



University of Navarra

Newsletter Research Division

No 122

November - December 2004

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Journals

Manel Baucells - Steven A. Lippman

"Bargaining with search as an outside option: The impact of the buyer's future availability", *Decision Analysis*, Vol. 1, No 4, December 2004, pages 235-249.

Abstract: This paper seeks prescriptive advice for a seller whose outside option is to sell an asset via search, while facing a potential buyer whose outside option is to walk away. In the basic model, the buyer and seller efficiently split the gains from agreement, and the future availability of the buyer is irrelevant. We compare the buyer's threat of committing to never buy the asset versus the threat of delaying the agreement until the arrival of the next offer. Surprisingly, this restriction has no effect on the payoffs, even if the buyer's future availability is uncertain.

In contrast, when informational frictions force the seller to use an actual offer rather than the expected return from search as an outside option, enormous changes in the dynamics and outcome ensue: Sale of the asset ceases to be instantaneous, and the seller might solicit several offers prior to sale. Both the payoffs and the probability that the sale is made to the buyer depend crucially on that buyer's future availability. Longer availability is beneficial to the seller and, contrary to intuition, need not be harmful to the buyer.

Toni Dávila - Marc Epstein - Sharon Matusik

"Innovation strategy and the use of performance measures", *Advances in Management Accounting*, Vol. 36, No 13, 2004, pages 27-58.

Abstract: Senior managers have often been frustrated by the lack of innovation in their organizations and have looked for better ways to implement an innovation strategy. To provide initial evidence on this significant topic, we conduct an empirical examination and contribute to the existing literature in two important areas. First, we examine how managers choose what measures to pay attention to in managing the innovation process – defined as the process of creative definition, development, and commercialization of substantially new products, services or businesses. We find that managers use measures about specific phases of the innovation process together. For example, measures that inform about the execution stage of the innovation process are grouped together rather than being grouped with measures informative about other phases of the innovation process, such as market performance. This pattern "focused" around specific phases is in contrast to the alternative "balanced" pattern, where managers would use measures from various phases of the process together. Second, this paper provides empirical evidence on the relationship between innovation strategy and the use of measures. Though previous studies have linked innovation strategy and the use of management control systems in general, there is little empirical data on the relationship between strategy and the use of measures on the innovation process. We find that different dimensions of strategy are positively associated with how managers use different types of measures.



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Javier Estrada

"Adjusting P/E ratios by growth and risk: A note", *Finance Letters*, Vol. 2, No 5, November 2004, pages 4-10.

Abstract: P/E ratios are one of the tools most widely used by analysts and the key variable in many value strategies. PEG ratios, an increasingly-popular valuation tool among analysts, improve upon P/E ratios by adjusting the latter by growth. This note proposes a new tool, the PERG ratio, which adjusts P/E ratios by both growth and risk. The evidence reported shows that strategies based on PERG ratios outperform, on a risk-adjusted basis, those based on P/E and PEG ratios.

Marc Sachon - Elisabeth Pate-Cornell

"Managing technology development for safety-critical systems", *Engineering Management*, Vol. 51, No 4, November 2004, pages 451-461.

Abstract: This paper presents a model that determines the optimal budget allocation strategy for the development of new technologies, for safety-critical systems, over multiple decision periods. The case of the development of a hypersonic passenger airplane is used as an illustration. The model takes into account both the probability of technology development success as a function of the allocated budget and the probability of operational performance of the final system. It assumes that the strategy is to consider (and possibly fund) several approaches to the development of each technology to maximize the probability of development success. The model thus decomposes the system's development process into multiple technology development modules (one for each technology needed), each involving a number of alternative projects. There is a tradeoff between development speed and operational reliability when the budget must be allocated among alternative technology projects with different probabilities of development success and operational reliability (e.g., an easily and quickly developed technology may have little robustness). The probabilities of development and operational failures are balanced by a risk analysis approach, which allows the decision maker to optimize the budget allocation among different projects in the development program at the beginning of each budget period. The model indicates that by considering reliability in the R&D management process, the decision maker can make better decisions, optimizing the balance between development time, cost, and robustness of safety-critical systems.

Books

Africa Ariño - Pankaj Ghemawat - Joan E. Ricart

"Creating value through international strategy", *Palgrave Macmillan*, October 2004, 288 pages.

Abstract: Every day, more and more companies embark on international business. Through a collection of articles by leading scholars in International Business this book answers fundamental questions such as: How do companies create value through global strategy? What are the sources of value creation? How do companies organize themselves and manage the process of international expansion? How does location specificity matter in this process? "Creating Value through International Strategy" will be of interest to academics and professionals in international business and management.

Nuria Chinchilla - Consuelo León

"A ambição feminina", *Edições AESE*, November 2004, 214 pages. Previously published in Spanish by Ediciones Aguilar.

Abstract: The book surveys the history of women in the world, citing anthropological and sociological data. It describes the variety of working situations in which women find themselves today and analyzes the worrying decline in the birth rate in the First World, particularly in Spain. As a practical addition, it includes an up-to-date overview of family assistance in various countries. Turning to the world of business, the book develops and explains the concept of the "family-friendly firm". Particularly helpful in this respect are the two chapters on personal leadership and time management, completing the overview of the social, legal and organizational aspects of the problem.

Pablo Fernández

"Valoración de empresas", third expanded and updated edition, *Ediciones Gestión 2000*, November 2004, 934 pages.

Abstract: El libro ayuda al lector a valorar cualquier empresa o proyecto de inversión. También le ayuda a identificar los factores más relevantes en el proceso de creación de valor y a detectar errores en otras valoraciones de empresas. La tercera edición incorpora 8 capítulos nuevos y 5 capítulos muy transformados. Los veintitrés capítulos restantes han sido actualizados y modificados. Los temas nuevos son los siguientes: 97 errores frecuentes en valoraciones de empresas. Análisis del trabajo de los analistas y de los gestores de fondos. Creación de valor y rentabilidad de empresas europeas y americanas. Inutilidad de las betas calculadas. APV: el valor del ahorro de impuestos debido a los intereses. Valoración de empresas estacionales. Valor de una empresa que no reparte dividendos. Prima de riesgo del mercado, rentabilidad diferencial histórica y su expectativa. Métodos más habituales para alterar los beneficios. Valoraciones en procesos de arbitraje.

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Se profundiza, además, en los siguientes temas: diez métodos de valoración por descuento de flujos; tipos de flujos y tasas utilizados en valoración; determinación de la prima de riesgo en España y en mercados internacionales; opciones reales; limitaciones de la valoración por múltiplos; definición y medición de la creación de valor para los accionistas; factores que afectan al valor de las acciones (*value drivers*); utilidad y limitaciones del EVA; valoración de marcas e intangibles.

MIT Press, has published the book "Transforming enterprise: The economic and social implications of information technology", edited by William H. Dutton, Brian Kahin, **Ramón O'Callaghan** and Andrew W. Wyckoff, December 2004, 528 pages.

Abstract: Innovators across all sectors of society are using information and communication technology to reshape economic and social activity. Even after the boom –and despite the bust– the process of structural change continues across organizational boundaries. "Transforming enterprise" considers the implications of this change from a balanced, post-bust perspective. Original essays examine, first, the impact on the economy as a whole, and, in particular, the effect on productivity; next, the role of information technology in creating and using knowledge – especially knowledge that leads to innovation; then, new organizational models, as seen in the interlocking and overlapping networks made possible by the Internet. The authors also analyze structural changes in specific sectors, including the effect of information technology on the automotive industry, demand-driven production and flexible value chains in the personal computer industry, and new models of outsourced manufacturing in the electronics industry. The final essays examine the societal implications of the diverse ways that information technologies are used – across individuals, groups, communities, and nations, considering questions of access and the digital divide.

Which includes, among others, the following chapters by **Ramón O'Callaghan**:

"Technological innovation in organisations and their ecosystems", pages 1-12.

Abstract: Information and communication technologies (ICT) are presented as tools that help design, change, innovate, and learn in the emerging organizational models of the network economy. The new business paradigms regard the firm as a node in an ecosystem – a network of partners that collaborate to create customer experiences and intelligent products that can adapt themselves to evolving customers needs. The essay discusses the evolution of research on ICT-enabled transformation in the light of these new inter-organizational arrangements and new drivers of value, as well as new ICT infrastructures and governance models.

"IT-enabled growth nodes in Europe: Concepts, issues and research agenda", pages 199-228.

Abstract: 'Growth nodes' are introduced as an evolution of clusters that emphasizes networking as well as the knowledge transfer and social learning associated with conventional clusters. The spread of global and local networks is creating the potential for a new growth dynamics. It is not clear, however, what mix of ICT applications in any given cluster will give rise to the emergent properties of growth nodes. The paper develops a research agenda on ICT-enabled growth-nodes which seeks to clarify how new insights in this area can be generated. Among others, it addresses the question of how the deployment and use of new ICTs might modify what constitutes a viable and sustainable growth node, and its policy implications.

AEDE (Asociación de Editores de Diarios Españoles) has published "Libro Blanco de la Prensa Diaria 2005", a publication coordinated by **Juan M. de Toro** and Ignacio Bel, from IESE, and Deloitte & Touche. The first five parts were researched and written by **Juan M. de Toro**, 388 pages.

Abstract: Por cuarto año consecutivo sale a la luz el Libro Blanco de la Prensa Diaria en España que recoge los principales datos económicos y profesionales de este sector. Como en ediciones anteriores se ofrece una disección clara y sistemática de los medios informativos españoles, desde la evolución de la difusión, número de lectores y audiencias, pasando por un análisis pormenorizado de la actividad comercial de los diarios y ofreciendo un profundo análisis de la evolución y de los últimos datos económico-financieros del sector en su conjunto y de cada uno de los diarios en particular.

A su vez, este año se incluye un estudio muy elaborado sobre uno de los principales deberes que aún le restan a este sector en general, como es generar «alternativas estratégicas para aumentar la audiencia de prensa de la mujer» como lectora de los diarios, estudio desarrollado en exclusiva para este libro por parte de Carat. Por último, y como viene siendo norma tras las anteriores ediciones, se recogen varios artículos sobre temas de actualidad elaborados por personas de reconocido prestigio en el sector de prensa diaria en España.

Contributions to books

Jordi Canals

"Consejos de administración y buen gobierno", in the book "1992-2004: Actividades y logros en los primeros años del IEF", Instituto de la Empresa Familiar, 2004, pages 142-149.

Abstract: La reforma del gobierno de la empresa se ha planteado recientemente como una respuesta a las crisis empresariales



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registradas tanto en Estados Unidos como en Europa. Un marco legal, claro y estable es imprescindible, pero también es importante que la empresa cree valor económico con sus productos y servicios, invierta, innove, genere empleo y tenga un impacto positivo en la sociedad. El propósito de este trabajo es dirigir la atención de las posibles mejoras del gobierno corporativo hacia el papel del consejo de administración en el impulso de proyectos de futuro de la empresa.

IESE - Working Papers

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

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Pablo Fernández

REPLY TO "THE VALUE OF TAX SHIELDS IS EQUAL TO THE PRESENT VALUE OF TAX SHIELDS"

Abstract: In a recent paper, Cooper and Nyborg (2004) argue that the results of Fernández (2004) are wrong because value-additivity is violated and because "Fernández paper comes from mixing the Miles-Ezzell leverage policy with the Miller-Modigliani leverage adjustment."

Cooper and Nyborg's paper is thought-provoking and helps a lot in rethinking the value of tax shields. However, their conclusions are not correct because, as is proven in this paper, the main result of Fernández (2004) is correct for several situations.

An evident error of Cooper and Nyborg (2004) is that their formulae (4), (6), (8) and (11), which they attribute to Miles and Ezzell (1980), correspond to Harris and Pringle (1985) and Ruback (2002). In addition, their formulae (3) and (5) are not general: they are valid only for perpetuities without growth.

In this paper I also show that the value of tax shields depends only upon the nature of the stochastic process of the net increase of debt.

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Joan E. Ricart - Miguel A. Rodríguez - Pablo Sánchez
SUSTAINABILITY IN THE BOARDROOM: AN EMPIRICAL EXAMINATION OF DOW JONES SUSTAINABILITY WORLD INDEX LEADERS

Abstract: In recent years, there has been a virtual explosion of interest in corporate governance. Corporate scandals and the need to protect minority shareholders' interests are two of the reasons behind the development of corporate governance codes in numerous countries and corporations. At the same time, the concepts of "sustainable development", "corporate responsibility", and "corporate citizenship" have taken root in the business world. Although corporate governance and sustainable development have been extensively researched as separate fields

of inquiry, less attention has been paid to the interaction between the two. This paper attempts to bridge this gap by examining how corporate governance systems are evolving so as to take account of sustainable development thinking. We analyze the governance systems of the leading companies in the 18 market sectors included in the Dow Jones Sustainability World Index (DJSWI). We present the results of our in-depth analysis of the 18 cases and propose the Sustainable Corporate Governance Model that emerges from that analysis.

No 578 - November 2004

Pablo Fernández

COMMENTS ON "A RECONSIDERATION OF TAX SHIELD VALUATION" BY ENRIQUE R. ARZAC AND LAWRENCE R. GLOSTEN

Abstract: While Arzac and Glosten (2005) affirm that "the value of tax shields depends upon the nature of the equity stochastic process, which, in turn, depends upon the free cash flow process," I prove that the value of tax shields depends **only** upon the nature of the stochastic process of the net increase of debt. Arzac and Glosten (2005) formulate the constant leverage ratio assumption as $D_t = L \cdot E_t$. The assumption of Fernández (2004) is $E\{D_t\} = L \cdot E\{E_t\}$, where $E\{\bullet\}$ is the expected value operator, D the value of debt, E the equity value, and L a constant. The Arzac and Glosten (2005) assumption requires continuous debt rebalancing, while mine does not. Under both financial policies, the expected leverage ratio is constant, but the Arzac and Glosten (2005) assumption is too extreme.

Working Papers

Julia Prats - Ashish Nanda

"Sustaining superior performance through a boom and bust period: Inter-firm differences in the e-consulting industry", Harvard Business School, Working Paper Series, No 05-018, October 2004.

Abstract: This paper develops and empirically tests a theoretical framework that identifies new venture strategies that are robust to a severe change in environmental conditions. Specifically, it develops a typology of strategic options among new ventures in the context of an emerging industry that experiences an Entrepreneurial Boom and Bust (EBB) Period. An analysis of the performance drivers of 104 e-consulting firms from January 1998 through December 2001 suggests that initial endowments shape strategy during the expansion phase of the EBB, and also predict firm survival at the end of the EBB period. We find that firms followed four strategy archetypes - Conservative Growers, Focused Consultants, Expansionists and Aggressive Acquirers. Further, differences are systematically associated with differences in performance. Whereas Conservative Growers and Focused Consultants were most successful in weathering the contraction phase, Expansionists and Aggressive Acquirers were most susceptible to failure.

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"What can we learn from history? The entrepreneurial boom and bust in the investment management industry (1927-1931)", *Harvard Business School, Working Paper Series, No 05-019, October 2004.*

Abstract: This paper develops and empirically tests a theoretical framework that identifies new venture strategies that are robust to a severe change in environmental conditions. Specifically, it develops a typology of strategic options among new ventures in the context of an emerging industry that experiences an Entrepreneurial Boom and Bust (EBB) Period. An analysis of the performance drivers of 85 investment management firms from 1927 through December 1931 suggests that initial endowments shape a firm strategy during the expansion of the EBB, and also predict firm survival at the end of the EBB period. We find that firms followed three archetypes of strategy – Conservative Growers, Focused Investors, and Expansionist. They started from different resources bases. Conservative Growers were differentially able to withstand the contraction period.

"Surviving through a boom and bust period: Inter-firm differences in the e-consulting industry", *Harvard Business School, Working Paper Series, No 05-031, October 2004.*

Abstract: This paper examines how early strategies and organizational endowments affect firm performance in the context of a boom and bust period. An analysis of the performance drivers of 104 e-consulting firms from January 1998 through December 2001 shows that new firms that are successful in the long term follow growth and long-term organizational strategies distinctly different from those of new firms that succeed only when the industry is expanding but fail when it declines. Firms that succeeded during the expansion phase avoided hyper-growth and acquired small firms; during the decline phase, these firms retreated from international markets and became the industry consolidators. Finally, this category also draws on a more valued set of skills and wider service portfolios than do firms that succeed during industry expansion but fail during contraction.

Studies and Monographs

No 19 - November 2004

Rafael Andreu - Joan Baiget - Erica Salvaj
GESTION DEL CONOCIMIENTO Y COMPETITIVIDAD EN LA EMPRESA ESPAÑOLA - 2003

Abstract: En una economía globalizada, el desarrollo de capacidades distintivas –conocimientos propios de la empresa difíciles de imitar– es la mejor manera de competir. Pero, ¿es posible gestionar esos conocimientos de forma efectiva? ¿Cómo lo hacen las empresas españolas? A estas preguntas intenta responder la segunda edición del estudio "Gestión del

conocimiento y competitividad en la empresa española - 2003", elaborado por el profesor del IESE **Rafael Andreu** junto a la candidata doctoral Erica Salvaj y el experto de Capgemini Joan Baiget. La investigación revela que aunque todavía queda un largo camino por recorrer, poco a poco las empresas van atribuyendo resultados de negocio a las iniciativas de desarrollo y aplicación del conocimiento, lo que conducirá probablemente a una mayor inversión en estos proyectos y a más implicación de la dirección general en los mismos.

No 20 - December 2004

Sandra Sieber

MAS ALLA DE LA EMPRESA EXTENDIDA

Abstract: La introducción de los sistemas de información (SI) y de las tecnologías de información y comunicación (TIC) en las relaciones empresariales ha obligado a las compañías a replantearse sus procesos de gestión internos y externos, llegando incluso a establecer nuevas formas de organización y a reconfigurar sectores enteros.

Aunque históricamente el objetivo de los SI y de las TIC ha sido la integración de la información procedente de las distintas áreas de la empresa en un único sistema, en la actualidad la integración se extiende a la información generada por el resto de los participantes en la cadena de suministros, desde clientes hasta proveedores.

Las TIC han permitido la automatización de diferentes tipos de interacción (uno a uno, uno a muchos, o muchos a muchos). Esto no sólo afecta a los costes de los procesos de gestión internos o entre empresas, sino que puede llegar a suponer la transparencia de mercados o cadenas de suministro, incrementando así su eficiencia. Es lo que conocemos como la empresa extendida.

Este documento repasa las diferentes maneras en que las TIC han afectado a las relaciones, tanto internas como externas, de las empresas, demostrando que la aparición de Internet y de las denominadas iniciativas B2B (*Business to Business*; comercio electrónico entre empresas) son tan sólo un paso más de una larga evolución.

Other publications

Rafael Andreu - Joan Baiget

"La gestión del conocimiento se abre paso", *ICTNET, No 182, December 2004, 45 pages.*

Abstract: Resumen del estudio "Gestión del conocimiento y competitividad de la empresa española - 2003". Algunas conclusiones interesantes son que la gestión del conocimiento está madurando en las empresas españolas, y además que lo hace con menos contenido tecnológico de lo que venía siendo habitual – hoy se considera que las tecnologías de la información y comunicación pueden apoyar la práctica de gestión del conocimiento, pero no se



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ven como la principal preocupación al respecto. Además, se considera que un componente importante del conocimiento que acaba por proporcionar, bien gestionado, ventajas competitivas a las empresas, tiene que ver con prácticas organizativas (además de con *know how* en el proceso de producción, patentes, etc., que constituyen componentes más clásicos).

Antonio Argandoña

"Los desequilibrios de la economía española: una explicación de sus determinantes y cambios en el tiempo", *Revista del Instituto de Estudios Económicos*, monographic issue of "25 años de economía de mercado", No 1, 2004, pages 207-217.

Abstract: La economía española ha experimentado transformaciones muy importantes en los últimos veinticinco años. Sobre el trasfondo de los cambios introducidos en la estructura, reglas del juego, funcionamiento de los mercados y condiciones organizativas, este trabajo revisa la evolución de los desequilibrios macroeconómicos (inflación, déficit público, deuda pública, déficit exterior, etc.), en lo que se ha dado en llamar la introducción de la "cultura de la estabilidad" en España. Se analiza la evolución de esos desequilibrios y su corrección en las diversas etapas de adelanto y retroceso.

Jordi Canals

"La internacionalización de la empresa española", *Papeles de Economía Española*, Vol. II, No 100, 2004, pages 249-263.

Abstract: En este trabajo se abordan tres cuestiones relativas al proceso de internacionalización seguido por las empresas españolas durante el periodo 1992-2002. Primera, se presenta un modelo conceptual para comprender este proceso basado en tres variables clave: las variables económicas (principalmente, el mercado único de 1992, el lanzamiento del euro y la subsiguiente creación del mercado financiero integrado en la UE); las variables políticas (principalmente, la privatización de empresas públicas y la desregulación de numerosos sectores); y, finalmente, las variables internas propias de las empresas. Segunda, el perfil internacional que muestran las empresas españolas en su proceso de internacionalización. Los perfiles clásicos han sido el de acceso a recursos productivos o costes de fabricación más baratos, y el de acceso a clientes y mercados. Se presenta un perfil de internacionalización de empresas españolas algo diferente. Tercera, sobre las pautas posibles de la evolución futura del proceso de internacionalización de las empresas españolas. Aquí se presentan unas dimensiones que pueden ayudar a construir el armazón conceptual para un impulso de la gestión internacional de las empresas españolas en los próximos años.

Pablo Fernández

"Rentabilidad y creación de valor para los accionistas en el período 1992-2003", *Especial Directivos*, 25th anniversary issue, December 2004, pages 74-82.

Abstract: En este artículo se analizan la capitalización, la rentabilidad, el aumento del valor para los accionistas y la creación de valor para los accionistas del IBEX y de las 75 empresas españolas que cotizaron en bolsa (en el mercado continuo) desde diciembre de 1992 hasta diciembre de 2003. El conjunto de las empresas del IBEX 35 crearon valor para los accionistas en todos estos años excepto en 1994, 2000, 2001 y 2002 (años en los que la rentabilidad del IBEX, más dividendos, fue inferior a la rentabilidad exigida).

Telefónica fue la empresa que más valor creó en el período 1992-2003 (un 18% del total). Las diez primeras empresas supusieron un 88% del total.

También se documenta que las empresas pequeñas fueron (en promedio) más rentables que las empresas grandes.

Pedro Nueno

"La empresa española y la oportunidad de China", *Economía Exterior*, monographic issue devoted to China, No 30, fall 2004, pages 43-50.

Abstract: China es uno de los motores del mundo y todo indica que cada vez lo será más. El desarrollo de China se ha beneficiado de una gestión peculiar que ha sabido alcanzar un razonable equilibrio entre las expectativas del pueblo chino y las posibilidades del desarrollo económico. Este equilibrio parece que se mantendrá en el futuro previsible. China, con sus mercados y con sus empresas, afectará a cualquier compañía del mundo presentándole oportunidades y peligros. Las empresas españolas, que han concedido poca prioridad a China, no van a ser una excepción en ese impacto. Es pues momento de analizar con rigor qué significa China para nuestra empresa.

Fernando Peñalva

"Impacte real de la implantació de las Normes Internacionals d'Informació Financera: el seu efecte en els sistemes de control de l'empresa", proceedings of the Jornada dels economistes 2004 "L'economia catalana: què cal fer?", *Col·legi d'Economistes de Catalunya*, pages 129-131.

Abstract: El Reglament europeu sobre aplicació de les normes internacionals de comptabilitat determina que en el tancament comptable del 2005, les empreses cotitzades en països de la Unió Europea hauran de fer servir en la preparació dels seus estats financers consolidats les Normes Internacionals d'Informació Financera (NIIF) emeses per l'International Accounting Standards Board (IASB).

Aquest canvi suposarà una autèntica revolució comptable a Europa i marcarà el principi de la fi de la tradició comptable continental basada en regles fiscals i reguladors nacionals públics. Les noves normes comptables augmentaran la transparència, facilitaran la comptabilitat i contribuiran a reduir el cost del capital per a les empreses europees.



Conferences and Seminars

Tunji Adegbesan (PhD Student)

On October 31–November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where he presented the paper “Innovation vs. efficiency or efficiency in innovation? Determining the performance impact of technological innovation”.

Abstract: In this paper, I highlight the importance of studying the determinants of technological innovation's impact on performance in the light of recent evidence against the assumed positive relationship between innovativeness and performance. A comprehensive review of the literature linking innovation to performance shows that there are substantial gaps to be filled in our understanding of the relationship between technological innovation and firm-level performance. I present a framework combining cooperative game theory with the resource-based view of the firm, and use it to predict the distribution of the value created by a technological innovation amongst members of the innovating coalition. I then present theoretical propositions on the conditions that maximize the amount of value appropriated by a firm that introduces a technological innovation.

Africa Ariño

On October 31–November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where she presented the paper “The role of justice theory in strategic alliance negotiations”, co-authored by Peter S. Ring.

Abstract: We report data from a revelatory qualitative case study of a failed attempt to negotiate an international joint venture agreement. We analyze issues of justice and the role that their occurrences in the course of the negotiations might have played in this outcome. These potential antecedents of the failure were derived from theories of organizational justice. The results support an argument that organizational justice theory, particularly interactional justice, can play an important role in explaining alliance negotiation outcomes.

She also was a panelist in the session “Strategic alliance research: Debates, dialogues, and directions”; and moderated the panel “Building bridges across research cultures: Benefiting from open-mindedness”.

Manel Baucells

On November 4–6, attended, in Barcelona, the *ASSET Annual Conference 2004*, where he presented the paper “A field study of stakes, frequency, domain, and framing in decisions under uncertainty”.

Abstract: The aim of this article is to investigate risk taking behavior in naturally occurring decisions by means of a survey of

undergraduates, MBAs and executives. Specifically, we develop a survey that requires subjects to describe recent real life decisions and answer questions about several dimensions of a decision, including framing, status quo, domain and type of consequences. We are able to replicate in naturally occurring decisions a key prediction of Prospect Theory, namely that a losses framing increases risk taking behavior.

Our results suggest that the cumulative effects of small frequent decisions are greater than the cumulative effects of large infrequent decisions, implying that small stakes decisions, of the type carried out in laboratory experiments, have an overall contribution that may exceed that of major decisions.

David Bardolet

On November 19–22, attended, in Minneapolis, the *Annual Conference of the Society for Judgment and Decision Making*, where he presented the paper “Naïve diversification and partition dependence in capital budgeting”, co-authored by Craig R. Fox and Daniel Lovallo.

Abstract: Past research on capital budgeting has found that multi-business corporations tend to allocate investment resources inefficiently, spreading capital relatively evenly among divisions. Though traditionally attributed to social factors or misaligned incentives, we provide evidence that this phenomenon reflects a more general cognitive strategy of naïve diversification (Benartzi & Thaler, 2001). In three studies, executives made simple capital investment decisions, revealing a robust bias toward even allocation at each level of organizational hierarchy. Moreover, allocations revealed partition dependence, varying systematically with the budgeting procedure (e.g., centralized versus decentralized) and the organization of the firm (e.g., by geographical versus functional units).

Jasmijn Bol (PhD Student)

On December 9–11, attended, in Brussels, the *4th Conference on “New directions in management accounting: Innovations in practice and research”*, organized by The European Institute for Advanced Studies in Management, where she presented the paper “Empirical research on performance-based compensation contracts”.

Abstract: The objective of this paper is to provide a critical overview of the existing empirical research on performance-based compensation contracts. I examine the predictive power of agency theory by analyzing two necessary conditions: 1) whether the incentives provided by performance-based compensation contracts influence the agents' behavior in predictable ways, and 2) whether performance-based compensation contracts reflect agency concerns, focusing on pay-performance sensitivity, performance measures and performance standards. Finally, I examine the influence of subjectivity and CEO power on the design of performance-based compensation contracts. Although the empirical evidence seems to be in line with agency prediction,



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several econometric problems and a lack of detailed firm data limit its reliability.

José Manuel Campa

On December 16-18, attended, in Pamplona, the *XXIX Simposio de Análisis Económico*, organized by the *Asociación Española de Economía (Universidad de Navarra)*, where he presented the paper "Sources of gains from international portfolio diversification".

Abstract: This paper looks at the determinants of country and industry specific factors in international portfolio returns using a sample of thirty-six countries and thirty-nine industries over the last three decades. The importance of industry and country factors is correlated with measures of economic and financial international integration and development. We find that financial market globalization is the main driving force behind the changes in relative magnitude of the different shocks. Country factors are smaller for countries integrated in world financial markets and have declined as the degree of financial integration and the number of countries pursuing financial liberalizations has increased. Higher international financial integration within an industry increases the importance of industry factors in explaining returns. Economic integration of production also helps in explaining returns. Countries with a more specialized production activity have higher country shocks.

Pablo Cardona - Alvaro Espejo (PhD Student)

On November 7-10, attended, in Eilat (Israel), the *Workshop on "Organizational citizenship behavior (OCB): Future challenges in OCB theory and research"*, organized by the School of Management, Ben-Gurion University of the Negev, and the Department of Management, School of Business Administration, Wayne State University, where he presented the following papers:

"Cross-cultural research project on OCB".

Abstract: In this session we present a framework for a global cross-cultural study on OCB and the basic hypotheses for the study. The objective of this presentation is twofold. First, we want to discuss our hypotheses and ideas about the project in order to obtain feedback from the scholars who will attend the meeting. Second, we want to invite scholars from different nations to become involved with this project in order to create a global network on cross-cultural OCB. After designing the final instrument and collecting data, we plan to test these hypotheses using structural equations and hierarchical linear models (to test cross-level effects).

"Organizational citizenship behavior in Iberoamerica: The cross-level effect of locus of control".

Abstract: This presentation addresses the issue of OCB in the Iberoamerican culture. In particular, we use hierarchical linear models to analyze the individual-level effect of organizational commitment on OCB and the cross-level moderator effect of the nation's locus of control (LOC) on this relationship. Results show that managers in more external nations (where people see their work as a result of external forces) tend to engage in less OCB than managers in less external nations. Furthermore, a nation's LOC moderates the individual effect of growth commitment on OCB. The more external the nation, the stronger the relationship between growth commitment and OCB.

Bruno Cassiman - Chiara di Guardo - Giovanni Valentini (PhD Student)

On October 31-November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where they presented the paper "Spanning the boundaries of the firm innovation: R&D. Project organization and performance".

Abstract: For many firms, a viable innovation strategy outlining the need for external versus internal technology development can be of strategic importance. Despite the relevance of the theme, very little empirical research has explained how these boundary decisions affect a firm's innovation performance. Drawing on the case of a multinational company in the semiconductor industry, this study analyses how the organizational form of the R&D project affects its performance. Our study enriches prior research by focusing on the R&D project as the unit of analysis and by measuring performance of internal and external technology sourcing along different dimensions such as efficiency, or short-term performance, and learning, or long-term performance.

Bruno Cassiman also was a panelist in the session "Game theory in action".

Teresa Corzo

On December 16-18, attended, in Pamplona, the *XXIX Simposio de Análisis Económico*, organized by the *Asociación Española de Economía (Universidad de Navarra)*, where she presented the paper "Nonparametric estimation of convergence of interest rates: Effects on bond pricing", co-authored by **Javier Gómez**.

Abstract: We present and estimate a model of short term interest rate dynamics where we incorporate the convergent behavior of interest rates implied by the transition to EMU. We apply this model to data from two EMU countries -Spain and Italy- and compare the performance, in terms of accuracy of bond pricing, of this two-factor convergence model with alternative specifications. Nonparametric techniques are used for the estimation of the processes. The two-factor model which accounts for the convergence with Europe of the domestic economies, obtains better results, especially for short-term assets, than alternative models. The results of the nonparametric specifications are shown to be significantly better than those of parametric alternatives.

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Toni Dávila

On December 9-11, attended, in Brussels, the *4th Conference on "New directions in management accounting: Innovations in practice and research"*, organized by the European Institute for Advanced Studies in Management, where he presented the paper "Management accounting systems adoption decisions: Evidence and performance implications from startup companies".

Abstract: The adoption of a management accounting system is an important event in the life of any young and growing company. Using a sample of 78 startup companies, we find that our proxies for agency costs, perceived benefits and costs, complexity of the firm, and culture explain cross-sectional differences in time-to-adoption of budgets. In particular, the presence of venture capital, CEO experience, firm size, and the culture of the organization are associated with this adoption decision. We also find a significant increase in the size of the company around the adoption of operating budgets; moreover, faster adoption of operating budgets is associated with faster growing companies. We extend the findings to additional management accounting systems, including: cash budgets, variance analysis, operating expense approval policies, capital expenditure approval policies, product profitability, customer profitability, and customer acquisition costs.

Pablo Fernández

On November 8-10, attended, in Cambridge (Massachusetts), the *2nd IASTED International Conference on "Alliances, mergers, and acquisitions"*, where he presented the paper "75 Common and uncommon errors in company valuation".

Abstract: This paper contains a collection and a classification of 75 errors seen in company valuations performed by financial analysts, investment banks and financial consultants. The author had access to most of the valuations that are referred to in this paper when consulting in purchases, sales and mergers of companies, and in arbitrage processes. Some valuations are from public reports by financial analysts.

The errors are classified in six main categories: 1) errors in the discount rate calculation and about 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.

On December 16-18, attended, in Pamplona, the *XXIX Simposio de Análisis Económico*, organized by the Asociación Española de Economía (Universidad de Navarra), where he presented the paper "On the instability of betas: The case of Spain".

Abstract: We calculate betas of 106 companies using 60 monthly returns each day of December 2001. On the average, the maximum beta of a company (the highest of the 31 calculated betas in December 2001) was 2.4 times its minimum beta. The average daily change (in absolute value) of the calculated betas

was 9.8%, and the average weekly change, 24%. The average (unweighted) beta of all the companies was 0.71, well below one, because the large companies had betas greater than 1.

As betas calculated from historical data change considerably from one day to the next, we conclude that, in general, it is a big mistake to use betas calculated from historical data to compute the required return to equity.

Carlos García Pont

On October 31-November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where he presented the paper "Developing subsidiary strategy: Building on embeddedness", co-authored by Fabrizio Novoa and Juan I. Canales.

Abstract: Increasing pressures for global coordination and integration among the dispersed activities of the global value chain in international business has left subsidiaries wondering about their role in the global corporation. This article develops a concept of subsidiary strategy building on these global pressures. If subsidiaries are increasingly embedded in the global operations of the business, their declared strategy should take it into account. Accordingly, we develop three dimensions of embeddedness along which subsidiary strategy can be built. Building operational capability and operational embeddedness can increase the strategic performance of local operations, while improving the overall performance of the global business.

Elena Golovko (PhD Student)

On December 5th, attended, in Ljubljana (Slovenia), the *30th EIBA Annual Conference*, where she presented the paper "Exporting and technology sourcing: Evidence from Spanish manufacturing firms".

Abstract: Recent theories explaining foreign direct investment suggest that firms invest abroad not only to exploit their existing ownership advantages, but also to acquire new technological knowledge in the foreign markets and transfer it to the home country. Exporting may serve as a channel for foreign technology diffusion as well. Exporters may access new technologies not available at home through their local foreign market contacts and use them in their innovation processes later on. Although there are a substantial number of case studies that argue for the existence of technology sourcing by exporting firms, econometric evidence provides inconclusive results.

In this study, we would like to investigate the technology sourcing hypothesis for exporting firms. We seek to answer the following questions: Do firms source new technological knowledge through their exporting activity in international markets and which way does the causality go in the relationship between exporting and knowledge diffusion? Using firm innovation performance as a measure of technology sourcing, we explore the relationship between exports and innovation behavior, while controlling for other factors that may affect firm innovations.



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Jordi Gual

On November 15, attended, in Madrid, the *Jornada on "La modernización del derecho de la competencia en España y en la UE"*, organized by the Fundación Rafael del Pino, where he presented the paper "Organización, medios y eficiencia".

Abstract: Este artículo examina: 1) cómo debe organizarse institucionalmente el sistema de defensa de la competencia al objeto de garantizar una aplicación eficiente de la política de competencia, y 2) los medios materiales y humanos que son necesarios para conseguir que la defensa de la competencia sea una política verdaderamente efectiva. El artículo efectúa un análisis comparado de la situación en España, en relación a algunas de las principales economías occidentales: Estados Unidos, Reino Unido, Alemania, Francia e Italia. La principal conclusión es que el aumento de los recursos públicos dedicados a la política de competencia puede generar importantes beneficios para la economía, y que la mejora en la eficiencia de la política exigirá que el sistema institucional persiga con credibilidad los carteles y los abusos monopolísticos, pero disponga de mecanismos de control, para garantizar que las autoridades de competencia no limitan arbitrariamente prácticas comerciales de las empresas (como los descuentos) que la mayoría de las veces son procompetitivas.

Johanna Mair

On October 31–November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where she presented the paper "Corporate entrepreneurship: Linking middle manager's strategic roles to multiple dimensions of performance".

Abstract: Using data from a large European financial services firm which engaged in an entrepreneurial initiative to enhance its competitiveness, this paper explores the strategic role of middle managers in the context of corporate entrepreneurship and its link to multiple dimensions of performance. The findings indicate that middle managers' role can be decomposed along four reliable and stable dimensions that are consistent with those suggested by the literature. Building on a stakeholder approach, the paper relates the identified roles to multiple dimensions of performance, namely to financial performance, customer satisfaction and employee satisfaction. Canonical correlation analysis –a useful and powerful method to explore relations among multidimensional variables– indicates a significant but weak relationship.

Núria Mas

On November 4–6, attended, in Barcelona, the *ASSET Annual Conference 2004*, where she presented the paper "Managed care and the provision of hospital services to the uninsured".

Abstract: Market pressures associated with managed care negatively affect access to care for the poor by encouraging the closure of hospitals and services generally used by the uninsured.

This effect is strongest for the hospitals that traditionally have provided most of the charity care in the US, such as teaching hospitals, government hospitals and hospitals located in poor areas. We also use all hospital discharges within California to show how these hospitals have reacted to the financial pressures imposed by managed care by reducing the quality of the medical services they offer. Finally, we find a negative effect of managed care on the health of the poor.

José R. Pin - Lourdes Susaeta

On November 17, attended, in Madrid, the *1er Simposio on "Modelos de mejora de procesos y calidad del software de las AAPP"*, organized by the Comunidad de Madrid, where they presented the paper "¿El factor humano en los procesos de mejora? Las etapas paradigmáticas y la organización de la fabricación del software".

Abstract: La alta dirección debe adquirir conciencia de la importancia que un buen proceso para el desarrollo del software tiene para la organización, y de las dificultades para su implantación, proporcionando los recursos adecuados, sea en forma de tiempo, dinero, tecnología, personal y formación de éste. Las Administraciones públicas deben establecer políticas presupuestarias y fomentar las iniciativas privadas para alcanzar resultados aceptables en este entorno. Para ello se plantean los modelos orientados a las personas, equipos y organizaciones, que tratan de establecer: 1) qué conocimientos se necesitan y cuál debe ser la forma de trabajo de los participantes en los proyectos para lograr una calidad final óptima, y 2) cómo deben establecerse los equipos de los proyectos, su dirección, comportamiento de sus componentes y cuál debe ser la actitud y el compromiso de la dirección con el equipo.

Joan E. Ricart

On October 31–November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting of the Strategic Management Society*, where he presented the paper "The co-evolution perspective in strategic management".

Abstract: Although growing in importance as a perspective for strategy and organization research, co-evolution is still in need of further empirical research and theoretical developments. The main purpose of the panel is to provide an overview of the state-of-the-art research in co-evolution. Rooted in systems thinking, co-evolution has benefited from contributions coming from different authors, mainly in the last decade. With this panel we would like to summarize recent developments in co-evolution, making a critical analysis of how different theoretical streams can contribute to future developments of co-evolutionary thinking and provide future lines of research.

He also chaired the "Review Committee" that selected the best conference paper.

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Sandra Sieber

On December 12–15, attended, in Washington, the *ICIS 2004 Conference*, in the *OASIS (Organizations and Society in Information Systems)* workshop, where she presented the paper "New opportunities of combining exploration and exploitation activities in virtual teams: The case of a fragrance producer".

Abstract: Information and communication technologies (ICT) have led to new forms of work at different levels. Work processes have been reshaped, leading to what is known as virtual or post-bureaucratic work, and advanced ICTs have enabled new options in organizational structure and design. This paper shows how ICTs can help to overcome certain barriers to simultaneous engagement in exploration and exploitation activities within a team. Current literature suggests the need to create spin-offs or ambidextrous designs, both geared toward exploration/exploitation and specialization by a given individual. Analysis of a multifunctional team in the fragrance industry shows how ICTs have been used to create an environment of partly co-located and partly virtual work that has offered new possibilities for knowledge creation and sharing. Thus, the team created a virtual, ICT-enabled structure that exists alongside the traditional structure of the company. This has allowed the team to engage in exploring new business opportunities when working virtually, while continuing to exploit current business options when working in the traditional structure.

Ignacio Urrutia

On November 20–23, attended, in Boston, the *35th Annual Meeting* of the Decision Sciences Institute, where he presented the paper "Planning an ABC model using QFD and benchmarking approach".

Abstract: The quality of a product or service is ultimately judged in terms of perceived customer satisfaction. Customer satisfaction benchmarking can help decision makers identify areas for product/service quality improvement and can aid in strategic decision making by setting targets for quality performance. The main purpose of this paper is to use QFD/Benchmarking to build the best ABC cost model, using baseline information from five different Spanish hospitals. The customer satisfaction benchmarking process in QFD is discussed, along with the benefits of hierarchical benchmarks in specifying areas of strategic competition and the logically ensuing product/service strategic decision making requirements. A case study is presented to illustrate the use of this method and the resulting model.

Josep Valor

On December 12–15, attended, in Washington, the *ICIS 2004 Conference*, in the *OASIS (Organizations and Society in Information Systems)* workshop, where he presented the paper "Does Information Systems still matter? Lessons from a maturing discipline".

Abstract: Information systems as an academic discipline has seen a sharp reduction in student enrollments as the job market for undergraduate students has softened. This paper examines the recent, rapid rise and fall of university student enrollments in information systems programs and describes how these enrollment fluctuations are tied to the job opportunities for graduates. Specifically, the role that global outsourcing is playing in employment opportunities, both in the US and Europe, is examined. This analysis leads to the conclusion that the demand for information systems graduates within the US has likely bottomed out and slow growth is now occurring. Within Europe, general conclusions are limited, but it appears that global outsourcing is playing much less of a role in Europe than in the US. Nevertheless, although global outsourcing is indeed a factor influencing the US employment picture, it is only one of several factors that have negatively impacted the US job market for information systems graduates over the past few years. After examining the future macro job opportunities for information systems graduates, the author then provides recommendations for improving student recruitment to the information systems major, for attracting potential employers of graduates, and for managing the production of PhD graduates to match the flow of undergraduate demand. The author concludes that, although shaken, information systems remains a strong discipline and will grow stronger as it moves into a state of maturity and relative equilibrium.

Joaquim Vilà

On October 31–November 3, attended, in San Juan, Puerto Rico, the *Annual Meeting* of the Strategic Management Society, where he presented the paper "Innovation demands its own 'rules of the game': How innovation-awarded companies balance innovation and daily-work", co-authored by Xavier Ferràs and Anna Simón.

Abstract: This research sheds light on how companies that have received awards for their accomplishments in innovation balance the demands of daily work with the need to nurture continuous innovation. Data come from 15 companies established in Catalonia. The sample includes a diverse set of firms (large and small, industrial and service enterprises, multinational and local). Building on Galbraith's (1982) distinction between the Operating Organization and the Innovating Organization, as well as on Tushman and O'Reilly's notion of the Ambidextrous Organization (2002), the paper presents a more complete management model of the drivers of companies' innovation capacity (leadership, people management, strategy making, budgeting, etc.). Companies develop specific, internally coherent rules of the game to manage innovation, rules that differ significantly from those applicable to the management of day-to-day operations.

He also took part in the pre-conference session on "The practice of strategy: The practitioner's perspective".



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Awards

Pedro Nueno

The Municipal Government of Shanghai has granted him the Magnolia Award for his great contribution to understanding between China and Europe, especially in economic and business relations, and his ongoing efforts in support of the China Europe International Business School (CEIBS), of which he was a promoter and whose Academic Council he currently chairs.

It is the first time that this award, created twenty-five years ago, has been granted to a Spaniard.

The award ceremony, which took place on November 8 last year, was presided over by Mr. Yang Guo Qiang, Minister of Foreign Affairs for the Municipal Government of Shanghai.

Alfredo Pastor

Has received the Order of Civil Merit for his contribution to relations between Spain and China and his work at the head of the China Europe International Business School (CEIBS), China's leading business school.

Lluís G. Renart - Francesc Parés

The case "Imaginarium" (M-1173) was joint winner (together with a case on Unilever in Brazil) in the "Marketing" category of the 2004 EFMD case writing competition.

José L. Suárez

Has been awarded the prize for Best Real Estate Research Study in the second edition of the Premio Vía awards for his paper "El mercado de la vivienda vacacional en España: situación actual y perspectivas", produced in collaboration with Grupo i.

Rafael Termes

The Col·legi d'Economistes de Catalunya, has appointed him "Colegial de Honor", during the celebration of the *Jornada dels Economistes*.

On December 10, during the *XII Foro de Finanzas*, held in Barcelona, Nuno Fernandes (IESE PhD) was awarded the prize for the best doctoral dissertation in finance presented in Spain in the last two years, by the Asociación Española de Finanzas.

IESE - Research Seminars

Accounting and Control

December 21

Keynote speaker: Reuven Lehavy, University of Michigan
"Comparing the stock recommendation performance of investment banks and independent research firms"

Abstract: This study compares the profitability of security recommendations issued by investment banks and independent research firms. During the February 1996-June 2003 period, the average daily abnormal return to independent research firm buy recommendations exceeds that of the investment banks by 3.1 basis points, or almost 8 percentage points annualized. In contrast, investment bank hold and sell recommendations outperform those of independent research firms by 1.8 basis points daily, or 4 percentage points annualized. Investment bank buy recommendation underperformance is concentrated in the subperiod subsequent to the NASDAQ market peak (March 10, 2000), where it averages 6.9 basis points per day, or slightly more than 17% annualized. More strikingly, during this period those investment bank buy recommendations outstanding subsequent to equity offerings underperform those of independent research firms by 8.7 basis points (almost 22% annualized). Taken as a whole, these results suggest that at least part of the underperformance of investment bank buy recommendations is due to a reluctance to downgrade stocks whose prospects dimmed during the early 2000's bear market, as claimed in the SEC's Global Analyst Research Settlement.

Additional analyses find that the underperformance of investment bank buy recommendations extends not only to the ten investment banks sanctioned in the research settlement but to the nonsanctioned investment banks as well.

General Management

November 8

Keynote speaker: Witold J. Henisz, The Wharton School
"Resistance to illegitimate multilateral influence on reform: The political backlash against private infrastructure investments"

Abstract: Coercive isomorphism is a prominent source of institutional change. The literature to date has emphasized how actors that are powerful and legitimate (e.g., a national government) may coerce the adoption of reforms by dependent actors (e.g., state governments and other organizations whose activities are governed by the federal government). We observe that an actor's power alone may be sufficient to promote reform, regardless of the actor's legitimacy. However, such reforms are more susceptible to subsequent change than are those that emerge from processes not subject to the influence of external actors whose sway derives from their power alone. We develop and test our arguments in the context of the worldwide electricity provision industry by analyzing countries' adoption of reforms in

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response to conditional lending practices by multilateral organizations such as the World Bank and the IMF. We find that reforms adopted in response to coercive pressures exerted by these organizations encounter much greater resistance, and that the incidence of financial and economic crises, the absence of checks and balances in established political institutions, and the inexperience of investor coalitions dramatically increase the predicted level of resistance.

November 9

Keynote speaker: Dirk De Clercq, Vlerick Leuven Gent Management
"The role of organizational commitment in small businesses: A social exchange perspective"

Abstract: We examine the role of individuals' commitment in small businesses. More specifically, we argue that employees will commit themselves to their firm based on their current work status in the firm, their perception of the organizational climate, and the firm's entrepreneurial orientation. We also examine how individuals' commitment affects the actual effort they exert vis-à-vis their firm. The study's hypotheses are tested by applying quantitative analyses to survey data collected from 863 Mexican small businesses. We found that individuals' position and tenure in the firm, their perception of psychological safety and meaningfulness, and the firm's entrepreneurial orientation all are positively related to organizational commitment. We also found a positive relationship between organizational commitment and effort. Finally, our findings show that organizational commitment mediates the relationship between many of the predictor variables and effort. We discuss the limitations and implications of our findings and provide directions for future research.

November 22

Keynote speaker: Nabil Al-Najjar, Northwestern University
"The sunk cost bias in managerial pricing decision"

Abstract: This paper provides a theoretical explanation for why the sunk cost bias would persist among firms competing in a differentiated product oligopoly market. Firms are assumed to be "naive" in that they experiment with cost methodologies that are consistent with real-world accounting practices, including ones that allocate fixed and sunk costs to determine "variable" costs. Given their current costing methodology, firms follow primitive adaptive learning to adjust prices (which can be changed more rapidly than costing methodologies). We show that any firm will end up distorting its marginal cost upward regardless of the level of cost distortions of others. Consequently, all firms eventually display the sunk cost bias. For the special case of symmetric linear demand, we obtain comparative statics results showing how the level of distortion changes with demand, the degree of product differentiation, and number of firms. Finally, we demonstrate how our analysis is consistent with available experimental evidence on the sunk cost fallacy in oligopolistic price competition.

November 25

Keynote speaker: Marco Da Rin, Turin University, ECGI and IGIER
"Active financial intermediation: Evidence of the role of organizational specialization and human capital"

Abstract: Financial intermediaries can choose the extent to which they want to be active investors, providing valuable services like advice, support and corporate governance.

We examine the determinants of the decision to become an active financial intermediary using a hand-collected dataset on European venture capital deals. We find organizational specialization to be a key driver. Venture firms which are independent and focused on venture capital alone get more involved with their companies. The human capital of venture partners is another key driver of active financial intermediation.

Venture firms whose partners' have prior business experience or a scientific education provide more support and governance. These results have implications for prevailing views of financial intermediation, which largely abstract from issues of specialization and human capital.

November 29

Keynote speaker: Oliver Gottschalg, INSEAD
"Rewards and firm performance. A look into the motivation black-box"

Abstract: What is the impact of performance-based rewards on firm performance? Despite substantial research in this area, we are still missing both a generally accepted theoretical model and conclusive empirical findings regarding whether and under what conditions the use of rewards increases firm performance. This study integrates arguments regarding the effect of rewards on motivation on the individual level made in social psychology and economics and applies them to the organizational level. The resulting conceptual framework of how rewards influence performance through three distinct and interrelated motivational mechanisms allows us to look at the various, partially conflicting, arguments made in the existing literature in a more comprehensive fashion. Hypotheses derived from this model are then tested empirically on a sample of 118 management buyouts in the UK. The results of the structural equation model suggest that in this setting, rewards increase not only extrinsic, but also intrinsic forms of motivation. Surprisingly, however, the performance impact of intrinsic motivation (particularly of hedonic nature) is a lot more powerful than that of extrinsic motivation, which fails to show any statistical significance. Furthermore, and contrary to the "received wisdom", the three types of motivation mutually reinforce each other in their positive impact on performance. The data indicate, therefore, that rewards are an important determinant of firm performance, but only through indirect routes via their role as antecedents of intrinsic motivational levers.



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December 1

Keynote speaker: Sydney Finkelstein, the Tuck School at Dartmouth College

"Why smart executives fail"

Abstract: This is a book about corporate mistakes – what they are, why they occur, and what managers, leaders, and investors can do about them. Remarkably, the most common explanations for corporate failure in the business press and among business analysts and observers proved to be not just wrong, but completely wrong. The dominant view is that businesses collapse because 1) managers were incompetent, and 2) they never saw it coming. After studying some 60 companies and conducting more than 200 interviews in what turned out to be a 5-year research project, it turns out that both of these common explanations are simply wrong. Again and again in the companies I studied, a list that included huge multinationals and startups, American and Asian firms, and dozens of different industries, executives were much more often stellar than incompetent, most with terrific track records. What's more, executives almost always did see it coming, they did know that their world was changing or that their business model was flawed or that their strategy was breaking down, yet they chose not to do anything about it!

That's the starting point for this book. Throw away the easy explanations for business breakdowns, and then try to explain why Motorola –a company that held several of the key digital patents–licensed their technology to Nokia and Ericsson and chose not to enter the digital cell phone business themselves. Result: global market share is halved and as of 2003 the company has yet to recover. Or explain why An Wang, an immigrant who started with nothing and earned advanced degrees at Harvard, invented the magnetic pulse memory core, a technology that would be essential in computers for the following two decades, and parlayed this genius into a billion dollar company called Wang Labs, was unable to deal with competitive challenges that led to a Chapter 11 filing in 1992.

December 10

Keynote speaker: Marshall Schminke, University of Central Florida

"Publishing empirical research in North American management journals: Triple your chances of publishing in AMJ and other top outlets"

Marketing

November 4

Keynote speaker: Bernd Skiera, University of Frankfurt

"Paying too much and being happy about it: Causes and consequences of tariff-choice biases"

Abstract: For consumers' choice between optional tariffs it is assumed that consumers choose the tariff that maximizes

consumer surplus and thus the tariff that leads, for a given amount of usage, to the lowest billing rate. Yet, there is evidence that users often prefer a flat rate even though their billing rate would be lower in a pay-per-use tariff (flat-rate bias) and sometimes prefer a pay-per-use tariff even though they would save money in a flat rate (pay-per-use bias). The authors conduct four empirical analyses based on three different data sets. They show that the flat-rate bias is more important and has a greater regularity and time-consistency than the pay-per-use bias. They classify potential causes of the flat-rate bias as "insurance effect", "taxi meter effect", "convenience effect" and "overestimation effect" and show that the insurance, the taxi meter and the overestimation effect lead to a flat-rate bias. They provide evidence that underestimation of usage is a major cause of the pay-per-use bias. They show that the flat-rate bias does not increase tariff switching or customer churn and thus results in a positive short- and long-term profit increase. In contrast to that, the pay-per-use bias slightly increases tariff switching and greatly increases customer churn, so that the positive short-term profit implications are offset by high customer churn in the long-term, while a pay-per-use bias does not increase long-term profits.

November 18

Keynote speaker: Thorsten Wiesel

"Enterprise valuation by using customer lifetime values"

Abstract: Publicly traded enterprises need to explain and affect market capitalization or shareholder value. Hence, models are needed which enable to calculate shareholder value and give guidance to affect shareholder value through executable value drivers. Enterprises with contractual and, therefore, direct customer relationships have value drivers such as customer cash inflows, various cash outflows (such as product or service expenditures, customer acquisition or retention expenditures), and the number of current as well as future customers.

In this paper, the authors concentrate on these so called marketing value drivers and demonstrate how to link marketing action through customer value to changes in market value and, therefore, illustrate how changes in marketing value drivers lead to changes in customer lifetime value, customer equity, shareholder value and, finally, financial market value. In doing so, the authors provide a framework that shows how shareholder value can be measured by utilizing customer relationships, and operationalize this framework through both a decision support model and a generic model. They use the generic model to derive general statements concerning the impact of marketing value drivers on shareholder value and apply the decision support model to two German Internet Service Providers. This application shows the applicability, points out implications, and highlights limitations of such a customer-centric and marketing orientated enterprise valuation approach.

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Production, Technology and Operations Management

November 4

Keynote speaker: Philipp Afèche, Kellogg School of Management, Northwestern University

"Incentive-compatible revenue management in queueing systems: Optimal strategic delay and other delaying tactics"

Abstract: How should a capacity-constrained firm design an incentive-compatible price-scheduling mechanism to maximize revenues from a heterogeneous pool of time-sensitive customers with private information about their preferences? I consider this question in the context of a queueing system that serves two customer types and provide the following insights. First, delay cost minimization, which plays a prominent role in the queueing control and pricing literature, may be suboptimal in this setting. Second, this problem gives rise to optimal scheduling policies with novel features. One such policy inserts what I call "strategic delay", i.e., it artificially delays the completed orders of low-priority customers in the presence of ample capacity while prioritizing the more time-sensitive customers. Third, the approach presented in this talk can be adapted for designing revenue-maximizing and incentive-compatible mechanisms in systems with different properties.

Research Seminars

Manel Baucells

On December 3, at INSEAD, Fontainebleau, presented the paper "Cumulative dominance and heuristic performance in binary multi-attribute choice", co-authored by Juan A. Carrasco and Robin Hogarth.

Abstract: In multi-attribute decision making, several studies report high performance rates of some simple heuristics. To understand this surprising performance, we observe that these heuristics are guaranteed to be correct in the presence of simple and cumulative dominance. While the rate of simple dominance decays quite rapidly as the number of attributes increases, the rate of cumulative dominance decays slowly. We conclude that the high persistence of cumulative dominance is the key explanatory factor of the performance success of these heuristics.

Miscellaneous

Rafael Andreu

On November 10, attended, in Montbrió, the *7a Jornada de Estudios para Empresarios*, organized by "Empresa y Humanidades" where he gave the lecture "El oficio de dirigir y el aprendizaje de las personas".

Antonio Argandoña

On November 6, attended in Olbeira (Pontevedra), the *XIII Jornadas Etica y Empresa*, where he gave the lecture "Empresa y desarrollo sostenible".

On November 16, attended, in Barcelona, the *Jornada Joan Sardà 2004*, organized by Fundació Caixa Sabadell, where he gave the lecture "Per què les empreses han de ser ètiques... i per què moltes vegades no ho són".

On November 22, at the Círculo Ecuéstre de Barcelona, gave the lecture "Luces y sombras de la coyuntura económica: ¿hacia dónde vamos?".

On December 15, at Caixa Terrassa, gave the lecture "L'economia al 2005: tendències".

Elisabet Garriga - Domènec Melé

His article "Corporate social theories: Mapping the territory" has been ranked number one by visitors to the *Journal of Business Ethics* web site: <http://www.kluweronline.com/issn/0167-4544>

Pedro Nuevo

On November 19-21, attended, in Andorra, the *II Congrés d'Enginyeria en Llengua Catalana*, where he gave the lecture "Oportunitats de l'empresa en l'entorn global".

On November 30, attended, in Barcelona, the *SIMS Workshop* (Science & Innovation Management Studies), where he moderated the panel "Scientists to bio-entrepreneurs: transitions or dual careers?".

Ramón O'Callaghan

On December 9, attended, in Brussels, as invited external advisor, the *Cluster Concertation Meeting of Projects in the Field of 'Information Technology for Business'* of the Sixth Framework Programme (FP6), organized by the European Commission.

Fernando Peñalva

On November 11, attended, the *Jornada dels Economistes*, organized by the Col·legi d'Economistes de Catalunya, where he gave the lecture "Impacte real de la implantació de les normes internacionals d'informació financera: el seu efecte en els sistemes de control intern de l'empresa".

Julia Prats

On December 9-10, attended, in Cambridge (Massachusetts), the *Entrepreneurship and Innovation Research Conference*, organized by Harvard Business School.



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Joan E. Ricart

On December 20-21 attended, in Brussels, the *1st Foresight Conference* on "Management, research and economic growth in Europe; are we in trouble?", organized by the European Institute for Advanced Studies in Management (EIASM), with the support of DG Education and Culture of the European Commission, where he moderated the panel "Cooperation and Research in Europe".

Juan Roure

On October 28, attended, in Madrid, the *Jornada Nacional Ancestral Creación, Consolidación e Innovación Empresarial*, where he gave the lecture "Las empresas innovadoras de base tecnológica (EIBTs): Retos en su creación y desarrollo".

Book reviews

José R. Pin

Reviewed the article "360 degree feedback with systematic coaching: empirical analysis suggests a winning combination", by F. Luthans and S.J. Peterson, *Human Resources Management*, fall 2003, Vol. 42, No 3, pages 243-256. Wiley Periodicals, Inc. 2004, www.interscience.wiley.com, in *Capital Humano*, No 183, December 2004, pages 120-121.

Teaching materials

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

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

Economics

La estrategia de la empresa en la era de Internet (ECONN-224 - 0.304.046)

El impacto de las nuevas tecnologías de la información en Internet en el mundo de la empresa ha sido enorme, y el estallido de la burbuja financiera no invalida algunos supuestos de la llamada nueva economía. Esta nota analiza los efectos diferenciales de Internet en la dirección de empresas, así como su potencial de transformación de un sector. Este análisis permite evaluar con mayor precisión las razones por las que la estrategia de muchas empresas de Internet se ha basado en fundamentos muy endebles. Asimismo, se formulan algunos principios de la estrategia empresarial orientados a asegurar la supervivencia a largo plazo de las organizaciones.

Canals J.; 24 pages.

Financial Management

Interactive TV Shopping Stores (F-746-E - 0.203.026)

Uncertainty of the company's cash flows is one of the main difficulties that treasury managers have to deal with in their work. Cash flow uncertainty makes forecasting and managing the company's liquidity a complex task. This case presents the need for a coordinated approach to liquidity management in an environment dominated by uncertainty.

Santomá J.; 6 pages.

Compagnie Générale des Etablissements Michelin (Michelin) (F-761-E - 0.204.039)

This case analyzes Michelin's innovative insurance strategy, called Committed Long Term Capital Solutions. This new proposal represented a new way of accessing capital, and at the same time provided an alternative solution to financial risk management. (Also available in Spanish).

Oleaga M.; Campa J.M.; 19 pages.

Aceites del Centro, S.A. (F-762 - 0.204.044)

ADECESA, una empresa española del ramo de aceites vegetales, se plantea presentar una OPA competidora sobre el líder del sector, tres veces mayor que ella, sobre el que acaba de presentar una OPA otra empresa española del sector de la alimentación. Si la operación prosperara, podría significar para ADECESA pasar a ser no sólo un líder español, sino incluso mundial. No obstante, una adquisición de esta envergadura puede implicar problemas tanto financieros como estratégicos.

Vergés S.; Faus J.; Tàpies J.; 23 pages.

Plásticos del Norte (F-766 - 0.204.053)

El caso explica cómo la modificación de las políticas contables afecta a la estrategia global y financiera de una empresa, y no sólo a su estrategia, sino que también tiene un impacto en su evaluación crediticia, ya que los estados financieros son la base de un análisis de riesgo bancario. Se hace mención especial a aquellos aspectos en que se ve más afectada la empresa por la aplicación de las IAS: cartera de valores, valoración del inmovilizado, fondo de comercio y consolidación (puesta en equivalencia).

Soley J.; 11 pages.

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Anclajes Torras (F-767 - 0.204.054)

El caso pretende, a través de las pantallas que utilizan los directores de la oficina de una entidad bancaria, seguir paso a paso el proceso de evaluación crediticia de una empresa de acuerdo con los criterios de Basilea II, con especial énfasis en el cálculo del "rating" y del Raroc exigidos por la entidad crediticia para aprobar una operación. Es un caso didáctico, complementario a la nota técnica sobre los criterios de supervisión bancaria de Basilea II.

Soley J.; 11 pages.

Managing Corporate Liquidity (FN-511-E - 0.203.025)

Uncertainty of the company's cash flows is one of the main difficulties that treasury managers have to deal with in their work. This technical note describes a coordinated approach to liquidity management in an environment dominated by uncertainty. The structure of the note is as follows: a) Definition of liquidity management; b) Characteristics of a firm's liquidity; c) Financial instruments; d) Cost analysis.

Santomá J.; 6 pages.

Checklists for the Treasury Manager (FN-512-E - 0.203.030)

This document presents a series of questions and checklists on Treasury Management. The purpose of these lists is to help Treasury Directors and treasury consultants to collect relevant information for their work in a systematic way. Checklists are by definition incomplete, but they benefit and profit from the accumulated experience of experts on what has and has not been found to be relevant. They are a good reservoir of questions on important topics. The questions will help to identify processes and very often will point to a solution.

Santomá J.; 31 pages.

Mobipay: Modelo de cooperación en medios de pago (FN-513 - 0.204.001)

En mayo de 2001 se constituyó Mobipay, S.A., una empresa cuyo objetivo era dar soporte a los pagos realizados a través del teléfono móvil. Mobipay nació en España, producto de la fusión de dos proyectos iniciados en el año 2000 para el desarrollo de soluciones tecnológicas del pago a través del teléfono móvil. El sistema financiero español no ha sido pródigo en este tipo de cooperaciones en las que se invita a compartir un proceso de negocio a competidores. Las instituciones financieras, celosas de sus clientes, no han sido proclives a compartir servicios con otras

instituciones rivales. Sin embargo, en esta ocasión sí se produjo esta cooperación, que contaba con pocos precedentes domésticos. En Mobipay no sólo se logró un acuerdo entre operadores, sino que se incorporaron al mismo empresas de otros sectores.

Esta nota técnica describe el camino por el que se llegó a este acuerdo, las actividades básicas de Mobipay y los retos con los que se tendrá que enfrentar en un futuro. El modelo Mobipay podría ser un referente para otras actividades que requieran la cooperación entre empresas y la homogeneización de sistemas de comunicación.

Marcé C.; Santomá J.; 25 pages.

Contingent capital facilities (FN-520-E - 0.204.038)

Contingent capital as a new instrument, a new class of insurance products that enable firms to engage in financing and risk management decisions at the same time.

Oleaga M.; Campa J.M.; 6 pages.

El impacto de las normas internacionales contables en la relación banco-empresa (FN-521 - 0.204.050)

La nota tiene como objetivo analizar el impacto de las normas internacionales de contabilidad (NIC), acrónimo en inglés, IAS, en los estados financieros de las entidades de crédito, así como ver cómo tales normas afectarán a las empresas no financieras en lo que atañe a su evaluación crediticia por parte de las entidades de crédito. El reglamento establece que las empresas con valores negociados en los mercados europeos (tanto de renta variable como de renta fija) y, en general, todas las entidades de crédito, deberán aplicar las NIC a partir del año 2005 al elaborar sus estados financieros consolidados públicos. Para el resto de empresas, la aplicación será a partir del ejercicio 2007.

Soley J.; 10 pages.

Assets Securitization (FN-523-E - 0.204.052)

This technical note explains the concept and global development of asset portfolio securitization. It outlines in detail how this works in Spain, as a representative of continental Europe, and in the United States. It also analyzes the new approach to securitization, known as synthetic securitization, which consists in preventing risk, but not mobilizing portfolios.

(Also available in Spanish).

Soley J.; 12 pages.



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Cómo interpretar los estados financieros de una institución bancaria (FN-524 - 0.204.055)

La nota explica cómo el alumno debe interpretar los balances de una entidad bancaria, muy distintos a los correspondientes a las empresas comerciales e industriales. A partir de los estados financieros consolidados, se analizan los capítulos más importantes. En este sentido, se ha escogido el Banco Santander como representante de la banca universal, y a Goldman Sachs como paradigma de la banca de inversión. Las secciones finales de la nota se presentan escritas en inglés para facilitar al lector el conocimiento de los términos financieros equivalentes en este idioma y del uso que se hace de los mismos.

Soley J.; 20 pages.

Crédito al consumo (FN-525 - 0.204.058)

Se destaca la importancia del crédito al consumo en el PIB de las economías europeas. El crédito al consumo, con independencia de su tratamiento bancario, tiene una especial relevancia en el "punto de venta", o sea, aquel crédito que se concreta en el comercio o en los concesionarios de automóviles. La financiación en el punto de venta alcanza un tercio del crédito al consumo en Europa y tiene unas especificidades muy concretas: 1) es una actividad industrial por la gran cantidad de préstamos que realiza; 2) necesita unos *scorings* por tipo de producto financiado, región, comercio o concesionario, etc., y 3) por su éxito, es necesaria la existencia de plataformas de atención al cliente y de recobro, con unas características muy distintas a los *call-centers* bancarios habituales.

Soley J.; 8 pages.

Basel II: The New Framework for Bank and Company Relations (FN-526-E - 0.204.063)

On June 26, 2004, the Basel Committee on Banking Supervision published the final version of Basel II, its new capital adequacy framework for banks, which is intended to come into force in stages from the end of 2006. A key issue in shaping Basel II is the implications of the new rules with respect to access to and terms of bank credit for companies, with specific focus on small and medium size enterprises (SMEs). The purpose of this technical note is to examine the potential impact of Basel II on the financing of SMEs. Following a review of the definition and role of SMEs in the European Union, the role of the Basel Committee and the various capital accords are explained. The various approaches to estimating the risk-weighted assets recommended by Basel II are explained, and the impact of each method on companies is examined.

Rahnema A.; Soley J.; 15 pages.

General Management

Citigroup: Targeting Leadership in Global Growth (DG-1439-E - 0.304.015)

In 2002, Citigroup completed the integration of Banamex, whose acquisition in 2001 had made the company the largest corporate and retail bank in Mexico. The operations in Mexico generated more than US\$1 billion in earnings in 2002, making the country Citigroup's most profitable outside the US, on a par with Japan. However, while results were at top, competitors were starting to crowd in and rivalry between firms was starting to stiffen. In the new circumstances, Citigroup had two options: to focus and invest more in Mexico, or to pursue other growth opportunities.

Lupu R.; Mair J.; 18 pages.

El protocolo familiar: ámbito y contenido (DGN-640 - 0.304.055)

El protocolo familiar es el acuerdo entre accionistas familiares titulares de bienes o derechos que desean gestionar de manera unitaria y preservarlos en el tiempo, regulando la organización corporativa y las relaciones profesionales y económicas entre la familia y la empresa. Esta nota presenta la definición, ámbito y contenido del protocolo familiar.

Chiner A.; Tàpies J.; 8 pages.

Information Systems

Business Process Outsourcing: Banco Urquijo Outsources its Back-Office to IBM Business Consulting Services (SI-143-E - 0.104.021)

This case discusses Banco Urquijo's decision to carry out an externalization of its administrative processes, signing a Business Process Outsourcing (BPO) agreement for five years with IBM Global Services. The risks of the decision are analyzed, and are compared with the potential benefits resulting not just from cost savings but also from savings derived from improvements in Banco Urquijo's competitive positioning.

(Also available in Spanish).

López C.; Sieber S.; Andreu R.; Valor J.; 22 pages.

Implementing PDAs at the ACME Food Supplies, Ltd. (SI-144-E - 0.104.023)

ACME Food Supplies, Ltd. is a company that distributes food to catering businesses. It competes in a mature and fragmented

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sector and has always based part of its strategy on technological innovation. In April 2004, it has just finished introducing PDAs into its sales organization and finds that, after the first few months, use of the system is patchy. Some sales people openly reject the new technology, and very few are using it to its full potential. Accordingly, top management and the IS manager are considering what should be their next move.
(Also available in Spanish).

Sieber S.; Valor J.; 16 pages.

Managing People in Organizations

Bayer: Service Center Project (A) (DPO-32-E - 0.404.017)

In 2000, the Bayer Group defined a worldwide business strategy within which it proposed an organizational approach based on multi-country business lines, with a number of service centers. This case shows how, in 2001, the management board planned the design and implementation of the Accounting and Finance Service Center, to be located in Barcelona, to serve all the group's companies across Europe, except those in Germany. Informal negative reactions to the Service Center's creation that arose in the businesses led management to ask the Internal Auditing Department to prepare a report that would allow a decision to be made as to whether to continue with the centralization project or suspend it. In the context of this organizational trend toward centralization of services, the case illustrates, from the human perspective, the type of defensive reactions that arise, reactions that can be strong enough to halt a project. The exhibits show the type of changes introduced, how the Service Center operated, the details of the implementation process, the project timing, and the philosophy followed by those in charge. Despite opposition from employees and managers, the centralization process continued, thanks to the positive outcome of the internal audit.

(Also available in Spanish).

Torrent R.; Gómez S.; 19 pages.

Bayer: Service Center Project (B) (DPO-33-E - 0.404.018)

Once the Service Center had been installed in Barcelona, an audit was carried out, analyzing the Center's internal accounts, the added value the Center provided, and the advantages that could be achieved by centralizing the organization. In view of the results, the auditors submitted a favorable report.

(Also available in Spanish).

Torrent R.; Gómez S.; 2 pages.

Bayer: Proyecto de Service Center (A y B) - Nota del Instructor (DPOT-11 - 5.405.002)

(Casos DPO-32 y DPO-33).

Use restringido a Instituciones Académicas.

Gómez S.; 8 pages.

Coaching at Banco Azucarero de Cali (BAC) (A) (DPO-34-E - 0.404.025)

This case presents two complementary themes: the 'management by competencies' interview and management coaching. The case is set in a bank.

In case (A) the area director undergoes his first 180° evaluation, and has to make a self-assessment. His results and the passive role of his own coach are discussed.

(Also available in Spanish).

Susaeta L.; Serrano Duarte G.; Pin J.R.; Cardona P.; 11 pages.

Coaching at Banco Azucarero de Cali (BAC) (B) (DPO-35-E - 0.404.026)

In case (B), the area manager –and new coach– takes on the evaluation interview and professional development plans of two branch managers –coachees– one with high potential and the other with limited prospects in the bank. The exhibits show the evaluation tools used: the 180° Evaluation Chart and the "spider" charts that show the evaluatees' competency profiles.

(Also available in Spanish).

Susaeta L.; Serrano Duarte G.; Pin J.R.; Cardona P.; 11 pages.

Coaching at Banco Azucarero de Cali (A) and (B) - Teaching Note (DPOT-8-E - 5.404.036)

Cases DPO-34-E and DPO-35-E.

(Also available in Spanish).

Use is restricted to Academic Institutions.

Pin J.R.; Susaeta L.; Cardona P.; 23 pages.

Marketing

Larios Dry Gin (M-1169-E - 0.504.008)

Larios Dry Gin tells the real-life story of a company facing a fiercely competitive environment and tough legal constraints. The case analyzes the brand's leadership position in Spain and the



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diversification opportunities available in sectors other than alcoholic beverages. It offers an analysis of Larios's (off- and on-line) multi-channel communication aimed at winning over an increasingly demanding target audience who need strong stimuli to renew their consumption. The Internet will be a crucial vehicle for enhancing brand recognition and brand vitality. for enhancing brand recognition and brand vitality.
(Also available in Spanish).

Armengol E.; Oliver X.; 16 pages.

BBVA. Brand value (M-1177-E - 0.504.021)

This case describes the process of adoption of the BBVA brand following the merger between Banco Bilbao Vizcaya and Argentaria. It provides a comparison with the multi-brand strategy adopted by other banks such as BSCH and ABN AMRO. It gives a description of the process of creation of the BBVA brand and of the commitment adopted by the bank to base its strategy on the brand image – on the intangibles of corporate culture, human capital and reputation. It provides an explanation of the process of brand creation: diagnosis and examination of the brand's current situation (environment, competitors); description of the territory and vision of the brand; and, lastly, the brand expression (the creative idea of the brand: "adelante").
(Also available in Spanish).

Cintora M.A.; Oliver X.; 31 pages.

Occasional Papers

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

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Antonio Argandoña

POR QUE LAS EMPRESAS HAN DE SER ETICAS... Y POR QUE MUCHAS VECES NO LO SON

Abstract: Ser ético en la empresa no es fácil; se oponen a ello la falta de valores, la ignorancia sobre los criterios morales, la debilidad de la voluntad y la racionalización de las decisiones inmorales, en el plano personal, y la preocupación por los resultados y el predominio del interés de las empresas, en el plano organizativo. En este trabajo se explican las principales dificultades que encuentran las personas para comportarse éticamente en las empresas, con especial énfasis en los procesos de racionalización de las conductas corruptas y de socialización de los recién llegados.

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Antonio Argandoña

EUROPA FRENTE A ESTADOS UNIDOS: EL FACTOR DEMOGRAFICO

Abstract: A lo largo de la historia es inevitable que se hagan comparaciones entre países, a la hora de valorar sus resultados en el tiempo. En el caso de Europa frente a Estados Unidos, la comparación estática –la situación actual– está bastante equilibrada, pero desde el punto de vista dinámico, la ventaja parece estar en Norteamérica. En este artículo se discute el papel esperado de las variables demográficas: tamaño y crecimiento de la población, envejecimiento relativo, factores que explican el crecimiento natural, el papel de las migraciones, etc. Y la conclusión, aun siendo incierta, se muestra poco favorable de Europa.

Research Newsletter

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