Journals

Javier Estrada

Abstract: The negative relationship between stock market P/E ratios and government bond yields seems to have become conventional wisdom among practitioners. Both limited empirical evidence and a misleading suggestion that the model originated in the Fed are used to support the model’s plausibility. This article argues that the Fed model is flawed from a theoretical standpoint and reports evidence from 20 countries that casts serious doubt on its empirical merits. Despite its widespread use and acceptance, the Fed model is found to be a failure both as a normative and as a positive model of equity pricing.


Abstract: Do investors in the US stock market obtain their long-term returns smoothly and steadily over time or is their long-term performance largely determined by the return of just a few outliers? How likely are investors to successfully predict the best days to be in and out of the market? The evidence from the Dow Jones Industrial Average over the 1900-2006 period shows that a few outliers have a massive impact on long-term performance. Missing the best 10 days resulted in portfolios 65% less valuable than a passive investment and avoiding the worst 10 days resulted in portfolios 206% more valuable than a passive investment.

Given that 10 days represent 0.03% of the days in the sample, the odds against successful market timing are staggering.

Alexander Groh – Heinrich Liechtenstein

Abstract: This paper addresses the attractiveness of Central Eastern European countries for risk capital investors by the construction of a tailored composite measure. Based on a survey among institutional investors, we define six key drivers that determine an emerging country’s attractiveness for this type of investment. Using 42 socio-economic data series as proxies for these six key drivers, we benchmark the Central Eastern European countries with EU-15, Norway, and Switzerland and identify six tier groups of country attractiveness. We highlight socio-economic strengths and weaknesses of CEE and provide guidelines for policy improvements to attract more risk capital funding to spur innovation, entrepreneurship, employment, competitiveness and growth in the emerging region.

B. Sebastian Reiche

Abstract: Adopting an inductive case study approach, the paper develops an empirically grounded theoretical framework for organizational determinants of voluntary turnover of local staff in MNC subsidiaries. The research draws upon semi-structured interviews with HR managers at the Singaporean subsidiaries of six western multinationals. Using the conceptual lens of organizational identification, the study derives two turnover determinants related to organizational structure and three turnover determinants related to organizational practices and explores how these organization-level factors may translate into
individual turnover decisions. Implications for organizational responses to turnover and subsidiary staff careers are discussed.

Books

Paula Brough – Thomas Kalliath – Michael O’Driscoll – Steven Poelmans

Abstract: The psychological influence that employment can produce upon work performance and safety, employee health and relationships was increasingly acknowledged throughout the twentieth century. More recently the sub-discipline of occupational health psychology has emerged within the organizational psychology domain, and the interest has generated dedicated journals, academic texts and university courses. In a response to this growth of interest, this book discusses eleven topic pertinent to contemporary workers and to occupational health experts in particular. The book discusses work and psychological wellbeing, work and physical health, job satisfaction, job support and job control, occupational stress and coping, work-family balance, work addiction, workplace violence and aggression, psychological health and technological change, executive coaching, and organizational counseling and fitness programs.

Martí Gironell – Josep Lagares – Josep Tàpies

Abstract: Un salto desde un avión en caída libre es una experiencia inolvidable. De ella se pueden extraer valiosas lecciones para la empresa, pero sobre todo sentido de misión. Hay que pasar del "ver para creer" al "creer para ver" y saltar. Estas ideas inspiran el libro "Plan de vuelo. La gran aventura de la empresa familiar", una novela en la que un hombre descubre cómo enderezar el holding familiar que dirige enfrentándose a otro reto: batir el récord del mundo de formación en caída libre.

Juan M. de Toro

Abstract: El libro desarrolla el concepto de la marca y su historia más reciente, así como los conceptos de fortaleza e identidad de la marca; a su vez, analiza con detenimiento los elementos constitutivos del activo marca, tanto los internos como los externos, y se detiene brevemente a ver la influencia que otras variables de un plan comercial ejercen sobre este mismo activo. Por último, se afrontan problemas muy actuales, como los criterios a seguir en la arquitectura de marcas y sus posibles extensiones a otros productos o a otros segmentos del mercado, finalizando con una exposición resumida sobre la cuestión de los modelos seguidos tradicionalmente para valorar las marcas y sus principales fortalezas y debilidades.


Abstract: Culture is a powerful determinant in how human performance problems are perceived and how their solutions in the form of employee development interventions are created, implemented and evaluated. As a lens, cultural frames color both the role and importance of human resource development (HRD) as a field of scholarly endeavor and as a professional area of practice. This book addresses the most critical cultural bonds that influence today’s workforce, bonds which are shaped by our societal, organizational, and occupational backgrounds. Contributions begin with an explanation of why an anthropological understanding of our field is so important to HRD. This book goes beyond the concept of culture as a “variable of interest” by offering theoretical and case illustrations of culture at work.

The book contains the following chapters:

Carol D. Hansen – Yih-teen Lee

Abstract: Western models of career planning have typically promoted the “fast track”, an accelerated approach to Career Development (CD) that encourages new recruits to advance quickly through their company’s functional and managerial hierarchies in pursuit of high positions of rank and authority. The chapter draws on Taoist philosophy to propose a new concept, which we call “reversalism”, to the issues of time and direction as an alternative approach to career development. After illustrating the limitations of the fast-track approach to CD, we elaborate the concept of reversalism by discussing relativity and the force of return in Taoist philosophy. Next, we apply the concept of reversalism to the present-day career setting by showing that it is advantageous to CD in two aspects in particular. First, reversalism emphasizes flexibility and a subjective approach to movement and growth. Its implications in CD and possible directions for future research are discussed.

Javier Quintanilla – Mª Jesús Belizón – Lourdes Susaeta, – Rocío Sánchez-Mangas

Abstract: This chapter describes the evolution of HR practices in Spain, particularly the strategic management of HR. Prompted by recent political, economic, and social change, we have seen
considerable and growing interest in a more holistic and systematic view of developing individuals and their organizations. In this chapter, note that we refer to HR or HRM, which are terms used in the Spanish business community. However, our focus is on the developmental side of the HR function. Key to understanding Spain’s recent transformation is the cultural malleability of its business system. The concept of malleability is synonymous with the notion of flexibility; that is, Spanish managers are very open to new and sophisticated “best practices” from afar. In this chapter, we begin with a brief history of the economic and business development that explains the influence of foreign operations on Spanish companies. Next, we illustrate how the influence of American investment has contributed to a developmental approach to HR in Spanish companies. In this section, we include data from a case study of Spanish subsidiaries of US MNCs. The final section links the culture of Spanish “malleability” to implications for the developmental side of HR.

Contributions to books

Klaus Deimel – Sascha Kraus and B. Sebastian Reiche

Abstract: We investigate the extent to which strategic management procedures are used in small and medium-sized enterprises (SMEs), the motivation and barriers for their application, as well as the relationship between strategic planning and corporate success for SMEs. Drawing on a sample of 101 SMEs from various industries in Germany, Austria and Switzerland, we find that strategic management is still infrequently used in SMEs and that insufficient expertise and resources appear to be the key obstacles for using these tools. In line with previous findings, no significant positive relationship between strategic planning and SME success could be established.

Pablo Fernández

Abstract: En los últimos años han proliferado consultoras, libros y documentos de investigación proponiendo distintos y, a veces, sorprendentes métodos para determinar el valor de las marcas. El primer y mayor problema con el que nos encontramos al valorar una marca es el definir qué es la marca y el acotar qué margen, qué volumen de ventas, qué gastos y qué inversiones son atribuibles a la marca. Se revisan varias valoraciones de marcas y se concluye que son muy poco fiables (muchísimo menos que las valoraciones de empresas), debido a la dificultad de definir qué flujos se deben a la marca y cuáles no. Sin embargo, si es útil la identificación, la evaluación y la jerarquización de los brand value drivers, que constituyen una herramienta gerencial para crear valor y permiten lograr marcas fuertes y con estabilidad en el tiempo. Algunas veces se valoran las marcas para transferirlas a una sociedad instrumental situada en un Estado con menor tasa impositiva. Obviamente, en estos casos el interés de la empresa es argumentar el mayor valor posible de la marca para ahorrar más impuestos.

Alexander P. Groh – Heinrich Liechtenstein – Karsten Liechtenstein

Abstract: Why is there such a strong market for Venture Capital (VC) and Private Equity (PE) in the United Kingdom, why is there relatively little activity in Germany, and why is activity close to zero in Greece or in some of the new European Union accession countries? Spatial variations in VC/PE activity result from numerous factors. Institutional investors (Limited Partners or LPs) allocate their capital via chains of agents and networks in certain regions, and among countries. Usually, there is a concentration in “hotspots” or core economic centers. These hotspots evolve mainly for two reasons. First, there is a professional community to support transactions, and to establish the capital supply side. Second, there must be expectation for demand of the committed capital. Therefore, LPs make a geographical selection of promising spots. The selection depends on their expectation of the demand for VC/PE, and on their evaluation of the host country’s professional community. We address this allocation process and discuss the criteria proposed in the literature that determine both supply and demand for VC and PE in a particular country. In a next step, we gather 42 socio-economic data series to assess the quality of these criteria in Europe, and aggregate the data to the European Venture Capital and Private Equity Country Attractiveness Indexes.

Ignasi Martí – Johanna Mair

Abstract: The powerful imagery of entrepreneurship as a means to induce and explain institutional change is gaining momentum (Greenwood & Suddaby, 2006; Lawrence & Suddaby, 2006). In response to criticisms that institutional theory was chiefly being used to explain homogeneity and persistence, important efforts have been devoted to restoring human agency in explanations of endogenous institutional change (DiMaggio, 1988; Sewell, 1992; Emirbayer & Mische, 1998). However, the image of the
entrepreneur as institutional change agent has also been a source of controversy among institutional theorists, especially when accompanied by voluntarist, un-embedded conceptions of individual action (Holm, 1995; Lea & Naccache, 2006). As a result we observe vivid scholarly discussions on how to solve the “paradox of embedded agency”, i.e., on explaining how institutional change is possible if actors are fully conditioned by the institutions that they wish to change (Holm, 1995; Seo and Creed, 2002; Greenwood and Suddaby, 2006).

**Johanna Mair – J. Mitchell**


Abstract: In late September 2005, co-founders of Waste Concern, Iftekhar Enayetullah and Abu Hasnat Md. Maqsood Sinha, were looking at a pile of waste at the Matuail landfill site on the outskirts of Dhaka, Bangladesh. For ten years, Waste Concern had followed a decentralized composting model whereby each composting site was a small-scale operation processing three tons of organic waste per day. However, the Matuail site was different from past models as it would be a dual-purpose operation consisting of a gas recovery site and a 700-ton per day composting plant. Under the United Nations Clean Development Mechanism (CDM), the project would be eligible to earn tradable certificates for US$11 per ton of reduced methane gas, making it the first in the world to garner credits through composting waste.

**Domènec Melé**


Abstract: This chapter first presents the main tendencies in humanism and also in anti-humanism at the beginning of the 21st century. Second, it reviews how these two approaches mentioned –humanism and economics– are already present in the first stages of modern management. Third, it discusses some positive tendencies in favor of humanism in business, which are contrasted with some “economicist” views and practices still current in many businesses.

**José R. Pin**


Abstract: En el prólogo se analizan distintos capítulos del libro y se expone cómo, según la teoría del profesor Pérez López, la dimensión psicosocial del directivo es desarrollable. A ese desarrollo contribuye la estructura del trabajo presentado por Gómez Quijano, periodista y Antiguo Alumno del IESE, que da pautas para reflexionar sobre las habilidades necesarias y poner en marcha planes de desarrollo de las mismas. Todo ello en las tres distancias en que se puede dar la relación comunicativa: la interpersonal, la grupal y la realizada a través de canales mediáticos.

**B. Sebastian Reiche – Maria Kraimer and Anne-Wil Harzing**


Abstract: Most research has taken a unidirectional approach, focusing on staff and knowledge transfers from the corporate headquarters to foreign subsidiaries. In this chapter, we focus on inpatriates as one alternative form of international assignments that is gaining attention in both academic research and corporate practice. Inpatriation involves the transfer of foreign nationals from the subsidiary into a multinational's HQ. In this regard, inpatriates not only have profound knowledge of the subsidiary context but also an ability to engage in cross-unit brokerage and initiate knowledge flows to the HQ. Specifically, we review the literature on knowledge transfer through international assignments, examine the different roles of inpatriate assignments, and explore the social processes and determinants that facilitate knowledge sharing through inpatriation.

**Carlos Sánchez-Runde – Sang Myung Lee – Richard M. Steers**


Abstract: We examine work motivation theory and practice as it relates –and, in some cases, does not relate– to cultural differences. Despite a long tradition of research on work motivation and performance, there are few rigorous studies that look beyond the borders of a small number of highly industrialized nations. It has often been incorrectly assumed that Western theories of work motivation most likely apply to highly divergent cultures around the world. With this in mind, this chapter reviews what is known about personal work values, motivation, job attitudes, and performance in different global settings. The concept of cultural drivers is used as a framework for understanding how cultural differences can influence action. Implications for research and management are then discussed.

**Richard M. Steers – Luciara Nardon – Carlos Sánchez-Runde**

"Culture and organization design: Strategy, structure, and decision-making", in the book "Culture, organizations, and work", May - June 2009 - No 149

Newsletter

May - June 2009 - No 149
Abstract: We provide a cross-cultural perspective on several interrelated issues on the design and structure of organizations. In particular, we begin with some observations that suggest a rethinking of management roles as they are influenced by, and in turn reinforce, cultural differences. Based on this, we present a comparative assessment of basic organization designs and their management implications in eight countries (United States, Japan, China, France, Germany, Malaysia, Mexico, and Nigeria). Next, general trends in employee participation and organizational decision-making across cultures are explored. Finally, we present suggestions for future research.


The book includes the following chapters:

Steven Poelmans – Aline D. Masuda
"Work addiction", pages 87-97.

Abstract: Researchers in a wide range of social sciences have studied how and when exactly working longer becomes unproductive or unhealthy for the individual, the group, and the organization. What exactly is the distinction between the positive side of working hard (including motivation, job engagement, commitment, and organizational citizenship behavior) and the negative side (such as compulsive-obsessive disorder, work-family conflict, work addiction, occupational stress, and burnout). The central question in this chapter on work addiction is what makes working long and hard an unhealthy work habit.

Steven Poelmans – O. Stepanova
"Executive coaching", pages 131-142.

Abstract: Coaching has emerged over the last few decades as a discipline, a profession, a leadership style, and a new area of empirical research, trying to match the exponential growth of coaching practice around the globe. The practice of coaching has been around for millennia in the form of individualized professional advice and training, but has only recently been recognized as a construct within the academic arena. Coaching represents a new paradigm in management, based on individualization/customization, maximization, learning and development. In this chapter we summarize the existing literature and present a model that can guide future coaching research.

No 793 – May 2009
Pablo Agnese
JAPAN AND HER DEALINGS WITH OFFSHORING: AN EMPIRICAL ANALYSIS WITH Aggregate DATA

Abstract: First moves towards a real understanding of the offshoring phenomenon date back only to very recent times, with employment and productivity effects occupying much of the literature around the subject. In particular for Japan, the studies conducted so far focus on the disaggregate level and put the stress on the productivity side alone. Here I analyze both the employment and the productivity effects at the aggregate industry level, covering the years 1980-2005. Moreover, I consider all industries within the economy and take account of both materials and services offshoring. The results presented here suggest that we should expect a positive effect of services offshoring on employment, and a positive effect of materials offshoring on the growth rate of productivity.

No 794 – May 2009
Marco A. Haan – José L. Moraga-González
ADVERTISING FOR ATTENTION IN A CONSUMER SEARCH MODEL

Abstract: We model the idea that when consumers search for products, they first visit the firm whose advertising is more salient. The gains a firm derives from being visited early increase in search costs, so equilibrium advertising increases as search costs rise. This may result in lower firm profits when search costs increase. We extend the basic model by allowing for firm heterogeneity in advertising costs. Firms whose advertising is more salient and therefore raise attention more easily charge lower prices in
equilibrium and obtain higher profits. As advertising cost asymmetries increase, aggregate profits increase, advertising falls and welfare increases.

No 795 – May 2009
Alexander P. Groh - Heinrich Liechtenstein
THE FIRST STEP OF THE CAPITAL FLOW FROM INSTITUTIONS TO ENTREPRENEURS: THE CRITERIA FOR SORTING VENTURE CAPITAL FUNDS

Abstract: We contribute to the knowledge about the capital flow from institutional investors, via Venture Capital (VC) funds as intermediaries, to their final destination, entrepreneurial ventures. Therefore, we run a world-wide survey among 1,079 institutional investors to determine the importance of several criteria when they select VC funds. The expected deal flow and access to transactions, a VC fund’s historic track record, its local market experience, the match of the experience of team members with the proposed investment strategy, the team’s reputation, and the mechanisms proposed to align interest between the institutional investors and the VC funds are the top criteria. The level of fees payable to the funds is not an important selection criterion. The VC relationship is based on a complex structure of (several) principals and agents, and is functional only if the interests of all participants are aligned. Fees are an important element of this alignment. Overall, the sorting criteria of institutional investors are very similar to what we know about the criteria applied by VC funds themselves, when selecting entrepreneurial ventures: the institutions have to mitigate the same kind of agency conflicts that VC funds and entrepreneurs are exposed to.

No 796 – May 2009
Pablo Fernández
MARKET RISK PREMIUM USED IN 2008 BY PROFESSORS: A SURVEY WITH 1,400 ANSWERS

Abstract: The average Market Risk Premium (MRP) used in 2008 by professors in the United States (6.3%) was higher than the one used by their colleagues in Europe (5.3%). We also report statistics for 18 countries: the average MRP used in 2008 ranges from 4.1% (Belgium) to 10.5% (India).
The dispersion of the MRP used was high: the average MRP used by professors of the same institution range was 3.5% and that of the same country was 6.9%.
The average MRP used in 2007 was 1.5% lower than the one used in 2000. 15% of the professors decreased their MRP in 2008 (1.5% on average) and 24% increased it (2% on average). 66% of the professors used a lower MRP in 2007 than in 2000 (22% used a higher one).

Most surveys have been interested in the Expected MRP, but this survey asks about the Required MRP. The paper also contains the references that professors use to justify their MRP, and comments from 180 professors that illustrate the various interpretations of what is the required MRP and explain the confusion of students and practitioners about its concept and magnitude.

We also report 416 answers from the field: the average MRP used by European Companies in 2008 was 6.4%.

No 797 – June 2009
Saul Lach - José Luis Moraga-González
ASYMMETRIC PRICE EFFECTS OF COMPETITION

Abstract: This paper examines how the distribution of prices changes with the number of competitors in the market. Using gasoline price data from the Netherlands we find that as competition increases, the distribution of prices spreads out: the low prices go down while the high prices go up, on average. As a result, competition has an asymmetric effect on prices. These findings, which are consistent with a theoretical model where consumers differ in the information they have about prices, imply that consumers’ gains from competition depend on their shopping behavior. In our data, all consumers, irrespective of the number of prices they observe, benefit from an increase in the number of gas stations. The magnitude of the welfare gain, however, is greater for those consumers that are aware of more prices. We conclude that an increase in the number of gas stations has a positive but unequal effect on the welfare of consumers in the Netherlands.

IESE – Studies and Monographs

No 85 – June 2009
Guido Stein – Javier Capapé
FACTORES DE FRACASO DEL CEO: MAPA DE UN DEBATE

Abstract: El fracaso del Chief Executive Officer (CEO) se ha estudiado abundantemente en la bibliografía. Ordenamos y clasificamos los factores que conducen al fracaso de los CEO entre aquellos en los que puede intervenir el CEO (endógenos) y aquellos que le vienen dados (exógenos). La ausencia de unanimidad en la bibliografía analizada nos lleva a concluir que no se ha examinado suficientemente el factor principal: las características personales de los CEO. El enfoque y la metodología de la agencia resultan insuficientes para comprender este complejo proceso en las organizaciones debido a la simplificación excesiva sobre la naturaleza humana y la fuerte dependencia de la modelización matemática.

Other publications

Antonio Argandoña
"El panorama macroeconómico de l’economia occidental i la crisi financera", Paradigmes, No 2, June 2009, pages 83-89.
Abstract: Les crisis i les recessions no apareixen de sobte: les claus de cada etapa del cicle econòmic es troben en les fases anteriors. Això s’ha tornat a complir en la crisi financera del 2007. L’objecte d’aquest article és mostrar de quina manera un llarg període d’estabilitat macroeconòmica, alt creixement i baixos tipus d’interès va generar la bombolla immobiliària que hi ha a l’origen de la crisi. Per què es va produir aquella etapa de política monetària permissiva, díner barat, especulació en els mercats immobiliaris i optimisme? Va ser la crisi el resultat inevitable dels desenvolupaments anteriors? I, tornaran a presentar-se aquestes circumstàncies, un cop ja haguem sortit de la recessió?

Santiago Alvarez de Mon
"Uncertainty, a manager’s natural habitat", IESE Insight, No 1, 2nd quarter 2009, pages 13-20.

Abstract: Using case studies and his own experience of coaching a variety of professionals from the worlds of sport, the arts and management, the author explores the keys to embracing uncertainty, helping managers to lead a richer, more productive existence.

Pablo Cardona – Carlos Rey

Abstract: Las empresas deben dejar de lado el tradicional enfoque personalista del líder para crear un contexto adecuado en el que todos los profesionales, sean carismáticos o no, alcancen la cualidad de líderes comprometidos con la misión corporativa. Se debe abandonar también esa visión sobre la base de la cual se pretende retener ese talento en la cúspide de las organizaciones: un verdadero líder es capaz de contagiar la misión y de comprometer en torno a ella a todos los profesionales, desde la dirección hasta los de primera línea. Los autores explican en este artículo los distintos tipos de liderazgo que pueden darse en las organizaciones y la importancia del liderazgo centrado en la misión para el éxito de la empresa. Su mensaje: un líder puede nacer, pero también hacerse.

Manel Bauceils – Martin Weber
"Mind your mind traps", IESE Insight, No 1, 2nd quarter 2009, pages 28-35.

Abstract: In business, as in other areas of life, uncertainty lurks around every corner. What does the future hold? How can we prepare for the unexpected? What is the right decision at times like this? We humans have developed a repertoire of unconscious mechanisms to help us cope with insecurity. While these mechanisms may assuage feelings of helplessness and paralysis, they can also cloud our judgment. The authors explain how these mind traps work: hindsight bias, overconfidence and risk seeking for losses.

Gabriel R. Bitran, – Juan Carlos Ferrer – Paulo Rocha e Oliveira
"Don’t manage waits, manage experiences", IESE Insight, No 1, 2nd quarter 2009, pages 58-65.

Abstract: Managers worry that customers will perceive waiting as an annoyance, but simply reducing the wait time may not be the answer. Indeed, the authors argue that it is an outdated solution, less relevant to today’s new breed of customers. Using research that blends behavioral psychology and traditional marketing principles with operations, the authors propose a new framework to help businesses make better decisions about wait management. They offer six implementable ideas to improve the service encounter, which will greatly impact customer satisfaction and, ultimately, profitability. Stop watching the clock, they say, and start asking “How can I best manage my customers’ time with me?”.

Pilar García Lombardía – Antonio Argandoña – Joan Fontrodona

Abstract: ¿Es, o debe ser, el directivo de RSC un agente de cambio en la empresa? Si la responsabilidad social supone un cambio sustancial en el modo de gestionar la empresa, la respuesta a esta cuestión debe ser afirmativa. Pero a continuación, tendremos que preguntarnos si pueden ejercer ese rol. Estamos ante un grupo de directivos motivados e ilusionados con su tarea, se sienten apoyados por la dirección, aunque no dejan de percibir ciertas dificultades: las tareas de reporting llevan mucho tiempo, a veces es difícil que los colegas de otros departamentos entiendan su función... En definitiva, son los responsables de introducir la visión a largo plazo en la gestión de la empresa. Y esa tarea raras veces es sencilla.

Mª Julia Prats – Remei Agulles
"Beyond business instinct. Competencies every entrepreneur should develop", IESE Insight, No 1, 2nd quarter 2009, pages 50-57.

Abstract: While it is widely assumed that entrepreneurs need business competencies like industry analysis, negotiating skills and resource management, other competencies such as interpersonal skills and self-leadership are all too often overlooked. Yet such competencies play a vital role in entrepreneurship – indeed they are a prerequisite for mobilizing the other capabilities and putting them to work in the various contexts in which entrepreneurship takes place. The authors debunk the notion of the entrepreneur as a natural-born genius with one-of-a-kind gifts. Instead, they propose a proper framework for classifying entrepreneurial competencies, which they say can be learned and developed through specific techniques and habits.
Conferences and Seminars

**Pablo Agnese**
On May 11–14, attended the 9th Conference of the European Academy of Management in Liverpool, where he presented the paper "Offshoring: Facts and numbers at the country level", co-authored with Joan E. Ricart.

Abstract: Offshoring has received wide attention lately. Its potential effects, mainly to be materialized in employment and productivity dislocations, are yet to be fully assessed. However, some consensus has been attained as to how to proxy its theoretical definition at an aggregate level. Here we review the most conventional indices the economic literature has so far produced, and employ them to provide an overview of the extent of the phenomenon for a group of countries. Contrary to common belief, our data reveal that offshoring is not exclusive to large developed economies. Further, we highlight the continuing prominence of the manufacturing over the services sector, and observe that, while services offshoring is on the rise, it still represents a small fraction of total offshoring. This is not to deny the employment creation brought about by this higher value-added offshoring or its potential for creating more jobs in the future.

**Antonio Argandoña**
On June 15–17, attended the EBEN Research Conference, organized by the University of Beer-Sheva, Israel, where he presented the paper "Frugality".

Abstract: Frugality is a little studied virtue, but one that is important to the lives of individuals and families, communities and broader societies. In this article we consider what we mean by frugality and discuss its role in the decision-making process, within action theory. This leads us to a normative explanation of why frugality is needed and what it signifies.

On June 24–25, attended the EBEN Annual Conference in Granada, where he presented the paper ¿Puede la ética ayudar a entender la crisis financiera?

Abstract: La crisis financiera que se ha iniciado en Estados Unidos en 2007 y que se ha extendido a todo el mundo tiene una multiplicidad de causas, una de las cuales es la abundancia de comportamientos no éticos en muchos de los que tomaban las decisiones financieras, como reguladores, supervisores, directivos o empleados –y también de no pocos de sus clientes. Este artículo trata de mostrar ese contenido ético de la crisis, y cómo la práctica generalizada de la responsabilidad social corporativa en las entidades financieras hubiese podido contribuir a una crisis de menor envergadura, quizá no a nivel sistémico, pero sí, desde luego, en algunas de las entidades afectadas. Pero para esto hubiera sido necesario aplicar un concepto concreto de responsabilidad social, como responsabilidad de naturaleza ética –y, en concreto, de una ética voluntaria, pero capaz de generar deberes autogenerados en los profesionales que debían tomar las decisiones financieras.

**Guillermo Armelini**
On June 4–6, attended the 2009 INFORMS Marketing Science Conference in Michigan, where he presented the paper "Who are the customer evangelists? How worthy are they?", co-authored with Erica Salvaj and Julián Villanueva.

Abstract: That word of mouth (WOM) has a pervasive impact on consumers’ behavior has been well documented in previous research. For that reason, there is growing interest among scholars in understanding not only what drives WOM, but also to identify individuals with high referral propensity. One way to address this issue is by estimating the so-called customer referral value (CRV), defined as the economic value that a customer is likely to generate due to his/her recommendation during a certain period of time. In this paper we propose a new methodology to estimate CRV using social network analysis in the design of the model and event history analysis in its statistical validation. Comparing with other approaches we show that our model is more robust. In addition it is flexible and easy to implement, and it accurately reflects the role of social interactions in people's likelihood to recommend. To test our methodology, we leverage a novel dataset that combines the dynamics of social relationships among a set of customers over a period of ten years with their consumption patterns in this period. Results show a low correlation between customer profitability and CRV. Our findings also indicate that highly connected people and those with a social structure characterized by strong relationships (spouse, friends, etc.) are more likely to have a larger CRV. Conversely, and in line with previous researches, customer profitability was mainly driven by behavioral outcomes such as cross-selling and frequency in service usage, but not for actors’ network centrality or individuals’ expertise with the product. As a result we do not find a causal relationship between the characteristics of opinion leaders and customer profitability. Limitations and managerial implications are also discussed.

**Marc Badia**
On May 12–15, attended the 32nd EAA (European Accounting Association) Annual Congress in Tampere, where he presented the paper "Operating profit variation analysis: implications for future earnings and equity values", co-authored with Nahum Melumad and Doron Nissim.

Abstract: We investigate the information content of variation analysis, that is, analysis of year-over-year changes in the components of operating profit. Using industry-level data, we find that changes in the prices of output products and changes in costs of intermediate inputs exhibit a more persistent effect on profitability than do changes in output volume, labor cost, labor productivity, and intermediate input productivity. Furthermore, we show that this information is priced by investors. One possible
implication of these results is that the documented higher persistence of revenue shocks, as compared to expense shocks, is likely due to the price, rather than the volume effect of revenue.

Manel Baucells
On June 19-21, attended the 1st World Congress of Positive Psychology, organized by IPPA (International Positive Psychology Association) in Philadelphia, where he presented the paper "Common ratio with delay", co-authored with Franz Heukamp.

Abstract: We present an experiment in which we add a common delay in a choice between two risky prospects. The results show that delay produces the same change in preferences as in the well-documented common ratio effect in risky lotteries. The added common delay acts as if the probabilities were divided by some common ratio.

Moreover, we show that there is a strong magnitude effect, in the sense that the effect of delay depends on the magnitude of the outcome. The results are consistent with the recently introduced Probability Time Trade-off (PTT) model by Baucells and Heukamp. We present a parameterization of the model based on the experimental results, showing that the value function exhibits increasing relative risk aversion, the weighting function is s-shaped, and the intrinsic discount rate is decreasing.

Pascual Berrone
On May 11-14, attended the EURAM 2009 Annual Meeting in Liverpool, where he presented the paper "Saving face: Why family firms pollute less", co-authored with Cristina Cruz, Luis R. Gómez-Mejía and Martin Larraza. (This paper has also been nominated for the best paper award.)

Abstract: This paper compares the environmental performance of family-controlled public corporations with that of nonfamily-controlled companies, using a sample of 194 United States firms required to report their emissions. We found that family firms have a better environmental performance than nonfamily firms, particularly at the local level, and that for the latter group CEO ownership has a negative environmental impact. We also show that increases in family ownership have a positive and non-linear effect on environmental performance and this advantage persists independent of the family or board member status of the CEO.

Marlene Castro (PhD Student)
On June 11-14, attended the QUIS 11 Conference 2009 in Wolfsburg, where she presented the paper "Operational strategies to drive multichannel adoption in retail banking contexts".

Abstract: Service firms increasingly adopt multichannel strategies. Yet, the persistent development of new technologies, together with the diversification of customer multichannel behavior, can make the design of multichannel services very complex. By providing customers with a wider range of channel alternatives, firms have to manage increasingly diversified cross-channel processes and customer flows.

In this study we address the implementation of cross-channel processes in the context of retail banking services. We conduct case studies in various retail banks to investigate how multichannel architectures are combined with incentive and pricing policies, to drive channel choice for the different service operations. The study is organized in three main parts. First, we carry out a preliminary characterization of the multichannel architectures adopted by the banks. Then we investigate which incentive and pricing policies each bank is promoting to guide channel choice. Finally, we assess the alignment between the multichannel architectures, the incentives and the pricing policies.

In order to characterize the different multichannel architectures, we adopt a multichannel design framework previously developed in the context of retail banking services: for each bank we describe the channel portfolio and the allocation of products and services to the channels. As for the characterization of cross-channel management policies, we identify the internal and external instructions, recommendations and incentives or prices aimed at driving employees’ and customers’ multichannel utilization.

A first outcome of this study is to provide an illustration of the former framework regarding the design decisions required to define a multichannel architecture. Our main contribution concerns the identification of strategies to promote the adoption of cross-channel processes. We suggest that the implementation of multichannel services requires a combination of architectures, incentives and pricing systems. Through the multiple case studies we illustrate how employee empowerment and customer discretion can be aligned to promote and control multichannel adoption.

Fabio Cerquinho (PhD Student)
On May 1-4, attended the POMS Annual Conference in Orlando, where he presented the paper "A conceptual framework for risk mitigation in case of supply disruptions", co-authored with Marc Sachon.

Abstract: We present a framework for risk of the purchasing function in industrial supply chains. Our conceptual model is based on an empirical analysis of four manufacturers (in four different industries) that experienced supply disruption of key direct goods.

To be able to compare the type of disruption and its downstream effects in the four different industries, we focused on disruptions due to supplier bankruptcy. Some major findings were: cost pressures play a key role in understanding diversity in mitigation practices implemented; first-order problem-solving behavior predominates, i.e., palliative actions to ensure continuity of the operation instead of attacking the disruptive causes. Based on the findings of our empirical analysis, we propose a model of learning and mitigation practices that addresses the question: Why do firms react differently to similar disruptive events and why do some firms learn more than others?
Javier Estrada
On June 3–5, attended the FMA European Conference in Turin, where he presented the paper “The gain-loss spread: A new and intuitive measure of risk”.

Abstract: The standard deviation, arguably the most widely-used measure of risk, suffers from at least two limitations. First, the number itself offers little insight; after all, what is the intuition behind the square root of the average quadratic deviation from the arithmetic mean return? Second, investors tend to associate risk more with bad outcomes than with volatility. To overcome these limitations, this article introduces a new measure of risk, the gain-loss spread (GLS), which is both intuitive and based on magnitudes that investors consider relevant when assessing risk. The evidence reported below shows that the GLS is highly correlated with the standard deviation, thus providing basically the same information about risk; and more correlated to mean returns than both the standard deviation and beta, thus providing a tighter link between risk and return.

He also acted as discussant of the paper “Extreme downside risk and expected stock returns” by F. Wu, W. Huang, Q. Liu, and G. Rhee and was Chair of the session “Equity risk management”.

Pablo Fernández
On June 25–28, attended the 17th European Financial Management Association meeting in Athens, where he presented the paper “96 common errors in company valuations”.

Abstract: This paper contains a collection and classification of 96 errors seen in company valuations performed by financial analysts, investment banks and financial consultants. The author had access to most of the valuations referred to in this paper in his capacity as a consultant in company acquisitions, sales, mergers, and arbitrage processes.

The errors are classified in six main categories: 1) Errors in the discount rate calculation and concerning the riskiness of the company; 2) Errors when calculating or forecasting the expected cash flows; 3) Errors in the calculation of the residual value; 4) Inconsistencies and conceptual errors; 5) Errors when interpreting the valuation; and 6) Organizational errors.

Lisa Hehenberger (Ph.D. Student)
On June 21–23, attended the Alberta Conference 2009 in Edmonton, where she presented the paper “Not a field, not an industry... What then? The creation of a community at the interstices of fields and professions”, co-authored with Johanna Mair.

Abstract: In this paper we use the imagery of a community to empirically and theoretically examine how venture philanthropy has evolved in Europe at the interstices of various organizational fields and communities of practices. While the creation of an association for venture philanthropy in Europe could be told through the lens of “heroic” institutional entrepreneurs (see for example Maguire et al., 2004), we find that this image does not sufficiently capture the complexity, scope, and mechanisms of the phenomenon. Our data, collected in real time and over an extensive time period reveals an intricate web of networks, debates and events. Actors from various professional backgrounds contribute with their specific resources to form a new community. Overall, we aim at contributing to an emerging stream of literature that explores the theoretical and empirical use of community as level of analysis.

Franz Heukamp
On June 14–17, attended the INFORMS Annual Meeting in Toronto, where he presented the paper “Common ratio with delay”, co-authored with Manel Baucells.

Abstract: (See page 9).

Heinrich Liechtenstein
On June 28–30, attended the 16th Annual Meeting 200 of the Multinational Finance Society in Crete, where he presented the paper “International allocation determinants for institutional investments in venture capital and private equity limited partnerships”, co-authored with Alexander P. Groh.

Abstract: We examine the determinants of institutional investors when deciding about international capital allocation in Venture Capital and Private Equity Limited Partnerships through a questionnaire addressed to Limited Partners world-wide. The respondents provide information about their criteria for international asset allocation. The protection of property rights is the dominant concern, followed by the need to find local quality General Partners, and the quality of management and skills of local entrepreneurs. Furthermore, the expected deal flow plays an important role in the allocation process, while investors fear bribery and corruption. Public funding and subsidies play no role in the international allocation process. Hence, private money does not follow public money. The IPO activity and the size of local public equity markets are not as relevant as proposed by other researchers. Our results can help policymakers make their countries more attractive to institutional investors and so receive more risk capital for innovation, entrepreneurship, employment and growth.

Markus Maedler
On May 12–15, attended the 32nd EAA (European Accounting Association) Annual Congress in Tampere, where he presented the paper “Cost allocation and performance measure aggregation in a multi-task setting”, co-authored with Bjorn N. Jorgensen and Susan Kulp.

Abstract: This paper studies how cost allocation across two reporting segments supports the use of a simple aggregate, i.e., equal-weighted sum, of contractible signals in optimal linear incentive contracts. We model a single-period principal-agent relationship with two productive efforts and one unproductive,
The relationship between diversification and performance

Abstract: The principal can choose to compensate the agent using either two contractible performance measures or their simple aggregate. Cost allocation across the two measures is modeled with two components: an unproductive effort by the agent and a purely random allocation noise term. We first characterize how simple aggregation induces the agent to only exert effort on the productive tasks, at the possible expense of an incongruent effort mix. We then provide conditions on the unproductive effort such that the principal prefers the aggregate performance measure for incentive contracting.

The same paper was presented on June 12–13 at the 6th Accounting Research Workshop in Berne and at the Global Management Accounting Research Symposium in Copenhagen.

Johanna Mair
On June 24–25, attended the 20th anniversary of the INSEAD PhD program in Fontainebleau, where she presented the paper “Changing role of business schools and academic careers in a global landscape”.

Abstract: What will the successful business faculty career look like in the next 20 years? The traditional “high road” has been in the United States. However, the center of gravity of global industry is moving to Asia. How will this affect business school careers? Should the ambitious assistant professor start in the United States with an option to move or look for unique experiences in other parts of the world? Is the “global faculty” a mirage? Why is “international business” sometimes perceived as a “blind alley” in research? Again, we will hear views from three continents and discuss career prospects.

Federico Marinelli
On June 3–5, attended the FMA 2009 European Meeting in Turin, where he presented the paper “Do really diversified firms underperform: An analysis of the outstanding performance persistence”.

Abstract: The relationship between diversification and performance has not yet reached definitive and interpretable findings and recent studies question the existence of a “diversification discount”. None of these studies centered their research on the question: does there exist a specific performance pattern among diversified firms? This research aims to identify persistence in performance heterogeneity by measuring the shareholder value creation of diversified firms using portfolio management measurement rather than the excess value methodology. A sample of 317 diversified firms with turnover higher than $500 million is examined: the top quintile persistently outperforms the lower quintile of diversified firms and also beats the market index, showing that a long/short investment strategy generates a consistent excess return. Finally, we show that the efficiency of the internal capital market has a certain limited explanatory power with regard to the performance pattern among diversified firms, but more insight might be drawn from the finding that diversified firms with segments in many unrelated industries perform better than firms with segments in only a few industries.

Víctor Martínez de Albéniz
On June 28–30, attended the MSOM 2009 Annual Conference in Cambridge (MA), where he presented the paper “Strategic assortment rotation”.

Abstract: The recent success of fast fashion retailers has changed the fashion industry dramatically. These companies, such as Zara, are characterized by a flexible supply chain, which has allowed them to reduce design and production lead times to just a few weeks, rather than months. More importantly, they are using these capabilities to change the assortment (i.e., introduce new products) more frequently. Many practitioners claim such assortment changes increase sales, since customers visit the stores more often when they know that they will find fresh products. In this paper, we establish a connection between assortment rotation and sales through a customer consumption model with satiation and multiple competing retailers. The model determines the customers’ consumption pattern over time and implies that the consumers will end up spending a higher share of their budget at retailers that renew their assortment at a faster pace. Using the insights from the model, we determine how often retailers should change the assortment depending on competitors’ strategies, and characterize the competitive equilibrium.

Domènec Melé
On June 23–25, attended the conference "Network ethics: The new challenge in business, ICT and its education", organized by the Catholic University of Portugal, Lisbon, where he presented the paper "Actor-network interdependence: An ethical approach".

Abstract: This paper aims to contribute to the network ethics literature by exploring the actor-network interdependence from an ethical perspective. The actor-network theory, rooted in Michel Foucault’s thought, offers interesting insights. However, it is not an acceptable theory because of its unrealistic determinism. We argue that personal ethical responsibility exists in networking and that an ethical analysis of networking makes sense. The practice of networking can contribute to human flourishing, or erode it. In addition, we analyze misconduct and virtuous behavior within a network and explore the difference between a virtuous and a vicious network.

On June 23–25, attended the EBEN Annual Conference in Granada, where he presented the paper ‘Raíces ético-ideológicas de la crisis de las hipotecas subprime’.

Abstract: Se describe la crisis financiera de la hipotecas subprime y se discuten posibles causas, remarcando que más allá de las causas “técnicas” subyace una cultura imbuida de ciertas ideologías dominantes y comportamientos éticos. En concreto, se apuntan como posibles causas una regulación deficiente, fuertes incentivos cortoplacistas, la cultura dominante y la corrupción del carácter
On June 29, attended the discussion workshop “Revisión de los fundamentos del management” at IESE, Barcelona, where he presented the paper “La ‘tesis de unidad’ y su relevancia para el management”.

Abstract: Frente a la “tesis de separación” que sostiene que hay decisiones económicas sin contenido ético y decisiones éticas sin contenido económico, aquí se defiende la “tesis de unidad”, según la cual, en el ámbito empresarial no existen decisiones exclusivamente económicas o éticas. Hay decisiones empresariales con diversos contenidos o dimensiones, incluyendo las de carácter económico y ético. Estas dimensiones se pueden distinguir y analizar, pero la decisión es unitaria. Se analizan los orígenes intelectuales de ambas tesis y sus consecuencias para el management. Se argumenta que la tesis de separación no sólo es intelectualmente muy cuestionable, sino también que impide considerar la ética como algo nuclear al management. No así la tesis de unidad. Se concluye afirmando que la tesis de unidad proporciona una excelente base para represar el management.

Fernando Peñalva
On May 12-15, attended the European Accounting Association Annual Meeting in Tampere, where he presented the following papers, both co-authored with J.M. García Lara and Beatriz García Osma.

“Commitment to conditional conservatism and cost of capital”

Abstract: We empirically test the association between commitment to conditional conservatism and cost of equity capital. Conditional conservatism imposes stronger verification requirements for the recognition of economic gains than economic losses, resulting in earnings that reflect losses faster than gains. Managerial commitment to asymmetric reporting is predicted to lower firm cost of equity capital by increasing reporting precision, thereby reducing information uncertainty (Guay and Verrecchia, 2007) and the volatility of future stock prices (Suijs, 2008). Using asset-pricing tests, we find a significant negative correlation between conditional conservatism and excess average stock returns over the period 1975-2004. This evidence is corroborated by further tests on the association between conditional conservatism and measures of implied cost of capital derived from analysts’ forecasts.

“Conditional conservatism and firm investment efficiency”

Abstract: Conditional conservatism, through the timelier recognition of losses in the income statement, is expected to increase firm investment efficiency through three main channels: 1) by decreasing the adverse effect of information asymmetries between outside equity holders and managers, facilitating the monitoring of managerial investment decisions; 2) by increasing managerial incentives to abandon poorly performing projects earlier and to undertake fewer negative net present-value investments, and 3) by facilitating the access to external financing at lower cost. Using a large United States sample for the period 1975-2006 we find a negative association between conditional conservatism and excess average stock returns over the period 1975-2006. This evidence is corroborated by further tests on the association between conditional conservatism and measures of implied cost of capital derived from analysts’ forecasts.
Mª Julia Prats
On April 30–May 2, attended the 2009 Carey-Darden Entrepreneurship Scholar’s Retreat in Baltimore, where she presented the paper “The entrepreneurial cycle and appropriating value from innovation”.

Abstract: Until recently, entrepreneurship as a field of scholarly study lacked an organizing framework. Indeed, Shane and Venkataraman (2000) noted that “entrepreneurship” was a “broad label under which a hodgepodge of research is housed (Shane and Venkataraman, 2000, pp. 217). Their seminal paper, provided the conceptual basis for the field and established the “opportunity” as the raison d’être for scholarly entrepreneurship research. More specifically, they argued that entrepreneurship should seek answers for the following three questions: “1) why, when and how opportunities for the creation of goods and services come into existence; 2) why, when and how some people and not others discover and exploit these opportunities, and 3) why, when and how different modes of action are used to exploit entrepreneurial opportunities” (Shane and Venkataraman, 2000, pp. 218).

Elena Reutskaja
On May 26–29, attended the 38th EMAC Conference, organized by the European Marketing Association in Nantes, where she presented the paper “Economic decision making under conditions of extreme time pressure and option overload: an eye-tracking study”, co-authored with Rosemarie Nagel, Johannes Pulst-Korenber, Colin Camerer, and Antonio Rangel.

Abstract: We study the processes used to make real choices among familiar snack foods under extreme time pressure (<=3s) and option overload. Surprisingly, we find that average choice efficiencies in all sets are large (about 80%). We use eye-tracking data to characterize the computational process used to make the decisions. We propose a sequential search model in which subjects randomly fixate on items, measure their values, and choose the best item that they have seen. We also find that the decision process exhibits significant display-driven biases that can be potentially exploited by sellers to manipulate choices.

Alberto Riber
On June 18–21, attended the 2009 World Congress on Positive Psychology in Philadelphia, where he presented the paper “Research and education for positive management”.

Abstract: This paper presents some findings of psychometric studies undertaken in different samples of MBA candidates. These studies used two different tools, both of them related to Positive Psychology: the Temperament and Character Inventory (TCI-R) developed by Cloninger (1998), and the VIA Survey developed by Peterson (2004). The results obtained are compared with data from a previous research studying personality traits of MBA candidates through the Minnesota Multiphasic Personality Inventory (Riber, 2006). The three psychometric studies are quite consistent at pointing out some relevant areas for character development: self-awareness, self-control, cooperativeness and social intelligence, meaning and self-transcendence. Several proposals are made for integrating virtuousness and other concepts from Positive Psychology and Positive Organizational Scholarship within MBA programs, in terms of specific content and by way of a number of other measures that could be embedded throughout the program.

Joan E. Ricart
On May 11–14, attended the 9th Conference of the European Academy of Management in Liverpool, where he presented the paper “Strategy vs. business models vs. tactics”, co-authored with Ramón Casadesús-Masanell.

Abstract: The field of Strategy has evolved substantially in the past twenty-five years. However, drivers such as globalization, deregulation, or technological change, just to mention a few, are profoundly changing the competitive game. Scholars and practitioners agree in that the fastest growing firms in this new environment appear to have taken advantage of these structural changes to compete “differently” and innovate in their business models. The purpose of this paper is to contribute to this literature by presenting an integrative framework to distinguish and relate the concepts of business model, strategy, and tactics.

He also organized the “Corporate governance” track and chaired the session on “Shareholders and governance”.

Marc Sachon
On May 1–4, attended the POMS 2009 International Conference in Orlando, where he presented the paper “Private Label – National Brand Dynamics in Retail Channels”, co-authored with Víctor Martínez de Albéniz.

Abstract: The current economic environment is supporting private label penetration in the retail industry. Consumer data shows that in 2008 sales of private label products in EU 15 countries increased more than 10% – experts expect this number to be even larger for 2009. Previous work analyzed channel dynamics in settings with competing national brands, ignoring private labels. In our model we analyze the non-cooperative game between a national brand manufacturer and a vertically integrated private label in a channel with a common retailer. We find that the introduction of a private label in a channel induces price reductions of the national brand. Our model shows that the price reduction is more pronounced when there is little substitutability between the products. Finally, the introduction of a private label can reduce total supply chain profits.

The same paper was presented on June 13–16 at EUROMA 2009 in Gothenburg.

Pedro Saffi
On June 24–27, attended the 18th EFMA 2009 annual conference in Milan, where he presented the paper “Price efficiency and short selling”, co-authored with Kari Sigurdson.
Abstract: This paper studies how equity lending markets affect price efficiency and the distribution of returns, using lending supply and loan fees as proxies for short-sale constraints. The lending data is collected from several custodians from January 2004 to December 2008, covering more than 10,000 stocks from 26 countries. Our main findings are as follows. First, lending supply has a significant impact on efficiency and on the distribution of returns. Stocks with limited lending supply and high loan fees are associated with low price efficiency. Second, lending supply is also associated with more extreme price fluctuations. We find that an increase in lending supply leads to lower stock price efficiency and to a higher frequency of extreme positive and negative returns.

Funda Sezgi (Ph.D. Student)
On June 23–26, attended the Scaling Volume and Research Colloquium in Durham, where he presented the paper "Reflection on scaling", co-authored with Johanna Mair and Kate Ganly.

Abstract: Why do non-profit organizations seek growth? As Frumkin notes, there is certainly a sense that good initiatives managing to achieve results can never serve enough people. There are a number of powerful forces propelling non-profits and their funders towards program expansion. First of all, funding scale as expansion appears just and equitable in that it rewards past performance. Funding decisions can be justified by the results that are actually achieved and objectives are easily measurable such as the increment in number of beneficiaries or clients served. Second, growing a program will allow it to achieve greater operational efficiency as the marginal cost of administration decreases when the program expands. This approach creates incentives for non-profits to develop and deliver successful projects: if non-profit managers know that funding for the growth of their organization is dependent on demonstrable impact, they will work harder to make their programs succeed. Finally, a focus on expansion allows funders and recipients to work together over longer periods of time than they otherwise would under typical project funding cycles.

However, we also need to consider the downside of scaling. Does reaching more beneficiaries necessarily translate into more effective social impact? In order to unpack this issue, in this paper we explore whether we are asking the right questions on scaling effective social impact? In order to unpack this issue, in this paper we explore whether we are asking the right questions on scaling effective social impact?

Marc Sosna
On June 3–7, attended the Babson College Entrepreneurship Research Conference 2009 in Wellesley (Boston), where he presented the paper "Responding to key challenges and crises in high-velocity environments: Coping mechanisms of high growth firms", co-authored with M. Julia Prats.

Abstract: Despite a growing body of literature on high-growth firms many questions remain open as to how firms cope with key challenges and deadly crises in growth phases. Based on a longitudinal study of 50 high growth firms and in-depth study of seven cases, this paper presents a framework that describes the pathway(s) to crisis and identifies mechanisms for recovery. This study complements Greiner’s growth framework in describing turbulences and revival paths in firms’ first years of growth. This paper contributes to theory and practice by understanding business survival that is especially relevant in dynamic industry settings, in which entrepreneurs must overcome initial crisis before reaching stability or returning to a growth path.

Carles Vergara
On June 17–20, attended the WFA (Western Finance Association) 2009 Meeting in San Diego, where he presented the paper "Optimal portfolio choice with predictability in house prices and transaction costs", co-authored with Stefano Corradin and Jose Fillat.

Abstract: We study a model of optimal portfolio choice with durable consumption goods (e.g. housing) that incorporates transaction costs (e.g. a transaction cost must be paid when the house is sold) and price predictability. We find that the consumer considers two state variables to make his decisions: (i) the ratio Wt/(HtPt) of total wealth (Wt) to housing asset holdings (housing stock, Ht, times house price, Pt), and (ii) time varying expected growth rate of house prices. We show that it is optimal for the consumer not to adjust his holdings of housing stock continuously but to wait until a significant change in wealth has occurred. The consumer will increase (decrease) his housing asset holdings only when the Wt/(HtPt) ratio reaches an optimal upper (lower) boundary. When house prices are not predictable, these boundaries are constant between two consecutive adjustment times, as in Grossman and Laroque (1990). However, the level of the state variable that captures the predictability component in house prices makes these boundaries time-varying: the upper and lower boundaries will decrease (increase) when house prices are expected to rise (fall). Finally, we use PSID data to test the existence and the main characteristics of these boundaries. Numerical simulations show how small transaction costs and low levels of price predictability can generate portfolio allocations that are consistent with the data.
a key factor that influences the term structure and provides specific formulas for the equilibrium real short interest rate, bond prices, and consumption dynamics that are functions of this ratio. The model is calibrated with United States data from 1970 to 2007 using Simulated Method of Moments and captures realistic means and volatilities of consumption, investments and real short-term and long-term interest rates.

**Govern Vroom**
On May 19–20, attended the 2009 Atlanta Competitive Advantage Conference, in Atlanta, where he presented the paper "Ownership structure, profit maximization, and competitive behavior", co-authored with Brian T. McCann.

Abstract: We question the broad applicability of the assumption of profit maximization as the goal of the firm and investigate how ownership structure affects competitive behavior. Contrary to agency theory expectations, we find that competitive behaviors of professionally managed firms are more consistent with profit maximization than behaviors of owner-managed firms.

**Awards**

**Pascual Berrone**
Won the Best Paper Award 2009 in the Corporate Governance Track at the EURAM conference (Liverpool) for his paper "Saving face: Why family firms pollute less?". The award is sponsored by the Center for Family and Enterprise and Ownership (CeFEO) – Jönköping International Business School, Sweden.

**Cosimo Chiesa**
In May received the title of Knight of the Order of Merit of the Republic from the President of the Italian Republic for his contributions to the economic and academic world.

**Steven Poelmans**
For the second time his paper "Cross-national differences in relationships of work demands, job satisfaction, and turnover intentions with work-family conflict", co-authored with Paul E. Spector, Tammy Allen, Cary Cooper, Laurent M. Lapierre, Juan Sánchez and Michael O’Driscoll was selected as one of the twenty best articles of 2008 in the annual Rosabeth Moss Kanter Award for Excellence in Work-Family Research competition. The paper, published in *Personnel Psychology*, one of the journals with the highest impact factor in OB/HRM, is one of the first international studies to look at differences in work-family conflict in 26 countries around the globe.

**Josep M. Rosanas**
On June 11, was awarded the Premi a l’Excel.lència Acadèmica (Academic Excellence Award) by ACCID (Associació Catalana de Comptabilitat i Direcció).

**Christoph Zott**
His article "The fit between product marketing strategy and business model: Implications for firm performance", published in *Strategic Management Journal*, Vol. 29, No 1, has been selected as one of the 50 best articles published in 2008 in management and has therefore won an Emerald Management Reviews Citation of Excellence.

**IESE - Research Seminars**

**Entrepreneurship**
*May 29*
Speaker: Saikat Chaudhuri, The Wharton School, University of Pennsylvania
"Building capabilities vs. leveraging capabilities: The impact of resource allocation on the integration-operations tradeoff in innovation-targeted acquisitions"

Abstract: Given resource constraints, a firm typically needs to balance its exploration and exploitation efforts, and consequently its propensity to build new versus leverage existing capabilities. While seminal past research has investigated this tradeoff, it is not clear which conditions favor one activity over the other when there is a finite scope of learning. We hence study this exploration-exploitation tradeoff in the context of mergers and acquisitions, where a tension arises between devoting resources to integration tasks (intended to synergistically build new competencies) at the expense of assigning them to ongoing business operations of the target and acquirer (in order to leverage existing competencies). Although various scholars have identified this integration-operations resource tradeoff as being critical, the dynamics and implications thereof remain uncharted and unresolved. In this paper, we examine the impact of integration and operational resource allocation decisions on the post-acquisition product development process in innovation-targeted acquisitions. These aspects are explored through a field study based simulation analysis drawing on the acquisitions conducted by leading firms in the telecom networking and software industries. The results indicate that the pattern of resource allotment affects the post-merger product development outcome, providing evidence that resource allocation is an important determinant of acquisition performance. The benefits of allocation towards integration vs. operational tasks depend upon inherent task conditions as well as acquirer-target firm characteristics, and are moderated by acquisition experience, reallocation frequency, as well as exogenous technology and market shocks. The findings
contribute to our understanding of not only resource allocation processes, acquisition implementation, and innovation management, but also the nature of dynamic capabilities as well as the exploration-exploitation tradeoff.

**June 29**  
**Speaker:** Mary Tripsas, Harvard Business School  
“The influence of prior industry affiliation on framing in Nascent Industries: The evolution of digital cameras”

**Finance**  
**May 11**  
**Speaker:** Antonio S. Mello, Imperial College Business School  
“The capital structure of financial institutions and liquidity crisis”

Abstract: In this paper, we present a model that relates the capital structure of modern financial institutions to the recent liquidity crisis. In the model, a shock to market liquidity of a large lender’s asset portfolio potentially leads to the lender’s own risk management constraint binding, and hence induces the withdrawal of funds from a borrower financial institution. Other lenders realize this possibility and the fear causes them to run. Global game technique enables us to derive the unique equilibrium. Our main findings include: 1) Market liquidity shock suffices for a large lender to withdraw funds. This withdrawal is not due to asymmetric information with regards to the borrower’s quality, or to financial contagion. 2) The potential withdrawal by a large lender has amplifying effects. It causes smaller lenders to run first and makes the borrower institution particularly vulnerable. 3) If market liquidity in different markets is correlated, a bank run hits a leveraged financial institution from both the asset and the liability channels.

The two channels form a joint force that dramatically increases the probability of collapse of leveraged financial institutions. 4) The presence of a large lender is an element of stability in good times, but it increases fragility in bad times. We also discuss broad issues raised by this research and the related policy implications of the model.

**May 21**  
**Speaker:** Ramón Triás, Presidente-Director General de AIS (Aplicaciones de Inteligencia Artificial, S.A.)  
“Risk dynamics into the future, the new credit stress testing standard”

Abstract: RDF (Risk dynamics into the future) is a method designed by AIS for stress testing in risk analysis in the financial industry. The session also included discussion of lines of development and research in related disciplines such as numerical analysis, econometrics, statistical models and financial analysis. Analysis of financial institution portfolio behavior in extreme cases (stress testing) is becoming an indispensable part of risk management, not only due to regulatory requirements (Basel II), but also and more importantly as an aid to financial institutions’ strategic analysis to identify the best policies in a market liable to critical disruptions.

In this session the speaker presented a new method for modeling all risk components, so as to quantify the impact of extreme but plausible scenarios on an institution’s loan portfolios. The method has a number of innovative features, including a new concept of economic scenario, modeling of probability of default (PD) and loss given default (LGD) using macroeconomic variables as covariants, multi-equation VARMA modeling of macroeconomic and industry variables, scenario-based measures of risk consistent with the measures associated with economic capital (VaR, Shortfall, etc.), and an analytical method of calculating the multiple integral that forms the probability distribution function (PDF), which is an alternative or auxiliary form to the Montecarlo method.

**June 22**  
**Speaker:** Marcelo Fernandes, Queen Mary, University of London  
“Tailing tail risk in the hedge fund industry”

Abstract: This paper aims to assess dynamic tail risk exposure in the hedge fund industry. In particular, we model lower-tail dependence between hedge funds, bond, commodity, foreign exchange, and equity markets as a function of market uncertainty. We proxy the latter by means of a single index that combines the options-implied market volatility, the volatility risk premium, and the term spread. We find substantial time-variation in tail dependence even for hedge-fund styles that exhibit little unconditional tail dependence. This illustrates well the pitfalls of confining attention to unconditional measures of tail risk. In addition, tail dependence between hedge fund and equity market returns decreases significantly with both measures of market uncertainty, thus alleviating the likelihood of financial contagion. The only styles that feature neither unconditional nor conditional tail dependence are convertible arbitrage and, perhaps more interestingly, equity market neutral. In line with previous results in the literature, we fail to observe any tail dependence with bond and currency markets, though we do find strong evidence that the tail risk exposure of macro hedge funds to commodity markets increases with uncertainty. Our results are very robust to changes in the specific measure of tail dependence as well as in the factors that drive tail dependence. In addition, specification tests confirm that our semiparametric model not only fits very well the lower tails but also entails coefficient estimates that are very stable over time.

**Information Systems**  
**May 14**  
**Speaker:** Amy Shuen, China Europe International Business School (CEIBS)  
“Crisis or opportunity? US and Chinese business innovation models with upside in the downturn”

Abstract: The Chinese word for “crisis” combines the symbols for risk and opportunity. CEIBS Professor Shuen recently organized a
special EMBA seminar on “Strategy and Innovation in Crisis Times”. More than 120 Chinese executives from ten different industry sectors in Shenzhen and Shanghai actively participated in analyzing, sharing and discussing their own Chinese company’s best practices as well as overall industry response to the past six months of global economic crisis. Compared to their counterparts in the United States and Europe, Chinese companies in most industry sectors outside of export, multinational services & real estate have been surprisingly robust, along with Chinese consumer confidence and trust in a quick rebound, more than double that of English-speaking consumers. Above all, the discussions highlighted a major and hitherto unexplained gap between United States and Chinese business usage of the Web and second-generation knowledge management, collaboration and ecosystem partnerships. Despite broadband connections in China that have outpaced the United States and mobile user rates far greater than the United States, less than 3% of all Chinese industrial businesses use the power of the Web for commerce, marketing or advertising, payment, supply chain or enterprise integration.

Managerial Decision Sciences
May 28
Speaker: Georg Weizsacker, London School of Economics and Political Science

"Do we follow others when we should? A simple test of rational expectations"

Abstract: The paper presents a new meta data set covering 13 experiments on the social learning games by Bikhchandani, Hirshleifer, and Welch (1992). The large amount of data makes it possible to estimate the empirically optimal action for a large variety of decision situations and ask about the economic significance of suboptimal play. For example, one can ask how much of the possible payoffs the players earn in situations where it is empirically optimal that they follow others and contradict their own information. The answer is 53% on average across all experiments –only slightly more than what they would earn by choosing at random. The players’ own information carries much more weight in the choices than the information conveyed by other players’ choices: the average player contradicts her own signal only if the empirical odds ratio of the own signal being wrong, conditional on all available information, is larger than 2:1, rather than 1:1 as would be implied by rational expectations. A regression analysis formulates a straightforward test of rational expectations, which rejects, and confirms that the reluctance to follow others generates a large part of the observed variance in payoffs, adding to the variance that is due to situational differences.

June 6
Speaker: Jason Riis, Harvard Business School

"Preferences for enhancement pharmaceuticals: The reluctance to enhance fundamental traits"

Abstract: Four studies examined the willingness of young, healthy individuals to take drugs intended to enhance their own social, emotional, and cognitive traits. We found that people were much more reluctant to enhance traits believed to be more fundamental to self-identity (e.g., social comfort) than traits considered less fundamental to self-identity (e.g., concentration ability). Moral acceptability of a trait enhancement strongly predicted people’s desire to legalize the enhancement but not their willingness to take the enhancement. Ad taglines that framed enhancements as enabling rather than enhancing the fundamental self increased people’s interest in a fundamental trait enhancement and eliminated the preference for less fundamental over more fundamental trait enhancements.

Managing People in Organizations
May 11
Speaker: Karsten Jonsen, IMD, Lausanne

"Workforce diversity and a review of its not so diverse literature, including: "The case of diversity as a strategic issue"

Abstract: This talk will examine the [workforce] diversity literature and comment on limitations and possible areas for future research. In addition, the seminar will present a longitudinal case study of diversity as a potential strategic issue and its use of mixed methods. Using a case study methodology, I analyzed a Europe-based organization to determine which aspects of diversity it found important. I confirmed the findings by applying triangulation techniques. The study generates a framework that explains and categorizes the rationales that managers use when considering workforce diversity as a potential strategic issue. I also identify barriers to its adoption and discuss the findings from a societal perspective within a European context.

May 27
Speaker: Mireia las Heras, IESE

"Psychological career success. What does it look like?"

Abstract: People’s actions are directed toward attaining goals (Emmons, 1986, p. 201). In a boundaryless world in which more people are pursuing protean careers (Hall, 1996), psychological career success has come into the limelight as the goal of those with a protean orientation. This research presents a qualitative study designed to inductively develop the construct “psychological career success”, and then identify the type of goals that people, consciously or not, strive for in their professional undertakings, and how those goals evolve and are reshaped over a person’s lifespan. The aim is to develop a typology that includes the elements that people, both males and females, in different occupations and career orientations, consciously or not, aim for at different stages of their careers and life development. I call those elements the preferred success set. This research contributes to the under-studied question: What elements characterize the construct psychological career success? Which career goals do people have at different life stages, and in different professional occupations? Under what circumstances do those change? This research contributes to the career literature by advancing the understanding of Psychological Career Success, Preferred Success Set and its dynamism.
May 27
Speaker: Yih-teen Lee and B. Sebastian Reiche, IESE
“How do newcomers fit in? The dynamics between person-environment fit and social capital across cultures”

Abstract: This paper integrates the concepts of person-environment (PE) fit and social capital and examines the social dynamics of organizational newcomers’ development of fit with their new environment in the light of national cultural variations. Specifically, we present a conceptual framework that illustrates how newcomers fit in with their work environment in terms of person-job (PJ) and person-organization (PO) fit through their building and exercising of social capital. We suggest that newcomers’ initial fit with their direct supervisor (i.e., PS fit) and their immediate work group fit (i.e., PG fit) will help them to develop structural and relational social capital in the organization, which in turn facilitate the development of greater PJ and PO fit. Acknowledging that social processes are culture-bound, we also examine the moderating effects of individualism/collectivism and power distance on the process of developing PE fit, and we provide insights for both scholars and managers in applying the model.

Marketing
May 8
Speaker: Wagner Kamakura, Duke University
“American time-styles: A finite-mixture allocation model for time-use analysis”

Abstract: Time-use has already been the subject of numerous studies across multiple disciplines such as economics, marketing, sociology, transportation and urban planning. However, most of this research has focused on comparing demographic groups on a few broadly defined activities (e.g., work for pay, leisure, housework, etc.). In this study we take a holistic perspective, identifying a typology of latent “time-styles” that defines the different ways people allocate the 24 hours in a day across multiple competing daily activities. We propose a finite-mixture time-allocation model that accounts for differences in life-priorities across individuals, taking into consideration the fact that we all have the same “budget” of 24 hours to spend every day, and that this allocation leads to highly sparse, truncated data. This model is then applied to time-use data from the American Time Use Survey (ATUS) collected by the US Bureau of Labor Statistics in 2006.

Production, Technology and Operations Management
May 14
Speaker: Nicolas Stier-Moses, Columbia Business School
“Pricing with markups in industries with increasing marginal costs”

Abstract: We study a game that models a market in which heterogeneous producers of perfect substitutes make pricing decisions in a first stage, followed by consumers that select a producer that sells at lowest price. As opposed to Cournot or Bertrand competition, producers submit a price function to the market, which maps their production level to a price. Solutions of this type of models are normally referred to as supply function equilibria, and the most common application is in electricity markets.

In our model, producers face increasing marginal production costs and, in addition, cost functions are proportional to each other and their magnitude depends on the efficiency of each particular producer. In this context, we prove necessary and sufficient conditions for the existence of equilibria in which producers use supply functions that replicate their cost structure.

We then specialize the model to monomial cost functions with exponent equal to $q>0$, which allows us to reinterpret the simple supply functions as a markup charged on top of the production cost. We prove that an equilibrium for the markups exists if and only if the number of producers in the market is strictly larger than $1+q$, and that if an equilibrium exists, it is unique. The main result for monomial cost functions is to establish that the equilibrium is nearly efficient when the market is competitive. Here, an efficient assignment is one that minimizes the total production cost, ignoring payments because they are transfers within the system. The result holds because when there is enough competition, markups are bounded, thus preventing prices to be significantly distorted from costs. Finally, we focus on the case when unit costs are linear functions on the production quantities. This simplification allows us to refine the previous bound by establishing an almost tight bound on the worst-case inefficiency of an equilibrium. This bound is a subproduct of an algorithm that we design to find such equilibrium. The bound states that when there are two equally-efficient producers and possibly other less efficient ones, the production cost under an equilibrium is at most 50% worse than the optimal one, and the worst-case gap between the two assignments decreases rapidly as competition increases. For instance, for three similarly-efficient producers plus perhaps other less efficient ones, the inefficiency is below 6.2%.
Strategic Management

May 5
Speaker: Rudolphe Durand, HEC School of Management
"Reading tea leaves through a warped crystal ball: How experience and divergence from routines influence forecasts and performance"

Abstract: Strategic management research highlights how routines can enhance efficiency and ultimately serve as a source of competitive advantage. However, there has been little research on the divergence from routines and how this might impact both resources’ performance forecasts and actual performance. Here, we explore performance consequences using a survey of 23 venture capital funds investing in 194 startup firms. We test whether past experience and dynamic interventions on routines influence how fund managers assess future performance for each startup of their portfolio, and how these startups actually performed. Findings suggest that past experience and dynamic interventions on routines influence assessments of future prospects and their actual levels of performance differently. These results have important theoretical and epistemological consequences for future strategic management research.

June 9
Speaker: Joseph Mahoney, University of Illinois at Urbana-Champaign
"Towards a stakeholder theory of strategic management"

Abstract: This paper suggests that due to the changing nature of the firm, viewing shareholders as the sole residual claimants is an increasingly tenuous description of the actual relationships among a corporation’s various stakeholders. Thus, a shareholder wealth perspective is increasingly unsatisfactory for accurately answering the two fundamental questions concerning the theory of the firm: that of economic value creation, and the distribution of this economic value. Examining the corporation from a (team production) property rights perspective of incomplete contracting and implicit contracting provides a foundation for the revitalization of a stakeholder theory of the firm in the strategic management discipline.
their outcomes for the treatment of eleven different non-fatal conditions. Our preliminary results show that the United States does very well for the treatment of acute conditions for which technology is very relevant, but it does very poorly for the treatment of chronic diseases. In diabetes, for instance, the best performing country in our sample is Spain.

Carles Vergara
On May 8, at Universidad CEU-Cardenal Herrera, Valencia, where he presented the paper “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 real term structure of interest rates. The model endogenizes agents’ decisions on consumption and investments 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 equivalent to a long-term time-to-build technology. The paper shows that the ratio of long to short-term capital invested in these technologies is a key factor that influences the term structure and provides specific formulas for the equilibrium real short interest rate, bond prices, and consumption dynamics that are functions of this ratio. The model is calibrated with United States data from 1970 to 2007 using Simulated Method of Moments and captures realistic means and volatilities of consumption, investments and real short-term and long-term interest rates.

Miscellaneous

Antonio Argandoña
On May 29, attended the Jornada “Einsichten aus der FinanzmarktKRise für das Bankcompliance”, organized by the Compliance and Ethics in Financial Institutions workgroup of the Deutsches Netzwerke Wirtschaftsethik in Munich, where he gave the lecture “Understanding the financial crisis. Improving the financial market performance from a business ethics point of view”.

On June 5-6, attended the 2009 Being Globally Responsible Conference at CEIBS in Shanghai, where he gave the lecture “Give me good reasons to be a socially responsible manager”.

Pascual Berrone
His doctoral thesis “Compensation, family firm, and innovation: An empirical analysis from an environmental perspective” was chosen as one of the three finalists of the SIM (Social Issues in Management) 2009 Doctoral Dissertation Award of the Academy of Management.

Johanna Mair
Together with Woody Powell (Stanford University) and John Padgett (University of Chicago), organized the conference “The emergence of organization and markets”, held in Schenna (Italy). The conference was sponsored by the Santa Fe Institute and The Hewlett Packard Foundation and was attended by leading academics in this field.

Paddy Miller
On May 1, was speaker at a Financial Times Breakfast Briefing in New York on the subject "Barcelona: Making the move to Europe's leading innovation hub".


Steven Poelmans
On May 5, was invited to speak at the Global Workforce Roundtable Conference organized by the Boston College Center of Work & Family, where he gave the lecture "Changing the work-life paradigm. Creating synergies".

Abstract: In line with the proposition of positive psychology, to study healthy and productive individuals to unveil the causes and consequences of resilience and happiness, in this presentation the author focuses on the phenomenon of work-family enrichment or facilitation, the positive spillovers between different life domains, proposing specific human resource policies to encourage synergies.

Teaching materials

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

Analysis of Business Problems

Fundamentos para la gestión en tiempos de crisis (ASNN-11 - 0.308.061)

No siempre y no todas las organizaciones tienen en cuenta los fundamentos que requiere cualquier gestión empresarial. Los tiempos de crisis hacen que sea aún más fácil olvidarlos ... o quizá sea una buena oportunidad para recordarlos. Esta nota técnica revisa aspectos clave para gestionar en tres ámbitos: el negocio, su financiación y sus personas, teniendo también en cuenta cómo la crisis afecta a cada uno de los aspectos clave.

Fernández A.; 10 pages.
Financial Management

What is Private Equity?
(FN-549-E - 0.208.005)
This technical note defines what is known in the financial world as Private Equity in its different senses: Venture Capital, Growth Capital and Leveraged Buy-Outs. It analyzes the impact on the European economy and the reasons why there has been such significant growth of this instrument in the last few years. It also studies the levels of leverage in this kind of activity. Finally it analyzes the challenges of Private Equity in the future especially since the so-called sub-prime crisis.
(Also available in Spanish.)
López A.; Soley J.; 14 pages.

The Essential Financial Toolkit: Tool 1 - Returns
(FN-552-E- 0.208.021)
This note discusses the concept of returns, essential for evaluating the performance of any investment. We will start by defining the arithmetic return in any given period, and then expand the definition to multiperiod returns. Then we will define the logarithmic return in any given period, and again expand the definition to multiperiod returns. Finally, we will conclude by discussing the distinction between these two types of returns.
(Also available in Spanish.)
Estrada J.; 8 pages.

The Essential Financial Toolkit: Tool 2 - Mean Returns
(FN-553-E- 0.208.024)
This note discusses three definitions of mean returns and highlights their different interpretations and uses. In many cases, particularly when evaluating risky assets, the concept of “mean return” is meaningless and stating the type of mean return discussed, arithmetic or geometric, is essential. Also, when investors trade actively, their mean return and that of the asset in which they invest may differ, which requires yet another concept, the dollar-weighted mean return.
(Also available in Spanish.)
Estrada J.; 11 pages.

The Essential Financial Toolkit: Tool 3 - Risk: Standard Deviation and Beta
(FN-555-E - 0.208.029)
This note discusses two very widely-used definitions of risk, standard deviation and beta, both of which are at the heart of modern finance. Some say that risk, like beauty, is in the eyes of the beholder. Maybe it is, but even if that is the case, understanding the relationship between the standard deviation, beta, and risk is essential for anyone who wants to have a basic knowledge of finance.
(Also available in Spanish.)
Estrada J.; 8 pages.

The Essential Financial Toolkit: Tool 4 - Diversification and Correlation
(FN-558-E - 0.208.037)
This note discusses the issue of diversification, something that academics preach and most investors practice. It is often heard that putting all your eggs in one basket is not a good strategy. Diversification, at the end of the day, consists of following that simple advice when building investment portfolios, a process in which the correlation between assets plays a critical role.
(Also available in Spanish.)
Estrada J.; 10 pages.

The Essential Financial Toolkit: Tool 5 - Required Returns and the CAPM
(FN-559-E - 0.208.038)
This note discusses the relationship between risk and return. It is obvious that investors would want a higher exposure to risk to be compensated with a higher return, but in order to estimate the actual return investors should require at different levels of risk, we need a model. The CAPM, one of the models most widely used in finance, provides a simple and intuitive way to tackle this issue.
(Also available in Spanish.)
Estrada J.; 10 pages.

The Essential Financial Toolkit: Tool 6 - Downside Risk
(FN-560-E - 0.208.039)
This note discusses a view of risk that, unlike the standard deviation and beta, focuses on the downside faced by investors. Of the several measures that attempt to capture this downside, the focus here is on the semideviation, an increasingly-popular magnitude that measures volatility below any chosen benchmark.
(Also available in Spanish.)
Estrada J.; 9 pages.

The Essential Financial Toolkit: Tool 7 - Risk-Adjusted Returns
(FN-561-E - 0.208.040)
This note discusses how to properly evaluate the performance of assets by taking into account not just their returns, as most commercial rankings do, but also their risk. And because risk can be defined in more than one way, there is more than one measure
of risk-adjusted returns. We will discuss five of them, some differing in the way they define risk and others in the way they incorporate it into a risk-adjusted measure. (Also available in Spanish.)

Estrada J.; 11 pages.

The Essential Financial Toolkit: Tool 8 – NPV and IRR
(FN-562-E - 0.208.041)

This note discusses the two most widely-used tools for project evaluation, NPV and IRR. Both tools require a critical input, the cost of capital, one of the most essential magnitudes for any company, which is also briefly discussed. Both NPV and IRR have applications that go way beyond project evaluation and no toolbox would be complete without them. (Also available in Spanish.)

Estrada J.; 11 pages.

The Essential Financial Toolkit: Tool 9 – Multiples
(FN-563-E - 0.208.042)

This note discusses stock valuation using relative valuation ratios, typically referred to as multiples. These multiples are widely used by equity analysts and widely discussed in the financial press. Their popularity is largely due to their simplicity but, as discussed in this case, this simplicity may be deceptive and may lead to faulty analyses, and ultimately to wrong investment decisions. (Also available in Spanish.)

Estrada J.; 11 pages.

The Essential Financial Toolkit: Tool 10 – Bonds
(FN-564-E - 0.208.043)

This note discusses a financial instrument that governments, companies, and investors could hardly do without. Bonds are an essential asset class, widely used by governments and companies to finance their investments and by investors to protect their portfolios. They come in many types and degrees of complexity, but the simple bonds discussed here, whose characteristics of risk and return are not difficult to understand, are the most widely used. (Also available in Spanish.)

Estrada J.; 9 pages.

Managing People in Organizations

El Ayuntamiento de los Caños: Inicio de una negociación
(DPO-14 - 0.403.032)

El caso analiza el inicio de la negociación colectiva en un entorno laboral en el que no existían relaciones sindicales y en el que por primera vez se contempla un marco de negociación que se desea esté presidido por la concordancia laboral y la participación social.

Pin J.R.; Yera T.; 21 pages.

Rafael Nadal: el campeón y la persona
(DPO-163- 0.408.086)

El caso versa sobre la idea de talento: qué es, cómo detectarlo y gestionarlo en un clima de superación y aprendizaje permanente. De ahí la relevancia de la figura del coach. Asimismo, el caso afronta la cuestión de los valores, principios filosóficos imprescindibles para gobernar el éxito profesional. En este sentido, el crucial dilema persona-personaje es estudiado en el contexto de un determinado entorno familiar.

Álvarez de Mon S.; 54 pages.

Production, Technology and Operations Management

Una breve introducción a los museos
(PN-445 - 0.608.038)

Históricamente, los museos europeos se desarrollaron a partir de las elites sociales, muchos tienen su origen en colecciones reales y no se permitía la visita del público. A partir del siglo XIX comenzaron a abrir sus puertas a los visitantes y se concibieron como un instrumento para educar a las clases populares. Los museos han evolucionado en el último tercio del siglo XX de estar orientados a la conservación y almacenamiento de piezas durante la mayor parte de su historia a centrar sus objetivos en la información y educación del público. En la actualidad, los museos ya no se reducen a meras salas de exposiciones; restaurantes, tiendas, aulas de actividades pedagógicas, salas de proyecciones, auditórios, etc. son equipamientos imprescindibles para cubrir la demanda social y que el museo pueda desempeñar el nuevo papel que se le ha otorgado de motor social.

Herrero Q.; Marco E.; Muñoz-Seca B.; Riverola J.; 50 pages.

Hacia un modelo comercial más centrado en los clientes: El caso de las instituciones financieras
(PN-446 - 0.608.039)

En este documento se recogen ideas que pueden ser útiles a las empresas para virar el foco comercial desde el producto al cliente.

Huete L. M.; 9 pages.
La innovación y sus palancas secretas
(PN-447 - 0.608.040)
En este documento se recogen algunas ideas para diseñar una estrategia de innovación que mejore sustancialmente la forma en la que se compite en el mercado.
Huete L. M.; 9 pages.

La experiencia de la marca: Los clientes han de sentir y vivir la marca
(PN-449 - 0.608.042)
En este documento se recogen diez claves para gestionar la marca desde la perspectiva de la experiencia del cliente en la entrega del servicio.
Huete L. M.; 11 pages.

La gestión segmentada de la base de clientes
(PN-450 - 0.608.043)
En este documento se recogen diez claves para hacer de la gestión segmentada de clientes una fuente de creación de ventajas competitivas, y diez preguntas que permiten diagnosticar el grado de avance en la gestión segmentada de la base de clientes.
Huete L. M.; 14 pages.

Hacia un mayor logro personal: siete batallas para conciliar trabajo y vida personal
(PN-451 - 0.608.044)
Este documento plantea la conciliación trabajo y vida personal desde la perspectiva de la responsabilidad que cada uno de nosotros tiene en hacerla posible en su propia vida y desde la perspectiva de lo que entendemos por una vida lograda.
Huete L. M.; 17 pages.

Strategic Management

The KLM Approach to Alliances
(SM-1530-E - 0.308.030)
When it teamed up with Northwest Airlines of the United States in 1989, KLM became Europe’s first airline to begin a major cross-border airline alliance. What followed was a series of pancontinental alliances resulting in the formation of Star Alliance, oneworld and Skyteam. This case study highlights the main milestones in the development of KLM’s major alliances, focusing primarily on Northwest, with additional details on relationships with Kenya Airways, China Southern and smaller airlines. It covers the airline industry, KLM’s history of alliances and merger attempts, the Air France-KLM merger and KLM’s current approach to alliances.
Mitchell J.; Ariño A.; Ozcan P.; 23 pages.

The KLM Approach to Alliances – Teaching Note
(SMT-61-E - 5.308.035)
Case SM-1530-E.
Use is restricted to Academic Institutions.
Mitchell J.; Ariño A.; Ozcan P.; 14 pages.

COYCAS (Comunicaciones y Catenarias S.A.)
(SM-1536 - 0.308.042)
Benjamín Pérez compite con su hermana Marta para ocupar el puesto de representación en el consejo de administración que le corresponde a su rama familiar. El tema se complica con la intervención del padre y deviene en conflicto entre los distintos accionistas.
Rus S.; Tàpies J.; 9 pages.

Valencia: Una estrategia basada en eventos deportivos
(SM-1540 - 0.308.060)
Cualquiera que hubiese estado en Valencia hace quince años y volviera a visitarla ahora, no la reconocería. El cambio obrado en la ciudad de Valencia en particular, y en toda la Comunidad Valenciana en general, ha hecho que sea una ciudad irreconocible. De una ciudad que vivía de espaldas al mar, puramente industrial y sin apenas relieve internacional, ha pasado a ser la ciudad europea que más ha crecido en los últimos quince años gracias al sector servicios. Este sector, a principio de los años noventa, cuando comienza la estrategia de lanzamiento de la ciudad, era un sector prácticamente muerto. Para lograr que la economía valenciana diera un vuelco se inicia una acción conjunta por parte del Ayuntamiento y la Generalitat para impulsar el turismo a través de la cultura y el deporte. Se consigue pasar de un turismo puramente de negocios, al turismo vacacional dirigido a personas no sólo de origen español, sino del mundo entero. Esta estrategia de lanzamiento de la ciudad coincide con la España de 1992, donde destacan los grandes eventos como las Olimpiadas en Barcelona, la Expo en Sevilla y Madrid como capital europea, y hace que en Valencia se planteen si puede ser a través de los grandes eventos deportivos la manera de despegar al mundo, de conseguir que todo el mundo sepa situar Valencia en el mapa. Así comienzan a presentar la candidatura de Valencia como posible sede de los eventos deportivos, consiguiendo algunos como la America’s Cup, Volvo Ocena Race, circuito urbano de F1, el Mundial Indoor de
Atletismo, Open 500 de Tenis, la Global Champion Tour, que consiguen cambiar la ciudad y lanzarla al mundo, logrando así que todo el mundo sepa situar Valencia en el mapa.

Bofarull C.; Gracia I.; Gómez S.; 25 pages.

Accionistas en la empresa familiar
(SMN-667 - 0.308.053)

Pertenecer a una familia propietaria de una empresa tiene dos posibilidades con respecto a la empresa: participar o no en el proyecto familiar y empresarial. En el primer caso, sería un accionista comprometido con la empresa. En el segundo, puede declinar formar parte de los negocios familiares, nadie puede forzarnos a ser accionista de una empresa de la familia y aun siéndolo, participar en el desarrollo de ella. A pesar de que alguien reciba por herencia una participación, unas acciones, de una empresa, o la empresa completa, no tiene por qué aceptarla, una herencia siempre se puede rechazar. Esta actitud es fruto de la libertad que debemos tener a la hora de establecer los destinos de la vida.

Rus S.; Tàpies J.; 11 pages.

Formación necesaria para el accionista de la empresa familiar
(SMN-668 - 0.308.054)

En una familia propietaria de una empresa, conforme se va atomizando el accionariado se producirán diferencias entre los accionistas en todos los sentidos. Unos tendrán formación universitaria; otros, sólo la secundaria obligatoria, y otros carecerán de un mínimo de formación. Estas circunstancias concretas no pueden provocar desavenencias y discrepancias entre ellos, porque todos los familiares tienen en común algo: la propiedad de la empresa familiar. Y, por tanto, todos están llamados a conseguir el mismo objetivo: la continuidad de la empresa familiar. La cuestión es que la formación y la implicación de cada uno en la empresa determinarán la percepción de cada uno sobre esa misma realidad, que a su vez estará muy condicionada por la formación que hayan recibido.

Rus S.; Tàpies J.; 8 pages.

Occasional Papers

OP-169 – May 2009
Kate Ganly - Johanna Mair
SOCIAL ENTREPRENEURSHIP IN RURAL INDIA: A SMALL STEP APPROACH TOWARDS INSTITUTIONAL CHANGE

Abstract: As change agents, social entrepreneurs tackle persistent social problems that often require innovative solutions in resource-scarce environments (Mair and Marti, 2006; Seelos and Mair, 2005). While much research to date has focused on the “entrepreneurship” side of the equation, there have been few studies examining the processes of “social” change that these entrepreneurs and organizations aim to set in motion (Vasi, 2009). One way to conceptualize the role of social entrepreneurs in social change processes is to view them as institutional entrepreneurs (Mair and Marti, 2009), i.e., as entrepreneurial actors who introduce and push through alternative conceptions of social, political or cultural order. This paper draws upon a broader research project based on an in-depth case study of one such entrepreneurial actor in Eastern India addressing issues of institutionalized inequality and social exclusion through community development work.