

## RESEARCH PROJECTS 2016

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### **Project Title**

Overcome the Legitimacy Effect: the Role of Agency in Firm Innovation in China

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### **Abstract**

Neo-institutional theories suggest that firms strive for institutional legitimacy under the pressure of various institutional pressures (Scott, 2007). While preliminary research on firm innovation in China suggests the existence of legitimacy pursuit in firm innovation (Sullivan et al., 2016), specific mechanisms as well as how firms overcome the legitimacy effect to generate effective innovations have not been carefully explored. This proposal intends to reveal the specific mechanisms of the legitimacy impact in firm innovation and how effective innovation can be generated by overcoming such legitimacy impact with longitudinal data combining with a survey of firms in China. We expect that firms do pursue easy innovations for legitimacy benefits, but certain ownership, incentive and governance structure could alleviate such tendency by firms. This study can help us further understand the complex institutional and organizational circumstances surrounding the firm innovations in emerging markets such as China.

