 038***	0 032***	0 474***	1									
00	-0.007	0.004	-0.005	0.039***	0.000	0.112***	-0.050	0.052	0.777	1									
FA	0.069***	-0.000	0.034***	0.014	0.156***	-	0.078***	0.087***	-	-	1								
50	0.00 (****	0.050444	0.022444		0.000	0.166***	0.015	0.016	0.352***	0.220***	0.045444								
FS	0.224***	0.078***	0.033***	- 0 110***	0.033***	- 0.066***	0.017	0.016	- 0.077***	- 0 000***	0.247***	1							
ROA	0.005	0.006	0.010	-0.009	-0.009	-0.010	-0.004	-0.006	0.029***	0.026**	-0.010	-0.016	1						
SS	-0.017*	-0.014	0.006	0.069***	0.013	0.134***	-0.000	-0.006	-	-	-	-	-	1					
RD	0.036***	0.024**	_	_	0.121***	_	0.022**	0.035***	0.215***	0.211***	-	-	-	_	1				
	01020	0.02.	0.033***	0.098***	0.121	0.171***	01022	01022	0.210	0.211	0.085***	0.074***	0.002	0.070***					
LD	0.062***	0.002	-	-	0.051***	-	-0.022**	0.087***	0.162***	0.181***	0.061***	0.058***	-	-	0.322***	1			
CDD	0.027***	0.005	0.035***	0.198***		0.033***	0.000						0.008	0.131***			1		
GDP	-0.03/***	-0.005	0.021**	0.1/6***	- 0 084***	0.336***	0.009	- 0 117***	- 0 136***	- 0 149***	- 0 167***	- 0.062***	0.011	0.11/***	- 0 295***	- 0 502***	I		
IUR	0.068***	0.016	-	-	0.034	0.029***	0.002	0.116***	0.083***	0.136***	0.107	0.061***	-	-	0.283***	0.630***	-	1	
			0.035***	0.148***									0.009	0.066***			0.424***		
IC	0.000	-0.010	0.011	-	0.046***	-	0.020**	0.017*	0.010	0.081***	0.016	-	-	-0.015	0.142***	0.099***	-	0.084***	1
				0.047***		0.057***						0.033***	0.014				0.083***		

(2000, 2022)T 11 C . . . 

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM (H1a)		0.135***	0.015	0.280***	-0.946**	0.266	-0.647
		(0.03)	(0.14)	(0.10)	(0.41)	(0.29)	(0.45)
CPCM*YA			0.003		0.021**		0.024***
			(0.00)		(0.01)		(0.01)
CPCM* Degree			. ,	-0.045	. ,	-0.080	-0.129
e				(0.03)		(0.09)	(0.09)
CPCM* OPD				(0.00)	2.188**	0.004	1.762*
					(0.88)	(0.62)	(0.97)
OPD * YA					0.034**	(0.02)	0.032**
orb m					(0,01)		(0.052)
					0.043**		0.047**
CIEM IA OID					(0.07)		(0.07)
OPD * Dograd					(0.02)	0.110	(0.02)
OFD * Degree						0.110	(0.12)
CDCN (*ODD*D						(0.12)	(0.13)
CPCM*OPD*Degree						0.089	0.186
***	0.011444	0.010444	0.010444	0.010++++	0.005444	(0.18)	(0.19)
YA	-0.011***	-0.010***	-0.012***	-0.010***	-0.02/***	-0.010***	-0.026***
2	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
Degree	0.083***	0.084***	0.084***	0.103***	0.084***	0.054	0.086
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.06)	(0.06)
OPD	0.536***	0.566***	0.562***	0.565***	-1.035	0.083	-1.111
	(0.16)	(0.16)	(0.16)	(0.16)	(0.63)	(0.44)	(0.69)
GOV/SOE	-0.104***	-0.107***	-0.107***	-0.107***	-0.108***	-0.106***	-0.107***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
OECD	0.042	0.047	0.049	0.046	0.052	0.047	0.053
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
FC	0.034	0.035	0.035	0.036	0.034	0.036	0.036
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
CO	0.002***	0.002***	0.002***	0.002**	0.002***	0.002***	0.002***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FA	-0.085***	-0.086***	-0.086***	-0.086***	-0.087***	-0.086***	-0.086***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FS	0.345***	0.347***	0.348***	0.348***	0.349***	0.349***	0.350***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
ROA	0.105**	0 104**	0.105**	0.103*	0.108**	0.103*	0.106**
Roll	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
88	-0.004	-0.004	-0.004	-0.004	-0.004	-0.003	-0.003
55	-0.004	-0.004	-0.004	-0.004	(0,00)	(0,00)	(0.003)
חק	0.022***	0.022***	0.022***	0.022***	0.023***	0.022***	0.023***
KD	(0.022)	(0.022)	(0.022)	(0.022)	(0.023)	(0,022)	(0.023)
ID	0.017***	0.016***	0.00	0.007***	0.016***	0.016***	0.016***
	(0.01)	(0,010)	(0.010)	(0,01)	(0.010)	$(0.010^{-1.0})$	(0.010)
CDP	0.000	0.001	0.01	0.001	0.000	0.001	0.01
GDP	0.000	0.001	0.001	0.001	0.000	0.001	0.001
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
IUK	0.033	0.036	0.036	0.035	0.032	0.033	0.032
	(0.03)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)
IC	0.150	0.148	0.146	0.149	0.135	0.124	0.120
~	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)
Constant	-4.866***	-5.011***	-4.951***	-5.080***	-4.257***	-4.824***	-4.233***
	(0.41)	(0.42)	(0.42)	(0.42)	(0.49)	(0.46)	(0.51)
Year and industry	YES	YES	YES	YES	YES	YES	YES
dummies							
N	9241	9241	9241	9241	9241	9241	9241
		Robust star	dard errors in	parentheses			

# Table 4-4- 18 Effects of Board Chair's Party Membership on Patent Applications (2000-2022)

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\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM (H1b)		-0.647**	-3.292*	-0.901	1.764	-0.697	1.662
		(0.29)	(1.74)	(1.02)	(3.53)	(3.22)	(3.76)
CPCM*YA			0.058		-0.064		-0.060
			(0.04)		(0.08)		(0.09)
CPCM* Degree				0.076		-0.222	-0.013
-				(0.29)		(0.94)	(1.00)
CPCM* OPD				. ,	-11.943	-0.539	-11.613
					(8.57)	(6.58)	(9.40)
OPD* YA					0.094	()	0.074
					(0.10)		(0.12)
CPCM*YA*OPD					0.282		0.275
					(0.18)		(0.19)
OPD * Degree					(0.10)	0.088	0.814
OID Degree						(1.40)	(1.51)
						(1.40)	(1.51)
CPCM <sup>+</sup> OPD <sup>+</sup> Degree						(1, 02)	-0.051
XA	0.004	0.002	0.016	0.001	0.055	(1.92)	(1.90)
YА	0.004	0.002	-0.016	0.001	-0.055	0.002	-0.04/
D	(0.02)	(0.02)	(0.02)	(0.02)	(0.05)	(0.02)	(0.05)
Degree	0.079	0.085	0.082	0.062	0.080	-0.363	-0.259
	(0.16)	(0.16)	(0.16)	(0.20)	(0.16)	(0.68)	(0.73)
OPD	-1.073	-1.222	-1.309	-1.216	-5.765	-5.003	-7.621
	(1.38)	(1.34)	(1.35)	(1.34)	(4.78)	(4.84)	(5.30)
GOV/SOE	-0.496*	-0.506*	-0.498*	-0.503*	-0.533*	-0.505*	-0.527*
	(0.28)	(0.28)	(0.28)	(0.28)	(0.29)	(0.28)	(0.29)
OECD	0.607	0.569	0.613	0.574	0.588	0.561	0.587
	(0.44)	(0.45)	(0.45)	(0.45)	(0.45)	(0.45)	(0.45)
FC	0.281	0.305	0.310	0.305	0.299	0.304	0.301
	(0.27)	(0.27)	(0.27)	(0.27)	(0.27)	(0.27)	(0.27)
CO	-0.000	0.000	0.001	0.000	0.001	-0.000	0.001
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FA	-0.034	-0.026	-0.025	-0.026	-0.022	-0.026	-0.023
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
FS	0 709***	0.687***	0.693***	0.686***	0 704***	0.693***	0.705***
15	(0.11)	(0.11)	(0.11)	(0, 11)	(0.11)	(0.11)	(0.11)
POA	0.11)	0.778***	0.11)	0.270***	0.11)	0.778***	0.280***
NOA	(0.00)	(0.00)	(0.00)	(0,00)	(0.08)	(0.08)	(0.00)
çç	0.056	0.054	0.055	0.054	0.054	0.054	(0.08)
00	-0.056	-0.054	-0.055	-0.054	-0.034	-0.054	-0.054
מת	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
KD	0.052***	0.054***	0.056***	0.054***	0.05/***	0.056***	0.05/***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
LD	0.025	0.017	0.025	0.018	0.019	0.015	0.020
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
GDP	0.039	0.029	0.032	0.029	0.034	0.030	0.035
	(0.06)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
IUR	0.588***	0.573***	0.575***	0.574***	0.580***	0.576***	0.587***
	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)
IC	0.615	0.694	1.066	0.695	1.416	0.488	1.324
	(1.93)	(1.99)	(1.99)	(2.00)	(1.83)	(1.95)	(1.85)
Constant	-	-	-	-	-	-	-
	14.204***	13.479***	13.161***	13.417***	11.710***	11.602***	10.880***
	(2.58)	(2.61)	(2.56)	(2.65)	(3.11)	(3.48)	(3.47)
Year and industry dummies	YES						
N	7 963	7 963	7.963	7.963	7.963	7.963	7 963

# Table 4-4- 19 Effects of Board Chair's Party Membership on Patent Infringement (2000-2022)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Model 1 (% members i	6 of Party in board)	Model 2 age and	2 (mean d mean	Model 3	Model 4	Model 5 level Co	(CEO- ntrols)	Model 6 (Clustered
	DA	DI	deg	ree)	· ,.	DD	DA	DI	by Firm)
VARIABLES	PA	PI	PA	PI	invention	KD	PA	PI	PA
CPCM	0.124	-7.041	$\begin{array}{ccc} 0.206 & -4.538 \\ (0.42) & (3.40) \\ -0.001 & -0.117 \end{array}$		-0.639	-1.152	-0.183	0.149	-0.484
	(0.58)	(9.25)	(0.42)	(3.40)	(0.40)	(0.60)	(0.27)	(3.79)	(0.79)
CPCM*YA	-0.004	0.129	$\begin{array}{ccc} -0.001 & -0.117 \\ (0.01) & (0.07) \\ 0.010 & 0.020 \end{array}$		0.009	0.016	0.001	-0.031	0.016
	(0.01)	(0.23)	$\begin{array}{c} -0.001 & -0.117 \\ (0.01) & (0.07) \\ -0.019 & 0.029 \end{array}$		(0.01)	(0.01)	(0.01)	(0.10)	(0.01)
CPCM*	-0.000	-0.308	-0.019 $(0.07)$		0.040	<b>0</b> .144	0.060	0.108	-0.132
Degree			-0.019 0.029 (0.05) (0.52)						
C	(0.09)	(1.64)	(0.05) $(0.52)(0.05)$ $(0.52)$		(0.07)	(0.10)	(0.05)	(0.56)	(0.10)
CPCM*OPD	-0.908	8.294	$\begin{array}{ccc} (0.05) & (0.52) \\ -0.065 & -2.988 \end{array}$		0.996**	0.869	0.166	-0.994	0.728
	(0.63)	(9.30)	(0.49)	(4.05)	(0.42)	(0.77)	(0.29)	(4.22)	(0.78)
OPD* YA	-0.010**	0.069*	-0.001	-0.054			-0.006	0.022	0.007
	(0.01)	(0.04)	(0.01)	(0.05)			(0.00)	(0.03)	(0.01)
CPCM*YA* OPD	0.021	-0.155	0.002	0.055		-0.022	0.008	0.023	-0.016
	(0.01)	(0.23)	(0.01)	(0.08)		(0.02)	(0.01)	(0.10)	(0.01)
OPD* Degree	0.021	0.115	-0.012	0.299	0.082	. ,	0.081**	0.131	0.001
e	(0.04)	(0.62)	(0.04)	(0.36)	(0.05)		(0.04)	(0.46)	(0.07)
CPCM*OPD*	-0.013	-0.047	0.020	0.107	-0.132*	0.045	-0.123**	-0.037	0.049
Degree									
	(0.11)	(1.79)	(0.06)	(0.62)	(0.07)	(0.14)	(0.05)	(0.63)	(0.11)

Table 4-4- 20 Robustness test (2000-2022)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table 4-4- 21 Robustness test (2000-2022)

	Model 7(Ful	l sample)	Model 8 (Entro	py balance)
VARIABLES	PA	PI	PA	PÍ
CPCM	0.170	-1.163	0.624	-0.729
	(0.22)	(4.29)	(0.45)	(4.16)
CPCM*YA	-0.002	0.023	0.019**	0.004
	(0.00)	(0.10)	(0.01)	(0.10)
CPCM* Degree	-0.003	-0.130	-0.111*	0.038
	(0.04)	(0.48)	(0.06)	(0.47)
CPCM* OPD	-0.185	0.440	0.667	0.523
	(0.23)	(4.63)	(0.51)	(4.56)
OPD* YA	-0.010***	-0.001	0.005	0.003
	(0.00)	(0.03)	(0.01)	(0.03)
CPCM*YA* OPD	0.009*	-0.012	-0.013	-0.010
	(0.00)	(0.11)	(0.01)	(0.10)
OPD * Degree	0.008	0.317	0.024	0.384
-	(0.02)	(0.37)	(0.05)	(0.43)
CPCM* OPD * Degree	-0.021	0.010	0.020	-0.086
-	(0.04)	(0.57)	(0.07)	(0.59)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Firn	n diversification	CEO	Party membership
Party membership		0.020**		2.994***
•		(0.01)		(0.07)
YA	0.002***	0.002***	-0.013***	0.010***
	(0.00)	(0.00)	(0.00)	(0.00)
Degree	0.018***	0.019***	-0.091***	-0.044
•	(0.01)	(0.01)	(0.03)	(0.03)
OPD	-1.051***	-1.047***	-0.428*	0.083
	(0.05)	(0.05)	(0.23)	(0.27)
GOV/SOE	-0.006	-0.006	-0.007	-0.150**
	(0.01)	(0.01)	(0.05)	(0.07)
OECD	<b>0.008</b>	0.008	-0.137	-0.163
	(0.03)	(0.03)	(0.12)	(0.15)
FC	0.136***	0.136***	0.138**	0.166**
	(0.01)	(0.01)	(0.06)	(0.07)
CO	0.000	0.000	0.006***	0.005**
	(0.00)	(0.00)	(0.00)	(0.00)
FA	0.064***	0.064***	0.040***	0.043***
	(0.00)	(0.00)	(0.00)	(0.01)
FS	-0.041***	-0.041***	0.006	-0.041
	(0.01)	(0.01)	(0.02)	(0.03)
ROA	-0.064	-0.065	-0.271	-0.538*
	(0.05)	(0.05)	(0.19)	(0.31)
SS	-0.006***	-0.006***	0.023**	0.029**
	(0.00)	(0.00)	(0.01)	(0.01)
RD	0.002	0.002	0.002	-0.009
	(0.00)	(0.00)	(0.01)	(0.01)
LD	0.002	0.002	0.003	Ò.008
	(0.00)	(0.00)	(0.01)	(0.01)
GDP	0.001	0.002	0.009	0.030**
	(0.00)	(0.00)	(0.01)	(0.01)
IUR	-0.028**	-0.027**	-0.255***	-0.225***
	(0.01)	(0.01)	(0.06)	(0.07)
IC	-0.030	-0.032	-0.667	-1.235
	(0.17)	(0.17)	(0.74)	(0.87)

Table 4-4- 22 Effects of Chair's Party Member	rship on Firm Diversification and
Party-Member CEO	(2000-2022)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

### 4.4.4 Result of revised hypothesis (|||)

Table 4-4-23 presented the descriptive statistics of the data before and after matching with TMT Party member ratio. Table 4-4- 24 and Table 4-4- 25 showed the correlation of full sample and matched sample, respectively. Table 4-4- 26 displayed the relationship between TMT Party member ratio and patent applications. I didn't find significant result between Party membership and patent applications ( $\beta$ =0.025, p>0.1), as well as the moderating effects of age ( $\beta$  = -0.012, p>0.1), but the moderating effect of education were found significant ( $\beta$ = -0.224, p<0.05). Additionally, the secondhand imprint effects of older Party members on the moderation by age and education were also insignificant ( $\beta$ = 0.451, p>0.1,  $\beta$ = 0.059, p>0.1). Therefore, in this model, I didn't find significant supportive evidence for most of my hypothesis. Hypothesis 1a, Hypotheses 2a, 4a, and 5a were not supported, the result of Hypothesis 3a was conflict with my prediction

Table 4-4- 27 illustrated the relationship between TMT Party member ratio and the likelihood of patent infringement. Except for the moderating effect of age ( $\beta$ = -0.263, p<0.05) ,We didn't achieve any significant result. Thus, in the patent infringement model, compared with original results, all hypotheses were not supported.

Following Xu et al. (2023) robustness test procedures. First, I replace patent applications to the number of inventions. Second, I replaced patent applications to R&D. Third, I replace province level older party member director ratio to city level older party member director ratio. Fourth, I controlled CEOs characteristics, such as CEO age, CEO education, CEO overseas experience and CEO governemnt / SOEs experience. Fifth, I use normal negative binomial regression with cluster effect to examine the robustness of patent application. Sixth, I used the full sample to test the influence of TMT CPC member ratio on patent application and patent infringement . Seventh, I replace TMT party member ratio to CEO party membership. All results of robustness test showed in Table 4-4- 28 and Table 4-4- 29. Further, I examined the relationship between CEO CPC membership and firm diversification (Table 4-4- 30).

	]	Full Samp	ole	Μ	atched Sam	ole
VarName	Obs	Mean	SD	Obs	Mean	SD
PA	18587	38.79	276.41	9241	40.72	318.50
PI	18587	0.01	0.10	9241	0.01	0.10
CPCM	18587	0.13	0.22	9241	0.20	0.26
Young age (YA)	18587	48.42	3.23	9241	48.69	3.19
Degree	18587	3.12	0.46	9241	3.10	0.47
OPD	18587	0.44	0.13	9241	0.44	0.13
GOV/SOE	18587	0.23	0.42	9241	0.30	0.46
OECD	18587	0.06	0.24	9241	0.04	0.20
Founder chair (FC)	18587	0.56	0.50	9241	0.55	0.50
Chair ownership (CO)	18587	12.62	16.01	9241	12.82	16.44
Firm age (FA)	18587	6.49	6.03	9241	7.46	6.34
Firm size (FS)	18587	7.39	1.11	9241	7.55	1.11
ROA	18587	0.04	0.22	9241	0.05	0.28
State share (SS)	18587	0.65	2.89	9241	0.75	3.23
RD	18587	5.82	214.66	9241	3.44	3.75
Legal development	18587	10.58	4.17	92/1	0.85	4.05
(LD)				9241	9.85	4.05
GDP	18587	8.49	3.67	9241	8.93	3.80
Internet user ratio	18587	0.85	0.78	02/1	0.69	0.68
(IUR)				9241	0.09	0.08
Industry competition	18587	0.92	0.07	9241	0.92	0.08
(IC)				7241	0.72	0.00

 

 Table 4-4- 23 Descriptive Statistic Comparison Between Full Sample and Matched Sample (2000-2022)

	РА	PI	CPCM	YA	Degree	OPD	GOV/SOE	OECD	FC	СО	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
PA	1																		
PI	0.133***	1																	
CPCM	-0.028***	-0.015**	1																
YA	0.049***	0.010	0.077***	1															
Degree	0.083***	0.026***	-0.063***	0.018**	1														
OPD	-0.008	-0.001	-0.026***	-0.125***	-0.071***	1													
Gov/SOE	0.042***	-0.003	0.072***	0.007	0.125***	-0.017**	1												
OECD	0.041***	0.002	-0.035***	0.051***	0.055***	-0.026***	-0.010	1											
FC	-0.001	0.008	-0.067***	0.005	0.018**	-0.146***	-0.002	-0.000	1										
CO	-0.004	0.002	-0.056***	-0.014*	-0.012*	-0.094***	-0.026***	0.010	0.460***	1									
FA	0.061***	0.008	0.193***	0.172***	0.119***	-0.146***	0.092***	0.054***	-0.324***	-0.210***	1								
FS	0.219***	0.075***	0.069***	0.171***	0.064***	-0.047***	0.046***	0.010	-0.059***	-0.093***	0.214***	1							
ROA	0.008	0.008	-0.001	-0.002	-0.007	-0.011	0.002	-0.001	0.058***	0.050***	-0.028***	0.004	1						
SS	-0.015**	-0.012	0.031***	-0.055***	0.017**	0.116***	0.018**	-0.008	-0.084***	-0.062***	-0.040***	-0.038***	-0.009	1					
RD	-0.000	-0.000	-0.005	-0.003	0.020***	-0.003	-0.004	-0.001	-0.005	-0.003	-0.010	-0.011	0.000	0.001	1				
LD	0.046***	-0.002	-0.158***	0.199***	0.072***	0.028***	-0.067***	0.073***	0.113***	0.130***	-0.007	0.027***	-0.018**	-0.116***	0.014*	1			
GDP	-0.030***	-0.007	0.092***	-0.232***	-0.102***	0.281***	0.034***	-0.086***	-0.085***	-0.100***	-0.101***	-0.034***	0.022***	0.109***	-0.019***	-0.488***	1		
IUR	0.058***	0.024***	-0.170***	0.141***	0.122***	0.085***	-0.037***	0.094***	0.047***	0.075***	0.029***	0.038***	-0.028***	-0.074***	0.011	0.618***	-0.403***	1	
IC	0.001	0.002	-0.026***	0.036***	0.105***	-0.048***	0.017**	0.021***	0.026***	0.063***	-0.005	-0.041***	-0.004	-0.018**	0.009	0.108***	-0.097***	0.095***	1

Table 4-4- 24 Correlation of Full Sample (2000-2022)

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	Table 4-4-25 Concitation of Watched Sample (2000-2022)																		
	РА	PI	CPCM	YA	Degree	OPD	GOV/SOE	OECD	FC	СО	FA	FS	ROA	SS	RD	LD	GDP	IUR	IC
PA	1																		
PI	0.120***	1																	
CPCM	-0.037***	-0.017	1																
YA	0.053***	0.002	0.080***	1															
Degree	0.084***	0.036***	-0.070***	0.031***	1														
OPD	-0.017*	-0.009	-0.026**	-0.159***	-0.073***	1													
Gov/SOE	0.034***	-0.011	0.019*	0.003	0.154***	-0.000	1												
OECD	0.069***	0.010	-0.008	0.071***	0.046***	-0.053***	0.012	1											
FC	-0.004	0.019*	-0.044***	0.033***	0.011	-0.177***	-0.017	0.017	1										
СО	-0.007	0.004	-0.048***	0.002	-0.003	-0.112***	-0.038***	0.032***	0.474***	1									
FA	0.069***	-0.000	0.126***	0.191***	0.160***	-0.166***	0.078***	0.087***	-0.352***	-0.220***	1								
FS	0.224***	0.078***	0.033***	0.185***	0.083***	-0.066***	0.017	0.016	-0.077***	-0.099***	0.247***	1							
ROA	0.005	0.006	-0.005	-0.005	-0.003	-0.010	-0.004	-0.006	0.029***	0.026**	-0.010	-0.016	1						
SS	-0.017*	-0.014	0.023**	-0.071***	0.009	0.134***	-0.000	-0.006	-0.099***	-0.074***	-0.049***	-0.042***	-0.012	1					
RD	0.036***	0.024**	-0.116***	0.125***	0.178***	-0.171***	0.022**	0.035***	0.215***	0.211***	-0.085***	-0.074***	-0.002	-0.070***	1				
LD	0.062***	0.002	-0.097***	0.253***	0.083***	-0.033***	-0.022**	0.087***	0.162***	0.181***	0.061***	0.058***	-0.008	-0.131***	0.322***	1			
GDP	-0.037***	-0.005	0.051***	-0.282***	-0.112***	0.336***	0.009	-0.117***	-0.136***	-0.149***	-0.167***	-0.062***	0.011	0.117***	-0.295***	-0.502***	1		
IUR	0.068***	0.016	-0.101***	0.200***	0.131***	0.029***	0.002	0.116***	0.083***	0.136***	0.124***	0.061***	-0.009	-0.066***	0.283***	0.630***	-0.424***	1	
IC	0.000	-0.010	-0.020**	0.032***	0.083***	-0.057***	0.020**	0.017*	0.010	0.081***	0.016	-0.033***	-0.014	-0.015	0.142***	0.099***	-0.083***	0.084***	1

Table 4-4-25 Correlation of Matched Sample (2000-2022)

# Table 4-4- 26 Effects of TMT Party Member Ratio on Patent Application (2000-2022)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM_pro (H1a)		0.025	0.594	0.708**	-2.809	0.710	-2.437
CPCM pro*TMTVA (H2a)		(0.06)	(0.78)	(0.32)	(2.55)	(1.00)	(2.76)
			(0.012)		(0.050)		(0.002)
CPCM_pro* TMTEDU (H3a)			(***=)	-0.224**	(****)	-0.247	-0.226
				(0.10)		(0.32)	(0.32)
CPCM_pro* OPD					7.430	-0.025	7.909
OPD* TMTYA					-0.012	(2.19)	-0.011
					(0.04)		(0.04)
CPCM_pro*TMTYA*OPD (H4a)					-0.147		-0.156
					(0.11)	0.067	(0.11)
OPD*IMIEDU						(0.06)	0.058
CPCM pro*OPD*CEOEDU(H5a)						0.059	(0.23)
······						(0.71)	(0.70)
TMTAge	0.039***	0.039***	0.041***	0.040***	0.046***	0.040***	0.046***
	(0.00)	(0.00)	(0.01)	(0.00)	(0.02)	(0.00)	(0.02)
IMIEDU	$(0.053^{*})$	0.053*	0.054*	0.096***	$(0.053^{*})$	(0.11)	(0.070)
OPD	0.553***	0.555***	0.552***	0.554***	1.158	0.311	0.920
	(0.16)	(0.16)	(0.16)	(0.16)	(1.73)	(0.75)	(1.90)
GOV/SOE	-	-	-	-	-	-	-
	0.092***	0.092***	0.092***	0.094***	0.095***	0.094***	0.097***
TMTOECD	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
IMIOLED	(0.043)	(0.05)	(0.05)	(0.042)	(0.043)	(0.042)	(0.042)
FC	0.035	0.035	0.035	0.034	0.036	0.034	0.035
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
CO	0.002***	0.002***	0.002***	0.002***	0.002***	0.002***	0.002***
FΔ	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
IA	- 0.087***	- 0.087***	- 0.087***	- 0.087***	- 0.087***	- 0.087***	- 0.087***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FS	0.337***	0.337***	0.337***	0.338***	0.337***	0.338***	0.337***
DOA	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
ROA	0.105*	0.105*	$0.105^{*}$	0.105*	0.105*	0.105*	$(0.105^{*})$
SS	-0.003	-0.003	-0.003	-0.003	-0.004	-0.003	-0.004
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
RD	0.022***	0.023***	0.022***	0.022***	0.023***	0.022***	0.022***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
LD	$(0.015^{***})$	0.015***	$(0.015^{***})$	0.015***	$(0.015^{***})$	$(0.015^{***})$	0.015***
GDP	0.001	(0.01) 0.001	0.001	(0.01)	(0.01) 0.001	(0.01)	0.001
<b>GDI</b>	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
IUR	0.034	0.035	0.035	0.034	0.034	0.033	0.034
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
IC	0.201	0.202	0.200	0.203	0.186	0.196	0.183
Constant	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.50)	(0.50)
Consum	7.162***	7.164***	7.266***	7.306***	7.504***	7.181***	7.513***
	(0.47)	(0.47)	(0.49)	(0.47)	(0.92)	(0.59)	(0.99)
•• •• •	1 FG	1 PC	1 PC	N P C	NEC.	1 PC	N F G
Year and industry dummies	YES 0.241	YES 0.241	YES 0.241	YES 0.241	YES 0.241	YES 0.241	YES 0.241
1N	9,241	9,241	9,241	9,241	9,241	9,241	9,241

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
CPCM_pro (H1a)		-0.169	12.658*	3.317	19.442	8.267	31.894
		(0.62)	(6.53)	(2.25)	(35.16)	(6.53)	(38.27)
CPCM_pro*TMTYA (H2a)			-0.263*		-0.433		-0.471
			(0.14)		(0.73)		(0.72)
CPCM_pro* TMTEDU (H3a)				-1.118		-3.444	-3.483
				(0.72)		(2.19)	(2.45)
CPCM_pro* OPD					-18.577	-10.404	-36.875
					(64.49)	(14.83)	(71.43)
OPD* TMTYA					-0.374		-0.379
					(0.29)		(0.29)
CPCM_pro*TMTYA*OPD					0.451		0.532
(H4a)							
					(1.35)		(1.33)
OPD*TMTEDU						0.518	0.418
						(2.00)	(1.96)
CPCM_pro*OPD*TMTEDU(H						4.946	4.766
5a)							
	0.000	0.000	0.000	0.000	0.1.6	(4.62)	(5.25)
IMIAge	-0.029	-0.028	0.008	-0.029	0.167	-0.026	0.169
	(0.04)	(0.04)	(0.05)	(0.04)	(0.14)	(0.04)	(0.14)
IMIEDU	0.480**	0.4//**	0.4/5**	0.655**	0.468*	0.445	0.495
OPD	(0.24)	(0.24)	(0.24)	(0.28)	(0.24)	(1.01)	(0.98)
OPD	-1.020	-1.018	-1.088	-1.000	16.824	-3.390	15.589
COMPOE	(1.36)	(1.36)	(1.37)	(1.35)	(14.32)	(0.07)	(16.39)
GOV/SOE	-0.551*	-0.555***	-0.5/0**	-0.362**	-0.588**	-0.5/5**	-0.601**
TMTOECD	(0.28)	(0.28)	(0.28)	(0.28)	(0.29)	(0.28)	(0.29)
IMIOECD	0.609	0.605	0.620	0.598	(0.45)	0.589	0.598
EC	(0.44)	(0.44)	(0.44)	(0.44)	(0.43)	(0.44)	(0.43)
FC	(0.273)	0.278	(0.307)	(0.207)	(0.300)	(0.200)	(0.274)
<u> </u>	0.000	0.000	0.001	(0.27)	0.000	(0.27)	(0.27)
0	-0.000	-0.000	-0.001	(0.000)	-0.000	(0.000)	(0.000)
Ε <b>Δ</b>	-0.034	-0.033	(0.01)	(0.01)	(0.01)	-0.031	(0.01)
IA	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
FS	0.692***	0.689***	0.687***	0.686***	0.691***	0.691***	0.693***
15	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)	(0.12)
ROA	0 253***	0 254***	0 239***	0.246***	0 241***	0 255***	0.237***
Roll	(0.09)	(0, 09)	(0.08)	(0.09)	(0.08)	(0.09)	(0.09)
SS	-0.056	-0.055	-0.054	-0.055	-0.055	-0.057	-0.055
55	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
RD	0.048**	0.048**	0.047**	0.045**	0.048**	0.046**	0.046**
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
LD	0.018	0.017	0.017	0.017	0.016	0.013	0.016
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
GDP	0.032	0.031	0.035	0.027	0.036	0.026	0.032
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
IUR	0.570***	0.567***	0.555**	0.569***	0.561***	0.559**	0.564***
	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
IC	0.190	0.204	0.245	-0.005	0.232	-0.160	-0.064
	(1.91)	(1.91)	(1.95)	(1.93)	(1.91)	(1.90)	(1.92)
Constant	-	-	-	-	-	-	-
	13.165**	13.162**	14.907**	13.469**	22.504**	12.331**	22.346**
	*	*	*	*	*	*	*
	(2.97)	(2.96)	(3.04)	(3.01)	(7.34)	(4.36)	(8.18)
Year and industry dummies	YES	YES	YES	YES	YES	YES	YES
N	7,963	7,963	7,963	7,963	7,963	7,963	7,963

# Table 4-4- 27 Effects of TMT Party Member Ratio on Patent Infringement (2000-2022)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Model 1	Model 2	Model 3 (City level OPD)		Model 4 (C	EO controls)		
VARIABLES	Invention	RD	PA	PI	PA	PI		
CPCM	-15.145***	12.747*	1.799	20.005	-2.336	33.551		
	(4.25)	(6.79)	(1.55)	(15.48)	(2.77)	(39.33)		
CPCM*YA	0.283***	-0.217	-0.039	-0.371	0.059	-0.500		
	(0.08)	(0.13)	(0.03)	(0.27)	(0.05)	(0.74)		
CPCM* Degree	0.489	-0.877	0.043	-0.838	-0.205	-3.569		
-	(0.48)	(0.85)	(0.19)	(1.98)	(0.32)	(2.50)		
CPCM* OPD	37.291***	-8.234	-1.365	-10.143	7.875	-40.597		
	(9.22)	(13.58)	(4.02)	(44.06)	(5.85)	(73.65)		
OPD* YA	0.096	-0.134	-0.044*	0.071	-0.011	-0.395		
	(0.07)	(0.11)	(0.02)	(0.29)	(0.04)	(0.29)		
CPCM*YA*	-0.626***	0.285	0.080	0.298	-0.153	0.591		
OPD								
	(0.17)	(0.26)	(0.07)	(0.80)	(0.11)	(1.37)		
OPD * Degree	1.033**	-1.489**	0.395***	0.690	0.059	0.344		
-	(0.41)	(0.69)	(0.15)	(1.63)	(0.23)	(2.00)		
CPCM* OPD *	-2.438**	-1.568	-0.851*	-0.862	-0.043	5.030		
Degree								
-	(1.11)	(1.64)	(0.48)	(4.06)	(0.70)	(5.30)		

Table 4-4-28 Robustness Test

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table 4-4- 29 Robustness Test

	Model 5 (Clustered	Model	6 (Full sample)
	by Firm)		
VARIABLES	PA	PA	PI
CPCM	2.590	-3.686	10.945
	(5.80)	(2.30)	(32.28)
CPCM*YA	-0.091	0.073*	-0.027
	(0.11)	(0.04)	(0.60)
CPCM* Degree	0.715	0.067	-3.495
	(0.82)	(0.27)	(2.38)
CPCM* OPD	5.676	8.261*	0.144
	(12.11)	(4.89)	(60.08)
OPD* YA	0.114	0.028	-0.167
	(0.09)	(0.02)	(0.21)
CPCM*YA* OPD	0.040	-0.151*	-0.352
	(0.22)	(0.09)	(1.13)
OPD * Degree	0.829	0.141	-0.658
	(0.58)	(0.14)	(1.40)
CPCM* OPD * Degree	-2.877	-0.283	6.015
	(1.84)	(0.58)	(4.97)

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

	Firm	n diversification	CEO I	CEO Party membership		
Party membership		0.007		8.911***		
		(0.02)		(0.20)		
YA	-0.008***	-0.008***	0.041***	-0.021*		
	(0.00)	(0.00)	(0.01)	(0.01)		
Degree	0.033***	0.034***	-0.318***	-0.241***		
-	(0.01)	(0.01)	(0.05)	(0.08)		
OPD	-0.001	-0.001	-0.903***	-0.407		
	(0.08)	(0.08)	(0.34)	(0.48)		
GOV/SOE	-0.043***	-0.043***	0.055	0.028		
	(0.01)	(0.01)	(0.05)	(0.08)		
OECD	-0.026	-0.026	-0.104	0.014		
	(0.03)	(0.03)	(0.13)	(0.18)		
FC	-0.007	-0.007	0.100	-0.106		
	(0.01)	(0.01)	(0.06)	(0.09)		
CO	0.000	0.000	0.006***	0.010***		
	(0.00)	(0.00)	(0.00)	(0.00)		
FA	0.029***	0.029***	0.037***	-0.007		
	(0.00)	(0.00)	(0.00)	(0.01)		
FS	-0.082***	-0.082***	0.025	0.101***		
	(0.01)	(0.01)	(0.02)	(0.03)		
ROA	-0.050**	-0.050**	0.066	0.095		
	(0.02)	(0.02)	(0.08)	(0.15)		
SS	0.003*	0.003*	0.010	0.010		
	(0.00)	(0.00)	(0.01)	(0.01)		
RD	-0.004**	-0.004**	0.002	0.022**		
	(0.00)	(0.00)	(0.01)	(0.01)		
LD	-0.004	-0.004	0.030***	0.062***		
	(0.00)	(0.00)	(0.01)	(0.02)		
GDP	0.001	0.001	0.013	0.031**		
	(0.00)	(0.00)	(0.01)	(0.02)		
IUR	0.007	0.007	-0.167***	0.017		
	(0.01)	(0.01)	(0.06)	(0.08)		
IC	-0.666***	-0.665***	0.605	2.346**		
	(0.13)	(0.13)	(0.64)	(0.97)		

## Table 4-4- 30 Effects of TMT Party Membership on Firm Diversification and Party-Member CEO

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

### 4.5 Discussion

This study aims to replicate and extend the hypotheses proposed by Xu et al. (2023) regarding the influence of Maoist ideology on innovation behavior in Chinese firms. Contrary to their original hypothesis—that Communist Party-member chairmen influenced by Maoist ideology would suppress patent applications and increase the likelihood of infringement—our empirical results show that Party-member chairmen, on average, are more likely to promote patent applications and reduce patent infringement. This finding contradicts the original theoretical assumptions, suggesting the need to re-examine the ideological framework adopted.

Therefore, in the extended part of the study, I redefined the ideological analytical framework, hypothesizing that Party-member chairmen are more likely to promote patent applications and suppress infringement. Although some empirical results support this view, the main effect loses statistical significance after the introduction of moderating variables such as age, educational background, and TMT composition.

It is worth noting that while I observed results at the chairman level consistent with the Dengist hypothesis—namely, that Party-member chairmen tend to promote patent applications and suppress infringement—this relationship did not hold significantly when the analysis level was extended to the top management team (TMT). Furthermore, when moderating variables such as age, education level, and the proportion of senior Party members were introduced, no significant results were found in either the original or extended models.

One possible explanation for the non-significant results at the TMT level is that, in Chinese firms—especially non-state-owned enterprises—the chairman still holds dominant authority in strategic decision-making. Even though upper echelons theory (Hambrick & Mason, 1984) emphasizes the importance of team-based decisions, in practice the collaborative decision-making mechanism within TMTs may be weak under the influence of Party organization penetration. Party-member chairmen are often the individuals with the clearest political identity and the closest ties to the Party organization, making their ideological influence more readily transmitted to the strategic level through authoritative decisions. In contrast, TMT members tend to show greater diversity and functional differentiation, which may weaken the collective ideological effect on innovation strategy.

On the other hand, the lack of significant moderating effects from variables such as age, educational background, and the proportion of senior Party members may also be attributed to the fact that CPC members receive continuous and institutionalized political education within the organization. As mentioned earlier, political socialization among Party members is an ongoing process, and the ideological imprint it produces is highly structured and institutionalized. Therefore, even with differences in education level or age structure, behavioral decision-making patterns within the organization still show a high degree of consistency. This consistency stems from a unified value orientation and compliance tendency shaped by channels such as organizational life, Party courses, and document study, making it difficult for these variables to significantly influence the relationship between ideology and corporate innovation.

Additionally, it is worth pointing out that although the variable "proportion of senior Party members" is assumed to enhance the stability of traditional ideology, my data did not demonstrate its influence on innovation behavior. Possible reasons include the fact that, in practice, although senior Party members have longer tenures, they do not necessarily directly participate in strategic innovation decisions; rather, core decisionmaking power often resides in the top leader or a small group of senior executives. Therefore, the proportion of senior Party members may not translate into actual influence on strategic innovation orientation.

In conclusion, although this study did not find empirical support for the extended level and moderating mechanisms, these null results instead prompt us to further reflect on the hierarchical and concentrated nature of ideological influence in Chinese corporate governance structures. In organizations with high political alignment, individual difference variables may not sufficiently explain heterogeneity in strategic behavior Theoretical Contributions

This replication and extension offer a number of contributions in advancing research on ideological imprinting, a critical topic for management scholars. My results provide new statistical evidence that deepens my understanding of the evolution of communist ideology and the imprinting decay effect. The contrasting findings between the original study and my research underscore the complexity of how ideological influences shape organizational behavior, particularly in the context of transitioning economies. A key theoretical contribution of this study is the suggestion that certain demographic factors, such as age and education, may not necessarily weaken ideological imprints as previously assumed. This challenges the prevailing notion that personal experience and education are universally effective in diluting ideological influences. Instead, it raises important questions about the specific conditions under which ideological imprinting persists, inviting scholars to explore other potential moderating factors that may play a more significant role, such as industry characteristics, organizational culture, or social networks.

Additionally, by revising the hypothesis to incorporate the impact of Deng Xiaoping's reforms, I demonstrate that ideological imprinting is not static but can evolve over time in response to broader socio-economic changes. This suggests that future research should not only examine the enduring effects of early ideological influences but also consider how these influences may be moderated or transformed by subsequent political or economic developments.

Moreover, my findings contribute to the literature on innovation and intellectual property rights by revealing the dual forces of patent application encouragement and infringement suppression within the context of evolving ideological frameworks. This offers a more nuanced understanding of how managerial decisions related to innovation are influenced by ideological legacies. Ultimately, the observation that age and education did not exhibit a significant impact on imprinting decay opens the door for further exploration into individual-level factors, prompting researchers to investigate how various personal and contextual dimensions interact with deep-seated ideological influences.

#### **Practical Implications**

This study offers practical insights for Chinese enterprises, revealing the significant impact of the ideology of the CPC, particularly the proportion of Communist Party members in TMTs, on corporate innovation. The findings hold important practical significance; CPC emphasizes a people-centered development philosophy and focuses on solving practical problems. This ideology can guide enterprises to pay more attention to market demand and social value in the innovation process, thereby stimulating their innovative drive. For example, through the leadership of the Party member or Party organization, enterprises can better align innovation with national strategies, promoting breakthroughs and applications in key core technologies. Secondly, the integration of Party organizations helps to improve corporate governance mechanisms. By incorporating the Party's political and organizational development into corporate governance structures, enterprises can build more scientific and efficient governance models. This integration not only enhances decision-making efficiency but also strengthens the enterprise's risk resistance capabilities, providing a stable internal environment for innovation. Lastly, strengthening ideological work can create a positive corporate culture atmosphere, stimulating employees' innovative vitality. Enterprises can leverage the cohesive power of Party organizations to closely align

employees' personal goals with the company's development objectives, forming a strong innovative synergy.

#### 4.6 Limitation and future research

This study primarily employs imprinting theory to explain the influence of Maoism on corporate management, as imprinting theory is adept at explaining the persistence and adaptability of ideologies. However, relying on a single theoretical framework may limit a comprehensive understanding of ideological imprints. Imprinting theory focuses primarily on the lasting impact of environmental factors on behavior, but it may not fully capture the complex psychological and emotional dimensions at the individual level, which are likely essential for understanding the adaptability and persistence of ideological imprints. Without incorporating other theories, such as institutional theory, the study may not fully account for how ideology manifests across multiple contextual layers. For example, institutional theory could elucidate how ideology becomes institutionalized within specific environments. Therefore, a single theoretical framework might restrict a full understanding of Maoism's multi-layered impact.

Secondly, although this study covers key policy change points between 2008 and 2022, the effects of these changes may still be emerging, and a short-term analysis might struggle to fully capture the long-term impacts of these policies on managerial behaviors. The deeper effects of policy changes on ideological underpinnings often require considerable time to manifest, meaning that a short-term study may not adequately reveal their lasting impact. Additionally, the implementation of policy changes is often a dynamic process, with effects that gradually become apparent rather than showing immediate results. This slower manifestation may influence managers' thinking and behaviors over time, suggesting that a shorter timeframe might limit the ability to assess the enduring effects of ideological persistence or decay. Consequently, the potential long-term and gradual effects of policy changes on ideological adaptation may not be fully explored within this study's timeframe.

Thirdly, as this study focuses specifically on Maoism within the context of China, the findings are largely applicable to this particular ideological and cultural background. Although the research provides valuable insights into the role of ideology in Chinese corporate management, the impact could vary across other countries or cultural contexts. For instance, corporate managers in different ideological settings might respond differently to policy environments and cultural influences. This brings certain limitations to the generalizability of the findings, suggesting that future research could undertake cross-cultural comparisons to validate how ideological imprints manifest in various cultural and national contexts. Additionally, this study's findings rely on China's specific policy environment, such as the strengthening of intellectual property protection, which may not be applicable in other regions with more stable or divergent policy directions. For instance, in countries or regions with slower institutional changes, ideological imprints may behave differently compared to China. Thus, the applicability of the findings in other policy environments could be limited, especially where institutional changes are slower or where policies follow different trajectories.

In light of these limitations, several future research directions emerge. First, integrating other relevant theories, such as institutional theory and social construction theory, could offer a more comprehensive analysis of ideological imprints' adaptability and persistence across varied environments. Institutional theory, for example, can help uncover the process by which Maoism becomes institutionalized within specific environments and explore how the policy context influences the strengthening or weakening of ideological imprints.

Secondly, employing a longitudinal research design to track long-term changes in corporate and managerial behaviors would allow for a deeper examination of the effects of Maoism or other ideological imprints over time. By studying these imprints across a broader timeframe, research can uncover the enduring impacts of policy changes on managerial behavior and explore the gradual decay or adaptation process of imprints. For example, examining the progressive influence of changes in intellectual property protection policies over multiple years could reveal how they incrementally affect corporate decision-making processes. Such an approach would provide insights into how policy changes gradually manifest and deepen within ideological imprints.

Thirdly, expanding the scope to include other countries and cultural contexts would allow for an exploration of how different ideologies function within corporate management. This could involve studying the adaptability and influence of Soviet-style socialism or capitalist ideologies in various countries, offering a broader understanding of ideological imprints from a cross-cultural perspective. Cross-national research could not only validate the behavior of Maoism in different cultural backgrounds but also explore the influence of other ideologies across varied institutional settings. Furthermore, within China, future studies could consider cultural comparisons across regions and ethnicities to examine how diverse backgrounds influence the expression of Maoism imprints. By comparing cultural differences within regions, future research can deepen the understanding of how China's internal diversity affects the adaptability of ideological imprints.

Finally, beyond age and education, future research could consider other personal and organizational characteristics as moderators, to better understand how Maoism imprints manifest in various contexts. Factors like the gender of managers, international experience, or corporate governance structures could significantly influence the role of ideological imprints in modern firms. Future studies could explore how these factors interact with Maoist imprints and investigate the moderating effects of these variables across broader contexts. Additionally, future research could focus on the dynamic characteristics of managerial careers, such as growth phases, significant transitions (like those who grew up post-Reform and Opening Up), and how these experiences affect Maoism's adaptability at different stages. This focus on dynamic characteristics would provide insights into how ideological imprints evolve and adapt throughout an individual's career trajectory.

### Chapter 5 The Influence of Evolving Communist Ideology on FDI Decisions

This chapter builds upon the research questions and theoretical framework proposed in Chapter 3, which centers on how Chinese Communist ideology influences firms' OFDI strategies. Chapter 3 outlines the ideological imprinting mechanism at a general level, and this chapter further operationalizes that framework by examining OFDI strategy through three specific and theoretically relevant dimensions: location choice, establishment mode, and investment speed. These three dimensions represent distinct but interrelated aspects of firms' internationalization behavior, allowing us to unpack how ideological imprints shape different facets of strategic decision-making. By structuring the analysis along these dimensions, this chapter provides an in-depth and systematic response to the overarching research question raised earlier: how does chairman / TMT's Chinese communist ideology, in particular Dengism shape FDI strategies? What are the influences of some key boundary conditions?

### **5.1 Introduction**

Political ideology, defined as a set of beliefs and values that guide individual and collective behavior (Jost et al., 2009), significantly shapes firm decisions. Prior research has extensively examined the impact of political ideology on firm behaviors, such as corporate social responsibility, financial management, and innovation, primarily based on the Western liberal-conservative framework. Liberal ideologies are generally associated with openness, willingness to embrace change, and higher risk tolerance,

while conservative ideologies emphasize stability, tradition, and risk aversion (Christensen et al., 2015; Elnahas & Kim, 2017).

Despite the usefulness of incorporating political ideology in business and management research, how political ideology influences foreign direct investment (FDI) decisions is understudied. FDI has been widely examined in international business (IB) literature. Location choice, establishment mode, and speed are important FDI decisions that firms make. Many scholars have typically applied such theories as institutional theory, resource-based view, and upper echelons theory to address the determinants of OFDI (Barney, 1991; Cantwell, Dunning, & Lundan, 2010; Cui & Jiang, 2012).

Political ideology-related IB research is limited and focuses on the Western contexts. Considering that the political ideologies in emerging economies are distinctively different from the Western ideologies, there is an important gap in the literature. Such a gap is particularly pronounced in the context of China, the largest emerging economy, where the evolving communist ideology has dominated the society for decades.

We note that some recent studies have explored the imprinting effects of China's earliest version of communist ideology—Maoist ideology—and generated mixed findings. For example, Xu et al. (2023) and Marquis and Qiao (2018) suggest that entrepreneurs or board chairs imprinted by Maoist ideology are less likely to pursue market-driven competitive activities, such as patenting activity and internationalization. In contrast, Ali et al. (2023b) reveal a positive relationship between Maoist imprints and patenting activity. Although Maoist ideology has always been important in China, Dengism,

characterized by gradual economic opening and market-oriented reforms, has partially substituted Maoism as the dominant ideology and profoundly shaped the strategic mindset of Chinese executives since 1978. Its featured "bringing in" and "going out" policies have stimulated China's both inward and outward FDIs. Dengism also stresses economic security and discourages firms from pursuing blind OFDI expansion (Deng, 1994; Jiang, 2013). Moreover, Xi Jinping Thoughts, representing the recent decade's ideological development in China, differs from Dengism in critical aspects. Therefore, some important questions arise and attract scholars' attention. How does the evolution of Chinese communist ideology influence Chinese firms' OFDI decisions on location choice, establishment mode, FDI speed? Does Dengism have an imprinting effect on these decisions? How do Xi Jinping Thoughts condition the imprinting effects? To address these questions, I draw on imprinting theory and upper echelon theory, positing that Chinese communist ideology has evolved from Dengism to Xi Jinping Thoughts, and the two streams of ideological development exert somewhat different influences on Chinese firms' OFDI decisions. In the context of my study, I argue that the imprinting of Dengism on Chinese firms' TMTs propels firms to make OFDI in developed countries but discourages them to choose M&A mode and pursue fast speed, whereas the rising Xi Jinping Thoughts tend to weaken these imprinting effects. I conduct empirical tests to confirm my hypotheses to a large extent with a sample of Chinese non-SOEs listed on the Shanghai and Shenzhen Stock Exchanges over the period of 2003-2022.

This study makes several significant contributions. First, I enhance the understanding of the impact of ideological imprinting on firm OFDI decisions. Research on ideological imprinting is relatively rare, especially in the context of communist ideology. This study extends imprinting theory to the political domain by exploring how the evolution of communist ideology in the largest emerging economy profoundly impacts firms' OFDI decisions. It reveals that new ideological development weakens the imprinting effects of the earlier communist ideology on TMTs' OFDI decisions. Secondly, this study enriches the application of upper echelon theory which emphasizes the impact of the personal backgrounds, values, and cognitive frameworks of TMT members on corporate strategic decisions (Hambrick & Mason, 1984). However, existing studies mainly focus on demographic characteristics such as age and education background of CEOs and senior executives, with little attention to their exposure to political ideology. From a communist ideological perspective, this study examines how ideology influences corporate OFDI decisions through the collective cognition of TMTs (Park et al., 2020). This contribution calls for more attention to the role of political ideology in upper echelons theory applications.

#### 5.2 Literature review

While traditional research on FDI has predominantly centered around institutional quality, economic openness, and political stability, a growing body of literature suggests that political ideology as deeper cognitive and normative construct—plays a crucial role in shaping FDI flows, strategies, and outcomes. Compared with political risk or political

connections, ideology offers a more foundational explanation for how governments perceive foreign capital and how MNEs navigate host-country environments.

Early work by Schneider and Frey (1985) established that political regimes matter for FDI, yet did not explicitly isolate ideology from institutional form. More recently, studies have begun to distinguish political ideology as an independent explanatory factor. Jiang and Jianhong (2023), for instance, found that Chinese acquirers are less likely to pursue M&A deals in host countries with strong ideological incongruence, particularly when host regimes are perceived as liberal or politically hostile. This is consistent with Tingley, Xu, Chilton, and Milner (2015), who showed that U.S. political actors often resist Chinese investments based on ideological perceptions rather than economic rationale, especially in sensitive sectors.

Several studies explore the role of ideological alignment between home and host countries. Hasija, Liou, and Ellstrand (2020) demonstrated that multinational firms achieve stronger post-acquisition performance when operating in politically aligned environments. Similarly, Bertrand, Betschinger, and Settles (2016) found that cross-border M&A transactions between ideologically proximate countries tend to command higher acquisition premiums, reflecting investor confidence and lower perceived sociopolitical risk. Lin (2018) took a novel perspective by showing that FDI can also serve as a vector for ideological diffusion, with firms transferring liberal market-oriented norms to authoritarian or hybrid regimes.

Several studies examine how macro-level ideology influences national openness to FDI.

Pandya (2014) argues that democratic transitions in formerly authoritarian states often coincide with FDI liberalization, as new governments use economic openness to gain legitimacy. Similarly, Gordon and Milhaupt (2019) show how U.S. restrictions on Chinese M&A are partially grounded in ideological security concerns, as China is increasingly viewed not just as an economic competitor, but as an ideological challenger. Danowski (2024) expands this framework by theorizing that ideological polarization increases perceived political risk, reducing inward FDI flows. His application of optimal information theory to international business highlights the rising salience of ideology in global investment decisions. Chen and Rillo (2024) discuss how ASEAN-China cooperation is shaped by mutual political sensitivities, and emphasize that even in economically integrated regions, ideological distance remains a latent tension in investment relations.

Country-specific studies further reinforce the significance of ideology. BARDAKÇI (2024) examine Iran's post-revolution political model and find that the country's ideological rigidity deters FDI despite resource advantages. Peyrovi, Saadat, and Tayebi (2024) highlight that political decisions in forums like the United Nations have indirect ideological signaling effects that impact FDI flows into developing countries. Ideological orientation does not only shape cross-national dynamics but also interacts with organizational and leadership factors. For example, Zhu, Zhu, and Ding (2020)

showed that Chinese CEOs' capacity to manage ideological differences—particularly when operating in individualist cultures like the U.S.—significantly affects integration success. (Siegel, Licht, & Schwartz, 2011) offer a broader theoretical lens, positing that value-based dimensions such as egalitarianism and authority orientation influence firms' investment decisions via perceived cultural-ideological distance.

A number of recent publications also underscore FDI as a geopolitical tool, particularly in China's Belt and Road Initiative. (Martin, 2024) notes that Chinese firms must navigate both domestic political mandates and external ideological resistance when investing in Africa. (IMAI, 2024) explores how media discourse in Zambia reflects ideological framings of Chinese, U.S., and Japanese investments, revealing how hostcountry ideology mediates foreign capital reception.

At the organizational level, (Paudel, Sherm, & Tehrani, 2024) argue that multinational corporations must account for political-ideological regimes as part of their strategic entry calculations. (Dixon, 2024) discusses how state-led infrastructure development is often ideologically coded and perceived accordingly by recipient countries. In the context of Vietnam and Ukraine, researchers like (Nam & Heshmati, 2024) have linked political integration efforts to changes in FDI behavior and ideological realignment.

Taking together, these studies suggest that political ideology is not merely background noise in international business but a central mechanism that shapes FDI strategy, partner selection, investment success, and post-deal integration. Yet, despite this growing attention, most mainstream international business theories—such as the eclectic paradigm or institutional distance models—still fail to fully incorporate political ideology as a structured variable. This presents a critical research gap: while political risk and regime type are commonly modeled, ideology as a construct remains undertheorized, especially in terms of its impact on firm behavior and host-country response in the context of global capital flows.

### 5.3 Theory and hypothesis

China's transformation and liberalization have led to the legitimization of private enterprises, gradually integrating them into the global market driven by economic needs. Subsequently, CPC has increasingly encouraged foreign investment, providing Chinese companies with new opportunities to reconsider foreign capital. Deng Xiaoping noted, "No country can isolate itself" (Deng, 1994). The essence of development lies in strengthening global interactions, injecting advanced expertise, scientific progress, technological advances, and financial resources, and achieving comprehensive, multilevel integration with the external world (Deng, 1994).

Extensive research indicates that the perspectives and career decisions of CPC members are significantly influenced by communist ideology (Xu et al., 2023). In exploring this influence on individual careers, studies like Dickson (2008) found that CPC entrepreneurs also tend to recruit from within the CPC, believing that membership brings substantial benefits to their businesses. This suggests that political ideology impacts various aspects of corporate decisions, including labor relations (Kim, Kim, Krueger, & Unsal, 2021), corporate social responsibility (Chin et al., 2013), and income (Chin & Semadeni, 2017). Due to the socialization process associated with this ideology, CPC members influenced by communist beliefs are inclined to gather and assess information from Chinese government broadcasts. Consequently, ideology can serve as an informational filter, potentially shaping decision-making.

Dengism, which dominated during the sensitive period of initial reform and openingup, left a profound imprint on his successors. corporate executives (Marquis & Qiao, 2018). His emphasis on openness to the outside world has influenced companies' international strategies, including choices around investment locations, FDI establishment modes, and the speed of FDI. However, as global economic and political landscapes have shifted - particularly with the intensification of de-globalization and economic decoupling trends in recent years - the pragmatic path of economic cooperation advocated by Deng Xiaoping faces new challenges. In this context, Xi Jinping has introduced global strategies such as "Cultural Confidence," "National Security," and the "Belt and Road Initiative", along with goals to enhance global competitiveness (Xi, 2014, 2017, 2019), reflecting an assertive development approach within Xi Jinping Thought that emphasizes proactive participation in global competition. To address current challenges, Xi Jinping Thought may weaken the ideological imprint of Dengism.

Upper echelon theory further supports this view, suggesting that personal characteristics of managers - such as age and educational background - profoundly influence their decision-making styles and risk tolerance (Barker & Mueller, 2002; Herrmann & Datta, 2005). Building upon the theoretical discussion above, Figure 5-2-1 presents the operationalized framework that links the ideological imprinting of TMT's CPC member proportion to three distinct dimensions of firms' FDI strategies: location choice, establishment mode, and investment speed. Specifically, this framework translates the central research question-how the imprint of Chinese communist ideology affects FDI strategies-into a structured set of testable hypotheses. Drawing on imprinting theory, it posits that ideological imprints formed during earlier political socialization (primarily Dengism) shape executives' strategic preferences. Furthermore, upper echelon theory offers insights into how these ideological beliefs are moderated by demographic characteristics, such as age and education, which may condition the persistence or attenuation of the ideological imprint over time. This framework serves as the conceptual bridge between Chapter 3 and the hypothesis development presented in the following sections. To examine the connection between CPC's communist ideology and FDI, I construct a theoretical framework that operationalizes the key constructs discussed above.
#### Figure 5-2-1 Research framework



#### 5.3.1 The TMT's Dengist ideology on OFDIs

Deng Xiaoping stated, "To enhance my country's technological capabilities, I must rely on individual efforts and independent innovation, adhering to the principle of selfreliance. However, independence does not mean isolation, and self-reliance does not mean blind rejection. Every nation and country must learn from the strengths of others, from their advanced sciences and technologies. Even when my own sciences and technologies catch up or reach advanced global standards, I must still continue learning from others" (Deng, 1994).

As reviewed earlier, imprinting theory suggests that individuals and organizations are deeply influenced by the environment, policies, and ideologies they are exposed to during critical historical periods (Marquis & Tilcsik, 2013). Research on imprinting theory highlights how individuals internalize ideologies and practices during those critical periods, which subsequently guide their decision-making throughout their careers (Ali et al., 2023b; Marquis & Qiao, 2018; Xu et al., 2023). Deng Xiaoping's Reform and Opening-up period represents a formative stage and keeps exerting its

effect during Jiang Zemin and Hu Jintao's administration. For Chinese corporate executives, Dengism represents a pivotal imprint, emphasizing the necessity of learning from developed countries. Deng stated, "Self-reliance does not mean isolation, and independence does not mean blind rejection. I must learn from advanced sciences and technologies of other nations" (Deng, 1994). His "bringing in" and "going out" strategy became the dominant force in national economic policy, motivating firms to collaborate with developed nations to acquire technological and managerial expertise. This ideology profoundly influenced CPC executives during their early career socialization, leading them to consistently view developed nations as key targets for corporate globalization well into their later careers. This imprint is deeply rooted in their professional origins and continues to influence their decision-making practices.

While initial "imprints" form in the early stages (Marquis & Tilcsik, 2013), subsequent Party education deepens the effect of these imprints. Through ongoing political socialization mechanisms, such as Party school training and internal team-building activities, CPC executives have internalized Deng's pragmatic ideology, making them more inclined to prioritize developed countries in their internationalization decisions. This ideological indoctrination leaves a profound imprint on CPC-affiliated executives, continuing to influence their decisions despite changes in the external environment (Tsai & Dean, 2017).

Additionally, CPC executives are not only deeply imprinted with Deng Xiaoping's Thought; they also face ongoing organizational and political pressures from within the Party to align corporate strategy with national policy. In the context of internationalization, developed nations, as leaders in technology and management expertise, align well with national goals for economic modernization. Consequently, CPC executives prioritize collaboration with developed countries in their internationalization decisions, ensuring that these choices remain consistent with national strategic objectives. These organizational and political pressures further entrench developed countries as primary investment targets, making CPC executives more likely to select them as sources of technology and resources in the globalization process.

Secondly, upper echelon theory posits that corporate strategies reflect the personal characteristics and collective behavior of TMT members (Hambrick & Mason, 1984). TMT members' personalities, values, and experiences play crucial roles in major corporate decisions (Hambrick & Mason, 1984). TMT's political ideology results in ideological alignment, fostering power distribution (Finkelstein, 1992) and behavioral integration (Hambrick, 1994). Power distribution influences the company's strategic direction, implying members with greater power have a stronger predictive effect on corporate behavior (Finkelstein, 1992). TMT's political ideology preference increases the influence of political and ideological factors in decision-making. As the proportion of CPC members within the TMT increases, these members gain more influence in the decision-making process, especially on matters related to politics, ideology, and national interests. Given their long-standing exposure to Party-led education and

ideological indoctrination, CPC executives maintain a high level of alignment with Party policies. This centralized power structure aligns corporate strategies with national objectives. In developed country investments, this power distribution ensures that the TMT considers political, economic, and national security factors in its international strategy, rather than solely market returns.

Behavioral integration refers to the degree of coordination and cooperation among TMT members during decision-making (Hambrick, 1994). It plays a critical role in ensuring consistency in decision-making within TMTs. Shared ideological foundations enhance the ability to coordinate and align strategic priorities. CPC executives, having undergone similar political socialization within the Party, demonstrate high alignment in terms of ideology, values, and policy understanding. This alignment is expressed through behavioral integration, which manifests in coordinated and collaborative decision-making, minimizing internal disagreements and conflicts.

Due to their ideological and policy alignment, behavioral integration supports the team's ability to quickly reach consensus on key decisions in these complex markets. This coordination enhances the company's responsiveness to market opportunities, a crucial factor in dynamic global markets where missed opportunities result in competitive disadvantages.

The ideological alignment among CPC executives complements power distribution and behavioral integration. This alignment minimizes internal conflicts and allows for more effective responses in face of the complexity in OFDI location choice. Therefore, I put forth the following hypothesis.

Hypothesis 1: The proportion of CPC members on the TMT is positively related to the likelihood of making OFDI in developed countries.

Compared with Maoism, Dengism is clearly characterized by greater openness. Dengism emphasized reform and opening up and market orientation, advocated opening up to the outside world to promote economic development, and actively absorbed advanced foreign technology and management experience (Deng, 1994). Therefore, I can assume that the openness of executive members influenced by Dengism is reflected in the company's decision-making style, especially in how the company balances self-control and external cooperation in the international market. Deng's strategies of "bringing in" and "going out" have not only changed the domestic business model of Chinese firms, but also profoundly influenced their internationalization paths, pushing firms to pay more attention to cooperation with external actors in the international market rather than relying solely on their own resources for expansion.

More conservative and more liberal executive members also differ dramatically in their propensity for risk-taking, especially as it relates to the degree of control over corporate decisions (Gupta & Briscoe, 2020). In general, conservatives are more risk averse than liberals; however, there are some areas where conservatism may imply a higher propensity for risk-taking, such as in investments in business ownership (Han, Jung, Mittal, Zyung, & Adam, 2019). Conservatives' relative desire for control translates into their business decisions, emphasizing the exclusive rights of property rights and the autonomy of business owners to determine how resources are used (Jost, Glaser, Kruglanski, & Sulloway, 2003). As a result, open versus closed tendencies resulting from ideological differences and a risk-taking preference for ownership investment serve as perceptual filters affecting executive members' choice of outward investment modes (Chandler et al., 2023). Executive members influenced by Dengism were more inclined to view the firm as an open system, and perceived decision-making as a more dynamic and inclusive process of external resources. As they enter international markets, they are less likely to overemphasize absolute control over corporate decisionmaking and more likely to believe that meaningful engagement with international partners can lead to positive outcomes for the firm (Chandler et al., 2023). Deng's emphasis on the strategy of "market for technology" reflects this philosophy of cooperation to gain resources and competitive advantage. In addition, as more liberal executives are less likely to take high risks in business ownership investments, they may not consider M&A as the best option for rapid entry into foreign markets. This is in line with Deng's emphasis on steady progress in opening up (i.e., exploring the market gradually through phased reforms and pilots, rather than aggressive asset acquisitions or overexpansion). This investment model reflects Deng's concept of gradual internationalization of "pilot first, then spread", and further highlights how

ideology influences executives' choices of internationalization paths through perceptual filters. Thus, I put forward the following hypotheses.

Hypothesis 2: The proportion of CPC members on the TMT is negatively related to the likelihood of making OFDI through M&As.

While emphasizing the importance of opening up, Deng Xiaoping paid close attention to national economic security. Dengism's principles of "cautious expansion" and "gradual progress" profoundly shaped China's internationalization strategies, highlighting the balance between economic development and national economic security. These principles were further extended and refined through the policies of Jiang Zemin and Hu Jintao, providing practical frameworks and guidance for corporate internationalization.

Jiang Zemin's "Going Out" strategy inherited and deepened Dengism, further emphasizing the importance of national economic security in the selection and pace of internationalization paths. For example, the Report to the Fourteenth National Congress of the CPC emphasizes that the pace of reform, opening up and modernization should be accelerated but must be carried out under the premise of stability and national economic security, and excessive risk-taking expansion strategies should be avoided (Jiang, 2013). In his elaboration on the "Going Out" strategy, Jiang explicitly advocates organized and phased internationalization of enterprises to prevent systemic risks associated with rapid expansion (Jiang, 2013). These policies profoundly shaped OFDI decisions of executives, reinforcing their cautious approach to risk management. Hu Jintao's policy focuses more on the quality of economic development instead of the speed of development. For example, Hu stressed the dual importance of protecting economic interests and national security, further reinforcing CPC executives' cautious attitudes in his speech titled Preparing for WTO Accession (Hu, 2012). In Promoting Coordinated Economic and Social Development, he emphasizes that internationalization must adhere to the principles of coordinated development to mitigate instabilities associated with rapid expansion. These policies guided CPC executives toward adopting more measured approaches to internationalization speed (Hu, 2012). Additionally, the historical experience of two economic crises (Asian financial crisis and global financial crisis) has alarmed and further shaped the way of internationalization of Chinese enterprises. These crises have reinforced Chinese companies' acceptance of a gradual approach and their consideration of the speed of outbound investment. Firms engaging in rapid expansion suffer from higher risks (Wang, Ye, & Zhu, 2022). Overly rapid and aggressive international expansion may endanger the firm's survival, through liabilities of newness (Hymer, 1960) and foreignness (Zaheer, 1995). Therefore, I propose the following hypothesis.

*Hypothesis 3: The proportion of CPC members within the TMT is negatively associated with the speed of outward direct investment.* 

5.3.2 Decay of Dengism imprinting

Xi Jinping's policies have reoriented outward investment strategies to prioritize national strength and rejuvenation. Xi emphasizes that Chinese firms must adopt a more

proactive stance in global competition. According to Xi, international competition is not merely a tool for achieving economic gains but a critical component of China's overall national power and international influence. By frequently referencing global competitiveness, Xi urges Chinese firms to strive for leadership positions in the international market. Unlike Deng Xiaoping's era, during which Chinese firms engaged with global markets as 'students' learning from developed countries, Xi's ideology advocates for a transformation. Chinese firms are now expected to act as 'active competitors' and even aspire to become global leaders in innovation.

Under Xi's leadership, "One Belt, One Road" initiative expands new space for open economic development. The Belt and Road Initiative (BRI) has been promoted not only as an infrastructure development program but also as a strategic tool to secure global resources and facilitate the outward expansion of Chinese firms. Scholars have interpreted BRI as the consequence of a more assertive approach (Economy, 2018; Ferchen, 2016). From this perspective, the BRI symbolizes China's shift towards an aggressive foreign policy, one that seeks to shape the external environment rather than merely adapt to it (Maçães, 2018).

The reform and market-oriented policies of the Deng Xiaoping era marked a transformative phase in China's development, paving the way for the internationalization of Chinese firms and leaving a lasting impact on corporate culture and strategy. These reforms underscored the importance of market mechanisms and international cooperation. In contrast to Deng's emphasis on economic growth, liberalization, and globalization, Xi Jinping's ideology places greater emphasis on political authority and ideological purity, which some scholars describe as a revival of Maoism (Zhao, 2016b). Xi highlights core socialist values and cultural confidence, downplaying the purely economic motives and pragmatism inherent in Deng's imprint, and instead stressing ideological purity and political legitimacy. Additionally, Xi has redefined China's developmental path, encapsulated in the concept of the "Chinese Dream," which prioritizes national interests over individual interests. While the overarching goal of "going global" remains unchanged, FDI under Xi's leadership exhibits distinctive traits that diverge from the Deng era, shifting the focus away from a purely economic-centric perspective and influencing FDI in new ways.

Overall, Xi Jinping's policies have recalibrated the direction of outward investment to emphasize national strength and rejuvenation. In his outward policies, Xi explicitly emphasizes that Chinese firms must engage more proactively in global competition. He asserts that international competition is not merely a means of obtaining economic benefits but is integral to China's comprehensive national strength and international standing. Xi frequently references the concept of "global competitiveness," urging Chinese firms to secure leading positions in the international market. Unlike during Deng Xiaoping's time, when Chinese firms engaged with the international market as "students" learning from developed countries, Xi's ideology calls for a shift in role, whereby Chinese firms become "active competitors" and even global innovation leaders. This transition signifies that Chinese firms are no longer mere participants; they are now expected to actively shape the distribution of global market resources, including through aggressive means such as mergers and acquisitions.

Under Xi's leadership, the Belt and Road Initiative (BRI) has been heavily promoted not just as an infrastructure development program but as a strategic endeavor to secure global resources and facilitate the outward expansion of Chinese firms. In contrast to Deng's emphasis on a cautious approach to "cooperation," Xi's focus is on enabling Chinese firms to seize global market opportunities through partnerships, thus ensuring China's strategic position within global supply and technology chains. This approach to cooperation is fundamentally more proactive and assertive, with an emphasis on gaining leverage and dominance through collaboration, rather than merely adapting to global market conditions.

# The Moderating Role of Age

An individual's age has been shown to significantly influence strategic decision-making perspectives and choices (Wiersema & Bantel, 1992). Younger executives, characterized by higher adaptability and openness to innovation (Acar, 2016), tend to prefer high-risk strategies (Deng, 2009; Luo & Bu, 2018). These preferences are further reinforced by behavioral integration within TMTs, which enhances alignment and consistency in decision-making processes, steering TMTs toward more aggressive internationalization strategies. Among political ideology research, age has been used to categorize liberal and conservative tendencies. It's commonly believed that younger people hold a more liberal political ideology, while the older hold a more conservative

one. That is, younger people are more likely to accept new political ideas than the older. Besides, from a psychological perspective, aging is associated with the enhancement of cognitive abilities and psychological maturity. As individuals gain new cognitive skills at various stages, their understanding of complex issues evolves, which can impact their views on political, religious, and ethical matters. Rational thinking is an indispensable component of cognitive processing. The development of cognitive skills influences the formation and evolution of ideologies (Merelman, 1969). If ideology is seen as an information filter, the number of layers within this filter may increase with age. Older individuals have more established ways to filter information, while younger individuals have fewer. Thus, when ideology influences decision-making through behavioral guidance or perceptual filtering (Jost & Amodio, 2012; Jost et al., 2008), younger people may be more open to diverse perspectives. Additionally, research indicates that as people age, their cognitive structures and behavior patterns tend to stabilize. Older executives are more likely to maintain early imprints, showing a stronger tendency towards conservatism and adherence to the status quo (Wiersema & Bantel, 1992).

The effects of imprints are actually time-variant, emerging from the interplay of past and present conditions (Tilcsik, 2014). In other words, the strength and persistence of an imprint may depend on external conditions, including both prior and current social context (Marquis & Tilcsik, 2013). Important worldviews and political beliefs are formed and crystalized during early adulthood, and so they are more susceptible to environmental influences that may provide guidance for their future choices (Alwin, Cohen, & Newcomb, 1991). For example, exposure to the Cultural Revolution (1966– 1976) at a young age is an important early life experience that may lead to a stronger communist ideological imprint (Wang et al., 2019). The long-lasting effects may weaken or decay when older knowledge becomes less relevant or beneficial (Marquis & Tilcsik, 2013). Investigations into organizational evolution have proposed the concept of institutional layering, wherein experiences are gradually embedded into an organization's cultural fabric and normative practices. This process involves the continuous accumulation of new imprints atop existing foundations (Cooper, Hinings, Greenwood, Brown, Cooper, Hinings et al., 1996). Extending theory to individual, together with decaying effect, I suggest that for individual, if prior experience is conflict with the current knowledge, the influence of prior imprint may be decayed.

The period of political socialization during early career development plays a significant role in shaping risk tolerance and strategic preferences. Older executives, who socialized during Deng Xiaoping's era, often carried Dengism imprints. In contrast, younger executives, with shorter political socialization periods, are less constrained by them. As a result, they may adopt strategies, aligning with Xi's ideology, that differ significantly from those of their older counterparts. Therefore, younger executives are more likely to embrace Xi Jinping Thought, while older executives may be more inclined to retain Dengism.

Xi Jinping's internationalization policies advocate for a more assertive global role. He demands that Chinese firms not only participate in global competition but also become

leaders in technology and markets. This philosophy is exemplified by initiatives like the Belt and Road Initiative (BRI), which encourages Chinese companies to expand globally, forge partnerships with emerging markets, acquire resources, broaden influence, and enhance China's strategic position. Unlike Deng's emphasis on "learning," Xi's policy focuses on self-driven innovation, technological independence, and national security. This means that companies no longer need to rely on developed countries as their primary sources for technology acquisition. Instead, firms are encouraged to leverage independent innovation and partnerships with other emerging markets to obtain necessary resources.

Under the BRI, Chinese firms have built extensive technology cooperation networks with countries along the route, enhancing competitiveness in local markets and gaining strategic benefits through infrastructure investment and resource sharing. This approach offers avenues for technology acquisition while enabling Chinese firms to establish new strategic advantages in the international market. In comparison, developed countries often subject Chinese firms to stricter scrutiny, including tech protection, market access restrictions, and geopolitical considerations. Emerging markets, on the other hand, tend to be more receptive to Chinese investments and share more common ground with China politically and economically. These factors further drive younger executives to shift their investment focus from developed nations to emerging markets.

In terms of age, younger executives typically demonstrate greater flexibility and adaptability in cognition and psychology. Due to shorter political socialization, their ideological imprints are more influenced by Xi Jinping's vision of global competitiveness. They are less likely to view developed countries as the primary sources of technology and resources, instead believing that Chinese firms possess sufficient capacity for independent innovation. By collaborating with emerging markets, they can also secure strategic resources. Compared to their older counterparts, younger executives prefer to target developing countries or emerging markets, rapidly expanding to secure resources rather than gradually developing through technological partnerships with developed countries. According to Upper Echelons Theory, younger executives in the TMT, influenced by their alignment with Xi Jinping Thought, can shape the overall direction of the team's decisions. The increased proportion of younger executives within a team further encourages the firm to prioritize emerging markets when selecting international markets, reflecting a reduced interest in investments in developed nations. Instead, they focus on achieving competitive advantages through strategic investments in other regions globally.

Therefore, when young executives make OFDI location decisions, they will make different decisions from older executives who tend to favor developed countries. This is because they are more influenced by Xi's thoughts and the BRI, which promotes investing in developing countries. Therefore, I propose:

*Hypothesis 4a: A younger TMT weakens the positive relationship between the proportion of CPC members on the TMT and the likelihood of making OFDI in developed countries.*  Xi's thoughts has been acknowledge as an attempt to revive Maoism or communism as an official ideology (Zhao, 2016a). Xi emphasizes a greater role for the state in the economy (Mulvad, 2019), implying a higher level of control. Therefore, executive members more influenced by Xi's ideology are more willing to take greater risks in business ownership investments because such financial outlays allow them to control decision making foreign markets at the time of entry. Since international acquisitions allow managers to have complete control over systems, methods, and decisions as their firms expand internationally, they are willing to take greater financial risk in order to maintain control of decisions (Chandler et al., 2023).

On the other hand, from the perspective of risk and uncertainty, Delios and Beamish (1999) and Dow and Larimo (2009) believe multinational enterprises are more inclined to select entry modes characterized by lower degrees of control when faced with heightened policy risks in the host country. In uncertain economic policy environments, firms often prefer M&A over greenfield investments (Sun, Zhang, Xu, & Zhang, 2021b). Besides, non-SOEs with traditional communist/Maoist imprint are more likely to choose lower ownership strategy (Ma, Wu, & Wang, 2024). Given the character of ideological revival, I infer that non-SOEs with Xi's ideological features tend to choose lower ownership strategy. Considering deglobalization trend and the tension of Sino-American (or Chinese block and U.S. block) (Luo & Witt, 2022; Witt, Lewin, Li, & Gaur, 2023; Witt, Li, Välikangas, & Lewin, 2021), younger executives are more likely to choose M&A. Therefore, I propose the following hypothesis.

# Hypothesis 4b: A younger TMT weakens the negative relationship between the proportion of CPC members on the TMT and the likelihood of making OFDI through M&A.

While Xi also emphasizes the importance of national economic security, his foreign policy reflects aggressive characteristics. The global goal of Xi's thoughts is to sinify the capitalist system (Mulvad, 2019). In order to realize Xi's more aggressive international strategy, it has required to "speed up investment facilitation, eliminate investment barriers, and push forward negotiations on bilateral investment protection agreements and double taxation avoidance agreements to protect the lawful rights and interests of investors". These contribute to a faster OFDI. Increased rapid investment from private companies could enhance overall trust in the BRI, as many might view the initiative as exclusively catering to state-owned enterprises (SOEs) (Wang & Liu, 2022), particularly under fierce Sino-US geopolitical contests (Li, Qian, Zhou, Lu, & Liu, 2022a). Beyond its impact on a company's global competitive standing (Gaba, Pan, & Ungson, 2002; Tang, 2019), the rapidity of OFDIs holds particular significance for the BRI. Prompt investments serve as essential prerequisites for forging new trade connections (Liu & Wang, 2022). Faster investments from private enterprises contribute to cultivating an entrepreneurial environment that nurtures long-term economic wellbeing and success (Li, Liu, & Qian, 2019).

Young executive teams, having not experienced the prolonged professional socialization of the Deng Xiaoping era, are less influenced by the "gradual progress" mentality and more inclined towards rapid expansion strategies. Within teams, young

executives demonstrate higher behavioral integration and stronger decision-making consistency, allowing them to swiftly reach and execute expansion decisions. Enhanced behavioral integration within teams ensures that young executives can quickly react to market opportunities, facing fewer internal conflicts and delays when pursuing new expansion opportunities. This consistency enables young executives to lead the team in adopting aggressive expansion strategies, accelerating the pace of the company's presence in emerging markets.

By accelerating investment, young executives embody their deep commitment to Xi's "global rise" ideology. Their strategic choices are no longer constrained by Deng's "gradual progress" imprint but instead adopt an aggressive expansion model that rapidly enhances the company's global competitiveness and secures the nation's strategic interests in the global economic landscape. Therefore, I put forth the following hypothesis.

Hypothesis 4c: A younger TMT weakens the negative relationship between the proportion of CPC members on the TMT and the OFDI speed.

#### Moderating role of education

According to the upper echelon theory, the personal backgrounds of top executives profoundly influence their strategic decisions (Hambrick & Mason, 1984). Specifically, level of education directly shapes executive's cognitive framework and strategic orientation. For example, research indicates that highly educated executive typically possess greater cognitive complexity and higher risk tolerance (Acar, 2016). The higher the education level, the more open they are to new ideas, which can challenge and weaken existing ideological imprints, particularly those from Dengism.

Within the context of Xi's global strategy, Chinese companies are increasingly expected to focus on self-reliance and national competitiveness. Xi, through policies emphasizing "global competitiveness" and the Belt and Road Initiative (BRI), has underscored the need for Chinese firms to take on a leading role in global competition. Unlike Deng, who promoted gradual expansion and low-risk strategies reliant on developed countries, Xi encourages Chinese enterprises to independently acquire technology and critical resources, aiming to strengthen national autonomy and international standing. Better educated managers, influenced by the openness and adaptability that comes with their education, are more inclined to embrace this new mindset, thereby weakening the influence of Dengism in their investment decisions.

Higher educated managers not only possess the ability to quickly understand and analyze the potential of emerging markets, but their educational background also endows them with greater cognitive complexity and a global perspective. This leads them to gradually move away from relying on developed countries, as they recognize that emerging markets offer more resources and opportunities that align with Xi's national strategy goals. This shift in mindset further drives them to seek strategically significant partnerships in emerging markets, creating an internationalization path more consistent with Xi's policies. Emerging market firms can gradually enhance their international competitiveness through OFDI (Luo & Tung, 2007). Compared to the conservative outlook of Dengism, higher educated managers are more attuned to Xi's emphasis on national strategic autonomy, seeing the incremental accumulation of resources and competitive advantages in emerging markets as better suited to the current global environment. Education not only helps them better grasp the opportunities presented by springboard approach but also enables them to avoid potential technological barriers and geopolitical risks associated with developed countries. As a result, they are more likely to focus their resources and strategic priorities on emerging markets, progressively building global competitiveness in line with Xi's vision, rather than relying on Deng Xiaoping's low-risk expansion model. Therefore, I put forth the following hypothesis. *Hypothesis 5a: TMT's education weakens the positive effect of the proportion of CPC members on the likelihood of investing in developed countries.* 

Upper echelons theory suggests that executives' educational backgrounds significantly influence their strategic decision-making preferences. The higher the level of education, the greater their cognitive complexity in addressing complex issues, and the more open they are to new ideas and change (Hambrick & Mason, 1984; Acar, 2016). Managers with higher education levels typically possess a higher risk tolerance and are more inclined to embrace Xi Jinping's emphasis on global competitiveness. As a result, these highly educated managers are less constrained by Deng's "gradual and cautious

expansion" imprint and are more inclined to use mergers and acquisitions (M&As) as a means of rapidly accessing international market resources.

Higher education is often associated with greater innovation capacity and risk acceptance, which predisposes highly educated managers towards expansion methods that carry certain risks, such as M&As (Hitt & Tyler, 1991). M&A, as a method of rapid expansion, allows companies to quickly enter markets and acquire critical assets. Education increases executives' cognitive complexity, enabling them to perceive the opportunities presented by a risky method without being constrained by the short-term risks or integration challenges they may entail.

Deng's economic opening policy advocated "gradual expansion," with an emphasis on mitigating high-risk behaviors, such as M&As, through progressive cooperation. CEOs with higher education levels, having been exposed to global business trends and management practices through their educational journeys, are more receptive to Xi Jinping's ideas, thereby weakening Deng Xiaoping's cautious expansion strategies. To highly educated CEOs, acquiring international market resources and technology through M&As is more direct and aligns with Xi's call for enhancing global competitiveness.

Xi Jinping's focus on rapid international expansion to secure strategic resources and technological advantages resonates strongly with highly educated executives, who recognize the advantages of M&As in achieving these goals. Executives with higher education levels are less constrained by investment method, favoring the rapid technological advancement and international alignment that M&As can offer. Education enhances their ability to identify and manage the complexities and risks associated with M&As in an international context, providing them with the confidence and capability to execute these strategies effectively.

Under Xi Jinping's influence, highly educated managers are inclined to use M&As to rapidly acquire global market resources, aligning with the springboard theory, which posits that emerging market firms expand rapidly to overcome technological and market barriers (Luo & Tung, 2007). Highly educated managers are more likely to directly acquire technology and market share in developed countries through M&As rather than gradually accumulate resources through traditional greenfield investments. This aggressive expansion approach reflects Xi Jinping's "global rise" strategic goal, and as highly educated managers embrace this strategy, they further diminish the Deng Xiaoping-era imprint of a low-risk expansion preference.

In summary, highly educated managers are more likely to embrace Xi Jinping's emphasis on global competitiveness, showing a greater tendency to pursue rapid resource acquisition and technological upgrading through M&As, thereby weakening the low-risk expansion preference under Dengism. Therefore, I propose the following hypothesis.

Hypothesis 5b: TMT's education weakens the negative relationship between the proportion of CPC members in TMT and the likelihood of choosing M&As.

Deng Xiaoping's internationalization strategy emphasized gradual progress and cautious expansion. This mindset left a lasting imprint on the older generation of executives. However, highly educated managers, due to their greater exposure to and acceptance of new globalization trends and perspectives, are better positioned to break free from Deng Xiaoping's traditional "gradual expansion" approach. Guided by Xi Jinping's emphasis on rapid expansion and enhancing global competitiveness, they are more inclined to accelerate the pace of firms' OFDI.

Xi Jinping's internationalization policy advocates for a more assertive global role, calling for companies to accelerate the acquisition of strategic resources in international markets. Managers with higher education levels are more likely to understand and support this accelerated approach. In contrast to Deng Xiaoping's era of "steady progress," Xi Jinping emphasizes that Chinese firms must quickly secure resources and market share through technology acquisition, mergers and acquisitions, and joint ventures (Zhao, 2016). Highly educated managers are more likely to embrace this aggressive expansion strategy, pushing forward policies of rapid expansion in hopes of gaining a competitive edge on the international stage. This aligns with their tendency to react swiftly in their FDI strategies, seizing advantageous positions in the market. Education provides them with stronger adaptability and a broader global perspective, enabling them to swiftly identify and capitalize on investment opportunities.

market as crucial, making them more willing to achieve strategic advantage through accelerated outward investment.

The double-loop springboard theory extends the framework of traditional springboard theory by emphasizing a "dual feedback mechanism" that allows firms to continuously adjust their strategies to swiftly respond to dynamic global market changes. Through this mechanism, after achieving initial internationalization, firms leverage the newly acquired resources and technologies to continuously propel their global standing, ultimately forming a rapid and sustained expansion strategy. Xi Jinping's policies not only demand that Chinese firms assume leadership roles in international markets but also advocate for accelerated technology accumulation and independent innovation throughout the internationalization process. The feedback mechanism of the doubleloop springboard theory posits that resources gained from the first expansion phase (such as technology or market share) can quickly be reintegrated into the firm, driving a subsequent, larger-scale expansion. Xi's emphasis on "self-reliance in innovation" and "global competitiveness" forms the foundation of this dual feedback. Driven by these policies, highly educated managers are willing to use the double-loop springboard model to expedite their firms' global expansion, swiftly accumulating necessary strategic resources within the global supply chain.

Xi Jinping stresses the need to rapidly elevate firms' global market positions and secure China's autonomy in critical technologies. The double-loop springboard theory highlights how firms use feedback mechanisms to quickly integrate resources acquired during internationalization, forming the basis for further expansion. Managers with higher levels of education are more likely to adopt this approach, allowing for rapid resource integration on a global scale to achieve new levels of competitiveness within a short timeframe. Therefore, under Xi Jinping's policies, the application of doubleloop springboarding motivates these managers to choose faster investment speeds to secure advantageous positions in global markets.

Through the dual feedback mechanism of the double-loop springboard theory, highly educated managers can more flexibly adjust expansion strategies, accelerating investment speeds in global markets to align with Xi's policies for rapid enhancement of international competitiveness and technological self-reliance. This accelerated investment speed not only supports rapid company growth but also enables the swift accumulation of strategic resources within the global supply chain. Therefore, I propose the following hypothesis.

Hypothesis 5c: TMT's education weakens the negative relationship between the proportion of CPC members in TMT and the speed of FDI.

### 5.4 Research method

In this study, I investigated the relationship between TMT Party member ratio and FDI location choice, establishment mode, and FDI speed. The core variables of the study include the independent variable: TMT Party member ratio; the dependent variables are developed country, M&A and FDI speed; and the moderating variables include the TMT's age and TMT's education level. I expected to find a positive relationship

between TMT Party member ratio and the likelihood of investing in developed countries, a negative relationship between TMT Party member ratio and the likelihood of conducting M&A, and a negative relationship between TMT Party member ratio and FDI speed.

#### 5.4.1 Data Source

For hypothesis verification, I employed non-SOEs in manufacturing from the CSMAR (China Stock Market and Accounting Research) database, a prevalent resource in the fields of economics, finance, and strategy. 2003 was selected as the initial year due to the necessity of reporting comprehensive demographic details of the companies and managers on the list. I exclude investment in "Tax Haven", Hongkong, Macau, and Taiwan. Finally, after deleting the missing value, in total, I achieved 6155 observations from 1228 firms from 2005-2021.

We manually collect managers' party affiliation information from CSMAR by the key word Party (*dang*), which involving terms "CPC members (*zhong gong dang yuan*)", "Party secretary (*dang wei shu ji*)", "Secretary or vice secretary of the Party Branch (*dang zhi bu shu ji*) (*dang zhi bu fu shu ji*)", "members of party group (*dang zu cheng yuan*)", "municipal Party committee (*shi wei*)", "provincial Party committee (*sheng wei*)", "county Party committee (*xian wei*)", "Party congress (*dang dai biao da hui*)" etc. From the CSMAR database, I gathered demographic indicators such as age, education, overseas experience, financial background, dual-role status, and political connections. I also collected firm-level data, including company age (since IPO), TMT size, foreign experience, state ownership ratio, and ROA. At the regional level, I gathered indicators such as industry concentration and city GDP growth rate. Host country information included BIT status, cultural distance, strategic asset-seeking motives, efficiency-seeking motives, and political globalization.

#### 5.4.2 Variables and measurements

#### Dependent variable

In line with previous studies on the selection of FDI locations between developed and developing nations, I formulated a binary variable assigning a value of 1 for FDI destinations in developed nations and 0 for investments in emerging and developing markets. Similarly, I created another binary variable when I explored the likelihood of conducting an M&A. It was coded as 1 if the establishment mode is M&A and 0 otherwise. I measure FDI speed with the quotient of the number of foreign subsidiaries owned by a firm and the total number of years since this firm's first OFDI (Xie, 2023).

# Independent variables

Researchers measured political ideology through the contributions or donations to a specific party, i.e. the Republican or the Democratic in western context (Chandler et al., 2023; Elnahas & Kim, 2017). Prior study in the Chinese context party orientation was measured as a dummy variable, it was coded as 1 if an individual is a member of CPC (Xu et al., 2023). my study measured CPC membership at firm level with the measurement of proportion of CPC members in a top management team.

#### Moderators

The first moderator is TMT's young age. The second moderator is TMT's education level.

#### Control variables

I controlled variables across multiple dimensions. First, at the firm level, I accountted for factors such as firm age (measured by the number of years since the firm was listed), R&D intensity, financial background, international experience, and political connections. I also controlled the state ownership ratio and political ties, as state ownership in emerging economies reflects an important institutional force that influences resource allocation (Luo & Bu, 2018), and political connections serve as non-institutional factors that compensate for institutional deficiencies and facilitate resource access (Zhang, Marquis, & Qiao, 2016). I controlled the firm's international experience, expressed as the (log-transformed) number of foreign countries where the company has conducted FDI (Xie, 2023).

I also considered regional factors, including city GDP growth rate and industry competition. Furthermore, I included cross-national indicators such as cultural distance (Kogut & Singh, 1988) and bilateral investment treaties (BITs) (Buckley et al., 2008). BITs establish legally binding conditions that grant foreign investors protections beyond those provided by domestic law, often reflecting a progressive and positive stance on economic liberalism (Vandevelde, 1998). I also controlled economic distance which was measured as the difference in real GDP per capita between China and a host economy in U.S. dollars (Tsang & Yip, 2007). Given the changes in global institutions,

I accountted for de-globalization by incorporating the revised KOF Globalization Index, a composite index that measures the level of globalization in each country in economic, social, and political aspects (Gygli, Haelg, Potrafke, & Sturm, 2019). The updated KOF Index, revised in 2013, includes 23 variables across its overall globalization index and its three dimensions of economic, social, and political globalization. Due to the strong influence of geopolitical factors, I used political globalization to measure institutional changes, consistent with prior studies. For instance, Kocourek, Laboutková, and Bednářová (2013) used the KOF Index to assess institutional quality, while Doğan and Arslan (2016) used the KOF Index to explore the relationship between political globalization and FDI.

Finally, I controlled FDI motives by considering variables such as the number of patent applications in the host country for strategic asset-seeking motives and the GDP deflator inflation index for efficiency-seeking motives. High and volatile inflation rates are clear indicators of macroeconomic instability and are considered barriers to FDI (Botrić & Škuflić, 2006). I also included industry and year dummy variables to control for these factors. All variables and measurements were shown in Table 5-4-1.

Variables	Measurements	Data source
CPCM_pro	= the proportion of CPC members within a top management team	CSMAR
FDI location	=1, if a host area is a developed economy, 0 otherwise	IMF
Establish mode	=1, if establish way is M&A, 0 otherwise	CSMAR
FDI speed	= the number of foreign subsidiaries owned by a firm / the total number of years since this firm's first OFDI	CSMAR
TMT's young age	= 100- mean value of TMT members' age	CSMAR
TMT EDU	= mean value of TMT members' education level	CSMAR
Economic distance	= the difference in U.S. dollars, in the real GDP per capita between China and a host country (Tsang and Yip, 2007)	WDI
Dual	=1, if a person holds the position of CEO and board chair	CSMAR
Financial Back	=1 if team member owns the experience in finance, 0 otherwise	CSMAR
Oversea Back	=1, if team member owns the experience abroad	CSMAR
Political connection	(Faccio, 2006)	CSMAR
Firm age	= the number of days since company listed	CSMAR
TMT Size	= the number of team members	
Firm International Experience	= the number of foreign countries in which a firm has conducted OFDI (Clarke et al., 2013).	CSMAR
State Share	= the proportion of shares possessed by the government and its institutes in relation to the aggregate share count in the central	CSMAR
Industry Competition	eompany = HHI	CSMAR
ROA	= Return on asset	CSMAR
City GDP Growth Rate	= the growth rate of GDP of a city	Chinese Statistical Yearbook
BITs	=1, if host county has bilateral investment treatment with China; 0 otherwise	MOFCOM
Cultural Distance	= Kogut and Singh (1988) index, which was based on the scores of Hofstede's (2015) six cultural dimensions	Hofstede
Strategic Asset	=ln (number of patents in host country) (Tang, 2019)	WDI
Efficiency Seeking	= the inflation of GDP deflator (Wadhwa & Reddy, 2011)	WDI
Political Globalization	= KOF globalization index (Gygli et al., 2019)	Dreher (2006)

Table 5-4- 1 Variables, measurements and data sources for location choice, establish mode and FDI speed

#### 5.4.3 Estimation model

In the field of location selection studies, the conditional logit model is frequently used as a standard estimation. Despite the applicability of a C-Logit model to my dataset, it presents multiple constraints. Initially, the presumption of being independent from nonessential options shows that probability ratios are independent of other choices in the set, a condition not met in numerous practical scenarios. Additionally, the model fails to integrate attributes specific to the chooser, which remain constant as independent variables across different choices, like the year of entry and the size of the firm. For this research, a logit model serves as a substitute estimation, unrestricted by the limitations inherent in a C-Logit model. Consequently, logit regression was utilized to model the location of FDI and establishment mode, using a fundamental equation (Equation 1) where YA represents the young age of TMT:

$$(1) \log\left(\frac{P_{it1}}{P_{it0}}\right) = \beta_0 + \beta_1 (CPCM\_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t$$
$$= \beta_4 (controls)_t + \varepsilon_{i,t}$$

To test interaction effect, first I interacted CPC membership proportion with TMT's young age and CEO education (Equation 2 and 3).

$$(2) \log\left(\frac{P_{it1}}{P_{it0}}\right) = \beta_0 + \beta_1 (CPCM\_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t + \beta_4 (controls)_t + \beta_5 (CPCM\_pro)_t * (YA)_t + \varepsilon_{i,t} (3) \log\left(\frac{P_{it1}}{P_{it0}}\right) = \beta_0 + \beta_1 (CPCM\_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t + \beta_4 (controls)_t + \beta_5 (CPCM\_pro)_t * (CEOEDU)_t + \varepsilon_{i,t}$$

To examine the effect on FDI speed, I adopted OLS regression model. The base equation was Equation 4, the interaction effect of TMT's young age and CEO education was as Equation 5 and Equation 6.

$$(4) y = \beta_0 + \beta_1 (CPCM_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t = \beta_4 (controls)_t + \varepsilon_{i,t} (5) y = \beta_0 + \beta_1 (CPCM_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t + \beta_4 (controls)_t + \beta_5 (CPCM_pro)_t * (YA)_t + \varepsilon_{i,t} (6) y = \beta_0 + \beta_1 (CPCM_pro)_t + \beta_2 (YA)_t + \beta_3 (CEOEDU)_t + \beta_4 (controls)_t + \beta_5 (CPCM_pro)_t * (CEOEDU)_t + \varepsilon_{i,t}$$

where *t* was the year, *i* was a specific firm, is the probability that a firm decides to invest in developed countries in a specific year *t* and  $log\left(\frac{P_{it1}}{P_{it0}}\right)$  is the probability that the decision is not made, *y* is FDI speed.  $\beta_0$ ,  $\beta_1 \dots \beta_8$  were the regression coefficients;  $\varepsilon$ was the error term. CPCM\_pro was measured as the percentage of CPC members of top management team. TMT's young age was the first moderator, which was measured as a reverse age. Control variables were firm age, firm international experience, dual, ROA, R&D intensity, state ownership, industry competition, city GDP growth rate, strategic asset seeking intention, efficiency seeking intention, cultural distance, BITs, economic distance, political globalization.

# Robustness test

We conducted four sets of supplementary analyses to ensure the robustness of my findings. First, this study utilized 2SLS to test the endogeneity due to the potential of reverse causality, omitted variables. I calculated the CPC members of public listed firm on province level and used its log version as instrumental variable. Additionally, I winsored all continuous variables. Due to the binary features of location choice and establishment mode, I conducted IV-2SLS-probit.

Second, I computed the effect size for FDI speed and its interaction terms with two moderators, respectively, and found reasonable effect sizes for practical significance hypothesized and tested in the study. Specifically, I calculated the Cohen's f2 value, which gauge variance proportions explained by TMT CPC member proportion and its interaction terms with the moderators (Cohen, 2013).

Third, I replaced TMT's young age with CEO's young age. Fourth, I used different databases to gather data. I collected direct investment information from the fDiMarkets database and M&A investment data from Bureau van Dijk's Zephyr database. The former is a comprehensive greenfield investment database operated by the Financial Times, while the latter is a widely used M&A research database that covers full and partial M&A deals globally. Given their reliability and applicability in cross-border research, these two datasets are widely used by IB researchers to study the outward investment of multinational corporations from both emerging and developed economies. With this data, I altered developed countries with institutional distance.

#### 5.5 Result

Table 5-5- 1 and Table 5-5- 2 present descriptive information about the FDI deals. Table 5-5- 3 and Table 5-5- 4 present the descriptive statistics and correlations of the variables used in my empirical analysis. I checked the variance inflation factor (VIF) and found it ranged from 1.03 to 2.31, well below the commonly accepted threshold of 10 (O'Brien, 2007). Therefore, multicollinearity is not a primary concern in my model. Table 5-5- 5, Table 5-5- 6 and Table 5-5- 7 show the regression results for location

choice, establishment mode, and FDI speed, respectively. Model 1 included control variables as a baseline model, while Model 2 added the main effect of TMT CPC proportion. Models 3 and 4 explored the interaction effects of TMT CPC proportion with TMT age and TMT education. Model 5 showed the result including all relationships.

Table 5-5- 5 presented the logit regression results for location-related hypotheses. Hypothesis 1 predicted a positive relationship between TMT CPC proportion and the likelihood of investing in developed countries. In Model 2, the coefficient for TMT CPC proportion is positive and significant ( $\beta = 0.840 p < 0.01$ ), consistent with imprinting theory, indicating a lasting influence of Dengism among TMT members. However, when testing the interaction effects of TMT age, TMT's education, Models 3 and Model 4, showed non-significant results. Therefore, for location-related hypotheses, only Hypothesis 1 is supported.

Table 5-5- 6 provided the logit regression results for establishment mode-related hypotheses. Hypothesis 2 posited a negative relationship between TMT CPC proportion and the likelihood of M&A. The coefficient for TMT CPC proportion is negative and statistically significant in Model 2 ( $\beta$  = -0.462 p< 0.001), consistent with Deng's cautionary approach to expansion. Hypothesis 4b examined the moderating effect of TMT age (Model 3), yielding a positive and significant result ( $\beta$  = 0.157, p < 0.001), which attenuates the negative effect of Hypothesis 2. Hypothesis 5b examined the moderating effect of TMT education (Model 4), I didn't find supportive evidence. I

followed Wiersema and Bowen (2009)'s procedures to test the true interaction effect of two variables. First, I calculated the marginal effect of TMT's CPC membership proportion, the result is 0.16 with p=0.000, z= 5.66. Then, I tested the true interaction effect of TMT's young age. The result of TMT's young age is 0.027 with p=0.000, z= 3.85. the effect of young age on marginal effect of TMT CPC membership proportion in this interaction model. The true marginal effects range from 0.04 (low), 0.13 (mean), 0.23 (high), with corresponding z-values 1.01, 4.46, 6.25. Because the true effects do not change signs, I can rely on the true marginal effect at the mean level of all model variables as a summary indicator (mean effect =0.027, p=0.000). Model 5 showed all the results. Overall, for establishment mode-related hypotheses, Hypotheses 2, 4b, were supported, while hypothesis 5b was not.

Table 5-5-7 displayed the OLS regression results for hypotheses related to FDI speed. Hypothesis 3 predicted a negative effect of TMT CPC proportion on FDI speed. The coefficient for TMT CPC proportion is negative and significant in Model 2 ( $\beta$  = -1.761, p < 0.001), aligning with Deng's foreign policy. Hypothesis 4c tested the interaction effect of TMT's young age (Model 3), which is positive and significant ( $\beta$  = 0.170, p < 0.001). TMT's young age exerted a negative moderating effect. Hypothesis 5c tested the interaction effect of TMT's education (Model 4), yielding a negative and significant result ( $\beta$  = -2.013, p < 0.1), indicating that TMT's education enhanced the relationship between TMT CPC proportion on FDI speed. Model 5 showed all the results. Thus, Hypotheses 3, 4c, were confirmed, while hypothesis 5c showed an opposite result comparing with my prediction. The moderating effect showed as Figure 5-5-1.

Country	Num	Country	Num
Denmark	31	Pakistan	11
Russia	77	Brazil	117
Bulgaria	19	Germany	656
Canada	146	Italy	260
Hungary	42	Latvia	5
India	260	Norway	14
Indonesia	132	Czech	49
Colombia	17	Morocco	11
Turkey	42	Slovakia	14
Mexica	160	Slovenia	4
Bangladesh	18	New Zealand	30
Ireland	27	UK	233
Estonia	2	Netherlands	196
Sweden	53	France	140
Switzerland	90	Poland	78
Peru	11	Thailand	165
Romania	57	El Salvador	5
USA	1771	Portugal	8
Finland	19	Malta	9
Vietnam	321	Japan	313
Argentina	16		
South Korea	156		

Table 5-5-1 FDI Destinations of Sampled Firms
Year	Ν	0⁄0
2005	1	0.016
2006	2	0.032
2007	1	0.016
2008	26	0.422
2009	34	0.552
2010	50	0.812
2011	123	1.998
2012	227	3.688
2013	175	2.843
2014	237	3.851
2015	306	4.971
2016	579	9.407
2017	706	11.470
2018	1003	16.296
2019	1041	16.913
2020	848	13.777
2021	796	12.933
Total	6155	

Table 5-5-2 Description of Sample Year

Table 5-5-3 Descriptive Statistics of Variables

Variable	Ν	Mean	SD	Max	Min
Developed economy (DE)	6,155	0.72	0.45	1.00	0.00
M&A	6,155	0.27	0.45	1.00	0.00
FDI speed	6,155	2.76	4.35	35.00	0.00
TMTCPCM_pro (CPCM_pro)	6,155	0.09	0.19	1.00	0.00
TMT young age (YA)	6,155	53.29	3.66	65.20	39.17
TMTEDU	6155	3.50	0.70	5.00	1.00
Economic distance (Ecodis)	6,155	1.45	0.57	3.23	0.00
Political connection (PC)	6,155	0.26	0.44	1.00	0.00
Firm age	6,155	7.38	6.73	28.00	0.00
ROA	6,155	0.05	0.08	0.55	-2.01
Dual	6,155	0.42	0.49	1.00	0.00
Firm international experience	6,155	1.30	0.92	3.66	0.00
(FIE)					
TMT Size	6,155	6.51	2.80	22.00	1.00
Financial Back	6,155	0.66	0.47	1.00	0.00
Oversea Back	6,155	0.76	0.43	1.00	0.00
State share	6,155	0.01	0.03	0.30	0.00
City GDP	6,155	7.14	2.66	17.40	-32.25
HHI	6,155	0.08	0.06	1.00	0.01
BITs	6,155	0.65	0.48	1.00	0.00
Cultural distance (cultdis)	6,155	2.86	1.25	5.06	0.55
Strategic asset	6,155	9.84	2.44	12.71	0.00
POG	6,155	91.11	10.87	102.28	0.00
Efficiency	6,155	2.50	3.26	54.15	-2.52

	DE	MA	FDI speed	CPCM_pro	YA	TMTEDU	Ecodis	PC	Firm age	ROA	Dual	FIE	TMTSize
DE	1		•	•									
MA	0.037***	1											
FDI speed	0.002	0.224***	1.00										
CPCM_pro	0.030**	0.069***	-0.053***	1.00									
YA	0.038***	0.071***	0.110***	-0.005	1.00								
TMTEDU	-0.070***	0.103***	0.100***	-0.020	-0.074***	1.00							
Ecodis	0.695***	-0.044***	-0.071***	0.010	0.069***	-0.112***	1.00						
PC	0.023*	0.066***	-0.067***	0.081***	0.025*	0.028**	0.069***	1.00					
Firm age	-0.041***	0.229***	0.156***	0.303***	-0.096***	0.276***	-0.108***	-0.002	1.00				
ROA	-0.025**	-0.053***	-0.065***	-0.053***	-0.030**	-0.002	-0.008	-0.056***	-0.121***	1.00			
Dual	-0.014	0.024*	-0.027**	-0.058***	-0.102***	0.107***	-0.039***	-0.035***	0.034***	0.015	1.00		
FIE	-0.139***	0.183***	0.458***	0.042***	-0.062***	0.232***	-0.260***	-0.026**	0.383***	-0.024*	0.002	1.00	
TMT Size	-0.048***	-0.018	-0.064***	0.065***	-0.070***	0.051***	-0.012	0.194***	-0.023*	0.099***	0.046***	0.089***	1.00
Financial Back	-0.000	0.026**	0.018	-0.016	0.015	0.081***	0.032**	0.065***	0.007	-0.062***	0.008	-0.025*	-0.001
Oversea Back	0.024*	0.082***	0.168***	0.041***	0.020	0.168***	-0.022*	-0.015	0.042***	0.026**	-0.028**	0.135***	0.029**
State share	-0.005	0.003	0.006	-0.012	-0.033**	0.077***	-0.026**	-0.005	-0.050***	-0.002	-0.001	0.029**	0.111***
City GDP	0.004	0.002	0.014	0.032**	0.132***	-0.031**	0.124***	0.104***	-0.059***	0.034***	-0.023*	-0.072***	0.072***
HHI	-0.038***	0.093***	0.155***	0.011	0.098***	0.032**	-0.027**	0.010	0.088***	-0.053***	0.038***	0.060***	-0.123***
BITs	-0.205***	0.117***	0.061***	0.009	0.001	0.051***	-0.268***	0.047***	0.030**	-0.005	0.050***	0.165***	0.034***
cultdis	0.560***	-0.006	-0.009	0.031**	0.006	-0.022*	0.439***	0.013	-0.005	-0.012	-0.044***	-0.113***	-0.038***
Strategic asset	0.526***	-0.091***	-0.069***	-0.028**	0.011	-0.065***	0.525***	-0.034***	-0.065***	0.009	-0.012	-0.201***	-0.024*
POG	0.444***	0.023*	-0.053***	0.029**	0.012	-0.080***	0.400***	0.014	-0.063***	-0.013	-0.042***	-0.078***	-0.008
Efficiency	-0.384***	-0.044***	-0.002	-0.021	-0.003	0.028**	-0.363***	-0.002	0.026**	0.017	-0.021	0.090***	0.015
		-	~ .	~ ~ ~ ~ ~				~ !					
	Financial	Oversea	States hare	City GDP	HHI	BITS	cultdis	Strategic	POG	Efficiency			
	Back	Back						asset					
Financial Back	1.00	1.00											
Oversea Back	0.0/9***	1.00	1.00										
State share	0.094***	0.066***	1.00	1.00									
City GDP	-0.013	0.003	-0.028**	1.00	1.00								
HHI	0.031**	-0.010	-0.041***	0.065***	1.00	1.00							
BIIS	0.013	0.004	0.014	-0.011	-0.005	1.00	1.00						
cultdis	0.008	0.026**	-0.014	0.009	0.025*	-0.619***	1.00	1.00					
Strategic asset	0.007	0.010	0.010	0.010	-0.059***	-0.52/***	0.34/***	1.00	1.00				
POG	-0.019	0.003	-0.000	-0.018	-0.092***	-0.048***	0.249***	0.346***	1.00	1.00			
Efficiency	-0.012	-0.010	-0.019	0.080***	0.044***	-0.003	-0.115***	-0.197***	-0.169***	1.00			

Table 5-5- 4 Correlation Matrix

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H1)		0.840**	0.182	-0.094	-1.818
<u> </u>		(0.34)	(4.58)	(1.65)	(4.79)
CPCM pro * YA (H4a)			0.012		0.030
<u> </u>			(0.09)		(0.08)
CPCM pro *TMTEDU (H5a)				0.260	0.302
<b>_</b>				(0.47)	(0.47)
YA	0.005	0.007	0.006	<b>0.007</b>	0.005
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
TMTEDU	-0.185**	-0.172*	-0.172*	-0.193*	-0.197*
	(0.09)	(0.09)	(0.09)	(0.10)	(0.10)
Economic distance	3.127***	3.139***	3.140***	3.136***	3.138***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Political connection	-0.057	-0.076	-0.076	-0.078	-0.080
	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Firm age	-0.000	-0.007	-0.007	-0.007	-0.007
-	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-1.130	-1.035	-1.038	-1.013	-1.017
	(0.72)	(0.71)	(0.72)	(0.71)	(0.71)
Dual	0.153	0.151	0.152	0.156	0.160
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Firm international experience	-0.024	-0.020	-0.020	-0.019	-0.019
× ×	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
TMT Size	-0.063***	-0.065***	-0.065***	-0.065***	-0.065***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	-0.475***	-0.484***	-0.483***	-0.484***	-0.483***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Oversea Back	0.086	0.082	0.083	0.086	0.087
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
State share	-0.222	-0.360	-0.364	-0.335	-0.337
	(2.47)	(2.49)	(2.49)	(2.50)	(2.50)
City GDP	0.014	0.018	0.018	0.016	0.017
2	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
HHI	4.229	4.254	4.243	4.231	4.200
	(3.22)	(3.28)	(3.28)	(3.28)	(3.27)
BITs	2.240***	2.216***	2.218***	2.217***	2.220***
	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
Cultural distance	2.054***	2.040***	2.040***	2.039***	2.039***
	(0.09)	(0.08)	(0.08)	(0.08)	(0.08)
strategic asset	0.297***	0.296***	0.296***	0.297***	0.297***
č	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
POG	0.031***	0.032***	0.032***	0.033***	0.033***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Efficiency	-0.475***	-0.478***	-0.478***	-0.478***	-0.478***
2	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Constant	-13.671***	-14.040***	-14.003***	-13.976***	-13.877***
	(1.29)	(1.29)	(1.31)	(1.29)	(1.31)
Pseudo R <sup>2</sup>	0.732	0.732	0.732	0.732	0.732
Log-Likelihood	-972.5	-972.5	-972.5	-972.5	-972.5
LR chi <sup>2</sup>	1218	1218	1218	1218	1218
Year and industry dummies	YES	YES	YES	YES	YES
N	6133	6133	6133	6133	6133
1 1	0133	0155	0155	0155	0155

Table 5-5- 5 Effects of TMT's CPC Member Proportion on FDI Location Choice

Robust standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM pro (H2)		-0.462**	-8.923***	0.012	-10.236***
<u> </u>		(0.18)	(2.38)	(0.77)	(3.08)
CPCM pro * YA (H4b)			0.157***		0.169***
			(0.04)		(0.05)
CPCM pro *TMTEDU (H5b)				-0.137	0.187
<b>_</b>				(0.21)	(0.24)
YA	0.059***	0.058***	0.043***	0.058***	0.042***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
TMTEDU	0.080	0.069	0.077	0.082	0.061
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Economic distance	-0.243***	-0.254***	-0.240***	-0.252***	-0.242***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Political connection	0.392***	0.401***	0.403***	0.400***	0.403***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Firm age	0.059***	0.064***	0.063***	0.064***	0.063***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-0.463	-0.493	-0.525	-0.501	-0.516
	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)
Dual	0.110	0.101	0.119*	0.098	0.125*
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Firm international experience	0.235***	0.231***	0.235***	0.232***	0.235***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
TMT Size	-0.029**	-0.027**	-0.026**	-0.027**	-0.026**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Financial Back	0.098	0.106	0.106	0.106	0.105
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Oversea Back	0.344***	0.349***	0.355***	0.347***	0.358***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
State share	1.881*	1.914*	1.824	1.899*	1.835
	(1.13)	(1.15)	(1.15)	(1.15)	(1.14)
City GDP	-0.032*	-0.034*	-0.031*	-0.034*	-0.031*
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
HHI	-2.760*	-2.794*	-2.756*	-2.746*	-2.820*
	(1.59)	(1.58)	(1.57)	(1.57)	(1.57)
BITs	0.647***	0.654***	0.638***	0.649***	0.643***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Cultural distance	0.129***	0.134***	0.126***	0.133***	0.127***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
strategic asset	-0.014	-0.015	-0.017	-0.015	-0.017
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
POG	0.012***	0.013***	0.013***	0.013***	0.013***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Efficiency	-0.041***	-0.042***	-0.041***	-0.042***	-0.042***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Constant	-6.646***	-6.550***	-5.944***	-6.595***	-5.841***
2	(0.76)	(0.77)	(0.78)	(0.77)	(0.79)
Pseudo R <sup>2</sup>	0.129	0.129	0.129	0.129	0.129
Log-Likelihood	-3138	-3138	-3138	-3138	-3138
$LR chi^2$	792.1	792.1	792.1	792.1	792.1
Year and industry dummies	YES	YES	YES	YES	YES
Ν	6121	6121	6121	6121	6121

### Table 5-5-6 Effects of TMT's CPC Member Proportion on FDI Establishment Mode

Robust standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM pro (H3)		-1.761***	-10.889***	5.170***	0.789
		(0.27)	(3.19)	(1.18)	(3.84)
CPCM pro * YA (H4c)		(**=*)	0.170***	()	0.074
			(0.06)		(0.06)
CPCM pro *TMTEDU (H5c)			(0.00)	-2.013***	-1.894***
				(0.33)	(0.35)
YA	0.082***	0.080***	0.065***	0.079***	0.072***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
TMTEDU	0.151**	0.113	0.121*	0.292***	0.285***
	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)
Economic distance	0.049	0.015	0.027	0.042	0.045
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Political connection	-0.623***	-0.591***	-0.588***	-0.597***	-0.596***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Firm age	-0.024***	-0.008	-0.009	-0.006	-0.006
-0-	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-0.801	-0.910*	-0.945*	-1.023*	-1.031*
	(0.55)	(0.55)	(0.55)	(0.55)	(0.55)
Dual	-0.134	-0.165*	-0.148	-0.203**	-0.193**
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Firm international experience	2.151***	2.133***	2.132***	2.141***	2.140***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
TMT Size	-0.089***	-0.082***	-0.081***	-0.081***	-0.081***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	0.022	0.034	0.033	0.045	0.044
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Oversea Back	0.794***	0.810***	0.812***	0.780***	0.783***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
State share	-0.896	-0.722	-0.794	-0.977	-0.993
	(1.72)	(1.71)	(1.71)	(1.71)	(1.71)
City GDP	-0.079***	-0.086***	-0.083***	-0.083***	-0.082***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
HHI	-3.978*	-4.271**	-4.244*	-3.578*	-3.607*
	(2.18)	(2.18)	(2.18)	(2.17)	(2.17)
BITs	0.246*	0.267*	0.252*	0.208	0.206
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Cultural distance	0.124**	0.139***	0.130**	0.122**	0.119**
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
strategic asset	0.024	0.022	0.020	0.014	0.014
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
POG	-0.011**	-0.009*	-0.009*	-0.009*	-0.009*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Efficiency	-0.021	-0.024	-0.024	-0.023	-0.023
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Constant	-4.773	-3.036	-2.815	-3.584	-3.456
	(3.66)	(3.65)	(3.65)	(3.64)	(3.65)
R-squared	0.362	0.366	0.367	0.370	0.370
Adj R-squared	0.363	0.363	0.363	0.363	0.363
Log-Likelihood	-16357	-16357	-16357	-16357	-16357
Year and industry dummies	YES	YES	YES	YES	YES
Ν	6155	6155	6155	6155	6155

# Table 5-5-7 Effects of TMT's CPC Member Proportion on FDI speed

Robust standard errors in parentheses





# Hypothesis 4b

Hypothesis 4c and 5c



#### **Robustness Tests**

I conducted four sets of supplementary analyses to ensure the robustness of my findings. First, this study utilized 2SLS to test the endogeneity due to the potential of reverse causality, omitted variables. Province-level firms' CPC members influence the ratio of CPC members in TMTs to some extent (p<0.05) and doesn't have direct impact on OFDI location choice (b=0.067, p>0.1), establishment mode (b=-0.024, p>0.1), and FDI speed (b=0.167, p>0.1). The F value is above 10, which makes my variable valid. Additionally, I winsored all continuous variables. Due to the binary features of location choice and establishment mode, I conducted IV-2SLS-probit. The coefficient for location choice was 3.39 with p<0.01, the coefficient of establishment mode was -1.83 with p<0.1. The coefficient for FDI speed was -5.27 with p <0.01. My results proved to be robust.

Second, I computed the effect size for FDI speed and its interaction terms with two moderators, respectively, and found reasonable effect sizes for practical significance hypothesized and tested in the study. Specifically, I calculated the Cohen's f<sup>2</sup> value, which gauge variance proportions explained by TMT CPC member proportion and its interaction terms with the moderators (Cohen, 2013). The Cohen's f<sup>2</sup> value for TMT CPC member proportion is 0.18, suggesting a small-to-medium effect; the Cohen's f2 value for TMT CPC member proportion \* TMT's young age is 0.11, also suggesting a small-to-medium effect; the Cohen's f<sup>2</sup> value for TMT CPC member proportion \* TMT

size of this interaction term implies that this term may have limited practical power. Despite this, the interaction term may still hold theoretical significance because practical significance is typically assessed in comparison with the results of similar research conducted with a similar sample size, and theoretical research often identifies even smaller effect sizes (Sawyer & Ball, 1981). However, practitioners are advised to exercise caution when interpreting the moderation effects.

Third, I replace TMT's young age and TMT's education to CEO's young age and CEO's education (Table 5-5- 8, Table 5-5- 9, Table 5-5- 10). Fourth, I added two control variables: the CPC membership of both the CEO and the Chairman (Table 5-5- 11, Table 5-5- 12, Table 5-5- 13). Fifth, I used different databases to gather data. I collected direct investment information from the *fDiMarkets* database and M&A investment data from Bureau van Dijk's *Zephyr* database. The former is a comprehensive greenfield investment database operated by the *Financial Times*, while the latter is a widely used M&A research database that covers full and partial M&A deals globally. Given their reliability and applicability in cross-border research, these two datasets are widely used by IB researchers to study the outward investment of multinational corporations from both emerging and developed economies. With this data, I altered developed countries with institutional distance (Table 5-5- 14) and used the same sample to check the effect on establishment mode (Table 5-5- 15). I found all the results were robust.

Table 5-5-8 Effects of TMT's CPC Member Proportion on FDI Location
Choice

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H1)		0.864**	1.592	-0.998	-0.006
		(0.35)	(2.74)	(1.35)	(2.96)
CPCM pro * CEO young age (H4a)			-0.015		-0.021
			(0.05)		(0.05)
CPCM pro *CEOEDU (H5a)			× /	0.459	0.475
				(0.34)	(0.34)
CEO young age	0.018*	0.019*	0.020*	0.018*	0.022
	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
CEOEDU	0.040	0.045	0.045	0.006	0.046
CECEDO	(0.06)	(0.06)	(0.06)	(0.07)	(0.06)
Economic distance	3 144***	3 154***	3 151***	3 151***	3 088***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.90)
Delitical composition	(0.13)	0.000	0.001	(0.13)	(0.90)
Political connection	-0.069	-0.090	-0.091	-0.078	-0.102
<b>P</b> '	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Firm age	-0.004	-0.011	-0.011	-0.011	-0.010
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-1.098	-0.990	-0.971	-0.983	-0.962
	(0.75)	(0.74)	(0.74)	(0.74)	(0.73)
Dual	0.200*	0.199*	0.198	0.204*	0.203*
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Firm international experience	-0.038	-0.032	-0.032	-0.024	-0.032
*	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
TMT Size	-0.065***	-0.067***	-0.067***	-0.070***	-0.070**
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	-0 479***	-0.482***	-0.483***	-0.476***	-0 474**
I manetal Back	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Overson Paak	0.024	0.021	0.020	0.013	0.022
Oversea Back	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
State -large	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
State share	-0.1//	-0.324	-0.320	-0.400	-0.442
C't CDP	(2.40)	(2.43)	(2.43)	(2.43)	(2.41)
City GDP	0.010	0.014	0.013	0.014	0.011
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
HHI	3.948	3.935	3.981	3.970	4.101
	(3.18)	(3.24)	(3.24)	(3.23)	(3.26)
BITs	2.230***	2.203***	2.201***	2.221***	2.208***
	(0.22)	(0.22)	(0.21)	(0.22)	(0.21)
Cultural distance	2.046***	2.032***	2.032***	2.034***	2.034***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
strategic asset	0.294***	0.294***	0.295***	0.297***	0.298***
c	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
POG	0.031***	0.033***	0.033***	0.032***	0.033***
	(0.01)	(0.01)	(0.01)	(0.052)	(0.033)
Efficiency	-0.476***	_0 479***	-0 479***	-0.476***	-0.474**
Efficiency	-0.4/0	-0.4/2	-0.4/2	-0.4/0	-0.4/4
Comptant	(0.03)	(0.05)	(0.05)	(0.03)	(0.03)
Constant	-15.081***	-15.353***	-15.418***	-15.066***	-15.422*
	(1.09)	(1.09)	(1.12)	(1.10)	(1.49)
Observations	6,133	6,133	6,133	6,133	6,133
Year and industry dummies	YES	YES	YES	YES	YES
N	6133	6133	6133	6133	6133

# Table 5-5- 9 Effects of TMT's CPC Member Proportion on FDI Establishment Mode

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H2)		-0.635***	-5.382***	-3.238***	-6.954***
_ 、 ,		(0.18)	(1.34)	(0.81)	(1.43)
CPCM_pro * CEO young age (H4b)			0.092***		0.081***
			(0.03)		(0.03)
CPCM_pro *CEOEDU (H5b)				0.628***	0.516***
				(0.19)	(0.19)
CEO young age	0.019***	0.019***	0.010	0.018***	0.010
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
CEOEDU	0.075**	0.074**	0.067*	0.011	0.016
	(0.03)	(0.03)	(0.03)	(0.04)	(0.04)
Economic distance	-0.235***	-0.249***	-0.238***	-0.264***	-0.252***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Political connection	0.385***	0.398***	0.417***	0.407***	0.423***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Firm age	0.058***	0.063***	0.062***	0.062***	0.061***
-	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-0.523	-0.566*	-0.659**	-0.555*	-0.641*
	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)
Dual	0.156**	0.143**	0.153**	0.152**	0.158**
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Firm international experience	0.231***	0.222***	0.224***	0.234***	0.234***
1	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
TMT Size	-0.034***	-0.032***	-0.029**	-0.034***	-0.032***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Financial Back	0.141**	0.147**	0.156**	0.158**	0.165**
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Oversea Back	0.368***	0.372***	0.372***	0.337***	0.343***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
State share	2.109*	2.151*	2.157*	1.901*	1.948*
	(1.12)	(1 14)	(1.16)	(1 14)	(1,15)
City GDP	-0.031*	-0.034*	-0.033*	-0.034*	-0.033*
ony obr	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
HHI	_3 227**	-3 266**	-3 131**	-3 177**	-3.061**
	(1.60)	(1.58)	(1.58)	(1.56)	(1.56)
BITs	0.662***	0.673***	0.655***	0.671***	0.656***
5115	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Cultural distance	0.133***	0.140***	0.131***	0.130***	0.131***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
stratagia assat	0.03)	0.015	0.018	0.014	0.017
strategic asser	-0.014	-0.013	-0.018	-0.014	(0.02)
DOC	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
100	(0.00)	(0,00)	(0,00)	(0,00)	(0.00)
D.66	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Eniciency	-0.041***	-0.042***	-0.041****	-0.042***	-0.041***
Constant	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Constant	-0./25***	-0.020***	-0.180***	-0.228***	-/.821***
	(0.74)	(0.75)	(0.77)	(0.76)	(1.71)
Observations	6,121	6,121	6,121	6,121	6,121
Year and industry dummies	YES	YES	YES	YES	YES
N	6121	6121	6121	6121	6121

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H1)		-1.878***	-5.428***	-3.612***	-6.441***
		(0.27)	(1.74)	(1.07)	(1.89)
CPCM_pro * CEO young age (H4a)			0.069**		0.061*
			(0.03)		(0.03)
CPCM_pro *CEOEDU (H5a)				0.428*	0.348*
				(0.26)	(0.26)
CEO young age	0.032***	0.033***	0.027***	0.032***	0.026***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
CEOEDU	-0.225***	-0.231***	-0.235***	-0.270***	-0.266***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Economic distance	0.064	0.030	0.037	0.019	0.028
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Political connection	-0.607***	-0.573***	-0.559***	-0.568***	-0.556***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Firm age	-0.023***	-0.007	-0.008	-0.008	-0.009
Dot	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-0.888	-1.009*	-1.072*	-0.997*	-1.055*
	(0.55)	(0.55)	(0.55)	(0.55)	(0.55)
Dual	-0.084	-0.117/	-0.112	-0.114	-0.109
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Firm international experience	2.156***	2.134***	2.134***	2.142***	2.141***
TN (T. C.	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
IMI Size	-0.085***	-0.0/8***	-0.0//***	-0.080***	-0.0/8***
Einen eiel Deele	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	0.047	0.056	0.060	0.065	0.000
Orversee Deals	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Oversea Back	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
State share	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
State share	(1,72)	(1,71)	(1,71)	(1,71)	(1,71)
City GDP	-0.079***	-0.088***	-0.087***	-0.088***	-0.087***
City GDI	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
нні	-4 093*	-4 379**	-4 273**	-4 367**	-4 275**
11111	(2.19)	(2.18)	(2.18)	(2.18)	(2.18)
BITs	0.288**	0.307**	0.294**	0.304**	0.294**
2110	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Cultural distance	0.130**	0.144***	0.138***	0.144***	0.138***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
strategic asset	0.021	0.019	0.017	0.020	0.018
0	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
POG	-0.012**	-0.010**	-0.010**	-0.010**	-0.010**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Efficiency	-0.021	-0.025	-0.024	-0.025	-0.024
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Constant	0.129	1.694	2.294	1.918	2.410
	(3.58)	(3.58)	(3.59)	(3.58)	(3.59)
Ν	6,155	6,155	6,155	6,155	6,155
R-squared	0 361	0 366	0 367	0 367	0.367
1	0.501	0.500	0.007	0.007	0.007

# Table 5-5-10 Effects of TMT's CPC Member Proportion on FDI Speed

.762 .00) 017 .08) 481 .34) 006 .02) .200** .10) 140*** .13) .051
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33

# Table 5-5- 11 Effects of TMT's CPC Member Proportion on FDI Location Choice

Robust standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H2)		-0.111*	-8.119*** (2.40)	0.236	-9.484***
CPCM pro * YA (H4b)		(0.25)	(2.40) 0.146***	(0.77)	(3.08) 0.159***
			(0.04)		(0.05)
CPCM_pro *TMTEDU (H5b)				-0.102	0.195
VA	0.050***	0.050***	0 044***	(0.21)	(0.23)
IA	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
TMTEDU	0.070	0.068	0.077	0.078	0.060
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Economic distance	-0.254***	-0.255***	-0.242***	-0.253***	-0.244***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Political connection	0.414***	0.413***	0.413***	0.413***	0.413***
Firm age	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Film age	(0.004)	(0.004)	(0.003)	(0.004)	(0.003)
ROA	-0.537*	-0.535*	-0.557*	-0.541*	-0.548*
	(0.32)	(0.32)	(0.33)	(0.32)	(0.33)
Dual	0.112	0.109	0.127*	0.107	0.133*
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Firm international experience	0.237***	0.236***	0.237***	0.237***	0.237***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
TMT Size	-0.022*	-0.023*	-0.023*	-0.023*	-0.023*
Einen eiel Deele	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Financial Back	(0.107)	0.108	0.108	0.108	0.108
Oversea Back	(0.07)	(0.07)	(0.07)	(0.07)	(0.07) 0.359***
Oversea Dack	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
State share	2.038*	2.030*	1.880	2.016*	1.891
	(1.16)	(1.16)	(1.16)	(1.16)	(1.16)
City GDP	-0.034*	-0.035*	-0.032*	-0.034*	-0.032*
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
HHI	-2.883*	-2.877*	-2.803*	-2.840*	-2.870*
DIT	(1.60)	(1.59)	(1.58)	(1.59)	(1.58)
BHIS	0.650***	0.651***	$0.63^{***}$	0.647***	0.643***
Cultural distance	(0.10) 0.121***	(0.10) 0.122***	(0.10) 0.125***	(0.10) 0.120***	(0.10) 0.126***
Cultural distance	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
strategic asset	-0.015	-0.015	-0.017	-0.015	-0.016
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
POG	0.013***	0.013***	0.013***	0.013***	0.013***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Efficiency	-0.042***	-0.042***	-0.041***	-0.042***	-0.041***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Chair CPC membership	-0.060	-0.055	-0.015	-0.054	-0.014
CEO CBC momborship	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
CEO CFC membersnip	$-0.292^{**}$	$-0.233^{+}$	-0.208	$-0.249^{+}$	-0.211 (0.14)
Constant	-6 654***	-6 631***	-6 043***	-6 663***	-5 936***
Constant	(0.77)	(0.77)	(0.79)	(0.77)	(0.79)
Pseudo R <sup>2</sup>	0.130	0.130	0.130	0.130	0.130
Log-Likelihood	-3136	-3136	-3136	-3136	-3136
LR chi <sup>2</sup>	791.9	791.9	791.9	791.9	791.9
Year and industry dummies	YES	YES	YES	YES	YES
N	6121	6121	6121	6121	6121

# Table 5-5- 12 Effects of TMT's CPC Member Proportion on FDI Establishment Mode

Robust standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H3)		-0.882**	-14.468***	5.749***	-4.029
CPCM_pro * YA (H4c)		(0.36)	(3.23)	(1.17)	(3.85)
			0.250***		0.164***
CPCM_pro *TMTEDU (H5c)			(0.06)	1 05(***	(0.06)
				-1.956***	$-1./00^{***}$
YA	0.074***	0.074***	0.052***	(0.33)	(0.34)
	(0.01)	$(0.0)^{4}$	(0.052)	(0.073)	(0.01)
TMTEDU	0.199***	0.189***	0.204***	0.364***	0.350***
IIIII D C	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)
Economic distance	0.012	0.004	0.022	0.031	0.039
	(0.12)	(0.12)	(0.11)	(0.11)	(0.11)
Political connection	-0.550***	-0.555***	-0.557***	-0.565***	-0.565***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Firm age	-0.023***	-0.019**	-0.020**	-0.017**	-0.018**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-1.056*	-1.047*	-1.084**	-1.147**	-1.158**
Deral	(0.54)	(0.54)	(0.54)	(0.54)	(0.54)
Dual	0.105	0.087	0.116	0.048	0.0/2
Firm international experience	(0.09)	(0.10)	(0.10) 2.054***	(0.10) 2.066***	(0.10) 2.062***
Firm international experience	2.008	(0.06)	(0.06)	(0.06)	(0.06)
TMT Size	-0.061***	-0.064***	-0.063***	-0.064***	-0.063***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	0.054	0.057	0.055	0.067	0.064
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Oversea Back	0.660***	0.661***	0.658***	0.631***	0.633***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
State share	-3.492**	-3.520**	-3.755**	-3.791**	-3.910**
	(1.69)	(1.69)	(1.69)	(1.69)	(1.69)
City GDP	-0.089***	-0.091***	-0.087***	-0.089***	-0.086***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
HHI	-3.106	-3.168	-3.080	-2.487	-2.519
	(2.14) 0.214**	(2.14)	(2.14)	(2.14) 0.260*	(2.13)
BIIS	(0.14)	(0.324)	(0.14)	(0.14)	(0.14)
Cultural distance	0 147***	0 154***	0 144***	0 138***	0 133***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
strategic asset	0.033	0.032	0.029	0.024	0.023
5	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
POG	-0.011**	-0.011**	-0.011**	-0.010**	-0.011**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Efficiency	-0.021	-0.022	-0.021	-0.021	-0.020
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Chair CPC membership	1.97/***	$2.013^{***}$	$2.09^{***}$	2.025***	$2.0/9^{***}$
CEO CPC membership	(0.14) 2 547***	(U.14) 2 249***	(U.14) 2 185***	(U.14) 0 172***	(U.14) 0 140***
CEO CPC membership	-2.34/***	$-2.248^{+++}$	$-2.103^{+++}$	$-2.1/3^{+++}$	$-2.142^{+++}$
Constant	-4 543	-3 785	-3 356	-4 246	-3 905
Constant	(3.58)	(3.59)	(3.59)	(3.58)	(3.58)
R-squared	0.389	0.390	0.392	0.393	0.394
Pseudo R <sup>2</sup>	0.387	0.387	0.387	0.387	0.387
Log-Likelihood	-16237	-16237	-16237	-16237	-16237
Year and industry dummies	YES	YES	YES	YES	YES
N	6155	6155	6155	6155	6155

# Table 5-5-13 Effects of TMT's CPC Member Proportion on FDI Speed

Robust standard errors in parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H1)		0.496***	2.000	0.345	1.855
_ 、 /		(0.19)	(2.20)	(0.75)	(2.13)
CPCM pro * YA (H4a)		. ,	-0.028	. ,	-0.028
			(0.04)		(0.04)
CPCM_pro*TMTEDU (H5a)				0.047	0.036
				(0.23)	(0.22)
YA	-0.003	0.001	0.003	0.001	0.003
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Economic distance	1.272***	1.272***	1.273***	4.438***	1.360***
	(0.06)	(0.06)	(0.06)	(0.84)	(0.23)
TMTEDU	0.017	0.018	0.014	0.023	0.030
	(0.04)	(0.04)	(0.04)	(0.04)	(0.11)
Political connection	-0.134**	-0.137**	-0.133**	-0.128**	-0.136**
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Dual	0.002	-0.003	0.001	0.013	0.005
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Financial BACK	-0.179***	-0.179***	-0.179***	-0.169***	-0.181***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Overseas BACK	0.071	0.069	0.072	0.076	0.076
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Firm age	-0.012**	-0.012**	-0.012**	-0.012*	-0.012**
6	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
TMT SIZE	-0.011	-0.011	-0.011	-0.010	-0.010
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Firm international experience	-0.002	-0.002	-0.002	-0.006	-0.002
1	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
State share	0.011	-0.056	0.010	-0.095	0.062
	(0.44)	(0.44)	(0.44)	(0.44)	(0.43)
HHI	0.822	0.806	0.829	0.682	0.769
	(0.70)	(0.70)	(0.70)	(0.72)	(0.71)
City GDP	-0.001	-0.001	-0.001	0.000	-0.002
5	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
BITs	-0.506***	-0.505***	-0.505***	-0.518***	-0.508***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Culture distance	0.333***	0.333***	0.333***	0.347***	0.338***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Strategic seeking	0.101***	0.102***	0.102***	0.107***	0.103***
8 8	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Efficiency seeking	-0.033***	-0.033***	-0.033***	-0.033***	-0.033***
, ,	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
POG	0.035***	0.035***	0.035***	0.035***	0.035***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	-2.459***	-2.441***	-2.453***	-7.319***	-2.729***
	(0.77)	(0.77)	(0.77)	(1.52)	(0.89)
Observations	984	984 ´	984 ´	984 ´	984 ´
Year and industry dummies	YES	YES	YES	YES	YES
N	984	984	984	984	984

### Table 5-5- 14 Effects of TMT's CPC Member Proportion on FDI Location Choice

Robust standard errors in parentheses

# Table 5-5- 15 Effects of TMT's CPC Member Proportion on FDI Establishment Mode

	Model 1	Model 2	Model 3	Model 4	Model 5
CPCM_pro (H2)		-0.355*	-6.462***	-2.881***	-8.795***
→ ` ´		(0.25)	(2.44)	(0.80)	(2.53)
CPCM_pro * YA (H4b)			0.113**		0.110**
			(0.04)		(0.04)
CPCM_pro *TMTEDU (H5b)			× /	0.614***	0.599***
				(0.18)	(0.18)
YA	0.006	0.008	0.008	0.007	-0.018
	(0.02)	(0.02)	(0.02)	(0.02)	(0.04)
TMTEDU	0.057	0.055	0.054	0.013	0.059
	(0.06)	(0.06)	(0.06)	(0.07)	(0.06)
Economic distance	3.127***	3.137***	3.137***	3.134***	1.806
	(0.13)	(0.13)	(0.13)	(0.13)	(1.47)
Political connection	-0.091	-0.069	-0.068	-0.058	-0.071
	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Firm age	-0.007	-0.011	-0.011	-0.012	-0.011
e	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	-1.098	-1.084	-1.082	-1.071	-1.065
	(0.73)	(0.72)	(0.72)	(0.72)	(0.71)
Dual	0.157	0.171	0.170	0.178	0.178
Duui	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Firm international experience	-0.040	-0.033	-0.033	-0.025	-0.036
i init international experience	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
TMT Size	-0.070***	-0.066***	-0.066***	-0.068***	-0.068***
	(0.070)	(0.02)	(0.02)	(0.02)	(0.02)
Financial Back	-0.502***	-0 493***	-0 494***	-0 487***	-0.486***
i manetar Buek	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Oversea Back	0.030	0.028	0.028	0.010	0.022
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
State share	-0.625	-0 740	-0.733	-0.872	-0.814
State share	(2.43)	(2.45)	(2.45)	(2.45)	(2.40)
City GDP	(2.43)	0.017	0.016	0.016	0.014
	(0.04)	(0.01)	(0.04)	(0.04)	(0.04)
нні	(0.04)	4 172	4 180	4 191	(0.04)
11111	(3.22)	(3.20)	(3.20)	(3.20)	(3, 22)
DIT	2 216***	2 185***	2 18/***	2 20/***	2 186***
DIIS	(0.22)	(0.22)	(0.22)	(0.22)	(0.21)
Cultural distance	2 039***	2 027***	2 027***	2 029***	2 030***
Cultural distance	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
strategic asset	0.206***	0.007***	0.007***	0.00)	0.000
strategie asser	(0.03)	(0.03)	(0.297)	(0.03)	(0.03)
POG	(0.03)	0.033***	(0.03)	0.037***	0.033***
100	(0.01)	(0.01)	(0.01)	(0.052)	(0.01)
Efficiency	(0.01)	(0.01)	0.01)	0.01)	(0.01)
	-0.4/0	-0.4/8	-0.478	-0.475	-0.472
Chair CPC membership	(0.03)	(0.05)	(0.05)	(0.05)	(0.03)
	0.125	0.087	0.085	0.085	0.089
CEO CPC membership	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)
	0.081	-0.315	-0.316	-0.303	-0.351
Constant	(0.23)	(0.31)	(0.31)	(0.31)	(0.31)
	-14.569***	-14.909***	-14.936***	-14.636***	-13.530***
	(1.30)	(1.29)	(1.32)	(1.31)	(2.22)
Year and industry dummies	YES	YES	YES	YES	YES
N	984	984	984	984	984

Robust standard errors in parentheses

Result summary

The findings reveal that firms with a higher proportion of CPC members in their TMTs are more likely to invest in developed countries, supporting the hypothesis that enterprises influenced by Dengism prefer developed countries. Simultaneously, such firms are more cautious in selecting M&A as a mode of FDI. Additionally, the study finds that firms with a higher proportion of CPC members in their TMTs tend to exhibit slower international investment speeds. This reflects the lasting impact of Deng Xiaoping's foreign policy. Xi Jinping's thoughts in the new era decaying Dengism.

### **5.6 Discussion**

This study examines the relationships between TMT's CPC-affiliated members and OFDI decisions. With a sample of Chinese listed non-SOEs over 2005–2021, I find that Dengism exerts persistent influence on these firms' OFDI decisions, propelling them to invest in developed countries yet discouraging them from conducting M&A and pursuing fast OFDI speed. Nevertheless, there are signs of Dengism decay, given that the imprinting effects become weaker in the presence of younger TMT teams and better-educated CEOs, although this attenuation is only observed in OFDI establishment mode and speed.

Firstly, the pragmatic and cautious expansion strategy from the Deng Xiaoping era still exerts a profound influence on today's non-state-owned enterprises, especially the "steady advancement" imprint of Dengism, which is particularly evident in the preference for low-risk internationalization paths. Executive teams with a higher proportion of Party members show a preference for developed countries, while avoiding high-risk mergers and acquisitions, and display more cautious expansion speeds. This result reflects the deep influence of Dengist imprint on these enterprises, making them inclined towards low-risk, gradual internationalization strategies.

Secondly, by analyzing the moderating effects of age and education, I find that these two factors have different impacts on investment decisions. Specifically, age and education do not significantly weaken the influence of Dengist imprint on location choices for investments. This suggests that, although younger executive teams under the influence of Xi Jinping's thoughts are more inclined to adopt an aggressive global expansion strategy, they still exhibit a preference for developed countries when selecting investment locations. However, in terms of M&A decisions and investment speed, age and education weaken the influence of Dengist imprint, showing a tendency for faster expansion speeds and higher-risk M&A approaches, revealing that Xi Jinping's thoughts indeed weaken Dengist imprint in these areas, making the executive teams more inclined to use M&As to accelerate internationalization.

Overall, the combined effect of Dengist imprint and Xi Jinping's thoughts on the internationalization paths of enterprises shows some synergy at the strategic level, but also forms potential conflicts in their specific implementation. The synergy and conflicts between the two primarily manifest in their impact on enterprise risk preferences, resource acquisition paths, and the different demands for expansion.

Dengist "steady progress" ideology laid a pragmatic foundation for the internationalization strategy of Chinese enterprises. He emphasized steady expansion, initially through the "bringing in" approach to accumulate advanced technology and management experience, and then gradually "going out". This ideology has had a profound imprint on the executive teams, making them more inclined to adopt low-risk expansion paths when making internationalization decisions. In corporate investment decisions, this ideology has driven a preference for developed countries, especially for the need to acquire resources and accumulate technology, so as to enhance the global competitiveness of enterprises through steady cooperation. Xi Jinping's thoughts form a certain synergy with Dengism in this regard. Xi Jinping also emphasizes the improvement of the global competitiveness of SOEs. This common pursuit of global competitiveness provides a logical basis for the synergy between Dengist imprint and Xi Jinping's thoughts, especially in resource accumulation and technology acquisition in developed markets. Xi Jinping believes that by actively participating in global competition, Chinese enterprises can accelerate their technological independence and avoid long-term dependence on external resources. This goal actually complements and deepens Dengist "steady progress" concept, making the acquisition of key resources in developed markets a consensus between the two.

Although both ideologies align in their pursuit of global competitiveness, they significantly conflict in their specific implementation, especially in terms of risk preference. Dengism emphasizes a steady expansion path, which is a gradual development model centered on risk control. In this model, executive teams tend to adopt low-risk greenfield investments and cooperative methods, while avoiding highrisk mergers and acquisitions in order to ensure long-term stable growth for the enterprise. This imprint still plays an important role in today's non-state-owned enterprises, causing executive teams to adopt a cautious attitude towards rapid investment and high-risk operations when expanding internationally. In contrast, Xi Jinping's ideology advocates for enterprises to play a more active leading role in the international market, even acquiring key resources through high-risk, high-speed mergers and acquisitions to quickly capture market share and enhance global competitiveness. The expansion logic under this ideology encourages enterprises to venture boldly into technology-intensive and high-growth markets, promoting crossborder mergers and acquisitions as a key means of rapidly acquiring advanced technologies. This aggressive expansion strategy creates a clear conflict with Dengist steady development view because it requires executive teams to be more willing to bear the risks of integration and cultural conflicts, among other potential challenges, in order to accelerate the enterprises' global layout.

Dengism emphasizes gradual progress, requiring enterprises to gradually improve their competitiveness. This incremental model suits the long-term development needs of enterprises and alleviates the resource and management pressures caused by rapid expansion. However, Xi Jinping's aggressive characteristics are more inclined to rapidly expand and engage in cross-border mergers and acquisitions to obtain technology and market resources in order to occupy a strategic position in the global market within a shorter time. This concept of rapid expansion has a significant appeal among younger and more highly educated executives, who are more willing to choose an aggressive internationalization path and accelerate the pace of foreign direct investment. In actual decision-making, executive teams face a trade-off between Dengist cautious expansion strategy and Xi Jinping's rapid expansion strategy. On the one hand, Dengism ensures that enterprises pay more attention to risk management during the expansion process; on the other hand, Xi Jinping's ideology pushes enterprises to accelerate expansion to enhance global competitiveness. Therefore, decisions on the speed of international expansion are often a dynamic balance between these two imprints — balancing the need to avoid high risks in rapid expansion while finding ways to enhance competitiveness through a steady path.

In the internationalization path of Chinese enterprises, the synergy and conflict between Dengism and Xi Jinping's ideology not only shape the risk preferences of executive teams but also guide their adaptation and transformation in practice. Executive teams seek a balance between the two in strategy to ensure gradual adaptation to the aggressive demands of global competition based on steady expansion. This search for balance makes the enterprise internationalization strategy reflect a preference for lowrisk expansion, while gradually shifting towards acceptance of mergers and acquisitions and accelerated expansion, especially in an increasingly competitive global market. Therefore, the synergy and conflict between Dengism and Xi Jinping's thoughts not only constitute the core driving force behind enterprise internationalization but also provide a new perspective for understanding how Chinese non-SOEs integrate ideology and business logic in dynamic global markets.

This study reveals the synergy and conflict between Dengism and Xi Jinping's thoughts in the internationalization path of enterprises, while also reflecting the phenomena of imprint updating and mixing. Imprint updating and imprint mixing refer to the influence of emerging ideologies on corporate decisions, where enterprises inherit earlier historical imprints while also adjusting and integrating multiple ideas in the new external environment. This dynamic adaptation phenomenon indicates that Dengism is not static, but continually adjusted with the emergence of new leadership ideologies, thus promoting the flexibility of enterprises in responding to the global market.

Although the "steady progress" emphasized by Dengism still plays a fundamental role in the internationalization path of enterprises, under the influence of Xi Jinping's thoughts, this steady concept has undergone an update. Xi Jinping's aggressive expansion strategy requires enterprises to quickly adapt to changes in the global market during internationalization, emphasizing the need to seize resource advantages in emerging markets and developed markets. The emergence of this expansion strategy has prompted executive teams to gradually adjust the original steady concept and increase their acceptance of more aggressive strategies. In practice, executive teams have gradually transformed Dengist steady expansion strategy into a dynamic risk management framework, which adapts to market opportunities through phase-based, rapid resource acquisition methods, especially in developed markets and emerging markets along the "Belt and Road" initiative, where stability and resource acquisition are advanced in parallel. The phenomenon of imprint updating indicates that executive teams, by adjusting traditional steady expansion concepts, have made them adapt to Xi Jinping's global expansion goals, thus balancing the differences between the two ideologies. This imprint updating not only enables enterprises to have higher adaptability in global competition but also ensures that executive teams can gradually complete the transition from "steady" to "rapid expansion" when dealing with the uncertainties in global markets.

The phenomenon of imprint mixing is reflected in the coexistence and integration of steady and aggressive strategies in the internationalization path of enterprises. Deng Xiaoping's imprint and Xi Jinping's thoughts are not single-handedly dominant in decision-making; instead, they gradually intertwine in the risk management strategies of executive teams. Deng Xiaoping's "steady progress" imprint gives executive teams a basic preference for low-risk expansion, while Xi Jinping's thoughts encourage them to adopt higher-risk and faster expansion strategies. In practical decision-making, enterprises, when facing different markets, flexibly apply different strategies according to market characteristics, so that steady and aggressive thinking blends together in global expansion. For example, when entering developed markets, enterprises still tend to adopt the low-risk expansion path under Dengism, gradually accumulating resources and technology through greenfield investments, joint ventures, and other steady models.

However, in emerging markets or countries along the "Belt and Road", executive teams influenced by Xi Jinping's aggressive expansion logic, tend to take a more proactive approach, such as cross-border M&As, to accelerate resource acquisition and market capture. This imprint mixing phenomenon allows executive teams to flexibly apply various strategies in different environments, thus enhancing their competitiveness in the global market.

Imprint updating and imprint mixing reflect how enterprises in the new era achieve dynamic balance between traditional and emerging ideologies. For executive teams, Dengism provides a foundational framework for steady expansion, while Xi Jinping's thoughts inject new momentum for proactive expansion. In practice, executive teams not only inherit the low-risk path of Dengism but also combine it with Xi Jinping's aggressive expansion strategy, enabling enterprises to gradually adapt to the complex environment of global competition during internationalization. Through this dynamic balance, executive teams maintain flexibility in the alternating impacts of globalization and de-globalization. They can seek innovation within stability, while ensuring risk control in aggressive expansion, thus achieving an effective combination of traditional steady expansion thinking and modern aggressive expansion concepts. This updating and mixing of imprints ensures that Dengism not only remains in the executive teams but also works in tandem with Xi Jinping's pursuit of global competitiveness, promoting the transformation and development of enterprises in the global market.

Under the joint influence of Dengism and Xi Jinping's thoughts, the executive teams of Chinese non-SOEs are not only influenced by the ideologies themselves but also exhibit specific preferences for globalization strategies through cultural and social psychological mechanisms. These mechanisms help us understand more deeply how ideologies influence corporate decisions through multi-layered cultural backgrounds and social psychological processes, enabling enterprises to effectively cope with challenges in complex global markets while maintaining cultural consistency.

Political ideologies are internalized as a core component of social identity during the formation of executive teams, which leads to the tendency of party member executives to align the long-term strategic goals of enterprises with national strategic needs when making decisions. This social identity mechanism results in ideological consistency based on national interests in the global expansion of enterprises, and the internationalization path of the enterprise is highly integrated with the long-term interests of national development. This internalization not only affects their strategic choices but also drives them to prioritize expansion paths that align with national security and national image when facing international markets. For example, Deng Xiaoping's pragmatic concept of "steady progress," as a widely recognized cultural identity, has a profound influence on the executive teams, forming a collective consciousness of steady expansion. Xi Jinping's thoughts, which emphasize national rejuvenation, technological independence, and the enhancement of global competitiveness, provide executive teams with new social identity goals, urging them to consider not only economic benefits but also how to shape the national brand and enhance national competitiveness in global markets. This dual social identity drives collective behavior in internationalization decisions, enabling a synchronization of national missions and corporate development at the strategic level.

Dengist steady concept shapes the risk preferences of the executive teams, making them inclined towards low-risk paths when facing new international markets. Through cultural cognition mechanisms, this steady concept is continually reinforced within the executive teams, making them prefer greenfield investments or joint ventures in internationalization decisions. This mechanism helps them maintain a lower risk exposure in cross-cultural environments, thus reducing uncertainty in international expansion. On the other hand, Xi Jinping's thoughts, through cultural cognition mechanisms, strengthen national competitiveness awareness, making executive teams more inclined to quickly acquire technology, capital, and market resources to gain a favorable position in global markets. Younger, highly educated executives are more willing to accelerate resource accumulation through mergers and acquisitions, which is a phenomenon driven by Xi Jinping's thoughts as a new information filter, encouraging them to reassess the risks and opportunities in global markets. This cultural cognition mechanism enables executive teams to quickly respond under the influence of ideology in risk management, thus maintaining strategic advantages in intense global competition.

Dengism and Xi Jinping's thoughts influence the executive teams not only through social identity and cultural cognition mechanisms but also through social influence mechanisms that propagate and reinforce these ideas within the group. Deng Xiaoping's steady expansion concept, as a long-term ideological influence, forms a socialization process of intergenerational inheritance within enterprises, particularly through party organizational activities, party school training, and "three meetings and one class" activities, which continuously reinforce the ideological identity of party member executives. This process forms an "ideological relay" within the executive team, making the steady expansion concept highly stable and maintaining consistency in decision-making through the behavior integration mechanisms of the senior leadership. The rise of Xi Jinping's thoughts also influences the executive teams through socialization mechanisms, especially among younger executives who form a stronger awareness of national competition. Young executives, having grown up during the political socialization phase of Xi Jinping's thoughts, have a more aggressive global perspective, and they gradually form a force within the executive team that drives rapid expansion. This social influence mechanism not only promotes ideological diversity within the executive team but also strengthens the differentiated preferences for expansion paths among executives of different age groups. These intergenerational ideological differences drive the executive team to maintain steadiness while gradually accepting aggressive expansion models in order to better adapt to the dynamic changes in global markets.

Political ideologies in the executive teams not only serve as guiding strategic ideas but also influence their risk management strategies through psychological defense mechanisms. The steady development emphasized by Deng Xiaoping's imprint actually becomes a psychological defense mechanism for executive teams in international expansion. This mechanism helps executives ensure the security and stability of the enterprise through low-risk expansion paths when facing uncertain international markets. This ideology-driven psychological defense mechanism makes executives tend to adopt more conservative strategies in international expansion to avoid uncontrollable risks in global competition. On the other hand, Xi Jinping's thoughts, which emphasize national rise and global competitiveness enhancement, also shape another psychological defense mechanism within the executive team. Younger executives, more aggressive in international expansion, believe that mergers and acquisitions, which are high-risk strategies, can quickly gain market share and elevate the enterprise's global position. The dual role of these psychological defense mechanisms ensures that executive teams can both reduce risks through steady expansion and achieve market breakthroughs through aggressive expansion when necessary. This ideology-based psychological defense mechanism enables executive teams to flexibly use different expansion strategies in the complex global market environment.

The Dynamic Evolution and Continuity of Ideological Imprints

Deng's pragmatic concept of "steady progress" laid the foundation for the development

of Chinese enterprises from the 1980s to the 1990s, promoting a low-risk, gradual internationalization path. Over time, this concept was not only embraced by executive teams but was also continuously reinforced through the internal systems and culture of the enterprise. In the long process of ideological indoctrination, this imprint gradually integrated into the executives' way of thinking, becoming a lasting reference point in their decision-making process. As a result, even when globalization trends change or policy environments adjust, executive teams continue to exhibit a preference for low-risk, steady expansion strategies. This reinforcing effect shows high continuity over time, allowing enterprises to find a balance between risk control and resource accumulation in the internationalization process.

However, this continuity also shows certain adaptive changes over time. Especially with the deepening of globalization in the 21st century, the internationalization needs of Chinese enterprises became more pressing, and executive teams, while still adhering to Deng Xiaoping's thoughts, had to confront the intensified competitive pressures in the global market. At this point, while the continuity of ideological imprints remained significant, it gradually combined with real-world needs, demonstrating a certain flexibility. This dynamic adaptation over time allowed executive teams to adjust internationalization paths more pragmatically, while still retaining the core values of Dengism. Over time, Xi Jinping's thoughts began to have a more profound influence on corporate internationalization decisions. Xi Jinping's ideology emphasizes rapidly acquiring global competitiveness, achieving technological independence, and ensuring

economic security, which creates tension with Deng Xiaoping's pragmatic, steady expansion approach. During this time span, Xi Jinping's thoughts gradually penetrated into the executive teams, particularly among younger executives. As time passed, younger executives grew into senior decision-makers, and their career socialization was increasingly influenced by Xi Jinping's thoughts, leading enterprises to favor more aggressive expansion modes, showing a greater acceptance of mergers and acquisitions and rapid expansion. Time played a key role in this process, enabling the executive teams to gradually adjust internationalization strategies under the influence of different ideologies. This "imprint update" is not simply a substitution or conflict of ideologies but an adaptive evolution accumulated over time. Specifically, over time, the executive teams gradually absorbed and transformed the proactive elements of Xi Jinping's thoughts, while retaining some of the steady expansion ideas from Dengism, but now focusing more on achieving rapid expansion through active internationalization strategies.

The time span also led to the weakening of Deng Xiaoping's imprint in different generations of executives. Especially as younger executives' careers lengthened, they became more influenced by the policies and social atmosphere of the new era, while older executives continued to adhere to traditional ideas. Thus, the imprint's adaptability across generations of executives showed significant differences. Younger executives, driven by Xi Jinping's thoughts, were more willing to accept high-risk expansion paths, while older executives continued to favor low-risk, gradual expansion under the guidance of Deng Xiaoping's steady approach. This generational shift resulted in a dynamic balance within the executive team's internationalization decisions, where they gradually adopted more aggressive expansion strategies while still retaining some steady expansion ideas to balance risk and growth.

This dynamic balance over the time span not only helps enterprises maintain long-term stability in global markets but also provides a flexible adaptation mechanism for enterprises facing the internationalization challenges of the new era. Through intergenerational strategic balance, the executive teams gradually adjust their internationalization paths over time, enabling enterprises to achieve sustainable development goals within a broader time frame.

The consideration of time span also deepens the understanding of the role of moderating variables such as age and education under the influence of different ideologies. Over time, the differences in age gradually became more significant in the strategic decisions of the executive teams. The rapid growth and career socialization of younger executives led them to increasingly identify with Xi Jinping's thoughts, showing a greater tendency towards aggressive expansion. The improvement in educational level, accumulated over time, further enhanced the ability of highly educated executives to understand global markets, enabling them to flexibly choose internationalization paths under the influence of different ideologies. The cognitive complexity brought by education, accumulated over time, made highly educated executives more capable of making adaptive decisions between rapid and steady expansion strategies.

### Theoretical Contributions

Our findings have significant implications for imprinting theory, upper echelon theory, and political ideology literature. First, my study contributes to the intersection of IB literature and the emerging research on political ideology and firm strategies. The latter has concentrated on the influence of political ideology on firms' IB-unrelated strategies such as patenting (Ali et al., 2023b; Gu et al., 2022; Tawiah & Zakari, 2024; Xu et al., 2023). Moreover, most studies explore the contexts of Western developed economies where the liberal and conservative ideologies dominate (Gupta & Wowak, 2017; Kim et al., 2021). Less attention is paid to emerging economies where political ideologies differ sharply from Western developed economies and evolve with the frequent transitions and reversals of political institutions. Built on yet departing from the handful of studies on communist ideology in emerging economies (Jiang & Jianhong, 2023; Liu, Kang, & Zhang, 2021; Wang et al., 2019; Zhou & Sun, 2021), my study uncovers the mechanisms through which China's evolving communist ideology exerts profound impact on domestic firms' OFDI strategies. I reveal that, while the Chinese communist ideology sustains its domination over the economy, its concrete themes change with the CPC's governing of the state and the themes imprint firm strategies to different extents. Specifically, my study extends prior work focusing on Maoism (Xu, etc.), showing that while Dengism-the descendant of Maoism-has long-lasting imprints on non-SOE TMTs' OFDI decision-making, its imprinting effect is decaying in face of its descendant-Xi Jinping Thoughts. Xi Jinping Thoughts weaken the non-SOE TMTs'

preference for fast OFDI via M&As, which is shaped by Dengism. These findings shed light on the dynamic interplay between political ideology imprinting and political ideology decay, which is largely overlooked in the scholarly literature yet prevalent across the globe, particularly in emerging economies. With these important findings, my study extends the political ideology framework into the research on emerging economy firms' internationalization, substantiating the call for integrating politics into IB studies rather than merely using politics and institutions as a thin background (Chan & Pattnaik, 2021; Gammeltoft & Panibratov, 2024).

Second, my research enriches literature on upper echelon theory. I extend research on firm leaders' personal ideologies to the entire decision-making teams' ideologies, which have drawn little scholarly attention before. I show that even market logic-driven non-SOEs are persistently influenced by the evolving communist ideology when their TMTs have a large proportion of communist party members. On the other hand, I also show that a political ideology decaying process coexists with the imprinting process, as evidenced by the changes in TMTs' OFDI decisions under the influence of the latest version of communist ideology. This finding suggests an organizational life history, that is, TMT's early life experiences and the periods in their careers are most susceptible to ideological influence. my nuanced findings in this paper provide novel insights into corporate behaviors in the countries that have undergone ideological transitions. Future research on TMT and firm strategies should always take TMT's political ideology into account to gain a thorough understanding.

#### **Practical Implications**

This study also provides two important practical implications. First, my study emphasizes the importance of aligning ideology with corporate internationalization strategies for non-SOEs. It suggests that Dengism's influence on TMTs should not be overlooked in decision-making processes. To avoid undue constraints, management can implement cross-cultural training and ideological education, encouraging diverse thinking and adapting to different markets and strategies. This ensures long-term enterprise interests are aligned with ideological influences.

Second, it emphasizes the need to support the continuous ideological evolution of management teams. my research indicates that over time, and with higher education, the influence of Dengism has gradually diminished, and younger executives are increasingly influenced by Xi Jinping's thoughts. Therefore, firms should develop policies encouraging executives to learn and update their understanding of international political ideologies, such as regular policy seminars and global market trend analysis sessions, to adapt to changes in the global market and maintain competitiveness.

#### Limitation and future research

A limitation of my study is the measurement of political ideology. Assessing the impact of CPC membership may involve qualitative evaluations of party influence, quantitative analyses of party members in leadership positions, or examinations of ideological commitments in corporate charters. Such approaches could provide deeper insights into the CPC's influence on corporate strategy and FDI flows. The second limitation is the boundary conditions of imprinting. Imprinting and its decay are cumulative processes. Research on the uncertainty and dynamics of the starting point of imprint decay could address gaps in understanding organizational change and institutional evolution. Innovative methods, such as dynamic tracking and system simulations, may be required to explore these processes.

The third limitation is the influence of other characteristics that may affect individual's political ideology tendencies, such as industry experience (Ali et al., 2023b). Managers with greater industry-specific experience are better equipped to understand competitive strategies and the industry structure unique to their sector (Gupta, 1984). The CPC will introduce key industries for development encouragement and various other policies during different periods; therefore, industry experience may interact with CPC ideology. To address these limitations, future research could adopt qualitative methods, such as interviews and surveys, to better measure individuals' or organizations' political ideological tendencies, which helps with the understanding of how political ideology works. Additionally, future research could examine FDI's effects on local economies, technology transfer, and employment, and explore how ideological foundations shape corporate governance, strategy, and international collaboration (Marquis & Qiao, 2018). Religious beliefs and cultural customs also play a role in shaping corporate decisionmaking, as seen in the influence of Confucianism (Alford, 1995). Studying their impact on leadership styles and decision-making across cultural contexts could reveal how traditions shape management practices and leadership expectations.

# Chapter 6 Extended Discussion, Conclusion and Future Research

In this thesis, I combined two empirical studies on the impact of communist ideology on Chinese corporate strategy. The first study explored the influence of Maoism on corporate patenting activities; the second one explored the influence of Dengism and Xi Jinping's perspectives on OFDI. By combining two studies, I revealled how the evolution of CPC communist ideology profoundly shapes Chinese firm's innovation and internationalization strategy, particularly in terms of patent application, patent infringement and OFDI.

First, with regard to patenting activities, the original study tested the Maoist imprint and explored its effects on corporate patent behavior. Based on Mao's attitude towards intellectuals. Original hypothesis proposed that Maoism suppress patent applications and promote patent infringement in enterprises. However, my empirical results contradicted this assumption. In fact, Maoism did not suppress innovation as expected. Instead, it appeared to promote applications.

After verifying Maoist imprint, I revised the hypothesis to focus on the influence of Dengism. Deng emphasized "scientific technology as the primary productive force" and the "bringing in and going out" strategy, which led to a shift in how enterprises approached innovation and intellectual property. In this revised hypothesis, I found that Dengism had a significantly positive impact on patent applications and reducing patent infringement. This finding supports the idea that Deng's pragmatic approach,
emphasizing technological advancement, had a major influence on corporate innovation and intellectual property protection.

Despite the positive influence of Dengism on patent applications and infringement, age and education background did not significantly moderate this relationship. I had initially hypothesized that younger chairmen or those with higher education might be less influenced by the Party ideology and more driven by market-based innovation strategies. However, in my analysis, these moderating variables did not significantly alter the impact of Maoist and Dengist imprints on corporate innovation. One possible reason is that Party education and Party imprints play such a dominant role that age and education background have a limited moderating effect. This suggests that while personal traits may vary, Party background and the ideological training received by Party-member executives still play a decisive role in their corporate decisions.

After discussing patent activities, I then examined the impact of Communist ideology on FDI decisions. Under the influence of Dengism, Chinese firms tended to favor developed countries as their target investment markets. This trend reflects Dengist advocacy for economic modernization and technological innovation through international cooperation. Deng's focus on "scientific technology" and his "bring in and go out" strategy made developed countries, which offered advanced technology and management experience, a natural destination for Chinese firms' investments. However, these companies did not prefer M&A and fast FDI speed. However, with the influence of Xi Jinping's perspective, Dengist imprint began to diminish. Xi Jinping's emphasis on the "Chinese Dream" and "comprehensive reform" has led Chinese enterprises to focus more on global competition. In contrast to Deng's strategic emphasis on "bringing in" and "going out", Xi's ideology stresses global competition. Under Xi Jinping's perspective, companies have increasingly preferred M&A as a means of FDI. The investment speed also increased, with companies seeking to gain global market share more quickly. This shift reflects how Chinese companies have adapted their internationalization strategies to meet the demands of a more competitive global environment.

In conclusion, this study aims to explore the influence of the communist ideology of the Communist Party of China on the innovation and FDI of non-state-owned enterprises in China. Based on the imprint theory and the top management theory, this paper analyzes the influence of the ideological imprint within the chairman and the top management team on strategic choices. The research results verified the profound influence of ideological imprints on corporate behavior. Age and educational level have a certain influence on the attenuation of imprints; However, this effect does not hold true in all cases. These findings not only expand the application of imprint theory and the upper echelon theory but also provide new insights into how political ideology influences corporate behavior.

#### Theoretical Contributions

This study makes significant contributions to the existing body of literature by advancing my understanding of how communist ideology, particularly Maoism, Dengism, and Xi Jinping's Thoughts, influences Chinese corporate behavior in the areas of patent activities and OFDI. My findings provide important insights into the intersection of ideology and corporate strategy.

First and foremost, this study extends the concept of ideological imprinting theory within the context of Chinese enterprises. While existing literature has explored the general effects of ideology on decision-making in the public sector (Wang et al., 2019; Zhou & Sun, 2021), few studies have focused on the nuanced impact of communist ideologies on private sector behaviors, especially in the context of technology-driven industries. By examining how Maoism, Deng Xiaoping Thought, and Xi Jinping Thought influence corporate behaviors such as patent applications and patent infringement, this research challenges the conventional understanding of corporate decision-making, which often emphasizes market-based forces and individual entrepreneurship.

My findings showed that, contrary to previous assumptions that communist ideologies would suppress innovation (as suggested in Maoism), Dengism and Xi Jinping Thoughts have instead promoted a greater focus on technological advancement and intellectual property protection. This challenges the view that communist ideologies are inherently anti-innovation. The study contributes to a deeper theoretical understanding of how Party-driven education and political ideologies are embedded in corporate strategy and shape the behaviors of leaders and firms in China, even in a market economy.

This research also pushes the boundaries of my understanding of how communist ideology shapes internationalization strategies, particularly FDI. The study adds to the growing body of research on state capitalism in global business decisions (Kalasin et al., 2020; Lin et al., 2021b), offering a unique perspective on how Party ideologies influence investment location and investment speed. The finding that Chinese firms under Dengism tend to favor developed countries for FDI and are less likely to engage in M&A, supports the argument that state-driven ideologies can play a key role in guiding corporate internationalization strategies.

However, the shift under Xi Jinping Thought with increased emphasis on global competition challenges previous notions in terms of establishment mode. This contributes to the understanding of how Chinese firms have adapted their FDI strategies under the changing political leadership and the evolving global economic environment, further expanding theoretical frameworks of springboard theory and SOE internationalization (Luo & Tung, 2007).

The study also significantly contributes to the theoretical debate around how ideological shifts influence corporate behavior over time. By examining the transition from Dengism to Xi Jinping Thought, this research presents an evolutionary perspective on how political ideologies continue to shape corporate decision-making, even in the context of rapid market and technological changes. In doing so, this study enriches the literature on the long-term impact of political ideologies on business practices in nondemocratic regimes, offering insights into how ideologies adapt in the face of globalization and market forces.

Furthermore, by showing that Xi Jinping Thought slightly diminishes the influence of Dengism on corporate FDI strategies, especially in terms of investment speed and preference for M&A, this research challenges the assumption that ideological imprints remain static over time. Instead, it suggests that ideologies evolve to reflect the changing socio-economic and political contexts, which is an important contribution to the literature on political economy and corporate strategy in authoritarian regimes.

One of the key theoretical contributions of this study is the distinction between Party membership and political connections in shaping corporate behavior. While many studies on political connections in emerging economies emphasize the role of elite political ties, state patronage, and resource allocation as drivers of corporate success, my research focuses on Party membership as a unique and distinct factor influencing corporate decision-making. Specifically, I examine how Party membership (in the case of the chairmen) shapes corporate behavior not through political networks or resource acquisition but through the internalized values and ideological education that come with Party affiliation.

The Party membership of the chairmen influences corporate decisions by aligning the firm with the Party's ideological principles rather than directly accessing political resources or seeking favors from the state. This distinction is critical as it challenges the conventional view that political connections and state-business relationships are the primary mechanisms through which political influence manifests in corporate behavior. Instead, my study emphasizes the role of ideological imprints from Party membership, showing that these imprints—particularly the emphasis on technological advancement, patent protection, and global market positioning—shape corporate strategies in a way that is separate from direct political interests or access to state resources.

By making this distinction, this research expands the existing theories of political connections and corporate strategy by focusing on ideological influence rather than traditional political benefits. It highlights that the presence of Party-member chairmen does not necessarily equate to exploiting political connections for personal or business gain but rather reflects the deeper ideological imprinting that influences decision-making in alignment with Party values.

Overall, this study advances the understanding of how communist ideologies shape corporate decision-making in China, contributing to theoretical discussions on the relationship between ideology and business strategy. The findings support the idea that ideologies can be pragmatic and evolutionarily adapted to meet the needs of modern economies, offering new insights into how political ideologies continue to influence business behavior, even in a globalized, market-driven context.

# Limitations and Future Research Directions

Despite the valuable contributions of this study to understanding political ideology's influence on corporate decisions, several limitations exist regarding sample selection,

the definition of ideological variables, organizational hierarchy perspective, data type, and research methods. Firstly, this study focuses on Chinese non-SOEs, which, while advantageous for exploring the unique political and economic context of China, may limit the generalizability of its findings. Future research should consider cross-national comparative studies to test the applicability of these findings across different regions, accounting for varying political, economic, and cultural contexts. Cross-national research could include countries with similar or contrasting ideological backgrounds to explore ideology's influence on corporate decisions in a globalized context, extending and validating this study's conclusions.

Second, one limitation of this study is that it examines the ideological imprinting effects on corporate innovation and outward FDI as two separate phenomena. Although these are conceptually distinct behaviors, they may be strategically interrelated. Future studies could explore more integrated frameworks to examine how political ideology shapes the co-evolution of innovation and FDI strategies, potentially using multidimensional models, firm-level longitudinal data, or comparative ideological settings. Additionally, this study uses board chair CPC membership and TMT CPC membership proportion as proxies for ideological imprints, which may not fully capture the complexity of ideology. Future studies should refine the definition and measurement of ideological variables, incorporating factors such as career experience and family background, to reveal ideology's mechanisms more comprehensively. Moreover, future research could include additional control variables to account for other factors that might interfere with the relationship between ideology and corporate decision-making. This study focuses on CEOs and other top managers, without examining the role of middle managers and other organizational members. In reality, corporate decisions are often influenced by multiple levels within an organization, and the ideologies and values of middle managers and other team members can significantly impact organizational behavior. Future research should expand this perspective to include various organizational levels, exploring the interactions between ideologies across these levels and their combined effect on corporate decisions.

Another key limitation is the role of individual executive characteristics, such as age and educational background, in shaping corporate decision-making. This study primarily examines how ideological influences shape managerial decisions, yet existing research suggests that individual attributes like age and education may moderate or interact with ideological factors in different ways. Both two studies examine the influence of age and education, while the results do not show consistency. The first study failed to find the moderating effect of two demographic features, while the second succeed. I can infer that age and education exerts various influence when it comes to different corporate behaviors. Given these limitations, future research should seek to disentangle the effects of individual executive characteristics (age, education). Future studies should examine whether certain types of strategic decisions—such as market entry timing, risk appetite, and partnership preferences—are more sensitive to executive demographics. If age and education influence certain decisions but not others, identifying the commonalities among those decisions could offer valuable theoretical and practical insights.

Given that this study employs cross-sectional data to analyze corporate decisions, it does not capture the dynamic process by which ideological imprints influence corporate decisions over time. Ideological imprints may evolve as political and economic environments change, particularly in the context of continuously shifting ideologies and economic policies. Future research could use longitudinal designs to explore the evolution and persistence of ideological imprints, tracking corporate decisions over time to understand how these imprints change and influence decisions in the long run. Lastly, while this study relies on quantitative methods to reveal ideology's impact on corporate decisions, these methods limit the understanding of the mechanisms through which ideology exerts influence. Future research could introduce qualitative methods, such as in-depth interviews and case studies, to better explore how managers are influenced by ideology in practice and uncover the underlying mechanisms. Through qualitative approaches, researchers can select representative cases and conduct interviews with managers at various levels to understand the decision-making logic and behavior patterns influenced by ideology. Such methods can provide a richer understanding of the complex decision-making mechanisms and reveal ideology's micro-level influence across different organizational contexts, offering enhanced theoretical and practical insights for the field.

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