Dissertation Abstract
Wei Xia

My dissertation investigates nationality discrimination against U.S. venture capital firms in the Chinese venture capital industry. My dissertation comprises two chapters. The first chapter of my dissertation, "When Do Collaborative First Moves Diminish Nationality-based Homophilic Preferences? An Examination of Chinese Venture Capital Investment Syndicates," explores the conditions under which bias against U.S. venture capital firms can be reduced. This paper was published in *Administrative Science Quarterly* in 2023. This paper examines the interplay between homophilic preferences, reciprocity, and societal values in the formation of venture capital investment syndicates in China. Both Chinese and U.S. syndicate lead firms generally prefer to include their fellow compatriot firms over comparable non-compatriots in the investment syndicates that they assemble. When a Chinese firm initiates a collaborative first move by including a U.S. firm in an investment syndicate, however, the U.S. firm no longer prefers comparably familiar U.S. firms over the Chinese firm when it subsequently chooses among prospective syndicate partner firms to include in its investment syndicates. In such cases, familiarity triggers impartiality; the experiential trust that was garnered from the collaborative first-move engagement initiated by the Chinese firm diminishes the nationality-based homophilic preferences of the U.S. firm. Similar dynamics do not occur, however, when the situation is reversed. When a U.S. firm initiates a collaborative first move by including a Chinese firm in an investment syndicate, the Chinese firm subsequently remains partial to fellow compatriot firms that are otherwise comparable to the U.S. firm. The homophilic preferences and identity-based trust between Chinese firms grounded in shared nationality are resilient to any goodwill created by U.S. firms when they initiate collaborative first moves.

The second chapter, "Taste-based Discrimination as More Prevalent among Highly Reputable Candidates: The Case of U.S. Venture Capital Firms' Investment Opportunities in China," considers how candidates who are highly reputable are more likely to experience discrimination. This paper is under review by *Academy of Management Journal*. When evaluators discriminate against candidates due to their distaste for specific demographic traits (e.g., gender, nationality), they risk imposing performance penalties on their organizations; that is, the difference between the performance of their favored candidate and the potentially superior performance of the candidate they discriminate against. This paper describes how the risk and relevance of potential performance penalties, as perceived by evaluators, are reduced when they are selecting from highly reputable competing candidates. In accordance with prospect theory, an evaluator's aversion to loss will be lower and, thus, less apt to deter them from discriminating against candidates who have demographic traits that they disfavor. This paper uses the Chinese venture capital sector to investigate these dynamics. When Chinese new ventures select from highly reputable venture capital investors to secure their initial investment, they tend to select a Chinese investor over an equally or more reputable U.S. investor, particularly when the new venture is based in a weakly cosmopolitan province where anti-foreigner sentiments are pervasive. When Chinese new ventures choose from investors that lack records of prior success, however, this paper finds no evidence of discrimination.