

No 137

May - June 2007

In this issue

Page

1	Journals
2	Books
2	Contributions to books
3	Working Papers
5	Other publications
6	Conferences and seminars
13	Awards
13	Doctoral theses
14	Research Seminars
16	Miscellaneous
17	Teaching materials
20	Occasional Papers

Journals

Angel Barajas - Ignacio Urrutia

"Economic impact of support in Spanish professional football", *International Journal of Sports Marketing and Sponsorship* (Spanish & Latino Special Edition), Vol. 8, No 3, April 2007, pages 272-279.

Abstract: This paper explains the concept of support as an economic driver of football. It begins with a theoretical approach to the concept of support and a review of the literature relating to support, fan typology and factors that determine attendance at stadia. Next, factors that influence support are explained and a schema for a model of support is proposed. Finally, an analysis is carried out of the influence of attendance on revenues in Spanish professional football clubs.

Pablo Fernández

"Valuing companies by cash flow discounting: Ten methods and nine theories", *Journal of Management Science*, Vol. 1, No 1, May 2007, pages 80-100.

Abstract: This paper is a summarized compendium of all the methods and theories on company valuation using discounted cash flows. It shows ten methods: free cash flow; equity cash flows; capital cash flows; APV (Adjusted Present Value); business's risk-adjusted free cash flow and equity cash flow; risk-free rate-adjusted free cash flow and equity cash flow; economic profit; and EVA.

All ten methods always give the same value. This result is logical, as all the methods analyze the same reality under the same hypotheses; they differ only in the cash flows taken as the starting point for the valuation.

The disagreements among the various theories of firm valuation arise from the calculation of the value of the tax shields (VTS). The paper shows and analyses 9 different theories on the calculation of the VTS and lists the most important valuation equations according to each of these theories.

Franz Heukamp - Heinrich Liechtenstein - Nick Wakeling

"Do business angels alter the risk-return equation in early stage investments? Business angels as seen by venture capitalists in the German-speaking countries", *The Journal of Private Equity*, Vol. 10, No 3, June 2007, pages 67-86.

Abstract: Venture capitalists in the German-speaking countries do not value the contribution of business angels in co-invested deals. Business angels do not reduce the risk perceived by venture capitalists in early stage deals even if the business angels have what venture capitalists regard as an ideal profile. Venture capitalists also refute that deals with business angels typically generate higher internal rates of return than deals without business angels. The results of this study can be particularly important for the delicate transition process in venture financing from business angels to venture capitalists.

Kimio Kase - Ignacio Urrutia - Carlos Martí - Magdalena Opazo

"The proto-image of Real Madrid: Implications for marketing and management", *International Journal of Sports Marketing and Sponsorship* (Spanish & Latino Special Edition), Vol. 8, No 3, April 2007, pages 212-233.

Abstract: Under club president Florentino Pérez, Real Madrid Football Club appeared to utilise the proto-image of the firm (PIF) management approach. Such a strategy embraces the use of branding, values and mid-to long-term planning to generate income. In the case of Real Madrid, the strategy comprised the recruitment of "Galácticos", which helped it to become the world's number one club in terms of both turnover and profile; questions remain regarding its sustainability for a sporting organisation.

Kimio Kase was "guest editor" of this special edition.



Newsletter

May - June 2007 - No 137

Pablo Sánchez - Joan E. Ricart - Miguel A. Rodríguez

"Influential factors in becoming socially embedded in low-income markets", *Greener Management International (The Journal of Corporate Environmental Strategy and Practice)*, No 51, June 2007, pages 19-38.

Abstract: Low-income markets represent a new but emerging field of research in international strategy. Because these markets remain mostly unexplored and most companies are unaware of them, it is argued that the development of embedded ties and alliances with traditional and non-traditional partners is critical in order to better understand customer needs and market characteristics. Following this logic, the purpose of this paper is to explore the antecedents and consequences of becoming socially embedded in low-income markets. Using a multiple-case inductive analysis of business ventures (i.e. CEMEX, Hindustan Lever, Tetra Pak, Nike and a Spanish multinational firm) and the development of embedded ties and partnerships in this context, we propose an emergent theoretical framework that explains the influential factors for developing such networks. Our findings suggest that a firm has a bigger incentive to build embedded ties and partnerships under three conditions: an under-developed market-oriented system; the high psychic distance of a firm in regard to low-income markets; and the degree of personalised co-creation experiences offered by the firm. In addition, we observe that becoming socially embedded contributes to creating a contextual competitive advantage. Finally, an important implication for total value creation emerges: as the development of networks contributes to building capabilities beyond the firm's boundaries, firms that have developed the ability to become socially embedded may create more total (social and economic) value and have a greater positive impact in a social context than those that have not developed this ability.

Books

Albert Fernández

"Libro Blanco de la Dirección Estratégica en España 2007-2009", *Strategy & Focus*, sponsored by Crédito y Caución and Telefónica, April 2007, 228 pages.

Abstract: El libro refleja los resultados de un estudio que contiene dos partes diferenciadas. Por un lado, los resultados de una encuesta a 119 directivos de empresas en España sobre sus procesos de gestión estratégica. Se analizan en detalle la formulación, el despliegue, el seguimiento y el aprendizaje. Por otro, un estudio Delphi a 89 directivos españoles en que se les pregunta por las tendencias futuras en el ámbito de la gestión de la estrategia. El libro, además, incluye un capítulo que explica aspectos críticos que tienen en cuenta cuatro empresas (Endesa, Telefónica, Crédito y Caución y Grupo Lar) para implantar adecuadamente sus estrategias.

Contributions to books

José M. Campa - Linda S. Goldberg - José M. González-Mínguez

"Exchange-rate pass-through to import prices in the euro area", in the book "The external dimension of the euro area", edited by Filippo di Mauro and Robert Anderton, *Cambridge University Press*, April 2007, pages 63-94.

Abstract: This paper presents an empirical analysis of transmission rates from exchange rate movements to import prices, across countries and product categories, in the euro area over the last fifteen years. Our results show that the transmission of exchange rate changes to import prices in the short run is high, although incomplete, and that it differs across industries and countries; in the long run, exchange rate pass-through is higher and close to one. We find no strong statistical evidence that the introduction of the Euro caused a structural change in this transmission. Although estimated point elasticities seem to have declined since the introduction of the Euro, we find little evidence of a structural break in the transmission of exchange rate movements except in the case of some manufacturing industries. And since the Euro was introduced, industries producing differentiated goods have been more likely to experience reduced rates of exchange rate pass-through to import prices. Exchange rate changes continue to lead to large changes in import prices across euro-area countries.

Jan C. Fransoo - Philip Moscoso - Toni Waefler - Dieter Fischer

"Key factors determining the planning bullwhip: An integrated framework for analysis and design", in the book "Managing operations in an expanding Europe", edited by Erhan Erkut, *Bilkent University Press*, Ankara, June 2007, pages 1-8.

Abstract: In hierarchical production planning structures, decisions by planners at the various levels may lead to a planning bullwhip. This instability phenomenon may occur because a modification in a key planning parameter, such as lead time, for example, causes immediate substantial changes in the planning, which are likely to have substantial effects on actual lead time on the shop floor. Eventually, poor estimates of lead time and poor actual performance reinforce each other and result in planning instability and order backlog. In a previous paper we empirically studied the occurrence of the planning bullwhip. In the present paper we aim to extend the conceptual understanding of the planning bullwhip by providing an integrated framework for its analysis. The framework incorporates six attributes of planning systems that we believe fundamentally determine the occurrence of the planning bullwhip. Specifically, the framework is based on a socio-technical understanding of planning systems, taking into account the fact that production planning is a joint effort between IT and human planners.

Newsletter

May - June 2007 - No 137



Domènec Melé

"La empresa", in the book "El mensaje social cristiano", edited by Julio de la Vega-Hazes, *Eunsa*, 2007, pages 127-157.

Abstract: Este capítulo presenta una síntesis de las enseñanzas de la Iglesia católica sobre la empresa. Entre otros aspectos se remarca el valor de la iniciativa emprendedora por su consistencia con la libertad humana, la necesidad de orientar la empresa al bien común y también se desarrollan un conjunto de exigencias relacionadas con los valores humanos y cristianos de la justicia y la veracidad.

Cees de Snoo - Philip Moscoso - Hannes Guenter - Craig Shepard

"Relationship quality in operational supply chain coordination: An interdisciplinary review and research framework", in the book "Managing operations in an expanding Europe", edited by Erhan Erkut, *Bilkent University Press*, Ankara, June 2007, page 9-19.

Abstract: Collaborative planning is considered a key business practice that may significantly improve supply chain performance. One of the key factors influencing collaborative planning is the quality of relationships amongst supply chain partners. Although the term relationship quality is increasingly used in supply chain management and collaborative planning, definitions are often not clearly articulated or differ significantly where provided. In this paper, we present an interdisciplinary review of the construct of relationship quality. This illuminates methodological differences and commonalities between studies and considers the usability of various definitions of relationship quality in the context of collaborative planning. We conclude that relationship quality in collaborative planning is most appropriately understood as a contextually specific, dynamic and multi-dimensional phenomenon.

Cynthia A. Thompson - Steven Poelmans - Tammy D. Allen - Jeanine K. Andreassi

"On the importance of coping: A model and new directions for research on work and family", in the book "Exploring the work and non-work interface" (Research in occupational stress and well being, Vol. 6), edited by Pamela Perrewé and Daniel C. Ganster, *Elsevier*, May 2007, pages 73-113.

Abstract: In this chapter, we review empirical research evidence regarding coping and work-family conflict. Limitations and gaps associated with the existing literature are discussed. Of special note is the finding that there is little systematic research that examines the process of coping with work-family conflict. Building on the general stress and coping literature, we present a theoretical model that is specifically focused on the process of coping with work-family conflict, and highlight presumed personal and situational antecedents. Finally, the chapter concludes with an agenda for future research.

Xavier Vives

"El buen gobierno de las empresas públicas", in the Brown Book on "La Administración Pública que España necesita", *Círculo de Empresarios*, Madrid, April 2007, pages 363-376.

Abstract: En diversos países desarrollados y en desarrollo, la empresa pública todavía representa una parte relevante de la economía, en particular en sectores de servicios públicos o infraestructura. La importancia para la economía de un funcionamiento eficiente de estos servicios no puede ser minusvalorada, y por tanto el papel de la empresa pública sigue siendo importante a pesar del proceso privatizador.

En España, después de sucesivas privatizaciones, la presencia relevante del sector público empresarial estatal se reduce a la construcción naval, minería y participaciones en aeroespacial (EADS), energía (Red Eléctrica, residual en Endesa) y algunas otras (como Iberia).

Hay que añadir, además, importantes empresas ligadas al Ministerio de Economía y Hacienda o Fomento en sectores como comunicación (RTVE, Agencia EFE, Correos) y transporte (Renfe, Aena, puertos). La "acción de oro" pública, que estaba vigente en algunas empresas privatizadas (como Endesa o Telefónica), está en fase de desaparición. Aparte queda el sector público ligado a las Comunidades Autónomas y Ayuntamientos. Aun así, en el contexto europeo las empresas bajo control público son importantes, como es el caso de Airbus, o representan una parte sustancial de la capitalización en el mercado, como en Suecia, o de importancia estratégica, como en Francia.

En este breve artículo se repasan los problemas de gobierno en la empresa pública (sección 2) y la estrategia de mejora de gobierno en las empresas públicas que subsisten basada fundamentalmente en las recomendaciones de la OCDE (sección 3). El artículo concluye con algunas consideraciones sobre la competencia y la regulación.

IESE - Working Papers

NOTE: Working papers may be consulted on the Internet at http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en

No 690 - May 2007

Lluís G. Renart - Carles Cabré

COMO MEJORAR UNA ESTRATEGIA RELACIONAL

Abstract: La introducción del concepto de marketing relacional por Berry (1983) ha supuesto un cambio de paradigma dentro del marketing (Sheth y Parvatiyar, 2002). En las últimas décadas se han realizado un gran número de investigaciones con el fin de analizar el impacto de los programas de marketing relacional en la satisfacción y fidelización de la base de clientes. Sin embargo, los resultados alcanzados por bastantes de estos programas han sido escasos o nulos. Tras haber publicado diversos artículos y casos sobre el tema, el presente trabajo aspira a responder a la siguiente



Newsletter

May - June 2007 - No 137

pregunta: ¿cómo puede seguir avanzando y mejorando su estrategia de marketing relacional una empresa que ya la ha puesto en marcha con cierto nivel de éxito? La propuesta es que estas empresas pongan en marcha un proceso de mejora continua a cuatro niveles distintos y complementarios: primero, revisar y profundizar la misión, cultura y valores de la empresa; segundo, replantear y, en su caso, rediseñar la estrategia relacional; tercero, mejorar la gestión de cada una de las distintas actividades relacionales; y finalmente, revisar y, en su caso, mejorar la calidad de los medios y del equipo humano, la ejecución y el buen gobierno de todo el proceso. La revisión sistemática de los cuatro niveles o caminos de mejora debería dar como resultado la generación y sostenimiento en el tiempo de relaciones comerciales de alta calidad (*relationship quality*).

No 691 - May 2007

Alexander P. Groh - Heinrich Liechtenstein - Miguel A. Canela

ALLOCATION DETERMINANTS OF INSTITUTIONAL INVESTMENTS IN VENTURE CAPITAL AND PRIVATE EQUITY LIMITED PARTNERSHIPS IN CENTRAL EASTERN EUROPE

Abstract: Growth expectations and institutional settings in Central Eastern Europe (CEE) are favorable for establishing a vibrant venture capital/private equity market. However, a supply of risk capital is lacking. We address the obstacles to institutional investments in the region via a questionnaire addressed to (potential) Limited Partners worldwide. The respondents provide information about their criteria for international asset allocation. Protection of property rights is the dominant concern, followed by the need to find high-quality local General Partners and the management quality and skills of local entrepreneurs. Further, the expected deal flow plays an important role in the allocation process, while investors fear bribery and corruption. CEE is regarded as very attractive, especially for economic and entrepreneurial activity. However, investors are not comfortable with the level of protection of their claims in the region.

No 692 - May 2007

Josep M. Rosanas

THE METHODOLOGY OF MANAGEMENT RESEARCH

Abstract: Epistemology, methodology or philosophy of science, i.e., the foundations and validity of knowledge, have never been very popular subjects as applied to management research. Lately, though, the need for better theories and the methodological discussion underlying the creation of such theories appears to be receiving more attention. In this paper, I review some basic underlying issues in the area by taking a look at some of the classical authors.

I first analyze Hayek's view of methodological problems in economics and then apply his analysis to the development of management theory. Then, I elaborate on Elster's distinction between causal, functional and intentional explanations. Naïve methodological attitudes are discussed in this context. I use agency theory as an

example of what should and should not be done. Finally, I examine the falsification criterion in management theory and discuss the role of mathematics in the development of theory.

No 693 - May 2007

Antonio Argandoña

ETHICAL MANAGEMENT SYSTEMS FOR NOT-FOR-PROFIT ORGANIZATIONS

Abstract: Non-governmental organizations (NGOs) have proven to be excellent instruments for promoting a wide range of causes. But they need to adhere to strict ethical principles, which usually are embodied in voluntary codes and standards. This paper analyzes one such standard, the "Ethics. NGO management system" standard published by Aenor, a private Spanish organization committed to the development of standardization and certification. The analysis and comments are centered mainly on issues of NGO accountability.

No 694 - May 2007

Jordi Gual

TIME TO RETHINK MERGER POLICY?

Abstract: This paper provides a critical analysis of some of the key features of merger policy as understood and practiced in leading jurisdictions such as the European Community and the United States. It focuses first on a discussion of the gradual move of merger policy towards the examination of unilateral effects. The critical appraisal of this process is based on the practical and theoretical shortcomings of the economic models that underlie the growing prominence of unilateral effects as the key anticompetitive factor arising from a proposed merger. The paper stresses that even if unilateral effects were to lead to an increase in the conventional measures of anticompetitive performance (such as markups), it is not clear that this implies less competitive behavior for many of the most relevant industries in today's advanced economies. Finally, the paper also examines the relationship between competition and welfare, and argues that even if competition does indeed diminish due to a merger, it does not necessarily follow that this is not good in terms of economic welfare, when we take fully into consideration the incentives to innovate and the dynamic welfare gains that arise from new products and production processes.

No 695 - May 2007

Pablo Fernández - José María Carabias - Lucía de Miguel
RENTABILIDAD DE LOS FONDOS DE INVERSION DE RENTA VARIABLE NACIONAL EN ESPAÑA (1991-2006)

Abstract: La rentabilidad media de los fondos de inversión en renta variable nacional durante los tres, cinco, diez y quince últimos años fue inferior a la del ITBM (Índice Total de la Bolsa de Madrid) en más de un 6%.

Newsletter

May - June 2007 - No 137



De los 43 fondos con diez años de historia, sólo uno (Bestinver Bolsa, que hizo honor a su nombre) consiguió una rentabilidad superior a la del ITBM. Veinticuatro de estos fondos tuvieron todos los años una rentabilidad inferior a la del ITBM.

Sólo dos de los 99 fondos con tres años de historia consiguieron una rentabilidad superior al ITBM (Bestinver Bolsa y Metavalor).

Si la rentabilidad de cada fondo de inversión en los últimos quince años no hubiera sido la realmente obtenida, sino la del ITBM, la apreciación de los fondos en el período 1991-2006 habría sido de 13.753 millones de euros en lugar de los 6.480 millones que obtuvieron. El total de comisiones y gastos repercutidos en este período ascendió a unos 1.400 millones de euros. El resto se debe a comisiones ocultas y a decisiones de inversión mejorables.

No 696 - May 2007

Pablo Fernández - José María Carabias - Lucía de Miguel

RENTABILIDAD DE LOS FONDOS DE INVERSIÓN EN ESPAÑA, 1991-2006

Abstract: En los últimos cinco y diez años, la rentabilidad promedio de los fondos de inversión fue inferior a la inflación. A pesar de estos resultados, el 31 de diciembre de 2006, 8.819.809 partícipes tenían un patrimonio de 254.306 millones de euros en los 2.779 fondos de inversión existentes. En 2006 se lanzaron al mercado 246 nuevos fondos.

Sólo 23 de los 649 fondos con diez años de historia han obtenido una rentabilidad superior al *benchmark* utilizado. Por ejemplo, de los 43 fondos de "renta variable nacional" con diez años de historia, sólo uno consiguió una rentabilidad superior a la del Índice Total de la Bolsa de Madrid.

Si la rentabilidad de cada fondo de inversión en los últimos cinco años no hubiera sido la realmente obtenida, sino el *benchmark* de su categoría, la apreciación de los fondos en el período 2002-2006 habría sido 67.768 millones de euros en lugar de los 28.013 millones que obtuvieron. El total de comisiones y gastos repercutidos en este período ascendió a 12.805 millones de euros.

No 697 - May 2007

Heiko Gerlach

EXCLUSIONARY CONTRACTS, ENTRY, AND COMMUNICATION

Abstract: I examine the incentives of firms to communicate entry into an industry where the incumbent writes exclusionary, long-term contracts with consumers. The entrant's information provision affects the optimal contract proposal by the incumbent and leads to communication incentives that are highly non-linear in the size of the innovation. Entry with small and medium-to-large innovations is announced, whereas small-to-medium and large innovations are not communicated. It is demonstrated that this equilibrium communication behavior maximizes ex ante total welfare by reducing the anti-competitive impact of excessively exclusive contracts. By contrast, consumers always prefer more communication and the incumbent's equilibrium contract maximizes ex ante consumer surplus.

Other publications

Pablo Fernández

"Company valuation methods. The most common errors in valuations", FSR forum (Netherlands), No 3, May 2007, pages 14-20.

Abstract: In this article, we describe the most widely used company valuation methods, grouped in four categories: balance sheet-based methods, income statement-based methods, mixed methods, and cash flow discounting-based methods. The methods that are conceptually "correct" are those based on cash flow discounting. We comment briefly on other methods since –even though they are conceptually "incorrect"– they are still widely used.

We also present a real-life example to illustrate the valuation of a company as the sum of the value of different businesses, which is usually called the break-up value.

We finish the paper with a list of the most common errors that the author has detected in the more than one thousand valuations he has had access to in his capacity as business consultant and teacher.

Julia Prats - Rama Velamuri - Marc Sosna

"New growth agendas: The role of corporate entrepreneurship", *Effective Executive*, ICFAI University Press, Vol. IX, No 4, April 2007, pages 56-66.

Abstract: We explain why corporate entrepreneurship is one of the most powerful ways to create new growth platforms and why, when operating in a knowledge-based economy, it is an issue of such high relevance for top managers around the world and in companies of all sizes. We present results of our own longitudinal study of the e-consulting industry to show the negative consequences, such as missed opportunities, increased competition, and a loss of top talent, clients and money among other things, if firms do not create a positive climate, the right processes and favorable conditions for corporate entrepreneurship to happen. Subsequently, we discuss in more detail a number of key elements of a corporate entrepreneurship strategy, focusing on opportunity recognition, people, sources of initiation, structural context, culture, processes and metrics.

Miguel A. Rodríguez - Juliana Mutis

"Suez: The 'water for all' project", *Executive Digest*, No 15, June 2007, pages 98-102.

Abstract: Suez Environment is a worldwide leader in water-related services, serving 125 million individuals. Although 85% of its current activities are located in Europe and North America, Suez has significant activities in many emerging countries in Central and South America, Asia, Africa and the Middle East. In these countries, the priority is to use an inclusive approach to maintain



Newsletter

May - June 2007 - No 137

long-term competitiveness while ensuring significant added-value for its customers, including those living in poverty.

In 2002 Suez set up the project "Water for all" in Manaus, Brazil. Through this project Suez has been able to bring water to the poorest through an astute combination of adapted technology, the active participation of local communities, and the involvement of local authorities, NGOs and bilateral and multilateral institutions.

Josep M. Rosanas

"Los presupuestos: Una herramienta crucial de dirección", *Harvard Deusto Business Review*, No 157, May 2007, pages 72-79.

Abstract: Es posible que los conflictos entre los directivos orientados a los resultados y los técnicos creativos sean inevitables. No obstante, cuando esos conflictos no se gestionan de la forma adecuada, la capacidad de una empresa para innovar puede estar en peligro. Con los presupuestos propiamente elaborados y adecuadamente usados, nos adelantamos a los acontecimientos y evitamos las sorpresas desagradables.

Guido Stein

"Convertirse en directivo", *Tendencias*, Instituto Empresa y Humanismo, Universidad de Navarra, No 66, April 2007, pages 50-72.

Abstract: Convertirse en directivo supone generalmente acceder a una posición laboral y social que, comparativamente con otros trabajos, incluye unos determinados derechos y privilegios: aporta rango y dinero, pero antes y de modo más prioritario, entraña un conjunto de obligaciones y responsabilidades. No entender que esto último es lo consustancial a la dirección y aquello lo derivado, supone ya marrar el tiro.

Juan M. de Toro - Carlos Pérez

"La marca: Forma, contenido y gestión-I", *Acofar*, No 464, May 2007, pages 60-65.

Abstract: El artículo trata de dar una definición del activo marca, que se ha convertido hoy en día en uno de los principales de toda empresa. También se definen los componentes que aportan valor a dicho activo, como son el nombre, el símbolo, el lema, los colores, los envases, las personas y los personajes, las canciones, etc.

"La marca: Forma, contenido y gestión-II", *Acofar*, No 465, June 2007, pages 62-65.

Abstract: (See abstract above).

Ignacio Urrutia

"Sistema de información contable hospitalario", *Todo Hospital*, No 236, June 2007, pages 265-268.

Abstract: Los continuos cambios que se vienen produciendo en los hospitales están influyendo en los sistemas de información contable, por una parte, en la información que se requiere, y por otra parte, en cómo se genera. El artículo presenta de forma descriptiva hacia dónde se dirigen los hospitales, hacia dónde se dirige el control de la gestión y cuál debe ser el papel que deben jugar los sistemas de información contable y las fases que se deben seguir para lograrlo.

Rama Velamuri - Jordan Mitchell

"Mittal Steel: The making of the world's largest metal company", *Executive Digest*, No 14, May 2007, pages 104-110.

Abstract: Lakshmi Mittal, an Indian born entrepreneur, built the largest steel producing group in the world, with nearly 70 million tonnes of production capacity and US\$ 31.5 billion in revenues, over a 28-year period from 1976 to 2004. He has shown an uncanny knack for acquiring underperforming steel mills in Trinidad, Kazakhstan, Mexico, Ireland, Germany, the US, and China, and turning them around.

Conferences and Seminars

Antonio Argandoña

On June 8-9, attended the 15th EBEN Annual Conference in Barcelona, where they presented the paper "Responsible corporate governance: How to take stakeholders into account?", co-authored with Silvia Ayuso.

Abstract: The central question posed in this paper is how to take into account the interests of stakeholders in order to ensure responsible corporate governance both from a CSR and a good governance perspective. Adopting a stakeholder approach to corporate governance, we focus on the composition of the board of directors, and propose a model for selecting board members based on both ethical and pragmatic arguments. The 'stakeholder board of directors' will balance stakeholders' interests but also will ensure effective monitoring and resource provision, which will lead the firm to better financial performance.

On June 21-23, attended the EBEN Research Conference 2007 in Bergamo, where he presented the paper "Credit accessibility and corporate social responsibility in financial institutions: The case of microfinance", co-authored with Francesc Prior.

Abstract: What are financial institutions' social responsibilities in developing countries? On the one hand, financial institutions share the generic responsibilities of all human organizations and business enterprises. However, their specific social responsibility is to perform the social function of financial intermediaries, which in the case of emerging countries consists of contributing to

Newsletter

May - June 2007 - No 137



economic growth and alleviating poverty. This paper describes a number of technical-economic and moral problems that take us to a consideration of the performance of banking operations in microfinance. The paper also provides a series of recommendations which, in addition to contributing to solving development and poverty problems in emerging countries, help define financial institutions' social responsibility in such countries.

Miguel A. Ariño

On June 24-27, attended the 27th International Symposium on Forecasting in New York, where he presented the paper "Predicting long-term performance by assessing sustainable competitive advantage", co-authored with Miguel A. Canela and Roberto García-Castro.

Abstract: The main thesis of this paper is that evaluating a firm's sustainable competitive advantage exclusively according to its superior economic performance over an extended period (as is normally done) can in fact obscure alternative forms of competition and competitive advantage generation. We propose a new way of measuring sustainable competitive advantage. This new approach can help managers and investors assess and forecast a company's long-term future performance with greater certainty. It goes beyond traditional performance measures, taking into account not only the company's performance, but also the covariance between company performance and the performance of the industry to which the company belongs. We apply this new measure to different companies and discuss the results.

Silvia Ayuso

On May 16-19, attended the EURAM Annual Meeting in Paris, where she presented the paper "Does stakeholder engagement promote innovation orientation?", co-authored with Miguel A. Rodríguez, Roberto García-Castro and Miguel A. Ariño.

Abstract: Despite the growth in research into the importance of cooperation for innovation, existing business literature lacks an understanding of how stakeholder-regarding behavior influences innovation. The present study focuses on the contribution of stakeholder engagement to firms' innovation orientation in the context of sustainable development. It investigates whether engagement with customers, employees, external stakeholders and knowledge management lead to higher innovativeness in firms, drawing on data from an international sample of large companies. Empirical results show that knowledge sourced from engagement with customers, employees and external stakeholders contributes to a firm's innovation orientation, but only insofar as these sources deliver relevant knowledge that has to be managed by the firm internally.

Manel Baucells

On May 10-11, attended the ANR Workshop on Risk Attitude in Montpellier, where he presented the paper "Probability time tradeoff", co-authored with Franz Heukamp.

Abstract: We consider a decision maker with preferences in the domain of simple lotteries with delay. For a gain, an additional delay in the time dimension is compensated by a multiplicative increase in probability in the risk dimension. Our key behavioral axiom is that the compensation rate is independent of the original delay and probability level. We obtain a functional representation of these preferences characterized by three real valued functions: the value function, the probability weighting function, and the intrinsic discount rate function. Subjects' time preferences are "as if" time were intrinsically uncertain. As a result, the common ratio effect for probability and the common difference effect for time are one and the same phenomenon. These two effects are related to the shape of the probability weighting function and are indirectly influenced by the intrinsic discount rate function. The model has as particular cases the normative model's expected utility and discounted utility. Projecting the model in the probability dimension yields prospect theory, and projecting the model in the time domain yields hyperbolic discounting. Finally, our model distinguishes between two possible magnitude effects: One is captured by the value function, and the second is captured by the intrinsic discount rate function.

José M. Campa

On May 21, participated in the panel discussion at the Bank of Spain on "Global imbalances", organized by Observatorio del Banco Central Europeo, where he presented the paper "Current accounts in the euro area: An intertemporal approach", co-authored with Angel Gavilán.

Abstract: This paper uses an intertemporal model of the current account to evaluate the fluctuations in current account balances experienced by Euro area countries over the last three decades. In the model, current account balances are used to smooth consumption and are driven by expectations about future income and relative prices. The paper has three main findings. First, the model is not rejected for six (Belgium, France, Italy, Netherlands, Portugal and Spain) of the ten Euro area countries examined, although it tends to underestimate their current account volatility. Second, the relative contributions to current account fluctuations of changes in expectations about future income and relative prices differ substantially across countries. And third, the estimated expectations about future growth increased in all Southern European countries at the creation of the Euro, but by 2005 had diverged considerably. While in Portugal these expectations are now below their historical mean, in Spain they are at a historical high.

Bruno Cassiman

On May 11-12, attended the Innovation and Globalization Conference organized by Fundación Ramón Areces in Madrid, where he presented the paper "Product innovation and exports. Evidence from Spanish manufacturing", co-authored with Ester Martínez-Ros.

Abstract: Firm decisions affect performance and survival. Unfortunately, due to severe selection problems it is hard to study



Newsletter

May - June 2007 - No 137

this causality. Export decisions, however, have been related to better performing firms, where causality seems to run from good performance to entering export markets. Using the fact that we observe both exporting and non-exporting firms, we analyze the effect of innovation on the decision of firms to export. For a panel of Spanish manufacturing firms for the period 1990-1999, we find that product innovation is a very important driver of exports for small non-exporting firms. Our results suggest that product innovation rather than process innovation affects firm productivity, which in turn induces firms to select into the export market.

On May 24-26, he presented the same paper at the CEPR Conference on Imperfect Competition and Dynamics in the New Economy in Tarragona.

Adrian Done

On May 6, attended the 18th Annual Conference of the Production and Operations Management Society in Dallas, where he presented the paper "Best practice interventions: Debates and dilemmas", co-authored with Chris Voss and Niels Rytter.

Abstract: There is widespread use of short-term structured interventions to help companies introduce and develop new and best practices. Such interventions are particularly common in smaller companies. These interventions typically have both short-term objectives (typically to make significant and visible process and performance improvements) and long-term objectives (to embed new practices in the organization). We use empirical data from a longitudinal case-based study to explore a number of issues with best practice interventions. There is an implied interplay and potential conflict between these two objectives. On the one hand, over-emphasis on short-term objectives may lead to the neglect of longer-term ones. On the other, successful short-term outcomes may be a major contribution to the visibility and acceptance of new practices. We then explore whether short, one-off intervention can lead to sustained change in an organization's practices and hence performance?

Javier Estrada

On June 27-30, attended the 2007 EFMA Annual Meeting in Vienna, organized by the European Financial Management Association, where he presented the paper "Fundamental indexation and international diversification".

Abstract: While fundamental indexation is novel and controversial, international diversification is traditional and widely accepted. This article links the two issues and evaluates a fundamental strategy of international diversification. Considering 16 country benchmarks that make up over 93% of world market capitalization and a 32-year (1974-2005) sample period, the results here show that a dividend-weighted fundamental index outperforms a cap-weighted index by the substantial margin of 1.9% a year. However, if investors are willing to abandon cap-weighted portfolios, the results here also show that a simple value

strategy that weights the same country benchmarks by dividend yields outperforms the dividend-weighted fundamental index by 1.7% per year over the same period. All the strategies evaluated in this article can be easily implemented with widely-available, low-cost country index funds and ETFs.

He also acted as session chair of the panel "International asset allocation" and as discussant of the paper "The effects of market comovements on international mutual fund managers' portfolio holdings," by Jerry Parwada and Eliza Wu.

Fabrizio Ferraro

On May 17-19, attended the Strategic Research Forum 2007 in Boston, where he presented the paper "The emergence of governance in an open source community", co-authored with Siobhán O'Mahony.

Abstract: We have a good understanding of organizing processes in bureaucratic organizations, but not in community forms. More specifically, we know little about how communities producing collective goods govern themselves. With a multi-method study of one open source software community, we found that members developed a shared basis of formal authority, but limited it with democratic mechanisms that enabled experimentation with shifting conceptions of authority over time. When members settle on a shared conception of authority, it is more expansive than their original design. This finding is reinforced with a statistical test of the predictors of leadership. By blending bureaucratic and democratic mechanisms, the governance system designed was able to evolve with the community's changing conceptions of authority.

Joan Fontrodona

On June 21-24, attended the symposium on "Ethical and Economic Dimensions of Work in Europe", held in Rome as part of the European Meeting of University Professors, where he presented the paper "Work, education and civil society: In need of a new paradigm".

Abstract: The paper starts with a characterization of work from an anthropological perspective. Afterwards, an Aristotelian classification of types of action is presented. It is stressed that all human action has an ethical reference, and that work cannot be described only in terms of external results but that the learning experiences of the subjects that perform an action or are affected by it should also be taken into account.

Thirdly, reference is made to the European Union's proposal on an education model for lifelong learning (European Qualifications Framework). The presence of ethics should be vindicated, as the EU's proposal makes very limited reference to the ethical dimension of a professional qualification.

The last part of the paper examines different logics that are at the basis of human and social behavior in current times. The need to recover confidence in the ability of human reason to know the truth, instead of modern scepticism that reduces everything to

Newsletter

May - June 2007 - No 137



a matter of opinion, is clearly stated as a way of understanding the importance of ethics in the meaning of work and the dynamics of civil society.

Pilar García-Lombardía

On June 8-9, attended the 15th EBEN Annual Conference in Barcelona, where she presented the paper "El desafío empresarial de la responsabilidad social corporativa: un enfoque sectorial", co-authored with Carlos de la Torre, José R. Pin and Antonio Fuertes.

Abstract: El desafío que supone la responsabilidad social corporativa, RSC, para las empresas del siglo XXI consiste en ser capaces de manejar adecuadamente los intereses y expectativas de sus grupos de interés y en introducir el criterio de responsabilidad en todas las decisiones de negocio. Para ello, el enfoque sectorial de la RSC aporta una perspectiva que liga la RSC a la propia lógica del negocio. Los *drivers* o motores de la RSC, principal hallazgo de los autores, permiten identificar y gestionar aquellas palancas que hacen posible desarrollar una estrategia responsable afín y coherente con la propia estrategia empresarial que gestiona los *drivers* del negocio.

Javier Gómez

On June 11-12, attended the 5th INFINITI Conference on International Finance in Dublin, where he presented the paper "The influence of differences in accounting standards on empirical pricing models", co-authored with Germán López Espinosa.

Abstract: We analyze the effect of cross-country differences in accounting standards on the empirical performance of financial pricing models. We show how the lack of uniform accounting standards across countries generates inconsistent estimates of the model parameters, and leads to rejection of the validity of the model. As an empirical application, we analyze how differences in accounting standards affect the performance of the Fama-French (1993) three-factor pricing model. We show that the F-F model is accounting-specific: it works better the more homogeneous the data are in terms of accounting standards. This result has an important empirical corollary: the model accounts extremely well for the cross-country returns of firms following IASB standards.

Jorge González

On June 27-30, attended the 29th Marketing Science Conference organized by INFORMS at Singapore Management University (SMU), where he presented the paper "Assessing the impact of pre-paid services on the diffusion of mobile telephony: A consumer-level approach to the study of cross-country diffusion", co-authored with Naufel Vilcassim.

Abstract: The increasing globalization of markets has spurred the interest of marketing practitioners and academic researchers in developing a better understanding of the adoption of new

products across countries with different characteristics. Traditionally, the analysis of cross-country diffusion has focused on the impact of two sets of factors: 1) social and cultural differences; and 2) interactions among the diffusion processes in different countries, captured via 'lead-lag' effects. However, in neither stream of research has there been a focus on understanding how cross-country variations in firms' actions may have contributed to differing patterns of adoption. This is surprising, given the results of analyses of the impact of firms' actions on the adoption of new products. For example, brand-level diffusion studies have shown the importance of assessing the impact of launching new brands or newer models of the same brand in influencing the pattern of adoption. Therefore, while acknowledging the importance of economic, cultural, and interaction effects on cross-country diffusion of new products, we are also of the view that it can be equally important to assess how firms' actions have differentially influenced diffusion across countries.

To study the effects of firms' actions on the diffusion of a new product in different markets, we analyze the adoption of mobile telephony in three EU countries: UK, Germany, and France. We develop a structural model of consumer choice based on the primitive of utility maximization, whereby, in any period, consumers choose between adopting or not, and if they choose to adopt, they then choose between one of two service plans: contract or pre-paid, with price being included as one of the drivers of the choice decisions. We also allow for 'carry-over' effects to capture dynamic effects that are induced by firms' actions but are not observed in the data (e.g., improvements over time in the quality of the mobile network). We use a random coefficients model to estimate the average consumer's preferences from aggregate market-level data on sales/penetration by allowing for consumer heterogeneity. Using the results of the estimation, we analyze the category expansion and substitution effects of the introduction of prep-paid services and thereby explain the difference in adoption patterns across the three markets. We also conduct policy simulations to determine the consumer welfare effects of firms' actions in the different markets.

Lisa Hehenberger (PhD Candidate)

On May 16-19, attended the EURAM Annual Meeting in Paris, where she presented the paper "The creation of new organizational forms in an emerging organizational field - Venture philanthropy", co-authored with Johanna Mair.

Abstract: In this paper we draw from institutional theory and social movement theory to trace the creation of new organizational forms within an emerging organizational field. Venture philanthropy is emerging at the intersection of two fields, philanthropy and venture capital, using practices and strategies from both. We have studied how actors in emerging fields create new organizational forms by using collective action, framing processes and social mechanisms with inputs from adjacent organizational fields. The purpose is to stimulate research at the intersection of institutional theory and social movement theory, as well as to raise awareness about venture philanthropy as an



Newsletter

May - June 2007 - No 137

innovative approach to building knowledge and increasing social impact in the nonprofit sector.

Franz Heukamp

On May 25-27, attended the French Economic Association Conference on Behavioral Economics and Experiments, held in Lyon, where he presented the paper "Probability time tradeoff", co-authored by **Manel Baucells**.

Abstract: (See abstract on page 7).

Yih-teen Lee

On May 18-19, attended the IACCM Annual Conference in Rotterdam, where he presented the paper "A multilevel framework of cultural competences and adaptation: An application for international higher education".

Abstract: The aim of this paper is to provide a conceptual framework on cultural competences that captures their dynamic and multilevel nature. Most extant studies on cross-cultural competences (also called cultural intelligence by some scholars) treat them as stable traits of individuals, somehow similar to personality or personal intelligence, which allow people to perform effectively in intercultural encounters. Moreover, most empirical studies focus on individual-level phenomena such as personality, competences, and performance. Few higher-level factors are taken into consideration, rendering the concept seemingly context-free. In this paper, I extend the model of cultural competences to a dynamic, multilevel paradigm by introducing the concepts of identity strategy, identity activation, and cognitive/attention resource limitation into the multilevel framework – including the individual, group, institutional and national levels – in the particular context of international higher education. First, I argue that instead of being stable traits, cultural competences may be influenced and determined by a person's identity strategy, as well as other situational conditions in light of acculturation theory (Berry, 1990) and biculturalism theory (LaFramboise et al., 1993). Second, in addition to identity strategy, the fact that a person has only limited cognitive resources also plays a role in determining the level of cultural competences he/she can use or demonstrate in any given situation. Higher-level factors in the context of international higher education influencing identity activation and cognitive resources are discussed, and a broadened framework on cultural competences is proposed.

Karsten Lieser

On June 27-29, attended the AFFI (Association Française de Finance) Annual Meeting in Bordeaux, where he presented the paper "The attractiveness of Central Eastern European countries for venture capital and private equity investors", co-authored with **Alexander Groh** and **Heinrich Liechtenstein**.

Abstract: We address the attractiveness of Central Eastern European countries for venture capital/private equity investors by

constructing a composite index. For the index composition we refer to the results of numerous prior research papers that investigate relevant parameters determining entrepreneurial activity and/or the engagements of institutional investors. We aggregate the index using five different methods and receive country rankings that vary only slightly, signaling a robust index calculation. We clearly identify six tier groups of attractiveness for all of our sample countries. We compare our index with actual fundraising activities in each country and find a reasonable correlation of the two figures. The results highlight the strengths and weaknesses of the individual economies and provide guidelines for political improvements and institutional investors' country allocations.

Johanna Mair

On May 23-25, attended the "Entrepreneurship and social innovation" Conference organized by University of Zhejiang and The Skoll Centre for Social Entrepreneurship in Hangzhou (China), where she presented the paper "Institutional voids as opportunity spaces for Social Entrepreneurship: Addressing poverty in different contexts".

Abstract: In many developing countries those living in poverty are unable to participate in markets due to the weakness or complete absence of supportive institutions. This study examines such institutional voids in microcosm and describes the activities of entrepreneurial actors in rural Bangladesh, India and Egypt aimed at addressing them.

Ignasi Martí (PhD Candidate)

On June 28-30, attended the SASE (Society for the Advancement of Socio-Economics) Conference in Copenhagen, where he presented the paper "A tale of rural Bangladesh: Institutional voids and the building of markets", co-authored with **Johanna Mair** and **Marc Ventresca**.

Abstract: In a classical piece on the bazaar economy, Geertz expressed his hope that the use of empirical cases outside the modern 'developed' context and the insights derived from them would have serious implications for received paradigms on markets. We argue that much can be gained by looking at how the presence of institutional voids affects market-building processes in the developing world. The paper is structured as follows. First, we elaborate on the conceptualization of markets as fields. Second, we introduce the term institutional voids in two steps; on the one hand, we revisit some of the institutions that social scientists have highlighted as necessary in order for markets to develop and function well; on the other, we argue that the pervasiveness of other societal fields within the market field may impede the development of market institutions. This is because the frontiers between the market field and the other fields are too fuzzy. We also hypothesize that dominant actors may impede the development and/or strengthening of modern market institutions by transposing institutions and belief systems from other fields to perpetuate their position of dominance. We focalize institutional

Newsletter

May - June 2007 - No 137



voids as the absence of these institutions, and argue for the analytical relevance of the term (extending current usage of the term by economic scholars). Thirdly, we analyze some of the existing institutions in rural Bangladesh in the social, political and cultural sphere. We show how these institutions: 1) impede/interfere with the development of modern market institutions; 2) but also, surprisingly, offer materials for institutional entrepreneurial actors interested in market building.

Domènec Melé

On June 8-9, attended the 15th EBEN Annual Conference in Barcelona, where he presented the paper "La 'orientación fundamental' en el gobierno de la empresa: Análisis ético de los tres informes españoles", co-authored with Pedro Regojo.

Abstract: El conocimiento de la finalidad de la empresa determina lo que aquí denominaremos la "orientación fundamental" del gobierno de la empresa. Los informes sobre buen gobierno corporativo suelen asumir cierta finalidad para la empresa tomada de alguna teoría económica o sociológica. Este artículo analiza críticamente, desde una perspectiva ética, cuál es la orientación fundamental para el gobierno de la empresa en cada uno de los tres informes españoles sobre gobierno corporativo presentados hasta ahora. Se concluye que los informes Olivencia y Conthe están enraizados en una racionalidad económica, aunque aceptan, sin apenas justificar, ciertas restricciones éticas o de responsabilidad social a la maximización de beneficios, y para el informe Conthe se insiste en que ha de ser en condiciones de sostenibilidad. El informe Aldama tiene una visión más amplia, contemplando la empresa como parte de la sociedad con una misión a cumplir. Señala también muchas y detalladas exigencias éticas y la necesidad de que la empresa contribuya a los intereses generales de la sociedad. Se concluye señalando la necesidad de un debate filosófico, ya que la orientación fundamental de la empresa es una cuestión extraeconómica y la racionalidad económica no puede justificar algo que es propio de una racionalidad más amplia.

On June 26-28, attended the ICCA's 2nd International Conference on "Globalization and the good corporation", held in New York, where he presented the paper "Stakeholder network: Can a corporation trigger cooperation and multi-stakeholder commitment?", co-authored with Marcelo Paladino.

Abstract: Usually, stakeholder management is presented in terms of power, influence, threads, and so on. In most managerial literature, cooperation is seen merely as a strategy for certain situations, rarely as the normative core of systematic stakeholder management. In contrast, this paper presents an in-depth case study (Aguas Argentinas) in which the corporation takes a proactive role by promoting cooperation and multi-stakeholder commitment. All parties benefit. It is argued that this kind of behavior can be due to a vision of the firm as a corporate citizen, considering the common good as the basic orientation in managing stakeholders, and cooperation as the normative core of stakeholder theory.

Caterina Moschieri (PhD Candidate)

On May 11-12, attended the Annual Conference on Corporate Strategy in Vallendar (Germany), where she presented the paper "Divestitures for new organizational forms: The parent-subsidiary relationship", co-authored with Johanna Mair.

Abstract: This paper examines how the relationship between a company and a unit evolves pre and post divestiture and what synergistic benefits divestitures can attain. Given the limits of existing theory, the research method used is inductive, with multiple-case studies over time. The result is a conceptual framework that offers a granular view of how companies actively shape their organizational form, observing the evolution over-time of the relationship between the parent company and its divested unit as a new organizational form for creating and distributing value. Overall, this paper contributes to modularity and adaptation theory, introducing divestitures in the portfolio of strategic choices for companies to design a new modular and flexible organizational structure.

Niccoló Pisani (PhD Candidate)

On July 25-27, attended the 2nd International Conference on Management of Globally Distributed Work, organized by the Indian Institute of Management in Bangalore, where he presented the paper "The rationale for business process offshoring: The case of US firms 1999-2003", co-authored with Joan E. Ricart.

Abstract: Business process offshoring refers to the recent practice by firms of migrating selected ICT-enabled white-collar activities to offshore locations. What motivates firms to do this? Building on the recent work of Nachumand Zaheer (2005), I develop hypotheses on possible rationales for this type of foreign investment and test them in a study of US outward FDI in highly information-intensive industries. Efficiency and knowledge seeking emerge as the two significant motivations behind business process offshoring.

Francesc Prior

On June 26-28, attended the 2nd International Conference on Globalization and the Good Corporation in New York, where he presented the paper "Best practices in credit accessibility and corporate social responsibility in financial institutions", co-authored with Antonio Argandoña.

Abstract: The purpose of this paper is to present and discuss some financial industry best practices in three emerging economies: Colombia, Ecuador and Peru. The main thesis is that, notwithstanding the importance of certain specific deficiencies, such as an inadequate regulatory context or the lack of financial education among the population, the main factor that explains the low banking levels in LDCs, affecting mostly lower-income segments, is the use of inefficient financial service distribution models. In connection with this thesis, we show that traditional financial institutions, both in developing countries and in advanced



Newsletter

May - June 2007 - No 137

economies, have a special social responsibility to help create an efficient financial system that makes saving and borrowing instruments available to the greatest possible number of citizens.

Josep M. Rosanas

On May 16-19, attended the EURAN Annual Meeting in Paris, where he presented the paper on "The methodology of management research".

Abstract: (See abstract on page 4).

Niels G. Rytter

On June 18, attended the 14th International Annual EurOMA Conference on Managing Operations in an Expanding Europe, held in Ankara, where he presented the paper "Lean process improvement activities. Bridging short term outcomes and long term sustainability", co-authored with **Adrian Done** and **Chris Voss**.

Abstract: This paper presents and discusses results of a study on Lean Process Improvement (PI) activities and their practical unfolding, short term results and long term sustainability. It is based on a recent case study of eight tailored Kaizen Blitz interventions conducted in UK SME companies. Short and medium term intervention outcomes as well as long term sustainability are evaluated and key success factors are identified. The paper points out the main dilemma facing Lean PI interventions, that of short term versus long term outcomes and sustainability – on the one hand, Lean training and education must be delivered to managers and operators on the shop floor in an effective and convincing manner, and on the other hand, long term business and operations change with sustainable Lean practices must be enhanced. Advice on how to bridge this dilemma and make Lean PI activities successful are presented, and ideas for future research are proposed.

Amparo de San José

On June 7-9, attended the BCER (Babson College Entrepreneurship Research) Annual Conference in Madrid, where she presented the paper "Business angels and entrepreneurs: A knowledge perspective", co-authored with **Juan Roure**, **Juan L. Segurado** and **Rudy Aernoudt**.

Abstract: From the knowledge perspective, a firm can be understood as a social community specializing in speed and efficiency in knowledge creation and transfer (Kogut and Zander, 1995). One way to expand a firm's knowledge base is to attract knowledge from external sources such as venture capital investors. Business angels are considered an alternative/complementary source of venture capital. They are also tagged as "smart capital" and, because of their often direct and intense involvement in the venture, are a non-negligible source of "acquired" knowledge. Nevertheless, the fact that business angels are a source of knowledge does not mean that the knowledge is transferred to

the end-user: the entrepreneur/s or manager/s. For this to happen, an effective knowledge transfer has to take place. The research poses the following questions: 1) What type of knowledge is transferred from the angel to the entrepreneur?; 2) Is the transfer of knowledge between the angel and the entrepreneur easier when they have a common knowledge basis?, and 3) Does an informal relationship between the entrepreneur and the angel facilitate the transfer of knowledge?

On May 30-June 1, the 2007 FMA European Conference, organized by **Javier Estrada**, was held at IESE in Barcelona, where the following presentations were given:

José M. Campa

"The reaction by industry insiders to M&As in the European financial industry", co-authored with **Ignacio Hernando**.

Abstract: This paper looks at the reaction by industry insiders, industry analysts and competing firms to the announcement of M&As that took place in the European Union financial industry in the period 1998-2006. Analysts covering firms involved in an M&A transaction do not significantly alter their recommendation. This is consistent with the hypothesis that the transaction on average is "fairly priced" and that stock market prices reflect all relevant information on the assets. We also find that the correlation between excess returns for merging and competing firms is positive and, in some cases, significantly higher for domestic mergers than for international deals. This is consistent with the idea that domestic deals are more likely to have a negative impact on industry competition.

Javier Estrada

"Fundamental indexation and international diversification".

Abstract: (See abstract on page 8).

Pablo Fernández

"Equity premium: Historical, expected, required and implied".

Abstract: The equity premium designates four different concepts: Historical Equity Premium (HEP); Expected Equity Premium (EEP); Required Equity Premium (REP); and Implied Equity Premium (IEP). We highlight the confusing message of textbooks and academic articles regarding the equity premium and its evolution. The confusion arises from not distinguishing among the four concepts and from not recognizing that although the HEP is equal for all investors, the REP, the EEP and the IEP are different for different investors.

There is a kind of schizophrenic approach to valuation: while all authors admit different expectations of equity cash flows, most authors look for a unique discount rate. It seems as if the expectations of equity cash flows are formed in a democratic regime, while the discount rate is determined in a dictatorship.

Newsletter

May - June 2007 - No 137



A unique IEP requires assuming homogeneous expectations for the expected growth (g), but we show that there are several pairs (IEP, g) that satisfy current prices. We claim that different investors have different REPs and that it is impossible to determine the REP for the market as a whole, because it does not exist.

Fernando Pérez

"Stock market volatility and the great moderation: Evidence from the G-8 economies", co-authored with Juncal Cuñado and Javier Gómez.

Abstract: In this paper we focus on the dynamic behavior of stock market volatility in G7 countries over a long term period from 1960 to 2006. In order to capture the changing behavior of volatility we use GARCH models and test for breaks at unknown dates in parameters of the variance equation. Our results do not find significant evidence of structural breaks in Canada, Germany, Japan, the UK or the US. In the case of France and Italy, the results suggest that stock market volatility was reduced over the sample period. These results qualify the discussion on the Great Moderation, the period of unprecedented economic stability that many developed economies have experienced since the mid '80s.

Daxue Wang (PhD Candidate)

"Are anomalies still anomalous?: An examination of momentum strategies in four financial markets".

Abstract: In this paper we test the profitability of momentum strategies in the United Kingdom, Germany, Japan, and China over the period 1991 to 2006 and sub-periods. Both RSS (Relative Strength Strategies) and WRSS (Weighted Relative Strength Strategies) are used to form the momentum portfolios. As a result, we find that the United Kingdom and Germany exhibit rather stable medium-term return continuation for both RSS and WRSS over the entire sample period and sub-periods, while Japan shows a medium-term return reversal over the sub-period 1991-1998. As for China, we report momentum profits over the period 1995-2006 and the sub-period 2001-2006 with RSS. Furthermore, we use the results of RSS to check the influence of risk factors and transaction costs on the momentum returns, as well as calendar effects and other characteristics of momentum portfolios reported in the literature. With the results of WRSS, we examine the relative importance of time-series predictability and cross-sectional variation in accounting for the profits of momentum strategies.

Daxue Wang (PhD Candidate) - Miguel A. Canela

"Herd behavior towards the market index: Evidence from 21 financial markets".

Abstract: This paper uses the cross-sectional variance of the betas to study herd behavior towards the market index in major developed and emerging financial markets (categorized as the developed group, the Asian group, and the Latin American group). We propose a robust regression technique to calculate the betas of

the CAPM and those of the Fama-French three factor model, with the aim of reducing the impact of multivariate outliers on return data. Through the estimated values obtained from a state space model, we examine the evolution of herding measures, especially their pattern around sudden events such as the 1997-1998 financial crises. This 1997-1998 turmoil turns out to have been a turning point for most financial markets. We document a higher level of herding in emerging markets than in developed markets. We also find that the correlation of herding between markets in the same group is higher than between markets in different groups. This paper sheds light on the calculation of beta and on financial policy to understand the dynamics of herding in financial markets.

Awards

Pedro Nueno

Received, in Shanghai, the Gran Gresol 2007 Prize, awarded by the Gresol Foundation. The Gran Gresol Prize is given in recognition of lifetime achievements. Previous winners include Mikhail Gorbachev, Valentí Fuster and Rodrigo Rato.

Doctoral theses

NOTE: Doctoral theses may be consulted on the Internet at http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en

Jasmijn Christine Bol

INCENTIVE SYSTEMS: ADOPTION, DISCRETION AND PERFORMANCE (IESE) thesis director: Toni Dávila

Abstract: This dissertation deals with two issues in compensation contracting that have not received a lot of attention in the management accounting literature: the role of subjectivity in compensation contracting and the adoption and subsequent use of incentive systems. I start by examining how compensation contracting changes when supervisor discretion is introduced. Subsequently, I focus on supervisor bias in subjective performance evaluation and study what causes supervisors to bias performance ratings and how supervisor bias influences employee performance. I find several causes of supervisor bias, including employee performance and the financial position of the firm. The results also provide strong support for the prediction that supervisor bias affects not only current performance ratings, but also future employee incentives. In the last part, I analyze both the adoption and the subsequent use of an incentive system. I study what drives the adoption speed and to what extent early adopters use the system differently from late adopters. More specifically, I investigate whether, as predicted by institutional theory, late adopters only formally adopt the system but do not really use it,



Newsletter

May - June 2007 - No 137

i.e., whether they 'decouple.' The empirical evidence indicates that economic determinants explain the early adoption of the incentive system, and that late adopters do not tie pay to performance to a lesser extent than early adopters do.

IESE – Research Seminars

Economics

June 7

Speaker: Felix Kubler, University of Mannheim

"Collateralized borrowing and life-cycle portfolio choice"

Abstract: We examine the effects of collateralized borrowing in a realistically parameterized life-cycle portfolio choice problem. We provide basic intuition in a two-period model and then solve a multi-period model computationally. Our analysis provides insights into life-cycle portfolio choice relevant for researchers in macroeconomics and finance. In particular, we show that standard models with unlimited borrowing at the riskless rate dramatically overstate the gains to holding equity when compared with collateral-constrained models. Our results do not depend on the specification of the collateralized borrowing regime: the gains to trading equity remain relatively small even with the unrealistic assumption of unlimited leverage. We argue that our results strengthen the role of borrowing constraints in explaining the portfolio participation puzzle, that is, why most investors do not own stock.

June 13

Speaker: Eugenio J. Miravete, University of Texas

"The doubtful profitability of foggy pricing"

Abstract: A particular tariff option is said to be foggy when another option or a combination of other tariff options offered by the same firm is always less expensive regardless of the usage profile of any customer. Alternatively, tariff fogginess may refer to the whole set of tariff options and it is related to the low likelihood that a particular tariff option ends up being the least expensive one among those of a menu of tariff plans for an arbitrary distribution of usage patterns. This paper takes advantage of the exogenous entry of a second carrier in the early U.S. cellular telephone industry. It shows that competition induces firms to introduce mostly non-foggy options, thus abandoning deceptive pricing strategies (fog lifting) aimed to profit from mistaken choices of consumers rather than softening competition through the use of foggy tactics (co-opetition). Results indicate that tariff fogginess is less severe with the entry of a second firm in the industry according to either definition of foggy pricing. Thus competition alone, and in particular the tactics of entrants, appears to correct deceptive pricing strategies, although such correction does not necessarily occur immediately after the entry of a competitor but rather in the long run. Results are robust to the existence of

individual uncertainty regarding future telephone usage when consumers sign up for a particular tariff plan.

Entrepreneurship

June 1

Speaker: Christoph Zott, INSEAD

"How entrepreneurs manage stakeholders' emotions to build new organizations"

Abstract: This study explores not only how entrepreneurs manage the emotions of internal as well as external stakeholders in their ventures but also how and why doing so affects their ability to create new organizations. We find that some founding entrepreneurs use emotion management much more than others. Our results suggest that they perform six kinds of emotion management actions on stakeholders: eliciting sympathy, eliciting comfort, and eliciting high-activation emotions; as well as emotional selecting, emotional training, and emotional replicating. The latter three action categories institutionalize emotion management within the nascent organization. We also found factors that underlie dysfunctional uses of emotion management as well as moderating factors that foster its effectiveness. Finally, our data indicate that entrepreneurs' emotion management facilitates organizational building by mobilizing resources from stakeholders, thereby enhancing the nascent company's ability to deal with the challenges of survival and growth.

General Management

May 3

Speaker: Jeffrey Pfeffer, Stanford University

"When time is money: The effect of hourly payment on the evaluation of time"

Abstract: Empirical research shows decisions about time are often made differently than decisions about money, belying the oft-quoted maxim that "time is money". However, there are organizational practices such as payment on the basis of time that can make the equivalence of time and money salient and are associated with an economic evaluation of time. Study 1 showed that people paid by the hour applied mental accounting rules to time that are typically only applied to money. Using data from a nationally representative survey, Study 2 documented that people paid by the hour weighed economic returns more strongly in making tradeoffs between time and money. Study 3 showed that participants' prior exposure to hourly payment was associated with a greater willingness to trade more time for money and that participants randomly assigned to calculate their hourly wage rate expressed greater willingness to trade more time for money. The interaction of prior experience with whether or not participants calculated an hourly wage in predicting participants' willingness to trade more time for money was fully mediated by the salience of economic criteria in participants' decision-making.

Newsletter

May - June 2007 - No 137



May 14

Speaker: M. Tina Dacin, Queen's School of Business, Canada
"Traditions as institutionalized practice: Implications for de-institutionalization"

Abstract: The concept of tradition has been studied in sociology, anthropology, and cultural geography. Much of the work that examines traditions has tended to view them as being rather invariant in nature. In this historical case study, we draw upon ideas from work on culture, identity and institutional change to understand the evolving nature of traditions. More generally, we ask the following questions: How and why are traditions created? How are traditions re-invented? What is the process of extinction? In order to answer these questions we focus on the changing character and potency of a single tradition over time and study the Texas A & M University tradition of Bonfire from 1909-2004. Our study of this tradition specifically examines the co-evolution of the university and the tradition over time by focusing on changes in identity, resource mobilization, custodians, contests and strategies. Our findings illuminate a number of important themes that provide an understanding of the boundaries and changing nature of traditions. We develop a framework that allows us to provide a number of implications for understanding processes of de-institutionalization.

June 25

Speaker: Bala Ramasamy, China Europe International Business School
"Consumers' perception of corporate social responsibility: East and west"

Abstract: It would be accurate to say that CSR has been accepted as an important area in business literature. The increasing number of articles in leading business journals and journals dedicated to the area provide ample evidence to this effect. At the same time, the social responsibility of businesses is also gaining popularity among other stakeholders. For instance, the 2006 Cone Millennial Cause Study found that 61% of the millennials (those born between 1979 and 2001) feel that it is their responsibility to make the world a better place, while 78% believe that companies have a responsibility to join them in their efforts (www.coneinc.com). The popular talent show, American Idol, showcased poverty in Africa in its 2007 season, and called for participation of its viewers (individuals and businesses) to help eradicate it.

CSR literature focused on the corporation's engagement in social responsibilities from a business perspective in the 1980s and 1990s (Margolis and Walsh, 2001). Since the late 1990s and particularly in this decade, research that focuses on an important stakeholder and driver of CSR –the consumer– has been increasing (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Mohr and Webb, 2005; Marin and Ruiz, 2007). Although these and other studies highlight the role of CSR in consumers' evaluation of a company and their decisions to purchase its products, there is a tendency for the focus to be on American and European consumers. We are unaware of any study that has considered CSR from an Asian consumers'

perspective. This study attempts to fill this gap by exploring consumers' perceptions of CSR in several Asian countries.

We use Maignan (2001) as the springboard to our study as it considers consumers' perceptions of CSR in two European countries and the United States. In this study we focus on three Asian countries/territories at various stages of economic development, namely China, Malaysia and Hong Kong. Based on primary data collected from these areas, as well as that of Maignan (2001), we provide insights into the following questions: 1) To what extent are Asian consumers willing to support firms that are socially responsible in their purchasing decisions?; 2) How, why and to what extent are there variations in this support among the countries in the study?; 3) Are Asian consumers able to differentiate between the various responsibilities of businesses as laid out by Carrol (1979)? In particular, do the underlying factors/measures of CSR found in Western countries (i.e. economic, legal, ethical and philanthropic responsibilities) apply to Asian consumers?, and 4) How and why does the relative importance of these factors in Asia differ from the Western context?

Managing People in Organizations

May 7

Speaker: Sheena S. Iyengar, Columbia University
"When choice is demotivating: Can one desire too much of a good thing?"

Abstract: Current psychological theory and research affirm the positive affective and motivational consequences of having personal choice. These findings have led to the popular notion that the more choice, the better –that the human ability to manage, and the human desire for choice is unlimited. Findings for three experimental studies starkly challenge this implicit assumption that having more choices is necessarily more intrinsically motivating than having fewer. These experiments, which were conducted in both field and laboratory settings, show that people are more likely to purchase gourmet jams or chocolates or to undertake optional class essay assignments when offered a limited array of six choices rather than a more extensive array of 24 or 30 choices. Moreover, participants actually reported greater subsequent satisfaction with their selections and wrote better essays when their original set of options had been limited. Implications for future research are discussed.

Marketing

June 11

Speaker: Bobby J. Calder, Kellogg School of Management, Northwestern University
"Media context effects on advertising"

Abstract: Advertising effectiveness depends not only on the product and the ad but also on the media context as well. The content of the medium affects consumer reactions to an ad. Research is presented that documents this effect and increases our



Newsletter

May - June 2007 - No 137

understanding of it in terms of the variety of experiences that consumers have with media content. Both the positive and potentially negative impact of these experiences are discussed.

Production, Technology and Operations Management

June 11

Speaker: Alex Grasas, University of Florida
"Product assortment and return policy"

Abstract: Recent changes in consumer expectations require companies to expand their product portfolio and offer flexible product return policies. To explore the interaction between a firm's product variety and its return policy, we consider a firm, operating under make-to-order or make-to-stock regime, that allows customers to return products if they are not satisfied with them. The firm's decisions involve specifying the number of variants to include in the product assortment and determining the optimal stock levels for each product variant. Using a nested multinomial logit model to characterize customers' purchase and return decisions, we model the firm's profit maximization problem. We characterize the structure of the optimal assortment decision and provide insights on how the amount of refund offered to customers impacts the profit and the optimal set of products offered by the firm.

Research Seminars

Bruno Cassiman

On May 8, at Universidad Carlos III, Madrid, presented the paper "Product innovation and exports. Evidence from Spanish manufacturing", co-authored with Ester Martínez-Ros.

Abstract: (See abstract on page 7).

Johanna Mair

On May 28-30, at CEIBS, Shanghai, presented the paper "Social entrepreneurs as competitors and partners in global markets", co-authored with Christian Seelos.

Abstract: The bottom of the pyramid (BOP) in the global distribution of income has been promoted as a significant opportunity for companies to grow profitably. Under the BOP approach, poor people are identified as potential customers that can be served if companies learn to fundamentally rethink their existing strategies and business models. This involves acquiring and building new resources and capabilities and forging a multitude of local partnerships. However, current BOP literature remains relatively silent about 'how' to actually implement such a step into the unknown. We use three BOP cases to illustrate a strategic framework that reduces managerial complexity. In our view,

existing capabilities and existing local BOP models can be leveraged to build new markets that include the poor and generate sufficient financial returns for companies to justify investments.

Fernando Peñalva

On May 25, at London Business School, London, presented the paper "Accounting conservatism and corporate governance", co-authored with Beatriz García Osma and Juan M. García Lara.

Abstract: We predict that firms with stronger corporate governance will exhibit a higher degree of accounting conservatism. Governance level is assessed using a composite measure that incorporates several internal and external governance characteristics. Consistent with our prediction, strong governance firms show significantly higher levels of conditional accounting conservatism. Our tests take into account the endogenous nature of corporate governance, and the results are robust to using several measures of conservatism (market-based and non market-based). Our evidence is consistent with the direction of causality flowing from governance to conservatism, and not vice versa, indicating that governance and conservatism are not substitutes. Finally, we study the impact of earnings discretion on the sensitivity of earnings to bad news across governance structures. We find that, on average, strong governance firms appear to use discretionary accruals to inform investors about bad news in a timelier manner.

Xavier Vives

On May 18, at Università Bocconi, Milan, presented the paper "Dynamic trading, asset prices, and bubbles", co-authored with G. Cespa.

Abstract: We study asset pricing bubbles within a noisy, dynamic rational expectations equilibrium model with competitive traders. Say that a "bubble" ("reverse bubble") exists if the asset price is on average farther away from (closer to) the fundamentals than investors' average expectations. In a market with long term traders, we find that bubbles do not arise provided that noise trading follows a random walk; bubbles (reverse bubbles), however, appear when residual uncertainty over the liquidation value and noise trading persistence are low (high). With short-term traders there typically are two equilibria, with the stable (unstable) one displaying a bubble (reverse bubble).

Miscellaneous

Antonio Argandoña

On May 12, attended in Cologne, the International Conference on Management Best Practicess on the subject "Ethics at the service of company leadership", where he gave the lecture "Who

Newsletter

May - June 2007 - No 137



really is corrupted by corruption in companies? Why should they be ethical?"

On June 18, attended the Third Bentley Global Business Ethics Symposium on the subject "Business ethics and corporate social responsibility: Different sides of the same coin? A comparison of European and North American perspectives", held in Madrid, where he took part in a roundtable on "The problem of corruption: CSR and anti-corruption initiatives".

On June 25, attended in Brescia, the Quinto Workshop Internazionale per la Sostenibilità on the subject "Sviluppo sostenibile: Dagli azionisti agli stakeholder", where he took part in a roundtable on "Stakeholder e bene comune: Come dare solide basi etiche ad un concetto manageriale".

Africa Ariño

Has been appointed to the Editorial Board of the *Journal of International Business Studies*.

On June 25-28, attended the Academy of International Business Junior Faculty Consortium in Indianapolis, where she took part in the panel on "Teaching and Careers".

José M. Campa

On May 16-19, attended the EURAM Annual Meeting in Paris, where he participated as a keynote speaker and lectured on "The economists' view on Corporate Governance".

Joan Fontrodona

On June 8, was appointed president of the European Business Ethics Network (EBEN) in Spain.

On June 18, attended the Third Bentley Global Business Ethics Symposium on the subject "Business ethics and corporate social responsibility: Different sides of the same coin? A comparison of European and North American perspectives", held in Madrid, where he took part in a roundtable on "Challenges in the management of corporate ethics programs".

Domènec Melé

On June 21-23, attended the EBEN Research Conference 2007 in Bergamo, where he acted as a member of the Scientific Committee and chaired a session.

Fernando Peñalva

On June 22-23, attended the 6th London Business School Accounting Symposium in London. This is an invitational research meeting in which selected scholars are invited to participate in the discussion of several papers.

José L. Suárez

On June 21, attended the 1st Meeting on Real Estate Investment Instruments (I Encuentro sobre Instrumentos de Inversión Inmobiliaria), organized by Expansión Conferencias in Madrid, where he acted as conference president. Topics discussed at the meeting included return on real estate investments at a global level, and the different types of indirect real estate investment, mainly real estate investment funds and companies.

Teaching materials

NOTE: The updated bibliography may be consulted on the Internet at

http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en

Business Ethics

Principios y normas internacionales para la responsabilidad empresarial
(BEN-125 - 0.307.004)

Se presenta una visión sintética y de carácter introductorio de principios y normas internacionales de responsabilidad empresarial. Se señalan el origen, enfoque y principales contenidos de cada propuesta, aunque sin entrar en pormenores. Se clasifican en cinco grupos. El primero incluye declaraciones de derechos humanos y laborales; el segundo tiene como nexo común declaraciones relativas al medio ambiente y la sostenibilidad; un tercer grupo propone principios y directivas de carácter integrador, que incluyen derechos humanos y laborales, medio ambiente y normas para la lucha contra la corrupción. El cuarto grupo incluye diversas propuestas de auditoría, certificación y elaboración de memorias e informes que indirectamente incluyen también principios de conducta, con vistas a su verificación y comunicación. Por último, se consideran también los códigos de conducta de empresas multinacionales, que son también internacionales, aunque específicos para cada empresa.

Melé D.; Martí I.; 17 pages.

Economics

La oferta agregada: el mercado de trabajo
(ECONN-227 - 0.306.045)

En esta nota técnica se abordan los determinantes de la oferta agregada de bienes y servicios. Trata de contestar a preguntas como: ¿de qué depende la oferta agregada? y ¿cuál es su forma gráfica? La nota se centra en el análisis a corto plazo, haciendo hincapié en el mercado laboral. Una discusión completa de la



Newsletter

May - June 2007 - No 137

economía de la oferta exigiría también el análisis de los determinantes del producto a largo plazo, es decir, del crecimiento económico, que no se presenta aquí.

Argandoña A.; Carrasquero C.; 14 pages.

La sostenibilidad de la deuda

(ECONN-228 - 0.306.051)

El objeto de esta nota es presentar dos temas relacionados: 1) cómo plantean los Estados la sucesión de sus ingresos y gastos, de modo que no acaben resultando insolventes –el problema de restricción presupuestaria intertemporal–, y 2) en qué condiciones el nivel de deuda pública de un país puede resultar insostenible –el problema de sostenibilidad de la deuda.

Argandoña A.; Carrasquero C.; 5 pages.

Recursos de investigación para economía y finanzas en Internet

(ECONN-229 - 0.307.005)

Una guía para la búsqueda en Internet de información macroeconómica y financiera, en forma de estadísticas (cuadros, tablas y gráficos), de estudios, informes, artículos y documentos de trabajo. Se mencionan las principales fuentes de información y sus contenidos, y se proporcionan los enlaces para acceder a ellas.

Argandoña A.; Carrasquero C.; 11 pages.

Glosario de términos de macroeconomía - Español e inglés

(ECONN-230 - 0.307.011)

Un glosario de términos de uso frecuente en macroeconomía y finanzas, en español y en inglés. Recoge los términos habituales, en ambos idiomas, y su traducción, con una definición no demasiado técnica de cada vocablo. Ayuda al lector no familiarizado con la terminología macroeconómica, o que ha aprendido las palabras de uso frecuente en el otro idioma.

Argandoña A.; Carrasquero C.; 31 pages.

Entrepreneurship

Camper: Imagination is not Expensive

(E-105-E - 0.607.008)

Camper is one of Spain's best-known brands at home and abroad. Throughout its 30-year history, Camper has been known for its innovative designs, its approach to the outsourcing of manufacturing, and its in-store design. In 2005, it was facing increasing competition from multinationals such as Nike. Students are challenged to understand how Camper has brought creativity

and imagination to their business and what management can do to thrive in the future.

(Also available in Spanish.)

Mitchell J.; Velamuri R.; 20 pages.

Camper: Imagination is not Expensive

(ET-10-E - 5.607.010)

Case E-105-E.

Use is restricted to Academic Institutions.

Mitchell J.; Velamuri R.; 12 pages.

Managerial Decision Sciences

Iron Industries, Inc.

(AD-306-E - 0.106.054)

This case is part of a logical sequence in the study of quantitative methods. The case provides an in-depth study of the linear regression method, introducing a problem in which the variables analyzed can be transformed to offer a more correct analysis, with a more intuitive economic interpretation.

Gómez J.; Heukamp F.H.; 5 pages.

Honeybee, Inc.

(AD-307-E - 0.106.055)

This case is part of the general quantitative methods series. The case introduces the methodology of decomposition of time series in trends and seasonal effects to help in medium and long term predictions. The case is an updated version of an old case (Mielsa), with an additional analysis of decisions.

Gómez J.; Heukamp F.H.; 3 pages.

Recession in the Air?

(AD-308-E - 0.106.056)

Este caso pertenece a la serie de métodos cuantitativos. En él se utiliza regresión logística para predecir la evolución (expansión/recesión) de la economía de España. La discusión puede centrarse en los argumentos económicos de por qué algunas variables ayudan a predecir la evolución de la economía, o en la aplicación y resultados del método estadístico.

Gómez J.; 6 pages.

Newsletter

May - June 2007 - No 137



Recession in the Air? - Teaching Note

(ADT-27-E - 5.106.058)

Case AD-308-E.

Use is restricted to Academic Institutions.

Gómez J.; 5 pages.

Managing People in Organizations

People and Results: Pragmatic Leadership

(DPON-41-E - 0.406.021)

Pragmatic leadership entails a different way of managing people, in which the paradigm of effectiveness is superseded by that of fruitfulness. This is achieved by developing the talent of organizational members in an atmosphere of trust and encouragement of creativity.

Stein G.; 17 pages.

Power in Organizations

(DPON-49-E - 0.406.035)

It is a commonplace that governments are organizations. It is not so widely acknowledged that organizations are governments. Yet power in organizations has a lot in common with political power.

Stein G.; 14 pages.

Creativity and Innovation. How to Encourage Them

(DPON-54-E - 0.406.040)

This technical note is intended to help develop the competence of creativity. Companies are not creative and innovative in themselves, as abstract entities. If a company is creative, it is because the people in it are creative. But is creative talent confined to a privileged few, or can it be acquired? Talent is made up of attitude and aptitude, that is, the will and the ability to be creative. This technical note looks at how creative attitude and aptitude can be developed, and suggests ways in which we can foster our own creative talent and that of our subordinates.

(Also available in Spanish.)

Wilkinson H.; Cardona P.; 14 pages.

La práctica del *coaching*: Aspectos básicos. Reflexiones de un *coach*

(DPON-57 - 0.407.001)

Este texto se ha elaborado a partir de la notable experiencia de un profesional del *coaching*, y su objetivo es presentar una potente herramienta de asesoramiento personal para la mejora en el

desempeño de puestos directivos. En su elaboración han primado tres criterios: claridad expositiva, utilidad práctica y enfoque sintético. No se pretende, por tanto, un tratamiento exhaustivo del tema, ni se persigue aportar fundamentos estadísticamente relevantes de lo que se afirma; sin embargo, desea servir como introducción operativa al *coaching*.

Stein G.; Pereira J.; Pin J.R.; 8 pages.

Marketing

La comunicación comercial: una posible clasificación

(MN-360 - 0.507.001)

Dentro de la estrategia de comunicación comercial de una compañía, se analizan en profundidad las áreas de publicidad y promociones al canal de distribución y al consumidor, tratando de conceptualizar y clasificar ambas realidades. La publicidad se clasifica en función de distintos parámetros: medios de comunicación seleccionados, público objetivo al que se dirige y objetivos buscados. Las promociones se analizan como un mensaje más dentro del plan de comunicación.

Toro J.M.; Pérez C.; 12 pages.

Production, Technology and Operations Management

Johann Borgers Group: An Owner-Managed Automotive Supplier in the 21st Century

(P-1080-E - 0.607.007)

Borgers Group, a fifth generation owner-managed family business producing textile-based sound-proofing solutions for the European automotive industry, has established production facilities all over Europe, including three factories in the Czech Republic. The company has a track record of quality and innovation and is a supplier to all automotive companies in Europe, including Audi, BMW, Bentley and Mercedes. While Borgers' largest production facility is located in Germany, by 2006 most of its employees work in the Czech Republic. The Czech facilities operate at an advantage in terms of labor cost, proximity to client's production plants and lack of unions. Furthermore, Eastern European markets are growing. Should Borgers restructure its supply chain and relocate its HQ to the Czech Republic?

Sachon M.; 19 pages.



Newsletter

May - June 2007 - No 137

Penya Barcelonista in London

(PE-69-E - 0.606.056)

A purchasing management simulation exercise, for a single product with both normal and urgent ordering modes.

(Also available in Spanish.)

Done A.; Grasas J.; Ribera J.; 5 pages.

Occasional Papers

NOTE: Occasional papers may be consulted on the Internet at http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en

OP-07/15 - May 2007

Luis Manuel Calleja

UNA APLICACION DEL MODELO DE GOBIERNO A LOS PLANES DE CIUDADES

Abstract: Los planes de ciudades son reflexiones globales para determinar su mejor futuro, llegando a proyectos concretos, basados en datos, interviniendo expertos –instituciones– y políticos. En el modelo de gobierno, cada asunto tiene un doble carácter: funcional y de gobierno. Las áreas de operaciones son las funciones que cumple la ciudad tales como la administrativa, intelectual, religiosa, agrícola, industrial, de servicios, militar, etc. Las áreas de gobierno son las del modelo: negocio, estructura, sistemas y configuración institucional. Su aplicación contribuye a disminuir los escollos políticos, financieros, de coordinación y técnicos de los proyectos importantes; aporta practicabilidad al concretar los objetivos y las políticas. Ayuda a entender y manejar, pacífica y operativamente, las relaciones entre iniciativa, dinero y poder, que en ciudades tienen un orden de complejidad muy superior al de una empresa.

OP-07/16 - May 2007

Antonio Argandoña

RESPONSABILIDAD SOCIAL Y CREACION DE VALOR PARA EL ACCIONISTA: ¿OBJETIVOS CONTRAPUESTOS O COMPLEMENTARIOS?

Abstract: En los últimos años, y coincidiendo con el desarrollo de la teoría y la práctica de la responsabilidad social corporativa (RSC), está teniendo lugar un amplio debate acerca de la compatibilidad de dicha responsabilidad con el objetivo de la empresa, que la ciencia económica ha identificado, tradicionalmente, con la maximización del valor para el propietario. Este artículo trata de explicar que la RSC es compatible con la función social de la empresa, como institución económica, es decir, relacionada con la optimización del uso eficiente de los recursos en la sociedad. Pero esto implica entender adecuadamente cuál es esa función social y, por tanto, cuál es el objetivo de la empresa, y qué sentido tiene la maximización del valor para el accionista. Y, desde luego,

entender también qué es –y qué no es– la responsabilidad social de la empresa.

(Also available in Catalan.)

OP-07/17 - May 2007

Lars Calmfors - Giancarlo Corsetti - Michael P. Devereux - Seppo Honkapohja - Gilles Saint-Paul - Hans Werner Sinn - Jan-Egbert Sturm - Xavier Vives

NACIONALISMO ECONOMICO

Abstract: En Europa, las fusiones transfronterizas están creciendo de manera notable. En los últimos dos años se han visto grandes fusiones y adquisiciones, como la de la alemana HVB por parte de la italiana Unicredit, en el sector bancario, y la de la inglesa Allied Domecq por parte de la francesa Pernod Ricard, en el sector de alimentos y bebidas. Esta ola de movimientos transfronterizos ha despertado el instinto proteccionista de algunos gobiernos europeos, llevándolos a implementar políticas de nacionalismo económico que no siempre mejoran el bienestar de los ciudadanos. El nacionalismo económico se define como cualquier intervención, normalmente discrecional, por parte del gobierno, en las transacciones privadas, que las distorsiona en base a la nacionalidad de las partes interesadas y que va más allá de lo que reflejan las preferencias de los residentes nacionales. Entre los motivos que dan origen al nacionalismo económico encontramos, entre otros, el de la seguridad nacional, la conservación del empleo y la atracción de grandes empresas. Sin embargo, estas prácticas imponen una serie de costes económicos sobre la sociedad. Las políticas nacionalistas usualmente desvían recursos de actividades más a menos beneficiosas socialmente; van en detrimento de la asignación eficiente de recursos, minando la disciplina del mercado y reduciendo los incentivos en todos los niveles jerárquicos; imponen elecciones equívocas para las empresas, etc. ¿Cuál es, entonces, el camino a seguir para dirigir los desafíos del nacionalismo económico? Mejorar la efectividad de las políticas de defensa de la competencia, puesto que éstas permiten controlar las ayudas del Estado y evitar el apoyo a empresas ineficientes, y detener la propiedad pública –sea total o parcial– de todas las empresas que operan en un ambiente competitivo.

OP-07/18 - May 2007

Xavier Vives

SUPERMODULARITY AND SUPERMODULAR GAMES

Abstract: The concept of complementarity has been well established in economics at least since Edgeworth. The basic idea of complementarity is that the marginal value of an action is increasing in the level of other actions available. The mathematical concept of supermodularity formalizes the idea of complementarity. The theory of monotone comparative statics and supermodular games provides the toolbox to deal with complementarities. The theory of supermodular games exploits order properties to ensure that the best response of a player to the actions of rivals is increasing in their level. Indeed, this is the characteristic of games of strategic complementarities. The power of the approach is that



it clarifies the drivers of comparative statics results and the need for regularity conditions; it allows very general strategy spaces, including indivisibilities and functional spaces such as those arising in dynamic or Bayesian games; it establishes the existence of equilibrium in pure strategies (without requiring quasiconcavity of payoffs, smoothness assumptions, or interior solutions); it allows a global analysis of the equilibrium set when there are multiple equilibria, which has an order structure with largest and smallest elements; and, finally, it finds that those extremal equilibria have strong stability properties and there is an algorithm to compute them.

OP-07/19 - May 2007

Joaquim Vilà - José A. Muñoz-Nájjar

EL SISTEMA DE INNOVACION: COMPETENCIAS ORGANIZATIVAS Y DIRECTIVAS PARA INNOVAR

Abstract: Enfocarse en el corto plazo no es sostenible en tiempos de cambios súbitos. La innovación es una exigencia para seguir en el negocio. Sin embargo, dirigir la innovación exige unas reglas de juego propias que difieren mucho de la gestión. Este documento pretende mostrar cómo crear las bases para desarrollar competencias organizativas y directivas para impulsar la innovación en la empresa. Para conseguirlo, los autores distinguen seis elementos: el liderazgo, la estrategia, la dirección de personas y la organización, la gestión de activos clave (conocimiento, proveedores...), el proceso de innovación y la evaluación del aprendizaje y sus resultados.

OP-07/20 - May 2007

Joaquim Vilà - José A. Muñoz-Nájjar

INNOVACION COMO DIRECCION DE INICIATIVAS ESTRATEGICAS

Abstract: No basta con buenos deseos. Las empresas que apuestan por la innovación deben ser conscientes de que es un proceso que requiere algo más que ideas o tecnología. Es necesario impulsar un cambio de rumbo en la empresa que implique a todas las personas que forman parte de ella en la innovación.

El propósito de este documento, elaborado con la colaboración del Centre d'Innovació i Desenvolupament Empresarial (CIDEM), de la

Generalitat de Catalunya, es mostrar cómo un enfoque de innovación, basado en la introducción de una sistemática de generación de iniciativas estratégicas, resuelve las exigencias actuales de innovación en nuestras empresas; algo que, en palabras de los autores, requiere mucho más trabajo que inspiración.

OP-07/21 - May 2007

Antonio Argandoña

LA CORRUPCION Y LAS EMPRESAS

Abstract: La corrupción es un problema para los países avanzados o en vías de desarrollo, pero también es un grave obstáculo para el buen funcionamiento de las empresas. Este documento explica qué entendemos por corrupción, cuáles son sus causas y sus consecuencias, cómo afecta a las empresas, las actuaciones internacionales emprendidas para erradicarla y, sobre todo, qué acciones pueden adoptar las organizaciones para prevenirla y para defenderse de sus consecuencias.

(Also available in German.)

OP-07/22 - June 2007

Luis Manuel Calleja

PROCEDIMIENTOS DE AVANCE Y SISTEMAS DE DIRECCION

Abstract: Tienen por finalidad conseguir la mejor convivencia profesional dentro de la empresa, de modo previo a cualquier concepción filosófica, psicológica, motivacional, jurídica o de estilo de la persona que dirija la organización. No plantean cambiar la conducta de los colaboradores ni el "yo quiero" es lo decisivo.

Forman parte de un proceso, no de un estado de convivencia; algo que se va construyendo, no un prefabricado que se instala. Está íntimamente relacionado con la constitución del equipo de trabajo, su perfeccionamiento a lo largo del tiempo y la cultura de la empresa.

Los componentes básicos de los sistemas de dirección pueden reducirse a seis: mantener al día los encargos, medir su cumplimiento, cambiar los encargos de las personas, desarrollar las posibilidades profesionales, retribuir, premiar y sancionar la actuación personal.



University of Navarra

Newsletter Research Division

Research Newsletter

Editor: Silvia Jiménez, Research Division • Published: IESE Business School, University of Navarra, Av. Pearson 21 - 08034 Barcelona, Spain
Tel.: (+34) 93 253 42 00 / Fax: (+34) 93 253 43 43 • E-mail: silvia@iese.edu