

HOW MUCH DO CEOs INFLUENCE RISK ATTITUDES IN A FIRM'S INTERNATIONALIZATION? EXPLORING CHINESE MINING SOES AND NSOES

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Abstract

This paper provides an insight into comprehending Chinese firms' strategic behaviour on risks in outward foreign direct investment (OFDI). Qualitative case studies, based on eight Chinese mining state-owned and non-state-owned enterprises (SOEs and NSOEs). The findings suggest that: (a) the characteristics of CEOs (Chief Executive Officers) of both SOEs and NSOEs significantly influenced the firms' internationalization risk attitudes; (b) the tenure of CEOs led to SOEs' periodical and NSOEs' perennial risk attitudes; (c) CEOs' personalities and tenure tend to drive the directions of risk attitudes, while CEOs' experiences and remuneration were linked with risk intensities. These results support the upper echelons theory, suggesting that in understanding different ownership types of Chinese firms' internationalization risk attitudes, CEOs' characteristics should be investigated.

Keywords: Risk Attitude, China, SOEs, NSOEs, Upper Echelons Theory

1. INTRODUCTION

One of the important research strategy themes over the past 30 years has been the role of top management (Lewin & Stephens, 1994; Papadakis & Barwise, 2002). Both strategic management researchers and international business have examined the relationships between CEO characteristics and their influences on firms' strategic decisions (Cannella et al., 2008). Hambrick and Mason (1984) proposed the upper echelons theory suggesting that executives' experiences represent valid proxies for their cognitions, values, skills, and knowledge bases. These factors represent powerful explanations for variations in their strategic choices (Herrmann & Datta, 2006).

Internationalization in the mining industry involves more risky investments, but how to engage the firm Chief Executives Officers (CEOs) to work for the benefit of the firm's owners is not well understood, especially from the emerging country perspective. Mining internationalization is a relatively high-risk action and a vital issue in outward foreign direct investment (OFDI). Although risk is present in various forms and levels (Rockett, 1999), it becomes most apparent in large-scale investments. These large-scale investments are required in the mining sector, which can result in significant budget overruns, delivery delays, failures, financial losses, environmental damages, and even injuries or loss of life (Beer & Ziolkowski, 1995).

To fill some of these gaps, this paper focuses on the following research questions. (a) How much do CEOs matter in Chinese firm's internationalization risk attitudes? (b) Do CEO characteristics have same impacts towards firms risk attitudes in different ownership types of firms?

(c) How these CEO characteristics have influenced SOEs and NSOEs' internationalization risk attitudes? These questions are addressed within the context of the Chinese mining industry because it is one of the most dominant sectors in China's outward foreign direct investment (OFDI) (MOFCOM et al., 2015), and accounted for nearly a quarter of the country's OFDI between 2004 and 2013 (Ren, 2014).

2. BACKGROUND & LITERATURE REVIEW

2.1. Chinese firms' most powerful actors: 'yi ba shou' (一把手)

Hambrick and Mason's (1984) upper echelon perspective articulates a model that highlights the organization and strategic decisions as reflections of its top managers. This important aspect of strategic management research concerns how leaders, specifically chief executive officers (CEOs), affect firm strategy (Barnard, 1938). Pettigrew (1992: 178) noted that 'rather than assuming titles and positions as indicators of involvement, the first task ... is to identify which players are involved and why'. This is echoed by Jackson's (1992) call to examine strategic issue processing groups. In China, the top executive does not always bear the title CEO, but may be referred to as a board director, chairperson or founder. This single most powerful actor in both SOEs and NSOEs refers to the 'yi ba shou' (一把手) in Chinese. The 'yi ba shou' of SOEs are important people within the Communist Party framework (Naughton, 2006) while 'yi ba shou' of NSOEs are normally the founders or top leaders and/or the owners of the firms. CEOs of SOEs are the managers separated from the owners of the firm (state assets). Hereafter in this paper, regardless of his or her

actual title in practice, top leader, CEO and yi ba shou will be used interchangeably, all referring to the most powerful actor of Chinese firms.

According to upper echelon theory, if we want to understand why firms perform certain actions, we must consider the biases and dispositions of their most powerful actor (Hambrick, 2007). CEO's characteristics have been shown to affect strategic decision processes and strategic actions (Miglani, 2014; Nadkarni & Herrmann, 2010). The strategic choices made in firms reflect the values and cognitive bases of the powerful actors. The values and cognitive bases of the CEO are a function of observable characteristics, such as their tenure, international experience or remuneration (Carpenter et al., 2004), and demographic profiles of top executives are closely related to strategic decisions (Boeker, 1997; Eisenhardt & Schoonhoven, 1990; Faccio et al., 2015; Pettigrew, 1992). So four key aspects are considered the most significant influences: tenure, experience, personalities, and remuneration. What follows is a short summary (description and empirical evidence) of these characteristics.

2.2. The four key aspects of demographic and observable CEO characteristics

First, tenure is considered. From the length of a CEO's tenure, some claim that greater firm experience with longer firm tenure is associated with greater commitment to the status quo (Hambrick & Cannella, 1993). Eisenhardt (1989) also suggests higher efficiency is linked with longer duration of a relationship between an agent and principal. This greater efficiency can be explained as greater experience of complex managerial environments (Herrmann & Datta, 2006). However, other evidence suggests that longer firm tenure is associated with adopting less risky strategies (Finkelstein & Hambrick, 1990; Herrmann & Datta, 2006; Wiersema & Bantel, 1992). A CEO's tendency to take risks is reduced as their tenure gets longer. Also, CEOs nearing retirement exhibit a growing aversion to risk within their tenure (Matta & Beamish, 2008). This risk tendency might develop because longer tenure tends to be associated with a narrower, more limited knowledge base (Rajagopalan & Datta, 1996).

In China, there are Central SOEs, Provincial SOEs and Collective Enterprises at urban/rural levels, from the highest to the lowest in the hierarchical setting (Ren, 2014). Officially, Chinese Central SOEs' CEOs are appointed by SASAC (the State-Owned Assets Supervision and Administration Commission) every four years, starting from 2000 (SASAC, 2012). Appointments are under the Central Committee of the Communist Party of China's (CPC) authority (Groves et al., 1995; Hu & Leung, 2012; Li & Zhou, 2005; SASAC, 2012). CEOs of Provincial SOEs and Collective Enterprises at urban/rural levels have more flexible tenure, ranging from four years to more than ten years; but the appointments are ambiguous in terms of transparency (Ren, 2014). Conversely, there is no governmental intervention in the appointments of NSOEs' top executives. In NSOEs, the founders of the firms and the CEOs are normally the same person, who is in charge of the company as the 'yi ba shou'.

Second, experience is considered. The central tenet of the upper echelons theory is that executives create a 'construed reality' of a firm's strategic situation based on their experiences, which, in turn, leads to specific strategic choices (Herrmann & Datta, 2006). The CEO's experiences here include international experience, industry experience, and tacit knowledge (Agarwal & Ramaswami, 1992; Brockmann & Simmonds, 1997; Carpenter et al., 2004; Contractor & Lorange, 1988; Kim & Hwang, 1992). The tacit knowledge is work-related practical know-how that is learned informally on the job (Wagner & Sternberg, 1986). Ansoff (1988) posits that knowledge, particularly which related to strategy, can only be gained tacitly or experientially. This kind of tacit knowledge is particularly germane to strategic decision-making as it contains job tenure, industry tenure, and intuition that are the essential factors in forming the cognitive perceptions in the strategic decision-making processes (Brockmann & Simmonds, 1997).

Previous research has provided ample evidence of relationships between the CEO's experiences and the firm's strategies (Herrmann & Datta, 2006). For example, it is commonly accepted that international experience has a positive impact on internationalization (Agarwal & Ramaswami, 1992; Contractor & Lorange, 1988; Kim & Hwang, 1992). Herrmann and Datta (2006) investigated positive effects between a CEO's international experience and the firm's internationalization. Among all kinds of tacit knowledge (education background, overseas experience, international view, past working experience), the executives' international business experience is the primary influence on a firm's competitive advantage (Daily et al., 2000). Industrial and managerial experience gained through international business, is the dominant factor affecting venture growth (Lee & Tsang, 2001).

Third, the question of personalities is considered. Scholars have considered an array of 'human factors' that cause decision makers to vary in their risk-taking tendencies or to deviate from objectively warranted behaviours. It is well known that human judgments, interpretations, and preferences all enter into risk-taking behaviours (Shapira, 1995). A CEO's personality is important in reflecting the firm's strategy (Miller & Dröge, 1986; Miller & Toulouse, 1986; Peterson et al., 2003). It can affect the dynamics of the top management team, and becomes influential in determining firm strategies (Pettigrew, 1992). For instance, CEOs with a higher willingness to take risks can influence other managers with similar characteristics to also be willing to take more risks (Williams & Narendran, 1999). In other scenarios, some individuals just have more of a fundamental risk appetite than others (MacCrimmon & Wehrung, 1990; Sitkin & Pablo, 1992).

While the prior likelihoods of various outcomes are largely unknowable and contingent on a myriad of eventualities (Mintzberg et al., 1976), CEO's personality towards risk taking is particularly relevant and the interpretive act is not so much exclusive as an economic calculation (Shapira, 1995). For instance, a CEO's individual willingness to take risks influences managerial beliefs about the perceived risks of decisions (Williams & Narendran, 1999). Achievement-oriented CEOs also feel the need

to take personal control and assume responsibility for strategic activities (Nadkarni & Herrmann, 2010: 1053). Therefore, they have a strong need to reduce uncertainty and to receive specific feedback on their performance (Judge et al., 2002).

Fourth, the aspect of remuneration is considered. Agency theory suggests that 'agency problems often characterize firms', wherein managers pursue strategies that reflect their personal goals and interests rather than those of shareholders (Fama & Jensen, 1983). Theoretically, managerial incentive payoffs can mitigate the effects of agency problems and CEO risk aversion, so that CEOs are more willing to take on risky projects (Coles et al., 2006). Coles et al. (2006) provide evidence of a strong causal relationship between managerial compensation, and investment policy as well as firm risk.

Chinese firms are plagued by agency problems due to weak management incentive schemes and restricted decision-making power (Chang & Wong, 2004; Ren & Li, 2014). Conyon and He (2011) found that executive pay and CEO incentives are lower in SOEs and firms with concentrated ownership structures. Besides, the evidence suggests that political promotion helps mitigate weak monetary incentives, and political incentives can substitute for direct monetary incentives for CEOs in China (Cao et al., 2011).

3. RESEARCH METHODOLOGY

This investigation is exploratory, phenomenological and framed within an interpretive research paradigm. It adopted a qualitative method with multiple-case studies. Qualitative research has three characteristics: 1) it seeks to understand the world through interacting, empathizing and interpreting the actions and perceptions of its respondents; 2) the data are collected in a natural setting, rather than in the laboratory; and 3) it tends to generate, rather than test, theory (Bryman & Burgess, 1999). Amongst all qualitative research methods, the multiple-case studies method provides an opportunity for one aspect of a problem to be studied in depth, and offers the possibility to investigate the unique and common features of organizations as well as their interactive processes (Bell, 2005).

Following Yin's (2009) approach, the author conducted 40 semi-structured in-depth interviews across eight Chinese mining firms between 2010 and 2011, including 4 SOEs and 4 NSOEs. They were equal in size and in involvement in

internationalization activities. Triangulation was applied to ensure the validity of the process by using multiple secondary data sources (Yin, 2009) such as internet sources, company archives, observations and field notes. This supplementary information was also effective in cross-checking the interview data consistency.

4. FINDINGS AND DISCUSSION

4.1. CEO/yi ba shou (一把手): the key influencer of the SOEs and NSOEs' internationalization risk attitudes

This study has provided new evidence supporting the upper echelon theory from both Chinese SOEs and NSOEs, where the CEOs/ yi ba shou are the key influential factors reflecting the companies' internationalization risk attitudes, with some variation. Specifically, the interview data reveal Chinese mining SOEs have more diversified risk attitudes in internationalization and NSOEs have more persistent risk attitudes. This difference can be explained in three ways: first, there are industry factors. Empirical studies have shown industry factors to be the primary determinants of a firm's internationalization (Lu et al., 2011). In this study, mining internationalization activities are commonly lengthy, costly and risky. Second, there are ownership advantages. Due to ownership differences, SOEs have occupied more ownership advantages than NSOEs domestically. The abundance of resources available between SOEs and NSOEs also contributed to this difference. Third, there are CEO characteristics. Amongst these factors, the respondents concurred that the firms' internationalization risk attitudes were mainly determined by the CEO/yi ba shou. This influence impacted both Chinese mining SOEs and NSOEs.

A senior SOE manager said:

'The corporate culture and company strategies are the culture and strategies of the bosses'.

A senior NSOE manager stated:

'Our firm is very cautious about the international investments and CEO's preference is the key. It is his business after all.'

Building on the upper echelon theory, a new framework is proposed to illustrate the dynamics of CEO characteristics and firm's internationalization risk attitudes (see Figure 1).

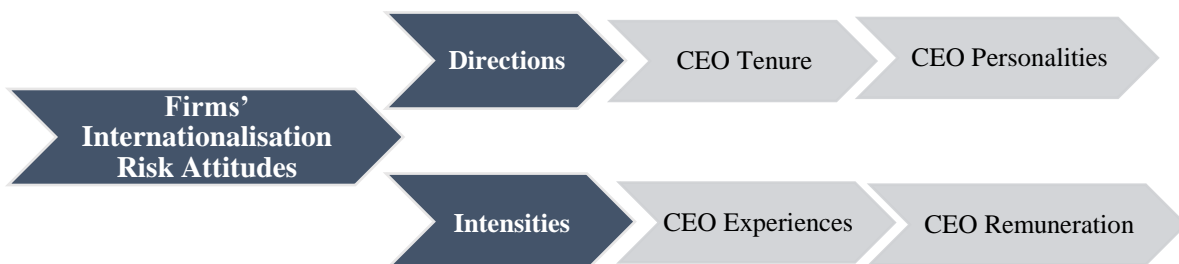


Figure 1. The Dynamics of CEO Characteristics and Chinese Firms' Internationalization Risk Attitudes

4.2. Duration of CEO tenure led to SOEs' periodical and NSOEs' perennial risk attitudes

The difference in length of CEO tenure caused SOEs' periodical and NSOEs' perennial risk attitudes. Although it has been widely recognized that SOEs should abolish the administrative levels and separate the party and government to improve its transparency and corporate governance (Ren & Li, 2014), the CEO/ yi ba shou appointments are still heavily embedded within the Communist Party framework. The respondents detailed the process. To appoint or dismiss Central SOEs' CEO/ yi ba shou, the Politburo Standing Committee of the Communist Party (PSC, 政治局常委会) has the power, with assistance by Central Organization Department (COD, 中组部) and SASAC (the State-Owned Assets Supervision and Administration Commission, 国资委) (SASAC, 2015). Similarly, the Provincial Party Standing Committee (PPSC, 省委常委会) has the power to appoint and dismiss the Provincial SOEs' CEO/ yi ba shou, associated with the People's government of a province, autonomous region or municipality directly under the Central Government and Provincial SASAC and Provincial Organization Department (POD, 省委组织部).

In this study Central and Provincial SOEs' CEOs' tenure lasted from four to ten (4-10) years. This variation might be caused by the absence of the state-owned assets supervision and management system till SASAC's establishment in 2003 (SASAC, 2015). Under SASAC's supervision and management, the tenure were reviewed and regulated to approximately four years. According one of the senior managers of the Central SOE, the duration of CEO tenure was ambiguous in the past. He said:

There is no clear tenure set for the SOEs' CEOs from SASAC. If the CEO does not get promoted after three to five years in that position, it means he is recognized as a failure. That is why every new CEO would try to achieve his target within that timeframe. With every CEO's new aims (normally this includes internationalization plan), the strategies of the firm were then set to ensure the achievements.

This appointment mechanism behind the SOEs' CEO tenure duration directly caused the CEOs to behave differently towards internationalization strategies to align with his/her overall strategic targets. From the firm perspective, the risk attitudes associated with internationalization activities have shown a periodical variation due to the periodical re-appointment/ changes of CEOs.

Unlike the SOEs, in the Chinese mining NSOEs, the top leader, founder, owner and/or CEO/yi ba shou are usually the same person. Their tenure duration were the length of their NSOE's company histories. Agency theory suggests that the longer the tenure of a relationship between an agent and a principal, the more efficient it is (Eisenhardt, 1989). Our study revealed that NSOEs' CEOs understand the firms significantly better than those from SOEs. The duration of the tenure had been at least ten years. While there are no tenure restrictions to the CEO/yi ba shou of the NSOEs, the NSOEs' risk attitudes were more consistent. As a result, NSOEs have a relatively perennial internationalization risk attitudes compared to the SOEs. Under the same principle, the

NSOEs' internationalization strategies are more persistently established.

Therefore, the first proposition is proposed as following:

P1: CEO duration of tenure led to SOEs' periodical and NSOEs' perennial internationalization risk attitudes.

4.3. Directions of risk attitudes

The study reveals that both CEO tenure and personalities contributed to the general directions of the firms' internationalization risk attitudes. Specifically, the directions included 'risk tolerating', 'risk averse' or, more extremely, 'risk escape' or 'risk taking'. The Vice Principal of a SOE provided an example to illustrate this dramatic shift due to a change of CEO:

We had overseas risk explorations around 1984 to 1985. We were the pioneers of the industry that time. After our then leader (yi ba shou) had a car accident, these trails dried up from the lack of support from the new CEO. We did not take any risk internationally for quite a while.

CEOs at different stages of their tenure can also shift the firm's internationalization risk directions. For instance, a CEO/yi ba shou approaching retirement adopts a very conservative risk attitude: they can be 'risk averse' (taking minimum internationalization to avoid risks), or even 'risk escape' (not taking any internationalization to exclude risks and/or prevent failures). This finding supports the work of Matta and Beamish (2008), who also found that CEOs nearing retirement exhibit a growing aversion to risk. Another senior manager of a SOE said:

Our former CEO was very conservative. All he wanted was stability to wait till his retirement. He did not fancy about taking any risks - the more he does, the more chances for him to make mistakes. We lost quite some fascinating investment opportunities overseas around that period.

Managers' personalities play a significant role in firm-level strategies (Musteen et al., 2010). The CEO's/yi ba shou personality and their willingness to take risks have been a strong factor in determining the SOEs and NSOEs' internationalization risk attitudes. Because of the duration of tenure, different SOEs' CEOs have shown different personal approaches towards risks. If some are more adventurous, it is more likely for the SOE to actively conduct and explore more internationalization activities during their tenure. Frequently, this kind of CEO is described as ambitious, challenging, creative, energetic or achieving. Some are more conservative, and internationalization activities tend to be minimized during their tenure (risk aversion/risk escaping). This type of CEO is identified as conservative, steady, not a high achiever but seeking less failure. The description of personalities here may not be limited to psychological characteristics but may also be affected by the CEO's gender, tenure (especially if close to retirement), industry and corporate experience.

Nevertheless, personal character can shift the same firm's internationalization risks attitudes from one direction to the opposite-- changing from 'risk

escape' to 'risk taking' because of the new CEO's 'radical' personality:

For example, our new CEO arrived in 2007 and set his target to be 'double the firm in four years'. This new target set by the new CEO means all strategies and activities will serve the purpose to achieve this – aggressive developments and thinking – even sometimes contrary to national policies. The CEO's working style and personality have a direct impact on the risk attitudes. We used to be relected in taking internationalization under the previous CEO's leadership.

In a sense, SOEs' CEOs' myopic considerations near retirement and the political appointment of four-year tenure will focus CEOs on the short-term implications of their strategic investments, rather than on long-term considerations of firm growth (Matta & Beamish, 2008). In contrast, the direction of internationalization risk attitudes is related more to the personality of the particular CEO/yi ba shou rather than to their proximity to retirement.

Therefore, the second proposition is proposed as follows:

P2: CEO tenure and personalities shift SOEs internationalization risk attitudes' directions; CEO personalities shape NSOEs internationalization risk attitudes' directions.

4.4. Intensities of risk attitudes

The CEOs' experiences determine the intensities from the following three aspects. First, most of the NSOEs' CEOs in this study acquired and accumulated international experiences through their previous tenure with SOEs, given that Chinese mining NSOEs have short involvement in internationalization activities. Since February 2005, NSOEs in the mining sector have been officially incorporated into the state's regulations, permitting access to monopoly sectors of the economy (ACFIC, 2008; State Council China, 2005) and thereby encouraging NSOEs to invest in mining. Although the actual percentage of investment from mining NSOEs is not substantial – compared with mining SOEs – considerable progress has been made, with NSOEs currently presenting a more dynamic trend of international develop (Jiang, 2009; MOFCOM et al., 2015). Second, the tacit knowledge and relevant international experiences transferred to the NSOEs as the CEOs moved from the SOEs. This move reflects how the tacit nature of knowledge creates difficulties in transfer, as tacit knowledge is normally built from individuals' experience and therefore is rather personal (Hébert et al., 2005; Simonin, 1999; Song et al., 2003). Third, the appointments of SOEs' CEOs are not transparent, hence, the CEO/yi ba shou may have managerial experience yet no specific industrial expertise. A new CEO may take considerable time to adapt and acquire the relevant industry related basis at the beginning of their tenure, which also reinforces their risk attitudes being more conservative at that stage.

Such tacit knowledge and international experiences have influenced the risk attitudes of NSOEs to favour more international investments in general and to tolerate more risks while internationalizing. According to a NSOE CEO:

Our overseas working experience has given us a more global view of firms' development. I name this

as a CEO's international vision. Internationalization is a 'must' for us while managing firms.

Our respondents pointed out that SOEs' CEO/yi ba shou might not be motivated enough to take the extra risks to get the firm involved in the internationalization activities, given the lack of appropriate remuneration. This remuneration factor shaped their willingness to tolerate risks in firms' internationalization. SOEs' managers receive low salaries (Zhou & Wang, 2000) because it often happens that the SOE's CEO gets paid according to their party-administrative ranking instead of on their real managerial effort (Zhou & Wang, 2000). A significant feature of all SOEs is the separation of owner (state) and management (CEO/yi ba shou). Agency theory research focuses primarily on identifying situations in which problems may arise when the goals of the agent and the principal are in conflict (Eisenhardt, 1989). According to agency theory, a situation might exist where the compensation the agent receives for his services is not tied to his performance under the contract (Eisenhardt, 1989). Given the situation, the SOEs' CEO's motivation tend to reflect their self-interests when they could choose different levels of risk acceptance. A SOE's CEO noted:

Under certain circumstances where we don't have to make extra effort to make the international investment, we can expand and invest domestically. Whether the leader of the firm is motivated to take the risks is the key. Otherwise, why would we bother to take more risks and pressures, or even run the risk of being punished (by SASAC) if it fails?

There might be some benefits from the firm level, but not at the personal level. There are no incentives for these individuals. So many people are unwilling to do this (firm internationalization activities). 'Going out' policies have detailed a lot, but no policies or regulations were stated to encourage and reward the leaders of SOEs. Any OFDI project requires approvals and records from various government departments. Getting through this has already been an enormous pressure for a firm, especially when sometimes we have to deal with governmental bureaucracies. These bureaucracies and setting of complex approval process have become a deterrent to investment. Last, the contract involved in OFDI also needs to be correctly monitored and implemented.

However, SOEs' CEOs often have implicit political aspirations as well as an explicit role as a CEO (Cao et al., 2011). Political promotion is a unique incentive to maximize firm value as a non-economic factor (Cao et al., 2011), which may work to increase CEO's risk tolerance level in firm internationalization.

This study shows that NSOEs have better internal incentive schemes providing alignment of the key elements amongst responsibilities, authority, remuneration and self-accomplishment. Also, the ownership and management are also aligned towards CEO's benefits. They seem to be a lot more responsive and rational in determining the level of engagements with internationalization activities, hence, various intensities of associated risks.

Therefore, the third and fourth propositions are proposed as:

P3: CEO international experiences, industry experiences and tacit knowledge contribute to a more 'tolerating' internationalization risk attitude.

P4: SOEs' CEO remuneration shows a paradoxical impact towards internationalization risk attitude intensities, while NSOEs' CEO remuneration promotes a more rational and responsible attitude in determining the internationalization risk attitude intensities.

5. CONCLUSION & MANAGERIAL IMPLICATIONS

The results of this study support the view that CEOs/yi ba shou influence the firms' strategic behaviour on risks in internationalization, over and above the influence of the context of institutional and firm characteristics. For the CEOs, this study found that their tenure does matter in determining the firm's internationalization risk attitudes—this is related to both the duration and stage of tenure. The variation caused by the CEO tenure impacts SOEs' periodical and NSOEs' perennial risk attitudes. The combination of CEO's stage of tenure (e.g. if approaching retirement) and personalities shift SOEs internationalization risk attitudes' directions. While only CEO's personalities shape NSOEs internationalization risk attitudes' directions. This may be attributed to the dominance of CEOs in firms' OFDI decisions and strategic target developments in Chinese firms. The findings emphasized the linkages of the CEOs' experiences (international experiences, tacit knowledge, and industry experiences) and remuneration to the intensities of firms' internationalization risk attitudes. A more paradoxical risk attitude is shown for the SOEs, and a more conservative attitude is shown by NSOEs. In terms of intensity, NSOEs have a 'conservative risk attitude'; rather than being 'risk averse', the firms are willing to carry unavoidable risks, with caution. SOEs' CEO remuneration also contributes to the firms' paradoxical risk attitudes, while NSOEs' CEO remuneration promotes a more rational and responsible attitude in determining the internationalization risk attitude.

The following implications for practice are suggested. The appointment for mining SOEs' CEOs may increase from an average of four years to ten years. Since mining investments are generally lengthy projects, increased tenure duration may increase the efficiency of the management and promote more consistent SOE internationalization risk attitudes to ensure strategic stability. Another possibility is for policy makers to reconstruct a better remuneration package (e.g. not limited to the monetary and political incentives, but also authorities) for the SOEs' CEOs, to induce them to work in a more 'stable', more responsible and more enthusiastic way. This would assist SOEs to have a relatively consistent internationalization agenda and increase risk tolerance levels.

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