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Letter from the Editor

One of the most distinguished features of Chinese firms is its variety of ownership: state-owned (SOE), private-owned (POE), publicly listed, family business, etc., which provides a futile ground to study how the ownership of Chinese firms influences their business decisions and actions. The collection of papers in this exciting issue provides a comprehensive picture to show such influences.

The first paper, by Zhang, Ma, Chen, and Lan (2023), demonstrates that publicly listed companies in China tend to commit to the group polarization phenomenon when board directors face company performance decline related to prior strategic change: the higher the average prior strategic change, the higher the focal strategic change. The good news is that such a tendency can be mitigated by the number of female board members and CEO power. On firm acquisition of innovation capability from overseas, Ghorbani, Xie, Jin, and Wang (2023) find that an SOE (Beijing Automotive) and a POE (Geely) adopted very different approaches and actions at each acquisition stage. While the POE seeks the strategic goal of synergistic tech integration and emphasizes collaboration for better innovation and economic performance, the SEO has less regard for market success but more for national objectives and focuses on an independent approach to knowledge absorption.

Moreover, Zhu and Deng (2023) investigate how the effect of board interlock on Chinese firms' internationalization decision (represented by outward foreign direct investment, OFDI) diminishes over time, and why OFDI knowledge from the focal firm's neighboring region would serve as an alternative knowledge source to weaken that effect. Taking a different spin, Aalbers and Ma (2023) examine how board interlocks and supply networks jointly influence firms' decisions on entering new technology domains and exiting old technology domains. Based on data from 85 Chinese firms in the automobile industry, they find that firms with a greater number of supplier ties are more likely to enter new technology domains and exit from old technology domains, and this tendency is stronger for firms with higher centrality in their board interlock networks.

Meanwhile, Liu, Qian, and Au (2023) study Chinese family firms and find that they tend to take a financial view rather than a socioemotional wealth view on environmental proactiveness, so that increased family influence lowers their proactive dealing of environmental issues. Furthermore, provincial marketization strengthens whereas resource endowment weakens such tendency.

Finally, with the ending of the COVID pandemic in sight, the last paper by Margaretic, Finchelstein, and Sotelo (2023) provides insights regarding how business confidence is influenced by containment measures in 31 advanced and 12 emerging economies in the world. Their global study reveals that more compulsory containment policies are related to lower business confidence, and there is a positive spillover effect from the containment measures implemented in neighboring countries on local business confidence. Interestingly, although emerging economies implemented more strict containment measures, their negative impact on business confidence has been larger in advanced economies.

I hope the papers in this issue inspire your interest in studying Chinese firms from different theoretical lenses and empirical settings, so that more nuanced understandings and explanations can be uncovered. With each additional study, we are getting closer to piecing the big puzzle (Chinese organization and economy) together.

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