Journals

Manel Baucells – Lloyd S. Shapley

Abstract: We approach the problem of preference aggregation by endowing both individuals and coalitions with partially-ordered or incomplete preferences for decision under risk. Restricting attention to the case of complete individual preferences and assuming complete preferences for some pairs of agents (interpersonal comparisons of utility units), we discover that the Extended Pareto Rule (if two disjoint coalitions \( A \) and \( B \) prefer \( x \) to \( y \), then so does the coalition \( A \cup B \)) imposes a “no arbitrage” condition in the terms of utility comparison between agents. Furthermore, if all the individuals and pairs have complete preferences and certain non-degeneracy conditions are met, then we witness the emergence of a complete preference ordering for coalitions of all sizes. The corresponding utilities are a weighted sum of individual utilities, with the \( n-1 \) independent weights obtained from the preferences of \( n-1 \) pairs forming a spanning tree in the group.

Gabriel R. Bitran – Juan C. Ferrer – Paulo Rocha e Oliveira

Abstract: A service encounter is an experience that extends over time. Therefore, its effective management must include the control of the timing of the delivery of each of the service’s elements and the enhancement of the customer’s experience between and during the delivery of the various elements. This paper provides a conceptual framework that links the duration of a service encounter to behaviors that have been shown to affect profitability. Analysis of the framework reveals a wide gap between the behavioral assumptions typically made in operations research (OR) and operations management (OM) models and the state of the art in the marketing and psychology literature. The central motivations behind this paper are 1) to help the OR and OM community bridge this gap by bringing to its attention recent findings from the behavioral literature that have implications for the design of queueing systems for service firms, and 2) to identify opportunities for further research.

Rudy Hirschheim – Claudia Loebbecke – Mike Newman – Josep Valor

Abstract: The shrinking student numbers in IS programs in developed countries have created a crisis for the IS profession. In this paper, we explore how offshoring is affecting the IS discipline both directly and indirectly and show some of the major causes of the relocation of IS work. Our primary message is that while offshoring has impacted the location of some IS tasks, this has not led to the demise of the field. Indeed, in contrast to common belief, the statistics show there are more IS jobs now than ever before in developed countries. We explore what can be done to better prepare the field for the offshoring challenge and to align the rather negative public perception of the future of the IS field with reality. While simple IS tasks such as coding can be commoditized and are therefore vulnerable to offshoring, other significant areas of IS work (e.g., business modeling/IS business analysis) are “customer-facing”, with high levels of complexity. The latter are less vulnerable to commoditization and consequently less likely to be offshored. We recommend that the academic IS community focuses more on producing the kind of
customer-facing IS personnel that organizations will increasingly be looking for. We offer some suggestions for stakeholder groups in the field to address the key challenges they face.

Jeffrey J. Reuer – Africa Ariño – Roberto Ragozzino

Abstract: Small firms are thought to encounter various difficulties implementing strategic alliances. Due to these problems, they may be less able to reap the benefits of alliance adaptation, and the changes that do occur in alliances may not coincide with a small firm’s interests. The evidence we present on contractual renegotiations in alliances suggests that small firms are neither more nor less likely to adjust their alliances’ contracts in general. However, small firms tend to bear inefficiencies of two kinds in their collaborations. First, they are less likely to adapt alliances in the presence of governance misalignments. Second, our sampled small firms were more prone to make transaction-specific investments, which can stimulate ex post hold-up in the form of contractual renegotiations.

Julían Villanueva – Shijin Yoo – Dominique M. Hanssens

Abstract: Companies can acquire customers through costly but fast-acting marketing investments or through slower but cheaper word-of-mouth processes. Their long-term success depends critically on the contribution of each acquired customer to overall customer equity. The authors propose and test an empirical model that captures these long-term effects. An application to a Web hosting company reveals that marketing-induced customers add more short-term value, but word-of-mouth customers add nearly twice as much long-term value to the firm. The authors illustrate their findings with some dynamic simulations of the long-term impact of different resource allocations for acquisition marketing.

Jorge Soley – Ahmad Rahnema

Abstract: Basilea II, más que un conjunto de modelos estadísticos y algoritmos es una forma de trabajo que ayuda a una mejor "gestión de riesgos" de las entidades crediticias, pero sobre todo es un nuevo "modelo de gestión". Se está, pues, en un “cambio cultural” de gran calado en las entidades bancarias que hará cambiar los parámetros de la relación entre la banca y las empresas. El libro se caracteriza porque aun detallando el impacto de estos criterios en las entidades crediticias, pone especial hincapié en su efecto en la vida de la empresa “no financiera”. El empresario “no financiero”, a través de la lectura de este libro conocerá bajo qué criterios las entidades crediticias efectúan su evaluación crediticia, cuál es su política de “creación de valor”, centrada cada vez más en “el cliente en su globalidad” y no en el “producto financiero concreto”.

Contributions to books

Antonio Argandoña
"Wen oder was korrumpiert Korruption in Unternehmen? Weshalb ist Ethik für Unternehmen wichtig?", in the book "Ethik im Dienst der Unternehmensführung", edited by Hans Thomas and Johannes Hattler, Metropolis-Verlag, January 2008, pages 33-56.

Abstract: Corruption is a problem for both advanced and developing countries and also a serious obstacle for companies. The author explains what is meant by corruption, what causes it and the effects it has, how it affects companies, the international measures adopted to eradicate corruption and, most importantly, what companies can do to prevent corruption and protect themselves against its effects.

Nuria Chinchilla

Abstract: In this chapter the author describes how in many companies today executives are effectively held hostage with “golden handcuffs” and explains the steps a company must take in order to establish the kind of policies, management style and environment have also contributed greatly. Interview survey, content analysis, cluster analysis, etc., were used.
corporate culture that will make it a “Family Responsible Enterprise”.

Joaquim Vilà

Abstract: In 2006, Santiago Llaquet, head of strategic development, had been running strategic exercises at RACC once every three years since 1997. Santiago had inherited a participative strategy process set in place by the CEO, Josep Mateu. In 2000 and 2003, a top-down method was used to establish an organizational goal. This was followed by broad participation of middle managers in a bottom-up process aimed at generating projects to achieve this goal. The goal established in 2000 was to extend the company's geographic reach from Catalonia to the rest of Spain. By 2003, this goal had been accomplished and top management had set a new goal: to pursue growth within the customer base built since 2001. As in the previous exercise, projects were developed in a bottom-up fashion and were then assessed by top management. Project champions were encouraged to put all their aspirations into their proposals in a process known at RACC as “A letter to Santa Claus”. In 2006 yet another exercise was started. This time, however, it was assumed that no new goal was needed. This meant that only bottom-up project proposals were generated, without an overarching aim. Santiago Llaquet felt that they had started from the wrong end, which he anticipated would create problems within the organization.

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 724 – January 2008
Lourdes Susaceta – José R. Pin
THE FIVE PHASES IN THE TRANSFER OF HR POLICIES AND PRACTICES WITHIN MNCS

Abstract: The tension that multinational companies (MNCs) suffer in the transfer of their HR policies and practices leads us to take an in-depth look at the factors that affect this transfer. We divide the transfer process into five phases, ranging from the configuration of HR policies and practices in the parent company to their internalization by the subsidiaries’ employees.

No 725 – January 2008
Pablo Fernández – Vicente J. Bermejo
IBEX 35: 1992-2007 - RENTABILIDAD Y CREACION DE VALOR

Abstract: El año 2007 fue un año de escasa creación de valor para los accionistas del IBEX 35: 12 millardos de euros. La rentabilidad (teniendo en cuenta los dividendos) fue del 10,7%. Sin embargo, en los quince primeros días de enero de 2008, la destrucción de valor fue de 46 millardos de euros.

Entre 1992 y 2007, la rentabilidad media fue del 15,1%, y la creación de valor para los accionistas de 222 millardos de euros. Una parte importante de la rentabilidad media (un 4,4%) se debió al descenso de los tipos de interés en el periodo. Eliminando el efecto de los tipos de interés, la rentabilidad para los accionistas fue inferior a la rentabilidad exigida. Las empresas pequeñas fueron más rentables que las grandes: la rentabilidad media del IBTM fue del 16%, superior a la del IBEX 35 ajustado por dividendos (15,1%).

El volumen de negociación de las empresas del IBEX 35 supone más del 90% de la negociación del mercado continuo y ha pasado de ser un 30% de la capitalización en 1992 a ser el 280% en 2007.


No 726 – January 2008
Alexander P. Groh – Heinrich Liechtenstein – Miguel A. Canela
INTERNATIONAL ALLOCATION DETERMINANTS OF INSTITUTIONAL INVESTMENTS IN VENTURE CAPITAL AND PRIVATE EQUITY LIMITED PARTNERSHIPS

Abstract: We examine the criteria used by institutional investors when allocating capital internationally in venture capital and private equity limited partnerships. We do this through 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 local entrepreneurs with the necessary management skills. The expected deal flow plays an important role in the allocation process, while investors fear bribery and corruption. Public funding and subsidies do not play a role at all in the international allocation process, indicating that private money does not, in fact, follow public money. IPO activity and the size of local public equity markets are not as relevant as other researchers have suggested. Our results may help policymakers make their countries more attractive to institutional investors and so receive more risk capital for innovation, entrepreneurship, employment and growth.

No 727 – January 2008
Alexander P. Groh – Heinrich Liechtenstein – Miguel A. Canela
LIMITED PARTNERS’ PERCEPTIONS OF THE CENTRAL EASTERN EUROPEAN VENTURE CAPITAL AND PRIVATE EQUITY MARKET

Abstract: Growth expectations and institutional settings in Central Eastern Europe are considered favorable for the establishment of a
vibrant venture capital and private equity market. Despite this, there is a lack of risk capital. We examine the obstacles to institutional investments in the region through a questionnaire addressed to (potential) limited partners worldwide. The respondents provide information about their perceptions of the region. Protection of property rights is the dominant concern, followed by social criteria such as the belief in the quality of local managers, and the small size and low liquidity of the Central Eastern European capital markets. However, limited partners regard the growth expectations as attractive and those with exposure in Central Eastern Europe are satisfied with the historical risk and return ratio. They have a good knowledge of the region, are attracted by other emerging regions, and appreciate Central Eastern Europe’s entrepreneurial opportunities and local general partners. Overall, the region is ranked very favorably compared to other emerging regions, especially with respect to its economic and entrepreneurial activity.

No 728 - January 2008
Víctor Martínez de Albéniz – Josep M. Vendrell
A CAPACITATED COMMODITY TRADING MODEL WITH MARKET POWER

Abstract: In this paper we consider the problem of a trader who purchases a commodity in one market and resells it in another. The trader is capacitated: the trading volume is limited by operational constraints, e.g., logistics. The two markets quote different prices, but the spread is reduced when trading takes place. We are interested in finding the optimal trading policy across the markets so as to obtain the maximum profit in the long-term, taking into account that the trading activity influences the price processes, i.e., market power. As in the no-market-power case, we find that the optimal policy is determined by three regions, where 1) move as much as possible from one market to the other; 2) the same in the opposite direction; or 3) do nothing. Finally, we use the model to analyze kerosene price differences between New York and Los Angeles.

No 729 - January 2008
José M. Campa – Julio García Cobos
MOVILIDAD, VENTAS CRUZADAS Y COMPETENCIA EN EL SECTOR BANCARIO MINORISTA DE LA UNIÓN EUROPEA

Abstract: La movilidad de usuarios y la importancia relativa de las estrategias de ventas cruzadas en el sector bancario minorista europeo han sido aspectos centrales de diferentes estudios y han estado sometidos a un escrutinio frecuente por parte de las autoridades de la competencia europeas. En este contexto, el presente artículo parte del análisis del papel desempeñado por los costes de cambio, o switching costs (dentro del contexto de banca minorista europea), para ofrecer, a continuación, evidencia cualitativa y cuantitativa reciente respecto a la movilidad de usuarios bancarios, además de una serie de aspectos de comportamiento de mercado relacionados con las ventas múltiples de la banca minorista en los 25 Estados miembros de la Unión Europea. Por otra parte, y a partir de un ejercicio econométrico, se analizan las posibles relaciones existentes entre los indicadores de movilidad bancaria y comportamiento de mercado con indicadores de rentabilidad bancaria minorista. A modo de conclusión, se ofrecen una serie de recomendaciones con la finalidad de delimitar diferentes tipos de estrategias bancarias que podrían incidir negativamente sobre la competencia efectiva en el sector.

No 730 – February 2008
Sandalio Gómez – Magdalena Opazo – Carlos Martí
STRUCTURAL CHARACTERISTICS OF SPORT ORGANIZATIONS: MAIN TRENDS IN THE ACADEMIC DISCUSSION

Abstract: Organizational theorists have usually seen sports as an interesting field in which to illustrate organizational phenomena. In this literature review we examine academic papers and research which explore the particular nature of organizational phenomena in sports, specifically in relation to the structure of sport organizations. This topic has been commonly discussed in the context of wider organizational studies, mainly related to organizational change, organizational performance and the structural configuration of organizations. This means that the changes that have transformed the world of sports have affected not only the structure of sport organizations, but also the environment in which they operate and the measures traditionally used to evaluate their effectiveness. By exploring the literature we hope to identify interesting niches for future research on the structure of sport organizations and the essential elements to be considered when studying organizational phenomenon in the sport sector.

No 731 – February 2008
Francesc Prior – Javier Santomá
LA ESTRUCTURA DE LOS SISTEMAS DE PAGOS AL POR MENOR Y LA BANCARIZACIÓN EN ESTADOS UNIDOS

Abstract: El 22% de los hogares norteamericanos, aproximadamente 8,4 millones de familias no tienen cuenta corriente o de ahorro. Los factores de oferta más relevantes que explican que muchos norteamericanos pertenecientes a niveles de ingreso medio y bajo no tengan cuenta bancaria son el diseño del producto y los canales de distribución utilizados para su comercialización. En primer lugar, el diseño de los productos bancarios hace que las cuentas corrientes sean demasiado costosas para las familias de bajos ingresos. Un obstáculo relacionado con el diseño de las cuentas bancarias surge de las dificultades que muchos individuos no bancarizados tienen para acceder a una cuenta bancaria debido a problemas pasados en el sistema bancario. Otro problema de oferta que explica el bajo nivel de tenencia de cuentas bancarias entre los segmentos de población de bajos ingresos, es el escaso número de agencias bancarias en las comunidades menos afluientes. Esta densidad es inferior a la media del país, ya de por sí baja cuando se compara con otros países desarrollados.
No 732 - February 2008
Pablo Fernández – Vicente J. Bermejo
LAS EMPRESAS ESPAÑOLAS EN 2007 (Y EN EL PERIODO 1993-2007). RENTABILIDAD Y CREACIÓN DE VALOR


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No 733 - February 2008
Pablo Fernández – Vicente J. Bermejo


La rentabilidad media anual en estos 16 años fue del 19,1%, sensiblemente superior a la del IBEX 35 (15,1%) y a la inflación media (3,4%).


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No 734 - February 2008
José M. Campa – José M. González – María Sebastiá
NON-LINEAR ADJUSTMENT OF IMPORT PRICES IN THE EUROPEAN UNION

Abstract: This paper focuses on the non-linear adjustment of import prices in national currency to shocks in exchange rates and foreign prices measured in the exporters’ currency of products originating outside the euro area and imported into European Union countries (EU-15). The paper looks at three different types of non-linearities: a) non-proportional adjustment (the size of the adjustment grows more than proportionally with the size of the misalignments); b) asymmetric adjustment to cost-increasing and cost-decreasing shocks, and c) the existence of thresholds in the size of misalignments below which no adjustment takes place. There is evidence of more than proportional adjustment towards long-run equilibrium in manufacturing industries. In these industries, the adjustment is faster the further away current import prices are from their implied long-run equilibrium. In contrast, a proportional linear adjustment cannot be rejected for some other imports (especially within agricultural and commodity imports). There is also strong evidence of asymmetry in the adjustment to long-run equilibrium. Deviations from long-run equilibrium due to exchange rate appreciations of the home currency result in a faster adjustment than those caused by a home currency depreciation. Finally, we also find that adjustment takes place in the industries in our sample only when deviations are above certain thresholds and that these thresholds tend to be somewhat smaller for manufacturing industries than for commodities.

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No 735 - February 2008
Pablo Fernández – Vicente J. Bermejo

Abstract: Entre diciembre de 1991 y diciembre de 2007, el aumento de la capitalización del SAN fue de 89.836 millones de euros, y la creación de valor para los accionistas fue de 22.552 millones de euros. La rentabilidad media anual del SAN fue del 18%, sensiblemente superior a la del IBEX 35 (15,1%): cada euro invertido en acciones de SAN en diciembre de 1991 se convirtió en 14,2 euros en diciembre de 2007, mientras que un euro invertido en el IBEX 35 se convirtió en 9,5 euros. La inflación media fue del 3,4%.


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No 736 - February 2008
Pablo Fernández – Vicente J. Bermejo

Abstract: Entre diciembre de 1991 y diciembre de 2007, el aumento de la capitalización de BBVA fue de 59,1 millardos de euros, y la creación de valor para los accionistas fue de 18,7 millardos de euros. La rentabilidad media anual de BBVA fue del 18,3%, sensiblemente superior a la del IBEX 35 (15,1%): cada euro invertido en acciones de BBVA en diciembre de 1991 se convirtió en 14,7 euros en diciembre de 2007, mientras que un euro invertido en el IBEX 35 se convirtió en 9,5 euros. La inflación media fue del 3,4%.

IESE - Studies and Monographs

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

No 60 - January 2008
José R. Pin - Pilar García - Angela Gallifa - Miguel Quintanilla - Lourdes Susaeta

**GEOGRAPHIC MOBILITY IN COMPANIES: AN ANALYSIS FOR SPAIN**

Abstract: In this study we analyze geographic mobility in Spanish companies. If workers were more mobile, those living in areas where jobs are scarce would not simply resign themselves to being unemployed but rather would move to where they had a better chance of finding work. As a result, there would be fewer jobless people and less frictional unemployment in the Spanish economy. Furthermore, productivity (of companies, and of the economy in general) would increase without creating inflationary pressures; first, because there would be no upward pressure on salaries, and second, because with more people in work there would be a rise in overall demand and GDP. That is the motivation for this study. In it we consider how to increase geographic mobility in companies and the potential benefits of doing so. We conclude that having competent staff in all geographic areas is essential to enhance business competitiveness.

(Also available in Spanish.)

No 61 - February 2008
Nuria Chinchilla - Consuelo León

**CONCILIACION EMPRESA-FAMILIA EN EL SECTOR FINANCIERO (BANCA, SEGUROS Y ENTIDADES FINANCIERAS)**

Abstract: The sector financier (banca, entidades financieras y seguros) destaca por estar dentro de un mercado competitivo, rentable y, a la vez, por incluir medidas de conciliación, hasta posicionarse como uno de los sectores más flexibles. En el índice de Empresas Familiarmente Responsables del año 2007 participaron 857 empresas. En las grandes empresas es en donde las políticas y programas de conciliación tienen un mayor desarrollo (85% grandes y 15% pymes).

El sector financiero destaca por otorgar a sus empleados beneficios adicionales al salario que van más allá de lo estipulado por ley; muestra de ello son: el seguro de vida y el plan de jubilación. También destaca con 30 puntos por encima de la muestra total el seguro de accidentes; el ticket restaurante (que unido a su horario prefijado constituye el mejor “pack” de conciliación), con 23 puntos por encima de la muestra total, y la asistencia sanitaria para familiares directos, que también dobla la muestra con 18 puntos más.

Adicionalmente, destacan medidas de flexibilidad laboral, en donde el sector demuestra estar a la vanguardia en distribución horaria de la jornada y el cómputo anual de horas, Calendario de vacaciones flexible (22 puntos por encima de la muestra total), excedencia para cuidar de un familiar (superior en 18 puntos con respecto a la muestra total), permiso por paternidad superior al que establece la ley, otorgado por el 31% de empresas del sector. Otro de los grandes aciertos del sector es basar el crecimiento de sus empresas en el desarrollo de su personal interno. En este sentido, el 56% de las empresas del sector otorga asesoramiento profesional a sus empleados, frente al 39% de la muestra total de sectores empresariales.

La atención y cuidado de los familiares del empleado ante los imprevistos que se presentan en el día a día se está convirtiendo en un tema estratégico a tener en cuenta. Para el total de las empresas de la muestra, los dos problemas más importantes son: la dificultad para contratar empleados clave (23%) y el absentismo (18%), pero el sector bancario tiene como prioridad superar la resistencia de los empleados a la movilidad geográfica (30%).

No 62 - February 2008
Joan Jané – Alejandro Lago – Beuhla D’Souza

**THE EFFECTIVENESS OF LOGISTICS ALLIANCES. EUROPEAN RESEARCH ON THE PERFORMANCE MEASUREMENT AND CONTRACTUAL SUCCESS FACTORS IN LOGISTICS PARTNERSHIPS**

Abstract: The success of a logistics alliance is measured not only by the accomplishment of each partner’s strategic goals but also by the development of the relationship between the parties. Often, each partner has a different perception of alliance performance. Partners may have different strategic goals and rate the success of the partnership quite differently. Furthermore, each party has an incomplete perception of the other partner’s degree of satisfaction. Throughout the alliance contract it is imperative that attention be given to tasks involving communication, joint planning, and alignment efforts to reduce information asymmetry.

No 63 - February 2008
José R. Pin – Antonio Ortega – Pilar García

**QUALITY AGREEMENT: UNA PROPUESTA PARA EL AJUSTE ESTRATEGICO DE RECURSOS HUMANOS**

Abstract: ¿Es posible establecer pautas de relación cliente-proveedor entre los departamentos de una misma empresa? ¿Qué medidas se podrían utilizar para garantizar la prestación de un servicio de calidad entre dichos departamentos?

Una fórmula posible son los acuerdos de calidad (Quality Agreements), que reflejan el compromiso establecido entre el que presta un servicio y el que lo recibe. Estos acuerdos son especialmente relevantes para el departamento de recursos humanos porque aseguran que éste cumpla sus objetivos, vitales para la estrategia de la empresa sobre la base de peticiones concretas. Pero, ¿cómo llevar a cabo su implantación? ¿Qué empresas usan y con qué resultado? El documento “Quality Agreement: una propuesta para el ajuste estratégico de recursos humanos”, analiza en profundidad las prácticas de Repsol, GlaxoSmithKline, Randstad y BBVA en este terreno para ofrecer algunas respuestas.
Antonio Argandoña
"El progreso: una visión de la ciencia económica", Qüestions de Vida Cristiana, No 228, December 2007, pages 91-106.

Abstract: Tradicionalmente, los economistas han estado optimistas respecto de las posibilidades de progreso de la sociedad. Añor al no ens ha d’estrenyar, atès que solen definir el progreso en termes de creixement de la producció de béns i serveis per a la satsfacció de les necessitats humanes. No obstant això, sempre hi ha hagut pessimistes entre els economistes, i la seva actitud cap al progrés ha anat canviant. Però des de fa unes dècades es multipliquen les critiques, fins el punt que es parla d’una crisi del paradigma econòmic. En aquest article es desenvolupen els arguments de la visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen després als països en vies de desenvolupament, la qual cosa permet presentar visió optimista als països avançats, que s’estenen 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Confesiones and Seminars

Toni Dávila
On January 24-25, attended the PMA Symposium in Lausanne, where he presented the paper "The innovation tracking system: Innovation-driven performance measures for dynamic environments", co-authored with Daniel Oyon.

Abstract: Innovation is a complex process. It used to happen within the R&D department of a company; nowadays it also combines business model innovation, close collaboration with external parties, and careful monitoring of the environment. Existing performance measurement systems focus on the implementation of intended strategies. The need to make sure that processes are executed as planned at every level of the organization has led to the development of sophisticated performance measurement systems. However, these systems map internal processes, largely ignoring significant innovations coming from outside the organization. Furthermore, they see deviations from expectations as problems rather than opportunities, thus missing internal innovations. Based on field research in seven innovative companies, this paper describes various practices that leading companies are taking to track innovation. The framework that emerges—labeled Innovation Landscape System—maps the actors in the landscape, analyzes their potential moves, and prepares the company to act on them. It also describes how objective measures are combined with alternative sources of information, taking a broader perspective on the design of performance measurement systems.

Pedro Saffi
On February 5, the XV Annual Symposium of the CIIF (International Center for Financial Research) was held at IESE in Madrid, where the following presentations were given:

Lluis G. Renart
On January 17-19, attended the 7th International Marketing Trends Congress in Venice, where he presented the paper "How to improve a CRM strategy", co-authored with Carles Cabrè.

Abstract: The concept of relationship marketing, introduced by Berry (1983), has led to a paradigm change in marketing (Sheth and Parvatiyar, 2002). Over the last few decades, numerous studies have analyzed the impact of customer relationship management (CRM) programs on customer satisfaction and loyalty. Quite a few CRM programs have been found to have little or no impact. Having published already several articles and cases on the subject, in this paper we set out to answer the following question: assuming a company already has a reasonably successful CRM strategy in place, how can it continuously adapt and improve that strategy? Our recommendation is that such companies implement a continuous improvement process at four different but complementary levels: first, review and reinforce the company’s mission, culture and values; second, reconsider and, if necessary, redesign the CRM strategy; third, manage the various relationship-building activities more effectively; and lastly, review and, if necessary, improve the quality of material and human resources, program execution and process governance. Systematic review of these four levels or “paths” of improvement should help generate and maintain high quality relationships over time.

Conferences and Seminars

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Abstract: Innovation is a complex process. It used to happen within the R&D department of a company; nowadays it also combines business model innovation, close collaboration with external parties, and careful monitoring of the environment. Existing performance measurement systems focus on the implementation of intended strategies. The need to make sure that processes are executed as planned at every level of the organization has led to the development of sophisticated performance measurement systems. However, these systems map internal processes, largely ignoring significant innovations coming from outside the organization. Furthermore, they see deviations from expectations as problems rather than opportunities, thus missing internal innovations. Based on field research in seven innovative companies, this paper describes various practices that leading companies are taking to track innovation. The framework that emerges—labeled Innovation Landscape System—maps the actors in the landscape, analyzes their potential moves, and prepares the company to act on them. It also describes how objective measures are combined with alternative sources of information, taking a broader perspective on the design of performance measurement systems.

Pedro Saffi
On January 4-6, attended the 2008 Meeting of the American Finance Association in New Orleans, where he presented the paper "Price efficiency and short-selling", co-authored with Kari Sigurdsson.

Abstract: The paper investigates the effect of short-sale constraints on price efficiency. We use a unique global dataset collected from several custodians, with over 85.7 million lending supply postings and 46.4 million lending transactions from January 2004 to June 2006. This information is available weekly for 17,015 stocks in 26 markets around the world. Our main findings are as follows. Stocks with limited lending supply and high borrowing fees respond more slowly to market wide shocks. Second, short-sale constraints have a small impact on the distribution of weekly stock returns. Limited lending supply is associated with higher skewness, but not with fewer extreme negative returns. Third, stocks with limited lending supply and higher borrowing fees are associated with lower R2s on average.”

On February 5, the XV Annual Symposium of the CIIF (International Center for Financial Research) was held at IESE in Madrid, where the following presentations were given:
Abstract: Este libro contiene 201 errores cometidos en distintas valoraciones de empresas. La mayoría de las valoraciones fueron realizadas para arbitrajes, procesos judiciales, compras y ventas. El objetivo del libro no es criticar a los autores de los errores: todos los nombres de personas y de empresas no cotizadas se han modificado. El siguiente refrán aclara la intención principal con la que se elaboró este libro: “Cuando veas a un sabio echar un borrón, cuida tú de no echar dos”. Las dos frases que siguen complementan la intención del libro. Una, de mi ilustre paisano José María Pereda: “La experiencia no consiste en el número de cosas que se han visto, sino en el número de cosas que se han reflexionado”, y otra de Cervantes: “Ninguna ciencia, en cuanto a cosas que se han visto, sino en el número de cosas que se han reflexionado”, y otra de Cervantes: “Ninguna ciencia, en cuanto a cosas que se han visto, sino en el número de cosas que se han reflexionado”, y otra de Cervantes: “Ninguna ciencia, en cuanto a cosas que se han visto, sino en el número de cosas que se han reflexionado”. El libro consta de 9 capítulos. El capítulo 1 se titula Valoraciones memorables y contiene trece valoraciones con 100 errores. Los 100 errores del capítulo 1 y otros 101 más se clasifican en los capítulos 2 a 5 en 100 tipos de errores y se agrupan en: errores en la tasa de descuento (capítulo 2), errores en los flujos y en el valor terminal (capítulo 3), inconsistencias y errores conceptuales (capítulo 4), y errores de interpretación, organizativos y estatutarios (capítulo 5). El capítulo 6 enumera algunos métodos de valoración de empresas. El capítulo 7 condensa la teoría y las fórmulas para valorar empresas por descuento de flujos. También contiene anexos sobre los peligros de utilizar betas calculadas con datos históricos y sobre la prima de riesgo del mercado. El capítulo 8 trata sobre valoración por múltiplos, y el capítulo 9 aborda la valoración de marcas e intangibles. El apéndice 1 contiene el listado de los 100 tipos de errores.

Este libro muestra que la valoración de las acciones de una empresa requiere “oficio”, esto es, sensatez, experiencia y algunos conocimientos técnicos. La mayoría de los errores en valoraciones se deben a falta de “oficio”. Concretando un poco más, la mayoría de los errores en valoraciones se deben a: 1) precipitación; 2) copiar otras valoraciones; 3) tomar algunas simplificaciones o generalizaciones de libros de texto (realizadas para facilitar la exposición) como teoría incontestable; 4) no pensar el porqué de lo que se hace (afición a las recetas); 5) carencia de conocimientos técnicos o poca reflexión sobre los mismos; 6) generalizar teorías sobre casos particulares; 7) confundir unos conceptos con otros, y 8) olvidar las hipótesis que sustentan un resultado teórico. Los errores presentados en este libro permiten constatar que el “oficio” es propio de las personas y no de las organizaciones: bancos de inversión, consultores financieros... muy reputados cometen algunas veces errores memorables. Parece que la sensatez y la experiencia acumulada son difíciles de transmitir a los valoradores más jóvenes.

Otros fenómenos sorprendente, especialmente en juicios y arbitrajes, es la aportación de valoraciones realizadas por profesionales sensatos pero que defienden posiciones insensatas (calificadas así por ellos mismos en artículos o libros publicados anteriormente).
recomendaciones sobre el “buen gobierno” promovidas por el Comité de Basilea de Supervisión Bancaria de febrero de 2006, y la nueva normativa contable recogida en las NIIF (acrónimo en inglés IASF) van a tener un impacto trascendente en las entidades crediticias.

Propiciará una forma de dirección bastante distinta a la que era habitual no hace mucho tiempo, en un marco en el que prevalecerá el “buen hacer”, la “transparencia”, una mejor “gestión del riesgo crediticio” y un “enfoque global” del cliente, entre otros aspectos.

Esta realidad, como empresarios, no la debemos ver como algo alejado y propio de un determinado sector.

Los hechos anteriormente citados tienen que lograr que las entidades bancarias sean más eficientes en la relación con las empresas, que tiene que ser cada vez más objetiva y tendente a solucionar sus necesidades.

El empresario podrá por fin discriminar positivamente también en la selección de aquellos proveedores de dinero que las satisfagan y cumplan con unas normativas de conducta y con los mismos criterios de actuación que ellos exigen a sus clientes.

Las empresas, a su vez, deberán mejorar la transparencia en su relación con las entidades bancarias.

Doctoral theses

**Alberto Ribera**

**RASGOS DE PERSONALIDAD Y DIRECTIVOS JÓVENES**

*(Universidad Internacional de Cataluña)*

*Abstract:* A partir de la bibliografía existente en literatura académica de management (organizational behavior), y también en publicaciones de psicología clínica y psiquiatría, se formulan una serie de hipótesis sobre rasgos de personalidad prevalentes entre los jóvenes directivos de empresas y organizaciones. Estas hipótesis se refieren fundamentalmente a temas ligados a la denominada Inteligencia emocional, a liderazgo y, en general, a los llamados “soft skills” o habilidades de dirección. El cuerpo de la tesis está formado por un trabajo de validación empírica de esas hipótesis. Para ello, se han estudiado los datos psicométricos obtenidos mediante la administración del test MMPI (Minnesota Multiphasic Personality Inventory) a una muestra de 919 alumnos de MBA de una prestigiosa escuela internacional de posgrado en dirección de empresas. La población se segmenta en función de diversas variables: sexo, edad (entre 24 y 34 años), nacionalidad (57 países distintos agrupados en ocho regiones) y año de evaluación (ocho clases distintas). Se recogen los datos correspondientes a 54 escalas del MMPI: cuatro de validez, diez básicas, 24 subescalas clínicas (Harris y Lingoës), cinco adicionales, y once de trastornos de personalidad (Morey). Después de diversos niveles de análisis estadístico, se procede a la discusión de los hallazgos más relevantes y se formulan algunas conclusiones sobre los rasgos de personalidad que aparecen en esa población de directivos jóvenes, si se comparan con la población general, y también sobre el efecto de algunas variables (sexo, edad, nacionalidad) al comparar entre si a los sujetos de la muestra. El trabajo incluye un epílogo con algunas recomendaciones de cara a los programas de formación de directivos jóvenes, especialmente MBA. Al finalizar estos cuatro ensayos se presentan las conclusiones y se proponen algunos aspectos para la investigación futura. También se plantean las implicaciones prácticas para los directores de los departamentos y otros responsables de la responsabilidad social de las empresas.

Rosa Nelly Treviño-Rodríguez

**THE STRENGTH OF FAMILY TIES: AN ANTECEDENT OF NEXT GENERATION MEMBERS’ KNOWLEDGE ACQUISITION, BEHAVIOR AND SELF-ESTEEM**

*(IESE), thesis director: Josep Tàpies)*

*Abstract:* This thesis consists of three essays, which offer a detailed conceptual and empirical analysis of how the strength of family ties affects potential knowledge flows among and between family members. It explores the conditions under which stronger or weaker ties produce different psychological and/or concrete commitment outcomes, therefore influencing next generation members’ (NGMs’) behavior toward the family firm. To this end, we need to consider potential NGMs’ relationship with the owners and their perceived worth as family business members. Without understanding how human nature prompts individuals to behave in certain ways, we cannot understand how and why NGMs sometimes react as they do (e.g., some want to be active in the business while others do not). Such reactions can lead to a spiral of conflict, confusion, frustration and confrontation among family members, weakening the family enterprise, challenging family bonds and jeopardizing the family business. Without a doubt, this is an important topic, as the survival of family ties and family business depend to a large extent on NGMs’ decisions.

**IESE – Research Seminars**

**Business Ethics**

*January 30*

**Speaker:** Sophia Kusyk, ESADE, Universitat Ramon LLull

“Towards an understanding of praxis in corporate social responsibility: Does corporate social orientation influence social issues management?”

*Abstract:* Taking Carroll’s corporate social responsibility (CSR) construct (1979, 1991), I ground how the economic, legal, ethical and philanthropic components influence social issues management (SIM) within the corporate social performance (CSP) literature. I use an explanatory multi-method embedded multiple-case study design to test how corporate social orientation (CSO) of management and employee stakeholders affects the operationalization of the occupational health and safety (OHS)
Abstract: International intra-firm trade is increasingly important in the global economy. Intra-firm transactions are governed by transfer pricing policies mandated by parent companies. Economic and accounting theories have long prescribed policies that maximize the parent company's short-term profits, but which may have other, unintended outcomes. These outcomes have barely been explored. Based on organizational justice theory, a theoretical framework is developed to show how frequently used transfer pricing policies, through their impact on subsidiary managers' perceptions of justice, can significantly affect the subsidiary's strategic performance. First, the conditions under which transfer pricing policies can be perceived as procedurally, interactationally or distributively unfair are presented. Second, it is proposed that those justice perceptions have an impact on subsidiary managers' commitment, trust in parent company, neglect, ethical behavior, productivity, work quality, and compliance; and that the magnitude of this impact is moderated by the quality of relations between parent company and subsidiary managers. Finally, it is predicted that such attitudes and behaviors may generate important agency and transaction costs which jeopardize the expected outcomes of international strategies of vertical integration.

Economics
January 21
Speaker: Félix Muñoz, University of Pittsburgh
"The importance of foregone options: Generalizing social comparisons in sequential-move games"

Abstract: Recent experimental evidence supports the influence of a player's unchosen alternatives in other agent's actions. This paper examines a tractable theoretical model of reference-dependent preferences in which individuals compare other players' chosen action with respect to their unchosen alternatives. We analyze the equilibrium prediction in complete information sequential-move games and compare it with that of standard games where players are not concerned about unchosen alternatives. We show that without relying on interpersonal payoff comparisons (i.e., with strictly individualistic preferences), our model predicts higher cooperation among the players than standard game-theoretic models. In addition, our framework embodies different behavioral models, such as social status acquisition and intentions-based reciprocity, as special cases. Finally, we confirm our results in three economic applications: the ultimatum bargaining game, the labor market gift exchange game, and the sequential public good game.

"Social comparisons as a device for cooperation in simultaneous-move games"

Abstract: This paper analyzes the effects of players' relative comparisons in complete information simultaneous-move games. In particular, every individual is assumed to evaluate the kindness she infers from other players' choices by comparing these choices with respect to a given reference level. Specifically, this paper identifies under what conditions the introduction of relative comparisons into players' preferences leads them to be more cooperative than in standard game-theoretic models. I show that this result holds under certain conditions on the specific reference point that players use in their relative comparisons (which determines when a particular action by another agent is considered kind or not) and on whether players' consideration for relative comparisons leads them to regard each others' actions as strategic complements or strategic substitutes. The model is then applied to different examples in public good games which enhance the intuition behind the results. Finally, I show that many models from the behavioral game theory literature, such as inequity aversion and social status acquisition, can all be rationalized as special cases of this model.

January 30
Speaker: Ulrich J. Wagner, Columbia University
"Estimating strategic complementarities in a dynamic game of timing: The case of the Montreal Protocol"

Abstract: The Montreal Protocol on Substances that Deplete the Ozone Layer is widely regarded as one of the greatest successes of international environmental policy. By controlling the stock of stratospheric pollutants that ultimately increase the prevalence of skin cancer, this treaty has accomplished the provision of a pure public good at the global scale. This paper estimates the magnitude of social reinforcement effects that reined in free-riding by individual countries and rendered ratification of the treaty a strategic complement. Since a non-strategic analysis of the ratification process fails to account for forward-looking behavior by governments, I develop a strategic model of the timing of treaty ratification which is amenable to structural estimation. The model predicts that strategic complementarities accelerate ratification, to the extent that ratification by one country may trigger ratification by another. I exploit this prediction to identify strategic complementarities in a structural econometric model of ratification of the Montreal Protocol. The fitted model predicts that strategic complementarities reduced the average time to ratification by 35 weeks (one fifth of the standard deviation). Investigation of different sources of strategic complementarities points to concern about reputation and to a preference for equity. There is no evidence that bilateral trade flows affected the strength of strategic complementarities.
February 4  
Speaker: Kristóf Madarász, University of California, Berkeley  
"Information projection: Model and applications"

Abstract: Evidence from both psychology and economics shows that people exaggerate the similarity between the information they have and the information available to others. I present a model of such information projection by assuming that after processing a signal a person overestimates the probability with which this signal is available to others. I apply the model to agency and communication settings. When inferring an expert's skill using ex-post information, a biased evaluator exaggerates the probability that a skilled expert should have made the right choice and hence underestimates the expert on average. To minimize such underestimation, the agent will be too reluctant to produce useful information ex ante that will be seen more clearly by the evaluator ex post, and too eager to gather information ex ante that the evaluator will independently learn ex post. Hence, increasing costless monitoring might lower productivity and increase production costs at the same time. If ex post the biased evaluator learns information that would have been more useful for high types than for low types, the evaluator over-infers skill from performance. If ex post he learns information that would have been more useful for low types than for high types, he under-infers skill from performance. Evidence from, and applications to, medical malpractice, liability regulation, and effective communication are discussed.

February 8  
Speaker: Eugen Kovác, University of Bonn  
"Stochastic mechanisms in settings without monetary transfers: The regular case"

Abstract: We analyze relative performance of stochastic and deterministic mechanisms in an environment that has been extensively studied in the literature on communication (e.g., Crawford and Sobel, 1982) and optimal delegation (e.g., Holmstrom, 1984): a principal-agent model with hidden information, no monetary transfers, and single-peaked preferences. We demonstrate that under the common assumption of quadratic payoffs and a certain regularity condition on the distribution of private information and the agent’s bias, the optimal mechanism is deterministic. We also provide an explicit characterization of this mechanism.

February 12  
Speaker: Laurent Mathevet, California Institute of Technology  
"Supermodular Bayesian implementation: Learning and incentive design"

Abstract: This paper examines the problem of designing mechanisms with learning properties that help guide agents to play desired equilibrium strategies. I introduce the concept of supermodular implementation, where the mechanisms are constructed to induce supermodular games, i.e. games with strategic complementarities. These supermodular mechanisms receive the valuable characteristics of supermodular games, such as their learning properties. A social choice function (scf) is supermodular implementable if it is implementable with a supermodular mechanism. In quasilinear environments, I prove that if a scf can be implemented by a mechanism that generates bounded strategic substitutes —as opposed to strategic complementarities— then this mechanism can be converted into a supermodular mechanism that implements the scf. If the scf also satisfies some efficiency criterion, then I show that it is supermodular implementable with budget-balancing transfers. Then I address the multiple equilibrium problem. I provide general sufficient conditions for a scf to be implementable with a supermodular mechanism whose equilibria are contained in the smallest interval among all supermodular mechanisms. I also give conditions for supermodular implementability in unique equilibrium. Finally, the paper deals with general preferences by providing a Supermodular Revelation Principle.

February 13  
Speaker: Arijit Mukherjee, Northwestern University  
"Sustaining implicit contracts when agents have career concerns: Role of information disclosure"

Abstract: Firms often augment career concerns incentives with implicit incentive contracts. I formalize the interaction between these two incentives and highlight its implications on a firm’s decision to disclose its workers’ productivity information. Disclosure enhances career concerns but inhibits implicit contracts. I show two main results. First, implicit contracts weaken (i.e., substitute) career concerns if the prior belief about the worker’s ability is low, and vice versa. Second, when these incentives are substitutes, the optimal disclosure policy follows a cut-off rule: patient firms are opaque, and transparent firms never offer implicit contracts. These results need not hold if the incentives are complements.

"Optimal disclosure policy when firms offer implicit contracts"

Abstract: Firms often motivate their workers with implicit incentive contracts. Since the threat of future retaliations by the workers sustains these contracts, their sustenance hinges on the workers’ ability to observe the game’s history. When a long-lived firm hires a sequence of short-lived workers, the coexistence of old and young generations of workers facilitates the observability of history. The old communicate the history to the young. Turnover adversely affects the observability of history, because the old worker may leave the firm before communicating the history to the young. But if workers are better matched with their prospective employers, efficient turnover can also enhance profit by maximizing the matching gains available for up-front extraction. Disclosure of the workers’ productivity information to the outside labor market affects turnover by mitigating adverse selection in turnover. Thus, the optimal disclosure policy trades off matching efficiency in turnover with the sustainability of implicit
contracts. I formalize this trade-off and characterize the optimal disclosure policy. I show two main results: 1) opaqueness can be strictly optimal only for the firms with moderate reputation concerns, and 2) in equilibrium, an opaque firm’s profit may decrease with its reputation concern.

February 14
Speaker: Gastón Llanes, Universidad Carlos III
"Technology sharing in open source"

Abstract: I study a model of industry equilibrium in the presence of open source and proprietary firms. Open source firms share their improvements to the source code, while proprietary firms develop the software on their own. Firms choose their type and how much to contribute to software development. Firms also sell a complementary good, whose quality depends on individual contributions to the source code. This determines a trade-off between secrecy and cooperation. Depending on parameter values, there are equilibria with only open source firms and equilibria with both kinds of firms. When both kinds coexist, the market structure is asymmetric with few large proprietary firms and many small open source firms. When all the firms are open source, product quality may be higher or lower than the quality of the product a proprietary firm would produce. Even when the open source product is of lower quality, average quality may increase with the number of open source firms because this stimulates investment by proprietary firms.

February 15
Speaker: Rodolfo G. Campos, UCLA, Los Angeles
"Risk-sharing and the probability of crises"

Abstract: In this paper I add heterogeneous agents and risk-sharing opportunities to a coordination game which represents deposit withdrawals from the banking system. I find that heterogeneity in risk aversion within the population amplifies the effect of the business cycle on the probability of a bank run. In particular, risk-sharing enhances the likelihood of bank runs during bad times. The novel insight is that when there is a risk-sharing motive, fundamentals drive not only individual behavior, but also which individuals are more relevant for the likelihood of a crisis. This mechanism has important consequences for the way we think about policy questions. In the paper I discuss three such implications in detail: 1) I show that a policy that facilitates access to banking for previously unbanked individuals generates externalities and may even decrease welfare of the least risk averse group in the population; 2) I characterize the bias in the estimation of the probability of a banking crisis when heterogeneity is neglected, and 3) I show how to correctly calculate the social value of deposit insurance when depositors differ in their risk aversion.

February 19
Speaker: Jayant Vivek Ganguli, Cornell University
"Ambiguity and rational expectations equilibria"

Abstract: This paper proves the existence and robustness of partially-revealing rational expectations equilibria (REE) when this equilibrium concept is expanded to allow for some agents to have preferences that display ambiguity aversion. Furthermore, the generic existence of fully-revealing REE is proven for a commonly used subset of the class of ambiguity averse preferences. This finding illustrates that models with ambiguity aversion provide a relatively tractable framework through which partial information revelation may be studied in a general equilibrium setting without relying on particular distributional assumptions or the presence of noise traders. Constructive examples provide further insight into the properties of these equilibria.

February 20
Speaker: Alicia Barroso, Centro de Estudios Metropolitanos y Financieros - CEMFI
"Advertising and consumer awareness of a new product"

Abstract: The increase of a new product’s sales is usually attributed to consumers becoming informed about the existence of the product. Advertising can accelerate this consumer awareness process. This paper evaluates this effect. I develop and estimate a structural model in which the consumer purchase decision is specified using a discrete choice model with variation in the choice set, according to the information diffusion of the new products. I also model the optimal price and advertising decisions of the firm, taking into account the dynamic effect of advertising on future sales (via an increase in the proportion of consumers aware of the product). The model is estimated using Spanish automobile data. The estimates show that advertising enhances the three years it takes for the information diffusion of a new product to half as long and reduces the loss of consumer welfare from the lack of information by around 37%.

February 29
Speaker: Christian A. Ruzzier, Toulouse School of Economics (GREMAQ)
"Product-market competition and managerial autonomy"

Abstract: This paper proposes a theory of the impact of product-market competition on managerial decision-making autonomy based on managers’ concern about keeping their incumbency rents (which competition puts at risk) and on the idea that changes in market conditions affect the congruence between the interests of the different hierarchical levels. The main focus of my analysis is on how changes in market conditions affect the compatibility or congruence between the interests of the principal and the manager, and thus the trade-off between loss of control and better information under delegation. To this end, I build a model of authority within the firm in which the degree of conflict between the parties is endogenous. My main result is that higher degrees of managerial autonomy are more likely for intermediate levels of competition. Increased competition may induce a manager who risks having his rents reduced if performance is poor to make decisions (which affect not only the expected returns of the firm,
but also their riskiness) more in line with the interests of the organization – although further increases in competitive forces may lead him to take excessive risks. With an intermediate level of competition, the threat on incumbency rents is just enough to align the manager’s interests with those of the organization without pushing him to take value-reducing risks.

Finance
January 18
Speaker: Thomas Gilbert, Haas School of Business, University of California, Berkeley
“Dispersed macroeconomic information: Announcements, revisions & stock returns”

Abstract: I analyze the link between macroeconomic announcement surprises, intraday returns on the S&P500 Index, and the subsequent revisions to the announced data. I show that announcement-day returns contain information about the future revisions of the released figures. This information is unrelated to the initial announcement surprises and predicts the future revisions: Prices increase when the subsequent revisions will be positive. This observation is strongest for real activity and investment variables such as Nonfarm Payroll, Industrial Production, and Factory Orders. I develop a rational expectations trading model where the final payoff is the sum of non-overlapping fractions of the economy that were previously observed as private signals. A preliminary public announcement does not convey new information to the market per se, but rather allows investors to deduce other investors’ information. In turn, this allows them to assess the inaccuracy of the public signal and therefore estimate its future revision. In equilibrium, the risky asset’s price changes in anticipation of the public signal’s revision, even though the initial surprise may be in the opposite direction.

January 25
Speaker: Carles Vergara-Alert, Haas School of Business, University of California, Berkeley
“The term structure of interest rates in an equilibrium economy with short-term and long-term investments”

Abstract: This paper develops an equilibrium model in which agents’ heterogeneous investment horizons determine the dynamics of the term structure of interest rates. The model endogenizes agents’ decisions on consumption and investment with short and long-term horizons. There are two production technologies that generate a time-varying market price of risk, one that is short term and fully reversible and one that is a long-term time-to-build technology. The model is calibrated with U.S. data from 1970 to 2006 using Simulated Method of Moments. The calibration captures the failure of the expectations hypothesis and the stylized fact that the term structure is upward sloping on average. The estimated levels of excess returns on short and long-term investment are comparable to historical excess returns using a reasonably low risk aversion parameter.

January 28
Speaker: Agnieska Markiewicz, Catholic University of Leuven
“Monetary policy, model uncertainty and exchange rate volatility”

Abstract: This paper proposes an explanation for shifts in the volatility of exchange rate returns. We show how uncertainty about the exchange rate model may lead private agents to focus excessively on only a subset of fundamental variables. As a result, exchange rate volatility is mainly determined by the dynamics of this subset of fundamentals. We investigate empirically the relevance of this result within the Taylor-rule based model applied to the GBP/USD exchange rate. Our results suggest that the agents focused on a new set of fundamentals after the Bank of England introduced an inflation-targeting strategy. Reduced uncertainty about interest rates implied by the inflation-targeting strategy made the interest rate a more useful variable for predicting exchange rate movements. As a result, in addition to the price differential variable, agents focused on the interest rate differential. Econometric analysis shows that this shift of the model triggered a substantial instantaneous decrease in the volatility of exchange rate returns. Accordingly, we observe a shift from a high to a low volatility exchange rate regime.
February 1
Speaker: Jason Sturgess, London Business School
"The valuation effects of multinational firms"

Abstract: Using a unique sample of 212 UK multinational firms and 4,676 subsidiaries, I show that multinational firms attract, on average, a global diversification premium of approximately 16% compared with a country-industry matched portfolio of local non-multinational firms. I also show that the value premium is higher when the difference between UK and host country internal corporate governance is greater – on average, better corporate governance practices explain roughly one-third of the value premium.

This result suggests that multinational firms are compensated for exporting good corporate governance. Further, I find evidence that advocates multinational firms invest more in countries with weaker governance standards. At the subsidiary level, I find that multinational firms use internal capital markets to channel higher levels of investment into better investment opportunities. Finally, consistent with a value premium, I show that multinational firms channel investment into globally cheap assets.

February 8
Speaker: Enrique Schrotch, University of Lausanne
"Determinants of the block premium and of private benefits of control"

Abstract: We study the determinants of private benefits of control in negotiated block transactions. We estimate the block pricing model in Burkart, Gromb, and Panunzi (2000) (BGP), acknowledging the presence of both block premia and block discounts in our sample. We find evidence in favour of the BGP model, according to which the occurrence of block premia and block discounts depends on how competitive the block seller can be in opposing a potential tender offer for the target's stock. Private benefits represent 3% of the target firm's stock market value. In addition, our approach allows us to measure the efficiency with which private benefits are extracted: On average, each $1 of private benefits costs shareholders $2 of equity value. Private benefits decrease with the target's size and short-term debt, and increase with the target's past performance, intangible assets, and cash. The later effect is stronger if the target's cash is higher than the acquirer's cash. Acquirer's overpay an average of 7% of the target's stock price relative to the BGP benchmark. We use our structural estimation to conduct a counterfactual policy evaluation of the Mandatory Bid Rule. Our results suggest that the Mandatory Bid Rule fails to add value to shareholders because it fails to prevent welfare-decreasing transactions and deters welfare-increasing transactions by forcing inefficient tender offers.

Production, Technology and Operations Management
January 15
Speaker: Rui Sousa, Catholic University of Portugal
"The relationship between quality and loyalty in multi-channel e-services: An empirical investigation"

Abstract: Research in traditional (bricks-and-mortar) services has broadly supported the link between service quality and customer loyalty. Given the significance of customer loyalty for the profitability of e-services, it is important to ascertain whether the established role of service quality as a driver of loyalty in traditional services translates to e-service settings. An important feature which differentiates e-services from traditional services is the fact that e-services are typically offered as part of a broader multi-channel service package, combining the internet with other channels of service delivery, such as the telephone and physical facilities. As a result, customers frequently engage in multi-channel behavior, using both online and traditional channels, and will exhibit different degrees of focus on the internet channel relative to other traditional channels. Existing research examining the quality-loyalty relationship in e-services has not adequately recognized the multi-channel nature of these services. As such, the objective of this study is to increase our understanding of the relationship between quality and loyalty in multi-channel e-service settings. In particular, we empirically test the quality-loyalty relationship in a multi-channel e-service and examine whether a customer's Degree of Focus on the Internet channel (DFI) moderates this relationship.

The study consisted of an online survey of customers of a commercial e-banking service which is part of a broader multi-channel service. Employing structural equation modelling, we found a strong and significant link between e-service quality and loyalty intentions, suggesting that this relationship also holds in e-services. In addition, we found that a customer's DFI moderated this relationship. Specifically, the relationship between e-service quality and loyalty was weaker for customers with a higher DFI. The implications for the research and management of multichannel e-services are discussed.

January 21
Speaker: Nikos Tsikriktsis, London Business School
"The effect of operational performance and focus on profitability: A longitudinal study of the U.S. airline industry"

Abstract: We study the impact of operational performance on profitability in the context of the U.S. domestic airline industry. In addition, we investigate the impact of focus (Skinner 1974) on profitability in services. We use quarterly data on all major carriers, available since the introduction of required reporting of service indicators to the Department of Transportation. Our analysis demonstrates two main points. First, the relationship between operational performance and profitability is contingent upon a company's operating model; "Focused" airlines show a link between late arrivals and profitability, while full-service airlines do not. Also, capacity utilization is a stronger driver of profitability for
full-service airlines than for focused airlines. Second, focused airlines outperform the rest of the industry in terms of profitability.

January 28
Speaker: Natalia Yankovic, Columbia Business School
"A queueing model for nurse staffing"

Abstract: Nursing care is probably the single biggest factor in both the cost of hospital care as well as in patient satisfaction. Yet there is widespread dissatisfaction with the current methods of determining nurse staffing levels, including the most common one of using target minimum nurse-to-patient ratios. In this paper, we develop a queueing model to help identify nurse staffing levels in hospital clinical units based on providing timely responses to patient needs.

The two-dimensional model incorporates the demands for nursing care that arise from changes in the census level of the unit as well as from current patient needs. We also develop a very accurate one-dimensional heuristic model which can be more readily implemented. This work is being done in conjunction with a major New York City hospital as part of a project to test the feasibility of using queueing theory to help guide nursing decisions.

February 4
Speaker: Bilal Gokpinar, Northwestern University
"The impact of product architecture and organization structure on efficiency and quality of complex product development"

Abstract: A well-planned and well-executed new product development (NPD) process which produces a stream of timely and high quality products can provide significant competitive advantage to a company. Focusing on two key measures of NPD performance (efficiency and quality) and using social network tools and statistical analysis, we examine a vehicle design process and identify the technical, individual and organizational factors that affect performance on these dimensions. Specifically, we investigate process efficiency as measured by individual rework rate and task tardiness and examine the final product quality as measured by warranty claims. Our results suggest that engineers who are highly central in the organization network are less prone to generating problems requiring rework, but are also slower to resolve problems for which they are responsible. We also characterize mismatches between product architecture and organization structure by defining a new metric called “coordination deficit” and show that it is positively correlated with quality problems. These results deepen our understanding of the impact of organizational structure and product architecture on the NPD process and provide tools with which managers can diagnose and improve their NPD systems.

Abstract: A supply chain setting is inherently characterized by interactions between multiple products and agents seeking to maximize their own utility. In this presentation we use an axiomatic approach to explore the impact of product variety on customer demand, product price, system revenue and inventory levels. These results are applied to two supply chains. The first is a decentralized multi-retailer system where each retailer sells a single product and retailers compete on price. The second supply chain is a single retailer selling multiple competitive products.

February 18
Speaker: Gulru F. Ozkan, Georgia Institute of Technology
"Knowledge management strategies for product and process design teams"

Abstract: We introduce a model that explores how to manage the levels of knowledge of the product and process design teams throughout the development of a new product. The timing and extent of knowledge embedded by both teams during the NPD project determine the features and functionality of the new product and process and thereby drive net revenue. We determine the rates and directions of knowledge transfer (KT) between teams and the rates of knowledge acquisition (KA) for each team. We recognize that the effectiveness of KA and KT change over time. For example, the benefits from team knowledge applied early in the project may be limited, since market and technical uncertainties are not yet resolved. Net revenue is also a function of the product launch time, reflecting the tradeoff between seeking early market entry benefits versus delaying the product release to develop superior product and process capabilities. We simultaneously determine the optimal product launch time, KA, and KT strategies throughout the NPD project. Conditions are given where the optimal rates of KT or KA are initially delayed versus front-loaded. We find that if a team has a higher rate of learning-by-doing, then a superior product is launched earlier. We analyze the impact of conflict versus synergy when KT between the product and process design teams occurs simultaneously.

Strategic Management
January 15
Speaker: Xavier Castaño, HEC School of Management
"Complementarity in acquisitions"

Abstract: Synergy in mergers and acquisitions (M&As) stems from prior relatedness, which comprises not only business similarity but also complementarity of products and markets. To achieve potential synergies, a firm must successfully implement the M&A, which includes choices about the integration level and target decision rights. In this paper, we argue that the value creation logics for product and market complementarity are distinct both from each other and from business similarity and it is important to tease them out to better understand the conditions under which M&As succeed. We test our model on survey data from 86 M&As using a three-stage least squares model to account for the inherent
endogeneity between relatedness and implementation strategy. Results support our basic thesis that the specific dimension of complementarity influences acquirers’ choice of implementation strategy and that M&As perform best when the complementarity dimension and implementation strategy are appropriately matched. Specifically, we confirm predictions that both types of complementarity are associated with the granting of decision rights to the target, while only product complementarity is associated with high integration as well. Moreover, each dimension of complementarity yields either efficiency or enhancement-based synergies under different implementation conditions. Finally, value creation from both types of complementarity is enhanced by concurrent business similarity. Overall, our paper contributes to a greater understanding of M&A value creation by distinguishing between types of complementarity and explicitly modeling the contingent mechanisms through which these dimensions of relatedness contribute to post-acquisition realized synergies.

January 28
Speaker: Rafael A. Corredoira, The Wharton School
"Social capital accessibility: An empirical study of generative mechanisms and redundancy of inter-firm knowledge access through mobility, alliance and geographic proximity"

Abstract: Research on knowledge spillovers has associated geographic proximity and the mobility of technical employees with inter-firm transfer of knowledge. On the one hand, the impact of geographic proximity has been attributed to social mechanisms and the ease of transferring knowledge across shorter distances. On the other, the impact of mobility has been explained based on human and social capital mechanisms – transfer of skills embedded in the mobile employee, enduring social relationships between the mobile employee and people at the previous employer, or increased saliency of the work of the hiring firm. This study contributes to this literature by theorizing about social capital accessibility and identifying and examining underlying individual and organizational mechanisms that facilitate knowledge spillovers resulting from geographic proximity and inventors’ mobility. This is the first study to simultaneously test the impact of enduring social ties and attention-focusing routines and untangle some of the usually unobserved mechanisms captured by geographic proximity. Using a sample that includes 153 firms selling semiconductor products from around the world and patent data collected from 1985 to 1995, I analyze the citation patterns of the firms to capture inter-firm knowledge transfer, while controlling for a host of alternative explanations – alliances, inventor mobility, geographic and technological distance, and knowledge stock. Results support that enduring social ties provide significant access to information across organizational boundaries. This result supports the claim that brain-drain may provide knowledge benefits also for the losing firm, even when information is not codified. In addition, results also support attention-focusing routines as providing access to other firms’ knowledge. Finally, the access to redundant information provided by mobility and alliances for geographically proximate firms is shown by comparing citation patterns of proximate and distant firms. This provides empirical evidence that outbound mobility is one of the usually unobserved mechanisms captured by geographic proximity in the technical spillover literature. Regarding access to information, the results also point to rapidly decreasing returns of the benefits obtained from additional mobility, alliances, and other geographically localized social mechanisms.

January 29
Speaker: Denisa Mindruta, University of Illinois
"My star is not your star: Sources of value creation in university-firm research collaborations"

Abstract: University research-based technological opportunities are often created and exploited through joint corporate and academic entrepreneurship activities such as university-industry research collaborations. What determines a “good match” between academic scientists and firms that seek to apply basic research for commercialization? To answer this question, the paper models firm-scientist alliance formation as an endogenous matching process driven by the synergy in the partners’ knowledge-creation capabilities. We then use the model to empirically investigate whether and when attributes such as knowledge breadth and depth and scientific and technological capabilities are complements or substitutes in knowledge creation. This study contributes to the management literature by introducing a model of alliance formation that explicitly addresses the endogeneity problem created by the self-selection of alliance partners. It also identifies the set of complementary capabilities required for a successful cross-organizational research relationship.

January 31
Speaker: Felipe Monteiro, London Business School
"Connecting the dots: Uncovering the technology scouting process"

Abstract: This paper provides a fine-grained account of the process through which large multinational corporations (MNCs) use specialised subsidiaries (viz. technology scouting units) to systematically search for opportunities to transfer technologies across geographic and organizational boundaries. My data collection effort has extended over two years. It involved more than 50 semi-structured interviews with managers in three continents, numerous field observations and access to a proprietary database containing detailed information on 137 external technologies that were scouted by one of the largest telecommunication services provider in the world, between January 2003 and December 2005. My emergent findings indicate that technology scouting goes far beyond external search and involves significant efforts in internal search, translation and matching. Rather than searching for external solutions, technology scouts spend most of their time trying to identify internal requirements, translating external knowledge to the company’s language and matching the external solution to specific needs within the firm. My findings also indicate that external
technologies may be internalised not because of their novelty but because they are market-proven, whereas technologies developed internally are not. Finally, I show that even when the external knowledge is related to the firm’s knowledge base, it may not be internalised if it is “dissonant knowledge”, i.e. if it challenges the firm’s dominant logic. These results seem to indicate that the benefits of technology scouting may well be the result of rapid internalisation of confirming and proven external technologies, rather than the identification of weak signals or disruptive technologies. In the final section of the paper, I discuss the implications of my findings for theory and practice.

February 1
Speaker: Metin Sengul, INSEAD
"Competition across multiple businesses: The impact on organizational structure and resource allocation"

Abstract: I investigate the impact of multi-market contact between groups in multiple businesses on two dimensions of corporate design: organizational structure and resource allocation. Rather than focusing on explanations that treat multi-market firms as unitary actors, I build on the insight that large and complex firms are marked by organizational separation of decision making and that they manipulate the structural context to shape competitive behavior of their subsidiaries. Of particular interest are non-leading subsidiaries because the potential mutual forbearance crucially rests on their reduced competitive aggressiveness. Accordingly, I propose that the extent of multi-market contact with more dominant rivals in a given market is associated with higher corporate control on the subsidiary operating in that market. I also propose that the extent of multi-market contact with more dominant rivals is associated with instruments that limit incentive and ability of subsidiary managers to engage in rivalrous behavior. Finally, I propose that groups are less likely to subsidize their subsidiaries that compete with multi-market rivals and do not have a leading position. Regression results, based on the population of majority-controlled subsidiaries of multi-business groups operating in France between 1997 and 2004, generally supports my model and show that multi-market contact influences the structural context and resource allocation in multi-business firms.

February 4
Speaker: Yu Zhang, INSEAD
"Milking the cash cow: Earnings pressure and competitive behavior in the US electricity industry"

Abstract: This study examines the effect of earnings pressure on firms’ strategic behavior in output competition. We argue that firms facing earnings pressure will attempt to increase current profits to meet analysts’ forecasts by exploiting market power opportunities in their product markets, even at the risk of encouraging future entry and rival expansion. In commodity industries, this behavior will lead to restricting output in markets where market structure and rival characteristics are more favorable for the exercise of market power. Using data from the US electricity generation industry, our findings show that firms facing earnings pressure tend to be less aggressive in output competition, particularly when they can exploit market power, but that this behavior incites their product-market rivals to produce more aggressively.

February 8
Speaker: Govert Vroom, Purdue University
"Pricing response to entry and agglomeration effects"

Abstract: In contrast to the traditional approach that typically views entry solely as a threat, we argue that our understanding of this important phenomenon will remain incomplete until we consider the possibility that entry may also provide opportunity for incumbent firms. Drawing from agglomeration theory, which describes the benefit from co-locating with competitors, and using a unique data set of Texas hotels, we find that incumbent establishments price higher when facing entrants whose
agglomeration benefits are more likely to outweigh their competitive effects. This association is stronger for incumbents that have greater experience with entry. Our results bring a new perspective to the entry response literature, helping clarify inconsistent empirical results. Further, we apply agglomeration theory to a new question, incumbent behavior, and demonstrate that experience appears to play an important role in recognizing situations that generate agglomeration externalities.

Speaker: Jerry Davis, University of Michigan
"Portfolio society: Social implications of the new financial capitalism"

Abstract: The revolution in finance, driven mainly by improvements in information technology, has encouraged more people to participate in financial markets and allowed finance to seep ever deeper into the fabric of everyday life. For most of the 20th century, social organization was shaped by large corporations. Now, it is increasingly oriented around financial markets. The lower costs of using financial markets shifted the power in finance from commercial banks to mutual funds. Efficient market theory provided a rationale for the re-orientation of companies toward shareholder value, de-institutionalizing the corporation into an amoral nexus of contracts focused on the value of the share price. Governments have increasingly become less sovereign and more akin to a vendor of laws, as global financial markets and footloose firms have turned state institutions into a choice rather than a constraint. What emerges is a portfolio society, where personality and talent are transformed into human capital, while families and communities become social and political capital. This portfolio thinking has converted individual social actions into investment decisions that are expected to yield revenues down the road. Such a novel social configuration has potentially large political and social consequences.

Speaker: Mark S. Mizruchi, University of Michigan
"Power without efficacy: The decline of the American corporate elite"

Abstract: I argue that the organization of the American corporate elite underwent a transformation between the early 1970s and the turn of the twenty-first century. For the first three decades after World War II, the corporate elite adopted a pragmatic, accommodationist approach in which it accepted the reality of (and was constrained by) a relatively activist state, a relatively strong labor movement and a financial community that oversaw and mediated disputes across industries. As the 1970s progressed, the corporate elite moved to limit the power of the state and of labor, and by the early 1980s they succeeded. Then, in the 1980s, the power of commercial banks began to decline. Finally, the takeover wave of the 1980s led corporate leaders to shift their concerns away from those of business as a whole toward the short-term performance of their particular firms. With no external forces to discipline its members, the corporate elite has become fragmented, narrowly self-interested and unable (or unwilling) to act collectively to address the problems of American society in a way that its forerunners did in previous years.

Speaker: Matteo Prato – Fabrizio Ferraro, IESE Business School
"Standing out from the crowd: Exclusivity and community effect in security analysts’ recommendations"

Abstract: In recent years, more and more markets are becoming mediated by critics’ recommendations. The extant literature has shown the prominent role critics play not only on the demand side, affecting customers’ decisions, but also on the supply side, influencing offers proposals. Nevertheless, scant attention has been devoted to the antecedents of critics’ judgments. To fill this gap, in this paper we highlight the role played by the signals that critics
ostensibly utilize to differentiate themselves and the objects they evaluate. We focus our analysis on a highly developed and professionalized mediated market (the stock market). In this context, critics are security analysts who recurrently provide and update buy or sell recommendation on the stocks of the firms they cover. In our perspective, the network that analysts create through their coverage choices functions as a prism, signaling and magnifying differences among analysts and the stocks they evaluate. This network operates, therefore, as a platform that helps both firms and analysts stand out. Accordingly, we show that firms covered by analysts that share more experience of other stocks (community effect) and those that attract fewer reviewers (exclusivity effect) receive better analysts’ recommendations. These findings suggest that firms might be better off by building a selective community of critics rather than attracting broad, indiscriminate attention.

**Research Seminars**

**Bruno Cassiman**

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

**Joan E. Ricart**
On February 7-8, at Universidad Carlos III de Madrid, presented the paper “Business model interaction as a lens to understand co-opetition”

*Abstract:* A business model refers to how a firm does what it does. We formalize this intuitive idea by identifying the firm’s choices and their consequences, which we connect using value loops. This provides a dynamic representation of a firm’s activities and allows us to develop the concept of interaction among business models. Through a set of examples this presentation reviews key concepts of business model interdependence, tactical interaction and strategic interaction. We conclude that business model interaction is a good way to highlight the key issues underlying co-opetition.

**Miscellaneous**

**Antonio Argandoña**
On January 24, gave the lecture “Amenazas y oportunidades para el 2008” at Club de Marketing, Barcelona.

**Fernando Peñalva**
On January 28-30, attended the XI Semana Interdepartamental de Contabilidad, organized by the University of Zaragoza, where he participated in a panel discussion about “El nuevo Plan General de Contabilidad: Discusión de sus logros y carencias; metas para el futuro”.

Stanford University has recently published a case study focusing on Nuria Chinchilla and her work on work/family balance. Written by Jeffrey Pfeffer and Megan Elisabeth Anderson, the case is titled “Nuria Chinchilla: The power to change workplaces.”

**Book reviews**

**Javier Estrada**


**Teaching materials**

NOTE: The updated bibliography may be consulted on the Internet at http://www.app.iese.edu/research/res_search_adv.asp?lang=en

**Financial Management**

Project Evaluation in Emerging Markets: Exxon Mobil, Oil, and Argentina (F-803-E - 0.206.027)

Early in 2006 a brief report arrived at Exxon Mobil’s headquarters in Irving, Texas, with the results of geological tests in the south of Argentina. The tests determined that the area explored seemed to be rich in oil and that, subject to a proper cost-benefit analysis, it
could be worth investing in the necessary production facilities to extract oil from the ground. You have been asked to evaluate this investment opportunity and report to management with your opinion about whether or not the company should go ahead with this project.

Estrada J.; Giannattasio G.; Nikolova L.; 18 pages.

Project Evaluation in Emerging Markets: Exxon Mobil, Oil, and Argentina - Teaching Note (FT-70-E - 5.206.028)

Case F-803-E.

Use is restricted to Academic Institutions.

Estrada J.; 6 pages.

Dr. Klaus Hommels: The Midasplayer Decision (F-806-E - 0.207.001)

Angel investor Dr. Klaus Hommels had met several times with the start-up founders of Midasplayer.com in London. They had discussed the possibility of investing in Midasplayer. Hommels asked himself whether this was just another of the umpteen deals he had seen in the past or whether it was truly a gold mine. The founders had proposed that Hommels invest up to €1 million for the third round investment. According to their business plan, Midasplayer should hit revenues of over €15 million and after-tax cash flow of over €3 million by 2006. The business plan projections hinged on signing major distribution deals through portals. Hommels had three key considerations: Should I invest at all? If so, how much do I want to put in, given that the amount is not my primary concern? How much of the company do I want in return?

Liechtenstein H.; Mitchell J.; 13 pages.

Information Systems

FreshDirect: "Our Food Is Fresh. Our Customers Are Spoiled" (SI-162-E - 0.107.012)

Near the end of 2006, FreshDirect, a New York City-based online fresh food manufacturing and delivery service, fulfilled its five millionth order. Many observers pointed to FreshDirect as one of the few examples that, when done properly, online food delivery could be successful. The company served 250,000 customers and had revenues of approximately $200 million, with undisclosed profits for two years running.

(Mostly available in Spanish.)

Mitchell J.; Sieber S.; 19 pages.

Managerial Decision Sciences

People Express (A): una historia de éxito (AD-309 - 0.107.008)

People Express (PE) era una aerolínea con gran éxito durante los años ochenta. Dos años después de su fundación, la compañía ya había alcanzado unos beneficios de 2,7 millones de dólares sobre unas ventas de 100 millones, y el precio de sus acciones se había revalorizado un 150%. La compañía crecía a un ritmo insólito, a pesar de coincidir con un momento de profunda crisis en el sector que estaba llevando a muchas aerolíneas a pérdidas millonarias y a recortes de personal y estructura. Parecía que People podía crecer sin límites, y el presidente de la compañía, Donald Burr, estaba convencido de que no debían reducir el horizonte de crecimiento. Tenían que ir a más, para que la llama que alimentaba la cultura de la compañía continuase viva y no decayera el ánimo y la motivación de su plantilla de más de 1.500 empleados.

Corrales A.; Ariño M.A.; 16 pages.

People Express (B): Una historia de éxito (AD-310 - 0.107.009)

People Express había logrado un éxito sin precedentes. La compañía cerró el ejercicio de 1983 con unos beneficios de 10,4 millones de dólares sobre unas ventas de 286,6 millones. Tenía 4.000 empleados y una flota de más de 60 aeronaves. Sin embargo, los resultados de PE comenzaron a deteriorarse a finales de 1984, cerrando el ejercicio con unos beneficios de 2 millones de dólares y unas ventas de 561 millones. La ya quinta aerolínea estadounidense seguía yendo a peor, presentando unas pérdidas de 28 millones de dólares sobre unas ventas de 977 millones en 1985. En el primer semestre de 1986, PE acumuló unas pérdidas de 103 millones de dólares y el consejo de administración decidió poner a la venta una parte o incluso la totalidad de los activos de la compañía.

Corrales A.; Ariño M.A.; 12 pages.

People Express (C): una historia de éxito (AD-311 - 0.107.010)

Tres semanas después del anuncio de venta de parte o la totalidad de People Express, el presidente de la compañía hizo público que se
habían decantado por una oferta realizada por United Airlines. Posteriormente, United retiró la oferta y se decidió vender la totalidad de la compañía a Texas Air. El nombre People Express se mantuvo durante varios años, hasta su desaparición definitiva en 1993.

Corrales A.; Ariño M.A.; 2 pages.

Managing People in Organizations

Management para el corto plazo
(DPON-64 - 0.407.013)

En nuestros días se habla de la corporación personalizada, con el estribillo de construir una organización flexible que saque partido del saber y los conocimientos únicos e idiosincrásicos de cada empleado. El tiempo es implacable, y más cuando se trata de la actividad práctica; lo que ayer era válido puede resultar equívocado mañana; por tanto, hablar de verdades absolutas e inmutables en la gestión requiere prudencia para no superar unos límites que conviertan en ineficaz o inútil una herramienta que se legitima precisamente por facilitar que cualquier institución –ya sea una empresa mercantil, un servicio público, una universidad, una iglesia, una gran organización militar, un partido político o un sindicato– sea capaz de producir resultados fuera de ella misma. En este sentido, es un error teórico y práctico defender que exista la organización correcta por excelencia, o el modo correcto de dirigir personas. Ahora bien, tampoco todo está sujeto a un relativismo ciego y azaroso: en el arte del management se pueden rastrear unos rasgos generales sumamente útiles. La propuesta es llevar a cabo este rastreo de la mano de Peter Drucker, quien ya en 1946 sostenía que “es importante darse cuenta de que incluso los problemas técnicos de la industria moderna no son técnicos en el sentido de inventos mecánicos, sino principalmente problemas de organización humana dirigida a un fin técnico”. Algo perfectamente aplicable al presente.

Stein G.; 14 pages.

Marketing

Afilent (B)
(M-1195 - 0.506.018)

Siete años después de una traumática reestructuración, Afilent ha cambiado su modelo de negocio, cerrando las actividades de fabricación y volcándose en la comercialización de productos importados de China, con resultados excelentes. Uno de los accionistas relevantes decide desinvertir su parte. Los accionistas mayoritarios se plantean la compra del paquete accionario, su valor y las formas de financiación de la operación a la luz del futuro del sector de la construcción y de las oportunidades de crecimiento de la compañía.

Vidal J.M.; Segarra J.A.; 14 pages.

Afilent (C)
(M-1196 - 0.506.019)

Los accionistas mayoritarios de Afilent se plantean el futuro de crecimiento de la compañía. Han identificado las oportunidades de expansión en el sector, vía adquisiciones, y deben priorizar el interés de las mismas y el proceso a seguir para cerrarlas.

Vidal J.M.; Segarra J.A.; 6 pages.

Mármoles del Sur (C), Novamármol
(M-1203 - 0.507.024)

Transcurridos cuatro años desde su desembarco, el nuevo grupo inversor de Mármoles del Sur se plantea la alternativa de venta de la compañía y/o su continuidad. En el caso de optar por la continuidad, deben decidirse los cambios en los modelos de comercialización e industrial para su revolucionario producto de mármol de fino espesor, incluyendo la posible deslocalización a China.


Mármoles del Sur (C), Novamármol - Nota del Instructor
(MT-29 - 5.507.025)

Case M-1203.
Use is restricted to Academic Institutions.


Afilent (D)
(M-1205 - 0.507.027)

Afilent se replantea la política de crecimiento y su financiación. Al margen de la mejora de las operaciones ordinarias de negocio, se ha decidido iniciar el crecimiento vía adquisiciones. Se han identificado las empresas candidatas y se está reflexionando sobre la conveniencia de contar con un banco de inversión para el asesoramiento. Al mismo tiempo surge una viva discusión entre los accionistas sobre la alternativa de salida a bolsa.


Strategic Management

Balancing Family and Business Needs at Merck KGaA
(DG-1505-E - 0.306.069)

The case sets out to describe the main turning points in Merck's more than 300-year history, with an emphasis on events since World War II (internationalization, growth through acquisitions,
policy of in-licensing, R&D focus). However, the main focus is on the company's corporate and family governance structures, procedures and systems, as these represent a unique combination of legal, structural and organisational constructs that cement the influence of the descendants of the founding family in a highly effective way. The modus operandi of these bodies is illustrated in conjunction with Merck's (in the end, unsuccessful) hostile takeover bid for Schering, its German rival, which took place in March 2006.

(Also available in Spanish.)

Neumann F.A.; Tàpies J.; 31 pages.

Balancing Family and Business Needs at Merck KGaA – Teaching Note
(DGT-54-E - 5.306.073)

Case DG-1505-E.
(Also available in Spanish.)

Use is restricted to Academic Institutions.

Neumann F.A.; Tàpies J.; 10 pages.

RACC – Circuit de Catalunya: Sports Infrastructure and Regional Promotion
(DG-1512-E - 0.307.003)

The case addresses the impact of sports on the local economy. It describes the business model of a race track, with a focus on the management of the Formula One Grand Prix. Race tracks are not necessarily profitable, but Circuit de Catalunya has reached profitability because of its success in attracting spectators to its Formula One event. Government support is an important factor in the long-term viability of a world-class race track. The case asks students to estimate the impact of Circuit de Catalunya on the local economy and, more importantly, its impact on building the Catalonia “brand”.

Dávila A.; Oliver D.; 20 pages.

Conservas Díaz, S.A.
(DG-1520 - 0.307.037)

Antonio Díaz, al frente de la empresa familiar Conservas Díaz, S.A., había trabajado duramente por conseguir que se convirtiera en una de las conservas más importantes del país. La excelente gestión empresarial contrastaba con la descuidada atención a las relaciones familia-empresa. Conservas Díaz, S.A., en manos de la segunda generación de propietarios, sufre un importante revés tras el anuncio de abandono de la propiedad de uno de los accionistas.

Chiner A.; González M.; Tàpies J.; 8 pages.
NOTE: Occasional papers may be consulted on the Internet at

OP-08/4 - January 2008
Pablo Cardona - Carlos Rey
MISSION-DRIVEN MANAGEMENT: HOW TO ACHIEVE ORGANIZATION-WIDE LEADERSHIP

Abstract: Throughout history, there have been managers who can be considered examples of what we have defined as transcendental leadership: a type of leadership that generates leadership. Many of them have been studied and admired and have gone down in history as a model to follow. They are leaders with deeply rooted personal principles and values that have enabled them to achieve what so many firms pursue today: their employees’ commitment to a mission rich in content, credibility and urgency. But what is the key to their success? How can one become a transcendental leader? This paper explains one way that we have tried and found to work: mission-driven leadership (MDL). For MDL, managing means driving commitment to a mission and developing subordinates so that they can undertake the mission as true leaders. MDL is directly related to a mission and a series of values that go beyond the leader as an individual and are structured on three basic dimensions: Commitment, Cooperation and Change. Commitment has four key components: personal commitment, conveying the commitment, creating a sense of urgency, and acting consistently. Cooperation also has four key components: identifying interdependencies, achieving cooperation agreements, proactive follow-up, and assessment of the service. Lastly, change has four key components: identifying change needs, personal change, fostering change, and generating change agents.

(Also available in Spanish.)

OP-08/5 - January 2008
Angel L. López - Xavier Vives
INVERSION EN BANDA ANCHA: COMPETENCIA EN INFRAESTRUCTURAS Y COMPETENCIA EN SERVICIOS

Abstract: En este artículo se presentan las diferentes estrategias que los operadores pueden usar para entrar a competir en el sector de las telecomunicaciones. En concreto, se concentran en la competencia para suministrar servicios de banda ancha y se analiza la evolución de la inversión en infraestructuras que ha tenido lugar en España y sus potenciales implicaciones. El trabajo se estructura como sigue. La sección 2 presenta una taxonomía de las estrategias de entrada en el sector en España. La sección 3 presenta los argumentos principales a favor de la competencia en infraestructuras y la idea de la “escalera de la inversión”. La sección 4 analiza el caso español y evalúa la evolución de las inversiones. En la sección 5 se presentan las conclusiones.

OP-08/6 - January 2008
José M. Campa
EL ACCESO A LA FINANCIACION INTERNACIONAL DE LA EMPRESA ESPAÑOLA

Abstract: Este artículo revisa tres aspectos fundamentales del proceso de acceso a la financiación de las empresas españolas, principalmente las no financieras. En la primera parte se revisa la evolución de la integración financiera en Europa en los distintos segmentos del sector financiero al que tienen acceso las empresas. En la segunda parte se revisa la evolución del entorno macroeconómico y mundial que permite a las empresas el acceso a la financiación internacionalmente. La tercera parte revisa la evolución de la estructura de financiación y el coste de financiación de las empresas no financieras españolas.

OP-08/7 - January 2008
José M. Campa
EL MERCADO DE CONTROL CORPORATIVO: UNA PERSPECTIVA ECONOMICA

Abstract: En los últimos años se ha producido un notable incremento de operaciones corporativas, que en Europa fue del 33% con respecto al año 2005, y que por primera vez en la historia, España se convirtió en 2006 en el tercer país del mundo por volumen de fusiones y adquisiciones. A partir de estos hechos, se estudian los mecanismos para el buen funcionamiento del mercado corporativo, con especial énfasis en las características de las OPAS y la aplicación de la legislación de las mismas en la Unión Europea, así como la evidencia sobre la eficiencia del sistema de OPAS en España.

OP-08/8 - January 2008
José M. Campa - Julio García Cobos
LA INTERNACIONALIZACION DEL SECTOR BANCARIO EUROPEO

Abstract: El proceso de internacionalización e integración de los mercados financieros europeos ha sido desigual, tanto en su intensidad como en su rapidez. En Europa, el número de operaciones corporativas intracomunitarias sigue representando un porcentaje relativamente menor del total de operaciones en las que se involucran bancos europeos. Sin embargo, en los últimos años se ha incrementado sustancialmente el volumen de transacciones corporativas dentro de la Unión Europea y es probable que este cambio de tendencia suponga un cambio cualitativo en la estructura competitiva del sector.

OP-08/9 - January 2008
José M. Campa
EL CONTROL CORPORATIVO: MECANISMOS DE MERCADO

Abstract: El mercado de gobierno corporativo es un mecanismo fundamental en una economía de mercado para la reasignación de recursos productivos hacia usos más eficientes.
Aunque la evidencia muestra que las operaciones generan una transferencia de valor de la empresa compradora hacia los accionistas de la empresa comprada, resulta difícil establecer la generación neta de valor.

No obstante, la reciente evidencia europea indica que cada vez son más probables las operaciones internacionales dentro de la Unión Europea que son capaces de generar cantidades significativas de valor para los accionistas.

OP-08/10 – January 2008

Antonio Argandoña

LA ETICA EN LOS NEGOCIOS

Abstract: Este trabajo ofrece algunas ideas introductorias sobre el papel de la ética en las organizaciones y sobre la función de la dirección de las empresas en la promoción de la ética. Se comentan varias ideas incorrectas sobre lo que es la ética, para señalar la importancia de que la ética se integre en la estrategia y en la práctica diaria de las empresas. Se explica por qué es necesaria esa integración, qué cambios implica en la manera de dirigir y qué ventajas competitivas confiere a las empresas. Y se hace notar cómo la actuación ética de un directivo es condición necesaria para que sea un buen directivo, y para que su empresa progrese hacia la excelencia.

OP-08/11 – January 2008

José R. Pin – Angela Gallifa – Lourdes Susaeta

THE MICROCREDIT IN TUNISIA: ENDA INTER-ARABE

Abstract: Tunisia is a country with little activity in the microfinance area. There has been strong state investment in the development of this sector, but it has been limited due to restrictive regulations. Major obstacles to the growth of the microfinance sector include the fact that banks are not allowed to charge interest above 5%, the ban on commissions, and rules preventing banks from taking deposits and private savings. Created in 1990, ENDA Inter-Arabe is the only microfinance institution (MFI) in Tunisia with microfinance best practices. Strictly speaking, ENDA is the only microfinance institution in Tunisia to grant microcredits. ENDA Inter-Arabe’s mission is to alleviate poverty by granting credit and supporting micro-enterprise, with a clear vision: a loan, a job, and a chance of a better life. The method used is based on rapid and flexible procedures, with the guarantee of group solidarity or an existing client. Clients have access to a progressive line of credit.