

Research Assessment Exercise 2020
Impact Case Study

University: The University of Hong Kong (HKU)

Unit of Assessment (UoA): 21. Economics and Finance

Title of case study: The Impact of Asia-based Research-driven Teaching Cases

(1) Summary of the impact

Leveraging HKU's academic excellence and global connections, the Asia Case Research Centre (ACRC), founded in 1997, promotes leading business and economics thinking through research on the latest management practices in Asia and developing teaching cases to address the unmet demand for research-backed instructive materials relating to Asian business. With annual sales of over 110,000 copies to more than 170 countries, cases are used by universities, corporates, government authorities and other organizations. ACRC cases also form the foundation of the annual HSBC/HKU Case Competition, the largest of its kind. PricewaterhouseCoopers (PwC) praised the competition, organised by the ACRC, for "consistently rais[ing] the bar of 'business-ready' graduates" and "providing a positive stimulus to local economies" [5.9].

(2) Underpinning research

Case teaching is effective in mobilizing knowledge to non-research audiences and reinforcing how academic research can be applied to actual situations faced by private and public sector organizations. These cases are inspired and informed by a series of academic studies by HKU professors. Two exemplary themes of research led by Professor **Tao**, Associate Dean of the Faculty of Business and Economics and HSBC Professor in Global Economy and Business Strategy, are selected from the wide range of themes ACRC has covered.

Theme A: Make-or-buy strategy and bi-sourcing

In organizing production, an important decision for a firm is whether to procure intermediate inputs internally (insourcing) or externally (outsourcing). The prevailing management theories have advocated outsourcing, particularly in the content of offshoring, shaped by American multinationals' globalization experience. The ACRC has developed a series of cases (Mattel, Sanlu, McDonalds and KFC) focusing on the adverse effect of offshoring and outsourcing on quality. These cases have inspired and are informed by academic research such as [3.1]. In developing a case about Pepsi growing potatoes in-house while at the same time purchasing potatoes from external suppliers for its Lay's business in China, the ACRC realized that business companies have been practicing what the researchers called a "bi-sourcing strategy". Funded by the Hong Kong Research Grants Council (*An economic analysis of the bi-sourcing strategy for organizing production in the global economy: a property rights theory approach*, 2007-2009), the ACRC investigated the conditions under which a bi-sourcing strategy, with a proper balance of incentives for external and internal suppliers, is superior to both outsourcing and in-house production [3.2, 3.5]. Under this theme, the total number of case studies sold is 23,579 between 2013 and 2018.

Theme B: Multinationals' strategy in China

Multinationals' strategy in China is of both academic and practical interest given the significance of China as one of the most important markets in the world and its impact on globalization. Underpinned and supported by research and grants in this area [3.3, 3.4 and 3.6], the ACRC has developed a series of cases, covering multinationals' entry strategies and their dynamics: joint ventures versus wholly-owned subsidiaries (Shanghai Volkswagen and Shanghai General Motors); greenfield investment versus acquisition (eBay and L'Oréal); the dynamics of cooperation (Wahaha-Danone and Yahoo-Alibaba); China's technology for market strategy (International Business Machines); strategies to fight local low-cost competitors (Tetra Pak, Visa, Pfizer); strategies in response to China's state capitalism (JP Morgan and GlaxoSmithKline). Under this theme, the total number of case studies sold between 2013 and 2018 was 50,503.

(3) References to the research

- [3.1] Yi Lu, Travis Ng and **Zhigang Tao**, Outsourcing, Product Quality and Contract Enforcement, *Journal of Economics & Management Strategy*, 21(1), 2012, 1-30. The journal was established in 1992 and has a SJR impact factor of 1.29 in 2018 (<https://www.scimagojr.com>). It provides a leading forum for interaction and research on competitive strategies and firms' organizational structure.
- [3.2] Julan Du, Yi Lu and **Zhigang Tao**, Bi-sourcing in the global economy, *Journal of International Economics*, 77(2), 2009, 215-222. The journal was established in 1971, with an SJR impact factor of 4.35 in 2018.
- [3.3] Julan Du, Yi Lu and **Zhigang Tao**, Economic Institutions and FDI Location Choice: Evidence from U.S. Multinationals in China, *Journal of Comparative Economics*, 36 (3), 2008, 412-429. The journal was established in 1977 and has an SJR impact factor of 0.99 in 2018. The article has been cited 354 times.
- [3.4] Chong-en Bai, **Zhigang Tao** and Changqi Wu, Revenue Sharing and Control Rights in Team Production: Theories and Evidence from Joint Ventures, *Rand Journal of Economics*, volume 35, No. 2, Summer 2004, 277-305. The Rand Journal of Economics has a high SJR impact factor of 4.38 in 2018.

Significant relevant research grants awarded

- [3.5] 'An economic analysis of the bi-sourcing strategy for organizing production in the global economy: a property rights theory approach', *Hong Kong research grants council competitive earmark grant, HK\$ 360,000, 2007-2009. Z. Tao principal investigator (PI)*.
- [3.6] 'An Economic Analysis of Economic Institutions and FDI Location Choice', *Hong Kong research grants council competitive earmark grant, HK\$ 250,000, 2009-2011. Z. Tao PI*.

(4) Details of the impact

The ACRC scans the horizons of commercial, financial and teaching markets to prompt HKU research activity and draws on research outcomes to mobilise research and knowledge transfer. With a repository of context-rich, Asia-focused and research-backed case studies, the ACRC offers a window into Asian business practices and a bridge between academia and the Asian business community that fills a major gap in the market for teaching cases across the world. It closes the virtuous circle of stimulating impactful research, mobilising its transfer and delivery in the creation of impact with global reach and immediate, close significance to the teaching case market.

4.1 ACRC was the first to produce Asia-focused case studies locally and has become a leading case research centre on Asia.

Before the establishment of the ACRC, most case studies were produced in North America and Europe, with limited reference to Asian business and economics, for forty years the fastest growing region of the world. ACRC's reach has filled in this void, with 110,000 cases sold annually to more than 170 countries [5.1 & 5.5]. The Centre has been a collection partner with the world's leading case publisher, Harvard Business Publishing (HBP), since 1999, who said:

"The ACRC catalog is differentiated in the HBP catalog because of its focus on Asia based case studies produced locally in Asia. Accordingly, ACRC cases provide an effective tool for students around the world to learn about managerial decision making in Asia. We see strong demand for Asia cases amongst our customer base, and the ACRC collection helps fulfil that demand" [5.5].

Due to its unique positioning on Asia ACRC cases are also distributed by The Case Centre, affiliated with Cranfield University and Ivey Publishing.

ACRC's leading position as a significant case centre is evident by its sales. It reached 1,780

universities, colleges and other educational institutions around the world between 2013 and 2018. This includes the world's leading universities. 42.3% of cases were sold to North America, followed by Asia 35.6% and Europe 12.3% [5.1]. Additionally, case studies were printed in textbooks: between 2013 and 2018 eight textbooks included 14 different ACRC cases, further increasing the reach and impact of the Centre's output [5.2].

4.2 ACRC leverages the strength of HKU's research capabilities by providing research-backed case studies, an effective way to teach about academic research and how it can be applied to solve real-world problems.

The Centre conducted a survey amongst users of its top 30 cases. It showed that 83.3% of client professors chose the Centre's case studies for their underlying theory or concepts; and two-thirds agreed that the cases facilitated active learning of theories and concepts among students, enabling them to apply their knowledge to analysing and solving actual business problems. Comments from the professors in the survey were also very encouraging, such as "*outstanding quality*" and "*keep up with the excellent work. Just love reading this stuff*" [5.7].

The same survey revealed that professors wanted an Asian perspective in their teaching of global business and management issues, and they like to teach some of the unique challenges and business opportunities present in Asia. As one professor commented, "*what happens in Asia never stays in Asia – great model for the world*" [5.7]. In the words of Professor Lafon-Vinai from The Hong Kong University of Science and Technology, who has used ACRC case studies for teaching for more than five years, the cases are "*well researched, well written and extremely useful*" [5.6]. She has been using one of the case studies jointly published by the ACRC and the Hong Kong Independent Commission Against Corruption (ICAC) in her "Doing Business in Asia" course and invites ICAC officers to join class discussion of the case. She said that her students "*not only understand and learn about the actual challenges of maintaining ethical standards in doing business, but also are more motivated to actively participate in class discussion and think hard about how to manage such differences using structural and internal control mechanisms*" [5.6].

4.3 Beyond academia ACRC case studies have brought benefits to government organizations, corporates and wider society.

The benefits of ACRC's case studies are not limited to academia: transactions from non-educational institutions account for 13.9% of the total between 2013 and 2018. The top ten buyers include trade associations (International Air Transportation Association), consulting firms (The Boston Consulting Group), government authorities (Monetary Authority of Singapore) and multinationals (Samsung) [5.1]. ACRC case studies have been used for corporate development. Twelve were developed by the ACRC for the Fung Group's Top Executive Leadership Program, and for their Grade 2 Executive Leadership Workshop. In the words of Dr. Victor Fung, Group Chairman, Fung Group, "*Authored by HKU scholars, the case studies and the research based insights they offer have been invaluable for learning and discussion at the workshops.*" All the case studies have been uploaded to the company's intranet to allow middle management (Grades 3 and 4) to learn about the Fung Group's operations, culture and values [5.4]. ACRC case studies have created real, long-term impacts on the Fung Group's corporate strategies. "*Companywide, we have adopted ideas generated at the workshops to improve our social network, implement cross-selling and e-commerce, work across silos, upgrade our technology, and create sustainable activities – all of which were inspired by the Centre's case studies,*" says Dr. Fung [5.4]. After using the case study on sustainability initiatives, new ideas generated from class discussions were adopted and implemented by Fung Group senior managers, such as expanding its sustainability team and recruiting external people with extensive sustainability experience.

The ICAC commissioned the ACRC to write five co-branded case studies for training purposes [5.2]. One request by the ICAC was that the ACRC develop a business case study on ethical and corruption issues faced by small and medium-sized enterprises conducting cross-border business in Hong Kong, Guangdong and Macau. The completed case study has been used by the ICAC, by

Macau's Commission Against Corruption and by the Guangdong Provincial Protectorate to educate businesspeople on these issues and how they can address them.

The ACRC, in collaboration with the Journalism and Media Studies Centre at HKU, developed and published 11 videos with accompanying case studies, profiling some of Asia's most recognizable business leaders. The series has so far been broadcast to over 290 million households worldwide and became the first university production to be broadcast globally on BBC World News.

4.4 *The annual global case competition organized by ACRC and HSBC has provided a skills, knowledge and network-building platform for students, teachers and corporate executives from around the world.*

The HSBC/HKU Asia Pacific Business Case Competition has evolved from a local competition in 2008 to cover 21 locations inside and outside Asia Pacific in 2019, with country-level 'qualifier' competitions in 11 countries. In 2019, 550 teams competed in these country-level competitions [5.8]. The research based case studies from the ACRC have been used by over 130,000 participants from more than 150 universities in 21 markets across the world in the competition since its inception. In 2018, PwC studied the impacts of the competition among the coaches, judges and student participants who had participated between 2008 and 2018 [5.9]. Their extensive report found that the competition:

- "is making students business ready, giving them key employability skills they need for the future"*
- "is providing skills, knowledge and networks beyond what traditional academic studies can offer"*
- "is having long lasting impacts, including salaries and improving career progression"*
- "Two-thirds of participants valued the skills and knowledge gained from the Competition as equivalent to a semester to a full year's worth of coursework"*
- "Seven in ten participants attributed increased compensation directly to the skills, knowledge and network gained from the Competition"*
- "10% of participants have gone on to work, study or do business in Hong Kong."*

The 80 senior business executives who volunteered as judges in 2018 and responded to the PwC survey regarded their participation as a great opportunity to hear great young minds at work, tackling difficult problems and coming up with solutions. They valued getting to know the thoughts of younger generations and the social networking opportunities with academia and youngsters [5.9].

In the words of Peter Wong, HSBC's Deputy Chairman and Chief Executive:

"It is through ACRC's expertise in researching and developing excellent real business cases that reflect real challenges faced by companies in Asia Pacific and beyond which facilitated students to learn beyond the classroom. I was impressed by the quality and scope of the cases presented to the world's top business students. It was a truly wonderful experience to see this year's bright young minds work through issues, tackle different perspectives and propose creative solutions."
[5.3]

(5) Sources to corroborate the impact

- [5.1] Sales and customer analysis between 2013 and 2018.
- [5.2] Lists of case studies.
- [5.3] Letter from Peter Wong, Deputy Chairman and Chief Executive, HSBC.
- [5.4] Letter from Dr. Victor Fung, Group Chairman, Fung Group.
- [5.5] Letter from Lucy, B. Swedberg, Editorial Director, Harvard Business Publishing.
- [5.6] Letter from Prof. Veronique A. Lafon-Vinai, School of Business, the Hong Kong University of Science and Technology.
- [5.7] HKU ACRC case usage survey report.
- [5.8] Facts of HSBC/HKU Asia Pacific Business Case Competition 2019.
- [5.9] PricewaterhouseCoopers (PwC), *Impact Study for the HSBC/HKU Asia Pacific Business Case Competition*, 2018.