Journals

**Javier Estrada**


Abstract: Do investors obtain their long-term returns smoothly and steadily over time, or is their long-term performance largely determined by the return of just a few outliers? How likely are investors to successfully predict the best days to be in and out of the market? The evidence from 15 international equity markets and more than 160,000 daily returns indicates that a few outliers have a massive impact on long-term performance. On average across all 15 markets, missing the best 10 days resulted in portfolios 50.8% less valuable than a passive investment; and avoiding the worst 10 days resulted in portfolios 150.4% more valuable than a passive investment. Given that 10 days represent less than 0.1% of the days considered in the average market, the odds against successful market timing are staggering.

**Carlos García Pont - José I. Canales - Fabrizio Noboa**


Abstract: This article develops the concept of internal subsidiary embeddedness as the canvas within which subsidiary strategy takes place. Developing an inductive model, we identify three hierarchical levels of embeddedness. The first level is operational embeddedness, which relates to interlocking day-to-day relations. The second level is capability embeddedness, which concerns the development of competitive capabilities for the multinational as a whole. The third level is strategic embeddedness, which concerns a subsidiary’s participation in a multinational corporation’s strategy setting. We derived our concept of embeddedness from an in-depth case study. Embeddedness is not merely an outcome of the institutional setting in which a subsidiary is situated, but is a resource a subsidiary can manage by means of manipulating dependencies or exerting influence over the allocation of critical resources. A subsidiary can modify its embeddedness to change its strategic restraints. Therefore, the development of subsidiary embeddedness becomes an integral part of subsidiary strategy.

**Pankaj Ghemawat - Daniel Levinthal**


Abstract: Choice settings are strategic to the extent that they entail cross-sectional or intertemporal linkages. These same factors may impose daunting demands on decision makers. We develop a graph-theoretic generalization of the NK model of fitness landscapes to model the way in which policy choices may be more or less strategic. We use this structure to examine, through simulation, how fully articulated a strategy or set of policy choices must be to achieve a high level of performance and how feasible it is to offset past strategic mistakes through tactical adjustments (instead of alignment). Our analysis highlights the role of asymmetry in the interaction of strategic choices and in particular the degree to which choices vary in terms of being influential, dependent, or autonomous from other choices.

**Greg Hundley - Carlos Sánchez-Runde**


Abstract: Data from samples of managers from eight countries (Thailand, Nigeria, Philippines, Peru, Uruguay, Argentina, Spain, and the United States) are used to explore cross-national differences in how individuals make judgements
about an individual's pay. A policy-capturing instrument is used to elicit judgements about the ways that variations in individual employee job performance, business unit performance, seniority, schooling and need affect judgements about pay fairness. Significant between-country differences are found in the sensitivities of pay fairness judgements. However, these differences are not well explained by differences in individualism/collectivism as reflected either by a priori categorizations of national cultures or by direct measures of horizontal/vertical collectivism. Implications for the explanation of cross-national differences are explored.

Tanguy Jacopin – Serge Poisson de Haro – Joan Fontrodona

Abstract: This paper examines how Iberdrola, Spain’s leading electricity supplier, shifted the company’s strategic focus to concentrate on sustainability and turned it into a source of competitive edge in a liberalized market. Largely pre-empting the industry obligations that came out of the Kyoto agreement, Iberdrola decided to put sustainability at the heart of the company’s decision-making processes. Iberdrola sold off its most polluting facilities and all non-core activities to concentrate on becoming the greenest player on the market. Its success was due to its willingness to walk the talk, get stakeholders on side and demonstrate its determination to be a corporate citizen. An important element of the strategy was to establish a working relationship with important NGOs and get them involved with Iberdrola’s activities. An early and uneasy partnership with WWF/Adena over the production of green energy proved a sharp learning curve for both parties. Then, in 2004, a relatively minor event triggered a chain of reactions that led to a revolution in the company’s policy of stakeholder integration. A small group of protected birds was killed when they flew into the blades at one of Iberdrola’s wind power facilities. When previous similar crises had occurred, Iberdrola had dealt with them through the time-honoured methods of dialogue and confrontation. This time, Iberdrola decided to initiate a new approach. They invited SEO/BIRDLIFE (the Spanish ornithology society and the oldest Spanish NGO dedicated to the environment) to undertake a study into the implications of similar installations on bird conservation and the environment. The intention is for this collaboration to lead to a strategic agreement between the two parties.

Caterina Moschieri – Johanna Mair

Abstract: Divestitures, understood as the parent company’s disposal and sale of assets, facilities, product lines, subsidiaries, divisions and business units, are emerging as a central topic of research in several areas. Yet our understanding of these operations is still limited. For example, it is still not clear whether divestitures are merely a reflection of the economic cycle, a means to correct or reverse previous strategic decisions, or a proactive strategic option. Integrating literature in finance, strategy and organizational behavior, this paper offers a comprehensive picture of divesting modes, antecedents, mechanisms and outcomes of divestitures. It integrates empirical findings and theoretical contributions into a researchable whole in order to identify common themes and gaps in existing research. The final objective of this analysis and review is to propose meaningful avenues for future research to improve knowledge on divestitures.

Steven Poelmans – Barbara Beham

Abstract: Organizational efforts to adopt, design and implement work-family policies converge into single, discretionary decisions by supervisors to “allow” or not to “allow” these policies to specific employees under their supervision. These decisions are referred to as allowance decisions. In order to close a theoretical gap in current work-family literature, we present an integrated, conceptual model of managerial allowance decisions. We develop propositions regarding factors that influence a supervisor’s allowance decision at three different levels of analysis and behavioral outcomes in employees. Building on organizational justice theory, moderating effects of employees’ fairness perceptions of allowance decisions are discussed. Finally, we outline implications for future research and recommendations for managers in organizations.

Richard M. Steers – Alan D. Meyer – Carlos Sánchez-Runde

Abstract: This is the introductory paper by the editors of a special forum in the Journal of World Business addressing the following question: To what extent can differences in national cultures systematically influence whether and for what reasons nations adopt –or fail to adopt– available emerging technologies? Unfortunately, little in the way of systematic research has been done on this topic. In particular, there is a lack of grounded modeling that could help explain the culture-technology adoption relationship, as well as an absence of solid case studies exploring the impact of culture on technology adoption. To address this issue, we first examine some recent thinking about how such relationships may emerge. Based on this, specific country case studies involving technology adoption in Brazil and South Korea are presented in two forum articles following this introduction, in an effort to stimulate additional research and theory building in this area.
We say that entrepreneurs will own the world. And to

Abstract: The construct of cultural intelligence, recently introduced to the management literature, has enormous potential in helping to explain effectiveness in cross-cultural interactions. However, at present, no generally accepted definition or operationalization of this nascent construct exists. In this paper, we develop a conceptualization of cultural intelligence that addresses a number of important limitations of previous definitions. We present a concise definition of cultural intelligence as a system of interacting abilities, describe how these elements interact to produce culturally intelligent behavior and then identify measurement implications.

Ignacio Urrutia


Abstract: It is difficult to demonstrate whether a soccer team can recruit all the best players in the world or not. From the moment he was elected as president of Real Madrid, Florentino Pérez experimented with this proposition by adopting a new approach to recruiting methods. He considered that recruiting media sport stars and junior players was the best way to achieve the club's strategic goals. In this study we examine the viability of this recruiting method. We classify the Real Madrid players into three different categories: stars, junior players and medium class, and calculate the minutes played by each. Our aim is to assess the effectiveness of this recruiting method and its impact on Real Madrid's fortunes. In other words, we try to measure the extent to which the innovative recruiting method (stars and junior players) enabled the club to achieve its strategic goals.

Books

Pedro Nuno


Abstract: We say that entrepreneurs will own the world. And to some extent we all know how to be entrepreneurs. It is simply a question of having the courage to start the process through which we identify opportunities (market needs) and, with a bit of innovation, organize the production and distribution of products or services that meet those needs. In fact, it is a question of discovering something many people want or would like to have but do not know how to obtain. You do not need a specific genetic endowment to be an entrepreneur. Entrepreneurship can be organized as a process and can be studied, taught and learned.

This is what the author does in this book. Through a series of letters, he studies 20 cases (all of them with a basis in real life, though disguised) which cover the basic steps in the entrepreneurial process: identifying an opportunity, developing a business plan, organizing the new venture (hiring, financing, producing, selling), adjusting to uncertainty, and eventually selling off the new venture. Because the entrepreneur's raw material is "opportunity" and entrepreneurship is the way in which value is created inside existing companies and new ventures, entrepreneurship as a field of study is attracting tremendous interest all over the world.


Abstract: Latin America today presents a dynamic but challenging business landscape. Although foreign investment in the region has risen, Asia's increasing role in the global economy is a challenge to Latin America's competitiveness. At the same time, “translatina” firms –Latin American transnational companies– continue to grow in capital and influence.

This original collection explores the tensions between the strategic HRM policies demanded by global competition and local approaches rooted in Latin American cultural values. The book uses a selection of real-life case studies, plus quantitative data, to understand the unique challenges of human resource management in Latin America. Issues explored include:

- the relationship between political, economic and social forces, on the one hand, and HR practices, on the other
- lessons from successful HRM practices in the region
- the role of HRM practices for business strategy in Latin America
- national development and HRM practices
- diverse specific social and cultural contexts.

Written by regional-based academics with intimate knowledge of the cultural and business landscapes, this is an important reading for students of human resource management, and business and management.

The book includes the following chapter:

Anabella Dávila – Marta Elvira


Abstract: This chapter draws on an empirical study of CompuSoluciones, a medium-size Mexican IT consulting firm which was chosen by Mexico's Great Place to Work Institute as an outstanding company in 2007. A key theme emerging in the study is that in order to align individual and organizational performance it is necessary to combine different performance management practices.
Based on a description of performance management systems, we build an analytical framework for understanding the appraisal process in knowledge-intensive firms (KIFs). Then, we explore organizational characteristics and HRM approaches within KIFs and use the framework to present findings derived from interviews.

CompuSoluciones’ performance management strategies link individual with organizational performance, shedding light on the fundamental research question of how to appraise knowledge workers and the output they produce. The underlying findings can be summarized as follows: (a) because of the complexity and variety of performance definitions, CompuSoluciones uses multiple appraisal practices; (b) because of the need for high task coordination, problem-solving efforts and intensive communication within KIFs, CompuSoluciones uses appraisal practices that function as organizational integration mechanisms – vertically and horizontally, and c) because of the need to develop a human capital and human process advantage, CompuSoluciones uses appraisal practices that are centralized at the supervisor level and decentralized at the subordinate level. This comprehensive role of performance management systems in CompuSoluciones is supported by a clear strategic intent based on consistent principles and values promoted by top management and based also on high levels of commitment to the appraisal process among managers and staff. These strategies encompass various theoretical perspectives on performance management, suggesting the need to connect strategic human resource management to organizational research via the study of performance systems. Such systems may serve as an integrative mechanism to centralize or decentralize decisions beyond incentive effects.


Abstract: The purpose of the book is to provide the reader with ideas and guidelines on how to create a working environment that encourages harmonization of work, family and personal life, while respecting the bottom line. Although many books on individual work-family conflict and dual-income families have been published, few set out to offer a practical guide to managers who want to develop work/life policies and practices in their firm. This book highlights strengths and pitfalls associated with different types of work-life policies and explains the need for a supportive culture and work practices that promote harmonization. By going beyond formal policies and emphasizing the need for practice, we recognize the fundamental importance of support and accountability of middle managers, an often seriously underestimated source of failure in implementing such policies. The book is very practical, illustrating each point with cases and examples and helping firms to assess themselves in different dimensions by providing easy-to-use checklists and questionnaires. The scope of the book is clearly international, with contributions from authors from three continents.

The book includes the following chapters:

Steven Poelmans – Barbara Beham
"Reviewing policies for harmonizing work, family and personal life", pages 39–77.

Abstract: In this chapter the authors analyze the traditional human resource policies and practices aimed at improving the work-family balance of employees in organizations. To ensure that the analysis does not remain at a purely theoretical level, the authors provide examples of work-life programs and policies that have been successfully implemented in various companies. First, they briefly address the adoption decision. Second, they describe the human resource policies that have been demonstrated to improve work-life balance, providing practical examples of companies which have implemented individual policies or bundles of work-life arrangements. They offer a detailed overview of flexibility policies, leave arrangements, care provisions, supportive arrangements and conventional provisions for job quality and compensation/benefits. In addition, they provide useful checklists, stating the business benefits, advantages and disadvantages of these work-life arrangements. Finally, the authors briefly point out the importance of creating a family-supportive organizational culture and introduce a new paradigm for work-life harmonization.

Steven Poelmans – Shilpa Patel – Barbara Beham
"The implementation of work-life policies", pages 133–165.

Abstract: In this chapter the authors discuss how work-life policies can be implemented and applied in general (implementation) and in specific cases (allowance) to reduce conflicts between responsibilities at work and in family and personal life. They focus on how to identify a realistic path for development; where to begin when introducing initiatives; what challenges companies face; and what pitfalls some organizations have encountered when implementing improvement opportunities. The authors introduce the four-phase “Family Responsible Company Development Model”, based on five consecutive national surveys of work-life policies in organizations in Spain. This model identifies an organization’s present status in terms of family responsibility. The phases are described through the lenses of the four fundamental elements of change, which are: policies, practices, culture and enablers. Being an instrument of change, the model is complemented by on-line evaluation and diagnostic tools designed to help assess the needs and priorities of the organization in its progress toward becoming a family responsible firm.

Steven Poelmans – Olena Stepanova
"How to become a family–responsible firm: Proposing a model for cultural change", pages 235–277.

Abstract: In this chapter the authors propose a model for cultural change, with the ultimate goal of reaching a level of work-life integration that will satisfy both the needs of employees and those...
of the company. First, they introduce the main concepts that support the process of change. Then they give a short overview of the factors that influence the change process and describe the existing models of cultural change. By addressing employees' assumptions regarding work-life balance, fears about innovations, existing values, myths, established practices and other causes of resistance, the authors build a model for cultural change based on the Collaborative Interactive Action Research. The model is in two parts: preparation for change and introduction of the change process. The authors illustrate the whole change process in detail by describing different practices used in real cases, such as framing the project as an experiment, using pictures and metaphors, reinforcing certain behaviors, using role models, or creating a working atmosphere impregnated by certain meanings and values.

**Contributions to books**

**Angela Gallifa – José R. Pin**

Abstract: En este capítulo, los autores exponen la importancia económica del sector de la filantropía y la necesidad de profesionalizar su gestión. No sólo en sus operaciones, sino también en la captación de fondos, y sobre todo en la función de liderazgo, en la que no se puede olvidar el mantenimiento de altos estándares éticos.

**S. Kraus – B. Sebastian Reiche – C.H. Reschke**

Abstract: This chapter explores how and to what extent small and medium-sized enterprises (SMEs) apply strategic planning within the scope of their business activities. Specifically, we investigate 1) why SMEs seem to plan less than large companies; 2) whether strategic planning and SME success correlate with each other, and 3) whether strategic planning is a function of increasing company size. The notion that enterprises that plan strategically are more successful than those who do not would entail that –building on the initial evidence that SMEs reveal a lower degree of formal strategic planning (e.g., Gibson and Cassar, 2002)– large companies are more successful than SMEs. However, this seems to be very unlikely. In this vein, our review of extant empirical studies identifies a range of additional determinants that may influence the relationship between strategic planning and SME success. In doing so, we intend to shed light on SME particularities and derive factors that impact on the extent of SMEs’ application of strategic planning.

**Guido Stein**

Abstract: Juran ha sido el pensador sobre la gestión de la calidad que mejor ha entendido la función directiva y las implicaciones prácticas en las que enmarcar justamente las mejoras de la calidad. Su compromiso con el cambio de la mentalidad en las empresas y de la sociedad en general, para introducir innovaciones que repercuten no sólo en aspectos puramente fabriles, le han granjeado un lugar destacado dentro de la historia del management.
Gestión 2000 has published "Lo que se aprende en los mejores MBA", Volumen 2, edited by Francisco J. Garrido, October 2008, 867 pages.

The book includes the following chapters:

Rafael Andreu
"Knowledge management: Competitividad y aprendizaje", pages 515-556.

Abstract: Este capítulo enfoca la gestión del conocimiento (GC) en la empresa desde una perspectiva de competitividad basada en la denominada Resource-based view of the firm, RBVF. Si hablamos de conocimiento en toda la extensión de la palabra, enseguida tenemos que hablar de aprendizaje y de cómo los procesos asociados facilitan o no el desarrollo de ventajas competitivas basadas en él. Aquí se plantean los requisitos para conseguir que una empresa determinada sea más efectiva a la hora de crear, explotar y mantener ventajas competitivas en las que el conocimiento juega un papel central.

A partir de un modelo de aprendizaje basado en el conocimiento desde la perspectiva de resolución de problemas, se ligan explícitamente ciertos tipos de conocimiento y aprendizaje a necesidades de GC con el objetivo de contribuir a las ventajas competitivas de una empresa. A continuación se analizan las implicaciones que se deducen para una GC que contribuya efectivamente a que dichas ventajas competitivas sean duraderas en el tiempo. Para concluir, se aborda un tema a menudo olvidado en GC pero que es fundamental cuando se concibe el conocimiento como un arma competitiva, más allá de considerarlo un simple "acompañamiento" de las actividades de la empresa: dado que el desarrollo y utilización del conocimiento exigen aprendizaje y esfuerzo por parte de personas en la empresa; ¿cómo compensarles adecuadamente, sobre todo cuando el conocimiento en cuestión es distinto de la empresa y, por tanto, no les hará "empleables" en otras? Esta reflexión lleva a considerar, al final, que para conseguir una GC efectiva en este sentido es imprescindible asegurar que la misión de la empresa sea consistente con los principios de sus colaboradores, y que éstos "lo noten" de manera clara.

PPaabblloo  FFeerrnnáánnddeezz
"Estrategia financiera internacional", pages 177-209.

Abstract: La gestión de la cadena de suministro comprende todas las actividades de la empresa necesarias para la fabricación y entrega de un producto final en la cantidad, momento y lugar que el cliente desea, y de la manera más eficiente posible. En este capítulo se revisan los conceptos básicos sobre los que se cimenta una correcta gestión de la cadena de suministro y se discuten los principales retos que se deben afrontar. Finalmente, se plantean toda una serie de iniciativas que todo buen gestor debería plantearse para conseguir que su cadena mejore en tres dimensiones básicas: mayor agilidad, mayor coordinación entre los diferentes actores y, finalmente, mayor capacidad de adaptación frente a entornos cambiantes.

Julia Prats
"Entrepreneurship: Los superhéroes no existen", pages 95-122.

Abstract: Se ofrece una visión general de los diversos aspectos de la iniciativa emprendedora, partiendo del emprendedor y pasando por el descubrimiento o creación de oportunidades, las características de la organización emprendedora y las diversas fases por las que debe pasar una oportunidad para convertirse en una realidad con proyección a lo largo del tiempo.

Ahmad Rahnema
"Estrategia financiera internacional", pages 177-209.

Abstract: Indiscutiblemente vivimos en un mundo donde todas las funciones económicas –consumo, producción e inversión– están altamente globalizadas. De hecho, hoy en día, las empresas que tienen éxito adoptan una perspectiva global y operan en muchos países. No se trata únicamente de la expansión de las relaciones económicas internacionales de las empresas, sino de que una empresa que opera simultáneamente en varios países, además del suyo de origen, es decir, que produce y comercia mediante establecimientos ubicados en diferentes países.
Gran parte de las funciones operativas de las empresas se coordinan hoy en un contexto mundial. Como resultado, las decisiones de inversión en el extranjero se realizan cada vez menos de manera aislada. Antes bien, el objetivo de los responsables de la planificación corporativa de las empresas multinacionales ha pasado a ser el diseñar un plan único y global para atender a un mercado mundial. Para ayudar a ejecutar dicho plan, los equipos de planificación y de gestión de la tesorería de las corporaciones continúan desarrollando las mismas tareas de elaboración de presupuestos de capital, asignación de fondos, evaluación del desempeño, planificación impositiva y gestión de riesgos, pero ahora en un contexto planetario.

En este capítulo se analizan las principales dimensiones de las finanzas internacionales, empezando con la primera dimensión –riesgos internacionales–, profundizando en la identificación, medición, gestión de los riesgos internacionales en general y la gestión de de diferentes clases de riesgos de tipo de cambio, en particular. A continuación, se analiza la segunda dimensión –oportunidades de inversión–, observando los aspectos diferenciales de los proyectos de inversión en el contexto internacional. Para terminar, se analiza la tercera dimensión de las finanzas internacionales –imperfecciones de mercado–, presentando una visión global sobre la financiación en mercados globales.

**Joan E. Ricart**

"Estrategia y dirección estratégica", pages 59–93.

Abstract: ¿Qué es y qué no es estrategia? ¿Cómo consideramos si una decisión es estratégica? Este capítulo profundiza en la respuesta a estas preguntas. Aquellas decisiones que afecten al contenido de la estrategia en alguno de sus niveles son una decisión estratégica. Aquellas decisiones que sean difícilmente reversibles, que marquen el rumbo de la empresa, que limiten las opciones abiertas a la empresa o el modo en que puede acceder a ellas, son decisiones estratégicas. Aquellas decisiones que marquen la pauta para otras decisiones o que sirvan de marco conceptual para ellas, son decisiones estratégicas. Además, la empresa necesita de un marco que regule su actuación en un entorno tan cambiante como el actual. Liderar en una empresa que invierte con sensatez tienen más valor que las de una que no invierte, y proclamó que «las divergencias de unos y otros peritos sobre la corrección de la tasa de descuento aplicada… muestran la falta de fiabilidad del valor real determinado» por descuento de flujos. Una sentencia anterior, más sensata (marzo de 2007), había valorado las acciones de la misma empresa en 2,4 veces su valor contable. Este documento muestra los párrafos más relevantes de las tres sentencias relacionados con la ausencia de sensatez que con la técnica. Otra sentencia de la Audiencia Provincial de 29 de julio de 2008 afirmó que la valoración debe hacerse según las «Normas Técnicas de Auditoría»; sostuvo que dichas normas son más relevantes que lo que la ciencia económica pueda considerar “conceptualmente correcto”; negó que las acciones de una empresa que invierte con sensatez tienen más valor que las de una que no invierte, y proclamó que «las divergencias de unos y otros peritos sobre la corrección de la tasa de descuento aplicada… muestran la falta de fiabilidad del valor real determinado» por descuento de flujos. Una sentencia anterior, más sensata (marzo de 2007), había valorado las acciones de la misma empresa en 2,4 veces su valor contable. Este documento muestra los párrafos más relevantes de las tres sentencias y de los informes de los que disponían los magistrados. También contiene preguntas que se agradecerá al lector que ayude a contestar, por ejemplo: ¿cómo varios magistrados pudieron (con la información que tenían y en el siglo XXI) escribir semejantes errores? El Anexo 6 incluye 62 comentarios de lectores a versiones previas de este documento.
El documento es un compendio de los métodos y teorías más utilizados para valorar empresas por descuento de flujos: diez métodos y siete teorías

Abstract: Este documento es un compendio de los métodos y teorías más utilizados para valorar empresas por descuento de flujos. Los diez métodos descritos son: flujos para las acciones ajustados al riesgo del negocio descontados a la rentabilidad exigida a los activos; beneficio económico ajustado a la rentabilidad exigida a los activos; EVA ajustados a la rentabilidad exigida a las acciones; EVA ajustados a la rentabilidad exigida a las acciones. Los diez métodos proporcionan siempre el mismo valor. Este resultado es lógico, porque todos los métodos analizan la misma realidad bajo las mismas hipótesis; sólo difieren en los flujos que toman como punto de partida para la valoración. También se muestran siete teorías sobre el valor del ahorro ajustado a los intereses (VTS) y su impacto en la valoración.

No 767 - September 2008
Pablo Fernández
RENTABILIDAD Y CREACION DE VALOR DE 125 EMPRESAS ESPAÑOLAS EN 2008 (HASTA EL 17 DE SEPTIEMBRE)

Abstract: En 2008 (hasta el 17 de septiembre), la rentabilidad de la bolsa española fue –25,9%, y hubo nueve empresas (entre 125) con rentabilidad positiva. Las 125 empresas destruyeron valor para sus accionistas por importe de 267 millarlos de euros. Considerando conjuntamente 2007 y 2008 (hasta el 17 de septiembre), la rentabilidad del IBEX 35 fue –19,7%, y la rentabilidad promedio de todas las empresas del continuo fue –31,8%. En 2008, el descenso del IBEX 35 ha sido similar al de los otros índices internacionales. A pesar de estos descensos, la inversión (diversificada) en acciones ha seguido siendo (a largo plazo) mejor opción que la inversión en renta fija. Sólo los accionistas que compraron al final de 1998 y 1999 (con la burbuja de Internet) y en 2006-2008 (con la reciente burbuja inmobiliaria-bancaria) han ganado menos que si hubieran invertido en bonos del Estado. La burbuja actual ya ha sufrido un fuerte pinchazo y es más sensible comprar tras un descenso que tras una subida de las cotizaciones.

No 768 - October 2008
Beatriz Muñoz-Seca
AN APPROACH TO FACILITATE PROBLEM SOLVING: INDIVIDUALIZING THE PROBLEM PROPOSITION

Abstract: This paper addresses one of the many facets of the problem-solving activity: the challenge inherent in the problem proposition. We have identified the problem proposition as a core element in obtaining efficient problem solving. The Educational Dimension Portfolio, EDP, is our proposal for individualizing the problem proposition. This paper presents EDP’s characteristics and implications through testing the results of 491 IESE Business School executives from the European Union (EU) and Latin America (LA). We enumerate five working hypotheses and show their results. We also propose an Educational Delivery Approach (EDA) to help managers become manager-educators. We present the Socratic educational process, the apprenticeship process and the “providing alternatives” process as a guide to become a manager-educator.
Responsabilidad Social Corporativa en las empresas españolas

Abstract: Este documento se centra en la cadena de valor que existe entre la fabricación de contenidos de entretenimiento y el consumidor, para analizar la creación de valor en el sector de TMT (tecnología, media y telecomunicaciones) en los años 2003 a 2007 (cinco años). Se pretende saber qué sectores de la cadena crearon valor para sus accionistas y cuáles lo destruyeron. El contexto de mercados, como es bien conocido, es de una bolsa alcista (el S&P ha dado una rentabilidad, incluidos dividendos, del 12,8%, y el Eurostoxx 600, del 15,1%). También se pretende analizar la relación entre la rentabilidad que obtuvieron los accionistas de las empresas y las ratios de rentabilidad basadas en la contabilidad (ROA, ROCE, EVA y ROE).

Los sectores que más valor crearon fueron empresas de servicios a telecoms, retailers on-line de contenidos, software de aplicaciones multimedia y electrónica de consumo. Los que más valor destruyeron fueron las empresas de media (cadenas de radio, sellos discográficos, estaciones de televisión, prensa y canales de televisión). En ese periodo, 28 sectores batieron a la bolsa y 13 no lo hicieron. Las correlaciones entre rentabilidades para el accionista y las ratios de rentabilidad basadas en la contabilidad son nulas a nivel desagregado (empresas), y muy bajas para sectores (la mejor ratio contable es el ROA, con una R2 de 0,26). Se ha observado una relación entre la lejanía de los sectores con el consumidor y la creación (destrucción) de valor. A medida que los sectores están más alejados del consumidor, más valor destruyen. Se sugiere que la capacidad de ser desintermediados de esos sectores aumenta con la distancia al consumidor final. El consumidor final cada vez disfruta de mayor libertad para consumir entretenimiento como a él le parece, y no como se les ocurre a los “fabricantes” y “empaquetadores” de contenidos.
No 71 - October 2008
Nuria Chinchilla – Consuelo León
guía de buenas prácticas de la empresa flexible. Hacia la conciliación de la vida laboral, familiar y personal – 2007

Abstract: En poco más de una década, la Comunidad de Madrid ha vivido una intensa transformación económica y social. Se ha pasado de una situación en la que no se creaba empleo y con una tasa de desempleo superior al 20%, a otra muy distinta en la que las empresas madrileñas crean más de 100,000 nuevos puestos de trabajo al año y donde la tasa de paro se sitúa en torno al 6%. Con esta guía se trata de ofrecer a los gestores de recursos humanos un catálogo de soluciones reales que ya se han puesto en marcha en empresas de la Comunidad de Madrid que son conscientes de que avanzar hacia una mayor flexibilidad en la organización del trabajo es una herramienta imprescindible para lograr atraer y retener el mejor talento.

Other publications

Miguel A. Aríño – David Pastoriza – Joan E. Ricart

Abstract: In this paper we investigated the impact of organizational context and supportive managerial behavior on the creation of internal social capital at a business-unit level. Organizational context, defined as the set of administrative and social mechanisms of influence implemented by management to shape the behavior and attitudes of employees, arises as a key organizational attribute to facilitate the creation of internal social capital in the firm. Further, the impact of internal social capital on a firm’s financial performance is confirmed. Data collected from 1,817 individuals in 36 international business units supported our hypotheses.

Jordi Canals

Abstract: La empresa contemporánea es una de las innovaciones más importantes del siglo XX. El espíritu empresarial siempre ha formado parte de la historia de la humanidad desde sus inicios, pero no es hasta el siglo recién pasado cuando se produce la emergencia generalizada de empresas con una organización clara, dirigidas por profesionales, y con una estructura y unos sistemas de gestión que permiten su crecimiento sostenible. A partir de la segunda guerra mundial se aceleró el avance de los estudios en el campo de la dirección y la gestión de empresas, y con ello se sistematizaron y extendieron el conocimiento y las prácticas de gestión de una manera rápida y eficaz. Fue así como se produjo un crecimiento y una diversificación internacional de las empresas hasta niveles desconocidos en el pasado.

Nuria Chinchilla – Max Torres

Abstract: El autoliderazgo –el liderazgo de uno mismo– es absolutamente necesario para poder liderar a otros. Este autoliderazgo se nutre de competencias tales como el autoconocimiento, la inteligencia emocional, la proactividad, la gestión del tiempo y del estrés, la gestión de la trayectoria personal y profesional, y la madurez afectiva, que es fruto del aprendizaje evaluativo generado a través de la resolución de conflictos intermotivacionales.

Toni Dávila

Abstract: Diseñar organizaciones para innovar no es tarea fácil, porque hay que prestar atención a muchos aspectos organizativos. Sin embargo, estas características no son magia y tampoco son muy diferentes de las de otros procesos dentro de la empresa.

Pablo Fernández

Abstract: La prima de riesgo del mercado (también denominada prima de riesgo, prima de riesgo del mercado bursátil…) es uno de los parámetros financieros más investigados y controvertidos, y también uno de los que más confusión genera. Gran parte de la confusión se debe a que este término designa cuatro conceptos y realidades muy diferentes entre sí: 1. Prima de riesgo del mercado histórica (PRMH): diferencia entre la rentabilidad histórica de la bolsa (de un índice bursátil) y la de la renta fija. 2. Prima de riesgo del mercado esperada (PRME): valor esperado de la rentabilidad futura de la bolsa por encima de la de la renta fija. 3. Prima de riesgo del mercado exigida (PRMX): rentabilidad incremental que un inversor exige al mercado bursátil (a una cartera diversificada) por encima de la renta fija sin riesgo (required equity premium). Es la que se debe utilizar para calcular la rentabilidad exigida a las acciones. 4. Prima de riesgo del mercado implícita (PRMI): la prima de riesgo del mercado exigida que surge de suponer que los precios de mercado son correctos. Este trabajo reúne en un mismo texto dos artículos del autor publicados en julio de 2008 en la Social Science Research Network.

Pilar García Lombardía – Guido Stein – José R. Pin

Abstract: Los autores analizan las características de la llamada “Generación Y” (nacidos en los años ochenta y noventa) y cómo éstas indican las coordenadas para atraerlos y dirigirlos en la empresa. Además, exponen cómo dentro de esa generación el grupo de los CBP (Cosmopolitan Business People) se constituyen en su “vanguardia global”.

Tanguy Jacopin – Kimio Kase

Abstract: The authors explain the main factors behind the success of Spanish banks, taking into account not only the creation of value for shareholders, but also the ability to rebound after the hostile environment of the 1980s. To illustrate their arguments, the authors show how Spain’s two largest banks, Santander and BBVA, have succeeded in differentiating themselves and outperforming their Spanish and European rivals thanks to particularly shrewd and effective management choices in terms of operational efficiency, innovation and profitability.

José R. Pin

Abstract: El autor expone que la ética en la empresa exige un comportamiento deontológico por parte de los directivos, y dentro de él examina las incongruencias en el sistema retributivo. El abanico salarial debe estar basado en criterios de justicia, dar a cada uno según lo que se merece y con solidaridad, teniendo en cuenta las necesidades de las personas. Ambos criterios a la vez son los que aseguran una retribución aceptable por todos. Si la responsabilidad social corporativa no empieza por la revisión salarial, se convierte en “hacer caridad con el dinero de otros”.

Conferences and Seminars

Antonio Argandoña
On October 24–25, attended the XVI Congreso Nacional de Ética de la Economía y de las Organizaciones, organized by EBEN in Madrid, where he presented the paper “¿Tiene sentido enfocar la teoría de la organización desde el concepto de bien común?”.

Manel Baucells
On October 12–15, attended the INFORMS 2008 Annual Meeting in Washington, where he presented the paper “The mathematics of happiness”.

Abstract: Happiness is as much about making reality better as about how our mind represents this reality. We propose modifications of the discounted utility model to capture how a flow of consumption is translated into a flow of well-being or happiness. The basic model seeks to capture two important effects: habit formation and satiation. We show that our model addresses the trade-off between maintaining habits and seeking variety. We discuss the optimal consumption path of our model under several constraints. The optimal program usually requires suprarational agents who correctly anticipate changes in habitual levels of consumption and satiation levels. Actual agents may be best described as operating under projection bias. We argue that our model, in the presence of projection bias, successfully explains the hedonic treadmill in the research area of happiness and life satisfaction. Finally, we propose a utility model for the consumption of goods that yield meaning and purpose.

Alessandra Cillo
On October 12–15, attended the INFORMS 2008 Annual Meeting in Washington, where she presented the paper “Probability and time trade-off with multiple outcomes”, co-authored with Manel Baucells.

Abstract: Previous work has introduced a preference model for simple lotteries in which both time and risk dimensions were fully integrated through the probability and time trade-off. Having this model in mind, we pose the question: in a multiple outcome setting, what is the impact of time delay on the decision maker’s risk attitude? To answer this question, we provide an extension of this previous work to multiple outcome lotteries with delay. Predictions are that when time delay is added, the decision maker becomes less risk-averse for gains and less risk-seeking for losses.
Abstract: Do investors obtain their long-term returns smoothly and steadily over time, or is their long-term performance largely determined by the return of just a few outliers? How likely are investors to successfully predict the best days to be in and out of the market? The evidence from 15 international equity markets and over 160,000 daily returns indicates that a few outliers have a massive impact on long-term performance. On average across all 15 markets, missing the best 10 days resulted in portfolios 50.8% less valuable than a passive investment; and avoiding the worst 10 days resulted in portfolios 150.4% more valuable than a passive investment. Given that 10 days represent less than 0.1% of the days considered in the average market, the odds against successful market timing are staggering.

He also acted as discussant of the paper "International diversification through country index funds and ETFs" by Yan Zhao.

Pablo Fernández
On October 1–3, attended the 8th International Finance Conference held at Universidad Tecnológica de Bolívar in Cartagena (Colombia), where he presented the paper "The equity premium in 100 Textbooks".

Abstract: I review 100 finance and valuation textbooks published between 1979 and 2008 (Brealey, Myers, Copeland, Damodaran, Merton, Ross, Bruner, Bodie, Penman, Weston, Arzac...) and find that their recommendations regarding the equity premium range from 3 to 10% and that several books use different equity premia on different pages.

Some of the confusion arises from not distinguishing among the four concepts that the word equity premium designates: Historical equity premium, Expected equity premium, Required equity premium and Implied equity premium.

Finance professors should clarify the different concepts of equity premium and convey a clearer message about their sensible magnitudes.

Fabrizio Ferraro
On October 12–15, attended the SMS 28th Annual International Conference in Cologne, where he presented the following papers:

"Capturing the right audience: Exclusivity and community effect in security analysts’ recommendations", co-authored with Matteo Prato.

Abstract: In mediated markets, critics intervene in the relationship between demand and supply by providing recommendations. Under conditions of extreme uncertainty, to form their judgments, critics search for available value signals that differentiate the objects they evaluate. Concurrently, they send out signals differentiating themselves that third parties can make use of.

Focusing our analysis on the stock market, we show that both signals affect analysts’ recommendations. More specifically, we show that firms covered by analysts who share more experiences of other stocks’ coverage (community effect) and firms that attract fewer reviewers (exclusivity effect) receive better analysts’ recommendations. These findings suggest that firms might be better off building a selective community of critics than attracting widespread, indiscriminate attention.

"Building architectural advantage in the US motion picture industry: Lew Wasserman and the Music Corporation of America", co-authored with Kerem Gurses.

Abstract: This paper contributes to the literature on industry architecture by focusing on the emergence of “architectural advantage” and proposing a model of endogenous industry evolution. To understand how one firm can shape the industry architecture in its favor, we studied a historical case study on the role of Lew Wasserman and the Music Corporation of America in the evolution of the motion picture industry in the United States. In this paper we focus on two major disruptive events: the 1948 Paramount Decree, which forced vertically integrated movie studios to divest their theaters, and the explosion of television as a novel form of entertainment in the 1950s and its diffusion as a channel for the exhibition of movies alternative to the movie theater. In both these cases, one company, Music Corporation of America, led by a very entrepreneurial CEO, Lew Wasserman, managed to substantially improve its standing in the industry by occupying and consolidating a position of advantage in the industry, in other words, an architectural advantage. We show how in both these cases this was the result of the interaction between the actions of the Studios, constrained by the institutional logic of the industry and the regulatory framework, and Lew Wasserman’s introduction of novel industry practices (profit-sharing and packaging), which both consolidated his grip on talents and facilitated the growth of independent production and TV production.

Tanguy Jacopin
On September 10–13, attended the 7th Annual Colloquium of EABIS in Cranfield, where he presented the paper "Questioning the corporate responsibility (CR) department alignment with the business model of the company. The Spanish IBEX 35 Index Case", co-authored with Joan Fontrodona.

Abstract: Embedding CR into organizations is one of the most challenging issues facing CR today. The paper questions the CR department’s alignment with the business model in IBEX 35 companies to provide some insights concerning: 1) the short-term vs. long-term focus of the CR department; 2) whether or not it is necessary for the CR department to be aligned with the company’s business model, and 3) the possibility of incorporating CR into the organization as a competitive advantage from a specific business model.
were analyzed by the Commission and for which a decision was
to February 2004. We have information not only on the cases that
submitted to the Commission for consideration from January 1999
data set that contains information on all the cases (almost 2000)
are consistent with economic theory. To do this, we use a unique
to what extent European Commission decisions on anti-trust cases
vocabulary.

"Physical commodity trading in a network and its impact on
prices", co-authored with Josep M. Vendrell.

Abstract: We consider in this paper the trading of a single
commodity in several locations which define a network. We model
shipping capacity constraints through quadratic trading costs. We
first analyze the basic strategy of a trader between two nodes,
which affects prices in each node. This allows us to characterize
the (stochastic) price evolution in the nodes over time. We use the
model to analyze numerically the kerosene price differences
between New York, Los Angeles and the Gulf Coast.

"Competing for shelf space", co-authored with Guillaume Roels.

Abstract: We study competition for shelf space in a multi-supplier
retail point. We consider a retailer that seeks to allocate its shelf
space among different products to maximize its profit. To obtain
larger shelf space allocations, product manufacturers can set lower
wholesale prices, thereby increasing the retailer's profit margin on
their products. We analyze the competitive dynamics arising from
the scarcity of space.

"Explicit optimal base-stock levels with stochastic demand and
purchasing cost", co-authored with Peter Berling.

Abstract: Managing inventory when buying from organized spot
markets is a problem faced by many firms. We consider a model
where the purchase price is assumed to follow: 1) a geometric
Brownian motion, or 2) a mean-reverting process. Using the single-
unit decomposition approach, we present a simple procedure to
compute in closed-form the optimal base-stock levels, which
depend on the current price, its expected evolution and its
volatility.

Núria Mas
On October 23, attended the 3rd Association of Competition
Economics – Spanish Meeting, organized by IESE/SP-SP, Public-
Private Sector Research Center and Fundación Rafael del Pino
in Madrid, where she presented the paper "Industry
characteristics and anti-competitive behavior. Evidence from
the EU", co-authored with Jordi Gual.

Abstract: The objective of this paper is to determine whether and
to what extent European Commission decisions on anti-trust cases
are consistent with economic theory. To do this, we use a unique
data set that contains information on all the cases (almost 2000)
submitted to the Commission for consideration from January 1999
to February 2004. We have information not only on the cases that
were analyzed by the Commission and for which a decision was
finally made public, but also on all the cases that were not pursued
to a conclusion or for which no final decision has been made
public. This allows us to determine not only whether the
Commission follows the prescriptions of economic theory in its
final decisions but also whether there is any bias in the selection of
cases the Commission decides to pursue. Our results confirm that
Commission decisions follow the predictions of economic literature
and that political variables do not seem to play a significant role.

Domènec Melé
On October 16-18, attended the EBEN Annual Meeting in
Antalya, where he presented the following papers:

"Is the integrative social contracts theory appropriate
for international business ethics?" co-authored with César
Gonzalez-Canton.

Abstract: Integrative Social Contracts Theory (ISCT) has been
proposed for business ethics, particularly for international
business, as a middle ground between the need for transcultural
ethical norms and the required sensitivity for the particular
contexts in which managerial activity takes place. Although this
theory has some strengths, it also has significant weaknesses. The
weaknesses include the fallacious dichotomy of facts and values;
the false opposition between nature and culture; and the
controversial notion of consent. In addition, ISCT lacks a
theoretical justification for the core concept of hypernorm. In
conclusion, we suggest that ISCT falls short of providing managers
with an appropriate framework for the challenges of cross-cultural
management.

"Business ethics: An integrative person-centered approach".

Abstract: Most current ethics theories used in business ethics
focus exclusively on principles or virtues, or other aspects of
human action; they rarely integrate these aspects. This paper
outlines an integrative approach in which human goods, virtues
and principles are interrelated. Basically, it follows the Aristotelian
and Thomist tradition, in which human nature and virtues are
central. However, some elements of other theories are also
integrated in a consistent way. Thus, the second Kantian
imperative is reformulated and some insights from the ethics of
care are also considered. In this approach, three basic principles
(the Golden Rule, the Personalistic Principle and the Principle of the
Common Good) permit dealing with both individual and social
issues as they present themselves in business ethics. Practical
wisdom is crucial to evaluate particular situations without
excluding generic universal principles of morality. This approach
adopts the Triple Font of Morality Theory for making moral
judgments, which includes the morality of the end pursued by the
action, the chosen action, and the circumstances of the action,
which include consequences and social context.
Abstract: Building and maintaining high quality relationships is widely considered a key contributor to supply chain performance. The purpose of this paper is to challenge this argument by critically reviewing the concept of relationship quality and its linkages with supply chain performance. A multidisciplinary literature review was undertaken to identify journal articles on relationship quality from the supply chain management, operations management, marketing, service management, organization studies and applied psychology literatures. The paper reveals significant ambiguities in the conceptualization and empirical assessment of relationship quality. In view of this imprecision and certain key methodological limitations, we argue that empirical evidence for the connection between relationship quality and supply chain performance is still inconclusive. Inspired by insights from several disciplines, this study offers new avenues for research into the linkages between relationship quality and supply chain performance, such as conducting longitudinal and multi-level analyses to investigate the existence and direction of the supposed link between relationship quality and supply chain performance. Implications are also provided for practitioners interested in enhancing the performance of inter-organizational relationships, one being to address supply chain performance more directly by, for example, introducing performance measurement systems in supply chains.

Petra Nylund (PhD Student)
On September 8-10th, attended the 1st International Conference on Human and Organizational Factors in Planning and Scheduling, jointly organized by the European Science Foundation and the Ecole Polytechnique Fédérale de Lausanne in Lausanne, where he was a member of the organizing committee and presented the paper "Challenging the evidence: Unpacking relationship quality and its link with supply chain performance".

On October 22–25, the following papers were presented at the Annual Assembly of CLADEA (Consejo Latino Americano de Escuelas de Administración), held in Ciudad de Puebla (Mexico):

José R. Pin
"Quality agreement: Una propuesta para el ajuste estratégico de recursos humanos", co-authored with Lourdes Susaeta, Pilar García Lombardía and Antonio Ortega.

Abstract: Estudio realizado por el Centro de Investigación IRCO-IESE financiado por la empresa ADS sobre cómo los acuerdos de servicio entre las direcciones de recursos humanos y las unidades de negocio pueden ayudar a mejorar el alineamiento estratégico de las políticas y prácticas de dirección de personas. Es además un mecanismo de cambio cultural y de mejora continua. La metodología utilizada fue la realización de una encuesta y el análisis de casos de empresas que estaban aplicando esta técnica.

He also participated in the roundtable on "Las estrategias para incluir la RSC en la enseñanza en las escuelas de negocio", in the track "Gestión de Decanos".

Lourdes Susaeta
"Diversidad y generación de valor", co-authored with José R. Pin.

Abstract: Se presentan las conclusiones del “Libro blanco sobre la Gestión de la Diversidad en España”, publicado por el Centro de Investigación IRCO-IESE con la colaboración de Sagardoy Abogados y la firma CREADE. Se recogen las ventajas y dificultades de la diversidad y ejemplos de casos sobre la gestión en España, incluyendo el estudio del trasiego de políticas de multinacionales a sus filiales.

Mª Jesús Belizón
"Factores determinantes de la reputación del CEO: Un análisis sectorial entre las 1.000 empresas españolas más importantes", co-authored with José R. Pin and Lourdes Susaeta.

Abstract: En base a la encuesta anual del IRCO-IESE sobre las tendencias de la economía española, en colaboración con la empresa Burson-Masteller, se presentaron los resultados sobre las competencias más apreciadas en la reputación de los CEO. El análisis resalta la visión estratégica y los aspectos éticos, aunque los diferentes sectores dan resultados diversos que permiten conclusiones sectoriales.

B. Sebastian Reiche
On September 22–23, attended the EIASM Annual Conference, held in IESE, Barcelona, where he presented the paper "Do social ties help you to fit in? The role of social capital in person-environment fit across cultures", co-authored with Yih-teen Lee and Dongmei Song.
Abstract: This paper develops a conceptual link between the social capital and person-environment fit literatures. We propose that social capital serves as a main predictor of person-environment fit, which mediates the relationship between social capital and outcomes/performance. Specifically, we argue that an individual's structural, relational and cognitive social capital has distinct effects on his or her person-job, person-group and person-organization fit and develop testable propositions that specify these relationships. In a second step, we extend our framework to a cross-cultural context and discuss how cultural dimensions moderate the linkages between social capital and person-environment fit. We conclude with implications for research and practice.

Jaume Ribera – Sandra Sieber
On September 27, attended the JOMBS Workshop in Stockholm, where they presented the paper “How does project risk management impact the success of films? Evidence from the Spanish film industry”.

Abstract: This paper studies the impact of project risk management of film productions on the success of the release of motion picture films. By looking at the production of three Spanish films, the paper analyzes the challenges that producers face at the various stages of a film project. It specifically focuses on management’s approach to the uncertainty that may arise during the project development stage. Four distinct types of uncertainty (variations, foreseen uncertainty, unforeseen uncertainty and chaos) are presented. The paper shows how the appearance of different types of uncertainty requires producers to adjust their management style and how appropriate or inappropriate actions have an impact on the likelihood of a picture’s overall success on release.

Joan E. Ricart
On October 12–15, attended the SMS 28th Annual International Conference in Cologne, where he presented the paper “Socialize the innovation in your business model through social capital creation”, co-authored with David Pastoriza.

Abstract: The idea of a socialized form of innovation, where all the constituents of the firm participate in the process of knowledge creation, provides an alternative way of developing the innovative capacity that organization structures are intended to create. The process through which management creates this socialized innovation cannot be easily explained with the economic theories that dominate the business model literature. This paper argues that social capital theory helps to explain the creation of a socialized form of innovation and increases the value embedded in the business model of a firm. Extending the literature of business models with social capital theory will help advance this field of research, particularly the elements of the business model that current economic theories are not fully capable of explaining.

On October 16-17, attended the 2008 European Outsourcing Summit, organized by the International Association of Outsourcing Professionals at IESE in Barcelona, where he presented the paper "Offshoring service activities in US and EU", co-authored with Arie Lewin.

Abstract: Based on a database of over 900 corporations and covering over 2,700 discrete outsourcing-offshoring process or functional implementations, this presentation examines the emerging trends suggesting the limits to labor arbitrage, the outsourcing-offshoring of more complex, value creation functions, insights into the globalization of innovation, new product development and R&D. Included are international comparisons of companies in Australia, Belgium, France, Germany, Italy, Netherlands, Scandinavia, Spain and the United Kingdom, with the findings suggesting a pressing need for greater attention to these strategies at the board and top management levels of companies worldwide.

Paulo Rocha e Oliveira
On October 4–7, attended the Frontiers in Services conference in Washington, where he presented the paper "Dynamic pricing of customized services: Selling to learn or learning to sell?", co-authored with Gabriel Bitran and René Caldentey.

Abstract: Knowing each customer’s preferences enhances a firm’s ability to design and offer the right selection and configuration of products and services. Learning is not free and companies must allocate valuable resources in order to gain a deeper understanding of their customers’ preferences. We use an axiomatic approach to develop a learning model that enables us to quantify the trade-off between the value and the cost of knowing the customers. This learning model serves as the building block of a dynamic program through which we investigate how pricing policies can be used to speed up the learning process while maximizing the firm’s financial performance. We compare the financial performance of the myopic policy (“selling to learn”) to the long-term policy (“learning to sell”) under different scenarios and offer managerial recommendations for the maximization of customer lifetime value.

Christoph Zott
On September 5–6, attended the 6th West Coast Research Symposium on Technology Entrepreneurship in Stanford, where he presented the paper “You don’t have to be so courteous in dealing with me: How emotion management affects resource mobilization in start-ups”.

Abstract: During a five-year real time field study of six British start-up organizations, we found three kinds of affective influence (AI) actions that are relevant to the building of new organizations: AI actions that address stakeholders’ perception of business risks; AI actions that focus on founders’ entrepreneurial attributes; and AI actions that address stakeholders’ personal well-being. We also identified three categories of action that help founders and early employees institutionalize AI as organizational routines in their developing
Affective selecting, training, and replicating. But we also noted that founders differ greatly in the way they practice AI in building new organizations. We link their AI actions to important organization-building outcomes that involve creating new mutable resources that are necessary for nascent organizations to thrive.

On October 9, attended the RICAFE 2 Third Conference in Amsterdam, where he chaired the session "IPO Waves, Product Market Competition, and the Going Public Decision" and acted as discussant of the paper "Small and medium-sized enterprises, banking relationships, and the use of venture capital" by Allen N. Berger (Federal Reserve) & Klaus Schaeck (Cass Business School).

**Awards**

**Antonio Argandoña**
On September 11, received the Lifetime Achievement Award given by the European Academy of Business in Society (EABIS) and the Aspen Institute for Business in Society at the 2008 Faculty Pioneer Awards ceremony, as part of the 7th EABIS Annual Colloquium held at Cranfield University.

**B. Sebastian Reiche**
Last August was selected as Finalist for the Barry M. Richman Best Dissertation Award, given annually by the International Management Division of the Academy of Management for the best dissertation in the field of international management. The award recognizes Sebastian Reiche’s thesis "Knowledge sharing through inpatriate assignments in MNCs: A social capital perspective", which he completed at the University of Melbourne in 2007.

**Doctoral theses**

**Cristina Cáliz**
**E-LEARNING: DESIGNING NEW BUSINESS EDUCATION (IESE), thesis director: Sandra Sieber**

*Abstract:* The purpose of this dissertation is to gain a deeper understanding of how information technology affects business schools and how e-learning can be delivered most effectively in executive education. New developments in the IT field have led to the appearance of new organizational structures, new work practices and new training methods. In executive education, teaching and learning methods have started to change. Immersed in a process of innovation and continuous improvement, some business schools have decided to differentiate themselves and compete by using information technology in innovative new ways.

Integrating information technology in business education is by no means trivial. There is scant empirical evidence as to the impact it can have. Accordingly, we chose to explore the phenomenon in context and over time, using an ethnographic research design. Building on a rough initial theoretical framework describing the factors that influence the design of an executive MBA program with an e-learning component, we studied a single program at IESE Business School (the Global Executive MBA) which combines e-learning with residential face-to-face learning over a fifteen-month period. The resulting conceptual framework confirmed some aspects of the initial framework, while other new and emergent dimensions were identified through field research and a further literature review.

Our final theoretical framework for an executive education program is built around five factors, which were confirmed and refined through field research. These factors are: the importance of program and course design in overall program design and learning outcomes; instructor profile; student profile; technology; and institutional context.

This dissertation contributes to e-learning research by adding new insights about e-learning in executive education; by introducing new concepts for the design of hybrid management-education programs, such as the need for an interplay between face-to-face and distributed learning; and by pointing out new relationships between the factors that influence the design of combined face-to-face/e-learning programs, such as the changing relationship between students and professors in programs where interaction takes place in two different environments. Emerging implications for business schools, students and professors are also highlighted, notably that a school’s ability to manage the learning platform effectively has a direct impact on the program’s overall results.

**IESE - Research Seminars**

**Financial Management**
**September 22**
**Speaker:** Carles Vergara, IESE, Business School
"Asset pricing in equilibrium economies with illiquidity and investment constraints"

*Abstract:* This paper argues that the degree of illiquidity and the constraints in investments (e.g. reversibility and capacity) play an important role in determining the dynamics of consumption, investment and asset returns. We develop a general equilibrium model where economic agents choose their holdings of liquid and illiquid assets and their consumption under specific investment constraints. We show that the level and variation in consumption, risk premia of investments and prices strongly depend on the ratio of cumulative liquid capital versus illiquid capital invested, the degree of illiquidity and the existence of constraints in the investments. The model provides a compelling framework for
explaining empirical facts in the asset pricing literature and, in particular, in the housing and labor markets.

Marketing

September 29
Speaker: Tom Meyvis, New York University, Stern School of Business
"Prospective hedonics: How anticipating the future influences perceptions of past and present"

Abstract: We often anticipate future hedonic experiences: we dread a visit to the dentist and we savor an upcoming trip to a tropical island. Yet, aside from this direct effect on our current happiness, the anticipation of future events can also change our perceived enjoyment of specific past and present events.

In a first set of studies (with Leif Nelson), we demonstrate that, although people do not contrast their enjoyment of a current experience against their enjoyment of a preceding experience (Novemsky & Ratner, 2003), they do contrast it against their enjoyment of an anticipated experience. A piece of classical music does not become more enjoyable after listening to an irritating noise, but does become more enjoyable when people anticipate having to listen to the noise afterwards. Similarly, an irritating noise becomes more irritating in anticipation of listening to a popular song. However, when the current experience is more ambiguous, the anticipated experience can contaminate the current experience, resulting in an assimilation effect instead: listening to mildly irritating music becomes more enjoyable in anticipation of a popular song.

In a second set of studies (with Jeff Galak), we examine how the anticipation of an experience influences your perceived enjoyment of that same experience in the past. In particular, we examine how the perceived aversiveness of an unpleasant experience is influenced by the anticipated continuation of the experience. We propose that people engage in strategic pessimism and “brace for the worst” by convincing themselves that the experience is more aversive when they expect the experience to be repeated. In a first field study, we observe that runners who anticipate running up a hill or are in the middle of running up a hill perceive this experience as more aversive than runners who have just finished running up the hill, consistent with the perspective that the first two groups are bracing for the upcoming (or remaining) experience. In subsequent lab studies, we find that people who anticipate a repetition of their experience find an irritating noise more annoying and a tedious task more boring than people who know they are done with the experience. However, since strategic bracing for an upcoming unpleasant experience implies devoting current resources to reduce future displeasure, the effect should not hold when people do not have sufficient resources to allocate. Consistent with this prediction, the effect of anticipation disappears when people’s resources are depleted after engaging in a difficult choice task (whereas the effect replicates if the choice task is easy).

October 7
Speaker: Steven Sweldens, Erasmus Research Institute of Management
"Evaluative conditioning 2.0: Referential versus intrinsic learning of affective value"

Abstract: Evaluative conditioning is an important determinant of consumers’ likes and dislikes. Three experiments show that it can result from two types of learning. First, stimulus-stimulus (S-S) or referential learning allows a conditioned stimulus (e.g., a brand) to acquire valence by triggering (unconscious) recollections of the unconditioned stimulus (e.g., a pleasant image). Second, stimulus-response (S-R) or intrinsic learning allows a conditioned stimulus to bind directly with the affective response that was previously generated by the unconditioned stimulus. We show when each type of learning occurs and demonstrate the consequences for the robustness of conditioned brand attitudes.

October 9
Speaker: Francine Espinoza, Robert H. Smith School of Business
"The illusion of avoiding bias: How correcting for perceived influence can make a recommendation more effective"

Abstract: When consumers correct for the influence of a recommendation on their behavioral intentions, recommendations from distrusted sources may actually become more effective. In a series of three studies, we show that the moderating effect of correction on source effects is mediated by judgment certainty. Recommendations from trusted sources initially lead to greater certainty, while recommendations from distrusted sources initially lead to less certainty. However, correction decreases the certainty associated with trusted sources and increases the certainty associated with recommendations from distrusted sources, making recommendations from trusted and distrusted sources equally effective.

October 30
Speaker: Aimee Drolet, UCLA Anderson School of Management
"Age-related differences in responses to affective versus rational ads for hedonic vs. utilitarian products"

Abstract: This research investigated the moderating role of product category type (hedonic vs. utilitarian) on age-related differences in responses to affective vs. rational ads. An experiment showed that elderly consumers (age 65 plus) had more favorable attitudes toward affective (vs. rational) ads, regardless of product category type. In contrast, young adult consumers (age 18-25) favored affective ads only for hedonic products. They favored rational ads for utilitarian products. Results of the experiment imply that, to explain age-related differences in decision making, researchers must take into account age-related differences in motivational states apart from apparent shortfalls in cognition.
Abstract: In this article a business model is defined as a firm’s choices regarding policies, assets and the governance structure of those policies and assets, together with their consequences, be they flexible or rigid. We also provide a way to represent such business models so as to highlight the dynamic loops and show how they interact with other business models. Furthermore, we develop some tests to evaluate the goodness of a company’s business model, both in isolation and in interaction with the business models of other organizations, be they competitors, complements, suppliers or partners, etc.

Xavier Vives
On September 12–13, at the Encuentro Teoría de Juegos-Empresa (ETJEO8), Universidad Miguel Hernández, in Elche, presented the paper “Strategic supply function competition with private information”.

Abstract: The paper presents a model of supply function competition when firms have private information about their uncertain costs. A linear Bayesian equilibrium is characterized and comparative static results are derived. As the market grows large, the equilibrium becomes competitive and we obtain an approximation to how many competitors are needed to have a certain degree of competitiveness. It is found that with supply function competition, and in contrast to Cournot competition, competitiveness is affected by the parameters of the information structure. In particular, supply functions are steeper with more noise in the private signals or more correlation among the costs parameters. In fact, for large noise or correlation, supply functions will be downward sloping, margins will be larger than the Cournot level and as we approach the common value case (correlation tends to 1) margins tend to the collusive level. Furthermore, competition in supply functions aggregates the dispersed information of firms, while Cournot competition does not. The implication is that with the former the only source of deadweight loss is market power, while with the latter we have to add private information.

The same paper was presented on October 9 at the MIT/Harvard Theory Seminar; on October 10-11 at the Workshop on Frontiers in Game Theory and Networked Control Systems at MIT, Cambridge; on October 14 at the Industrial Organization Seminars at Columbia University; and on October 15 at the Yale Microeconomic Theory Workshop at Yale University.


Abstract: We investigate the dynamics of prices, information and expectations in a competitive, noisy, dynamic asset pricing equilibrium model. We look at the bias of prices as estimators of fundamental value in relation to traders’ average expectations and note that prices are more (less) biased than average expectations if and only if traders over- (under-) rely on public information with
respect to optimal statistical weights. We find that prices are biased in relation to average expectations whenever traders speculate on short-run price movements.

In a market with long-term traders, over-reliance on public information obtains if noise trade increments are correlated enough and/or there is low enough residual uncertainty in the payoff. This defines a “Keynesian” region. The complementary region is “Hayekian” in that prices are less biased than average expectations in the estimation of fundamental value. The standard case of no residual uncertainty and noise trading following a random walk is on the frontier of the two regions. With short-term traders there typically are two equilibria, with the stable (unstable) one displaying over- (under-) reliance on public information.

The same paper was presented on October 17 at the Yale Finance and Accounting Faculty Seminars in New Haven, Connecticut.

Book reviews

Antonio Argandoña

Teaching materials

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

Financial Management

Financial Aspects of the Subprime Crisis
(FN-556-E - 0.208.033)

This technical note explains the topology of the so-called subprime crisis, which has ceased to be merely a “financial crisis” and turned into a systemic crisis of confidence that could even lead to a “solvency crisis”, with serious repercussions for the real economy. We discuss the underlying causes, the financial instruments and financial engineering techniques used, and the role played by banks, especially investment banks, and unsupervised special vehicles. We describe the strategic effects the crisis is likely to have on financial market supervision, accounting and rating agencies, and also the impact on bank strategy.

(Also available in Spanish.)

Soley J.; 13 pages.

Investment Banking Industry Analysis
(FN-557-E - 0.208.034)

A variety of institutions carry out their business under the name of investment banking. Although they offer similar financial services, they are different because they specialize in different areas. Investment banking is carried out not only by investment banks but also by some universal banks. This technical note analyzes investment banking in its widest sense (concept, industry segmentation, structure, revenue sources and rankings). It also includes charts showing the characteristics of the main players in this sector (strategy, financial parameters, business areas and revenue share and comparative graphs of the sector).


Citigroup
(F-835 - 0.208.029)

Citigroup es una de las mayores empresas del mundo de servicios financieros a corporaciones y clientes individuales, con sede en Nueva York. El grupo también cuenta con más de 200 millones de clientes atendidos a través de una red de 3.000 sucursales y oficinas de financiación al consumo en Estados Unidos y Canadá, así como otras más de 2.000 oficinas en otros cien países. En 1998, con la fusión entre la compañía de seguros Travelers Group y el banco Citigroup, fue la primera compañía estadounidense que pudo combinar las actividades de seguros y banca, tras el levantamiento de las restricciones que se habían impuesto después de la gran depresión de 1929. Las actividades de la compañía se llevan a cabo a través de cinco líneas de negocio: banca minorista global, banca de inversión, gestión de banca privada global, inversiones alternativas y actividades corporativas.

Campa J.M.; Oleaga M.; 16 pages.

HSBC Holdings, plc.
(F-836 - 0.208.030)

HSBC (Hong Kong and Shanghai Banking Corporation) Holdings es un banco global con oficinas centrales en Londres. Su red internacional está compuesta por 10.000 sucursales en 83 países, con actividades divididas en las siguientes regiones: Europa, Hong Kong, resto de Asia y Pacífico, incluyendo Oriente Medio y Africa, Norteamérica y América del Sur. Cuenta con una cartera de 128 millones de clientes, y a cierre de 2007 sus ingresos operativos netos fueron de 61.751 millones de dólares (un 9,6% superior al año anterior), y el beneficio antes de impuestos de 24.212 millones de dólares (un 10% superior al año anterior).

Campa J.M.; Oleaga M.; 13 pages.
Royal Bank of Scotland Group plc es una de las mayores empresas del mundo de servicios bancarios y seguros, con una capitalización bursátil de 44,4 millardos de libras esterlinas y un beneficio después de impuestos de 7,7 millardos al cierre de 2007. Sus oficinas centrales se encuentran en Edimburgo, aunque el grupo opera en todo Reino Unido, en Estados Unidos y resto del mundo a través de sus subsidiarias principales: The Royal Bank y NatWest. El grupo tiene una larga y diversificada base de clientes, desde clientes personales a institucionales, a la que provee con una gran variedad de productos y servicios. Las actividades del grupo están organizadas en los siguientes negocios: banca corporativa y de inversión, banca minorista, Ulster Bank, Citizens y seguros.

Campa J.M.; Oleaga M.; 15 pages.

BNP Paribas
(F-838 - 0.208.032)

A finales del año 2007, BNP Paribas era el segundo mayor banco de la Eurozona en capitalización bursátil y el primero por el total de activos. El Grupo empleaba a 150.000 personas, de las cuales 120.000 trabajaban en Europa, y tenía presencia en más de 85 países, entre los que destacaban los mercados de Europa y Estados Unidos. En Francia, BNP Paribas daba servicios de banca al por menor, a través de una red de 2.200 sucursales y cerca de 3.200 cajeros automáticos, a 6 millones de hogares franceses y 60.000 clientes corporativos. A cierre de 2007, su capitalización bursátil era de 67,2 billones; sus ingresos netos fueron de 7,629 millones, y sus activos, de 1.694 millones. BNP Paribas desarrollaba tres importantes áreas de actividad: banca corporativa y de inversión, banca minorista y gestión de activos institucionales y privados.

Campa J.M.; Oleaga M.; 14 pages.

The Patel Family: Instilling Values to Cope with Wealth
(F-839-E - 0.208.035)

This case study delves into the lives of the Patel family in Greenwich, Connecticut. After experiencing a substantial financial windfall, the Patel family find themselves living a new lifestyle of affluence and luxury that they must learn to come to terms with. The case study discusses the background of the parents and each of the family members’ ability (or inability) to deal with the new-found fortune. They discover that philanthropy is a good way to keep them grounded and the parents believe it will help instill crucial values in their children’s lives. The struggle is that not all of the children are on board with this decision.

Liechtenstein H.; Venza L.; Werbeck A.; 5 pages.

Managerial Decision Sciences

Canonical Decision Making Situations – Exercise
(ADE-31-E - 0.106.053)

This note regroups four typical decision situations that help to exercise DA techniques.

Heukamp F.H.; Lewis A.; 5 pages.

Managing People in Organizations

Richard Debenham in Vienna (A): Between Velvet Divorce and the Sydney Olympics
(DPO-121-E - 0.408.023)

This is the first of a three-case series. Richard Debenham is an operations manager working for the main Australian licensee of a leading global soft drinks producer. In 1990, accompanied by his family, he is transferred from Sydney to the company's European base in Vienna to develop the soft drinks market in Central and Eastern Europe. With little help from his local Austrian colleagues, Richard sets to work negotiating franchise ownership agreements and witnesses the many political changes that occur after the fall of the Iron Curtain and amidst the Velvet Divorce (the dissolution of Czechoslovakia). Over time, the company successfully expands further east. However, due to changes at the headquarters Richard senses increasing difficulties in returning to Sydney, until eventually he receives an offer to manage the company's Sydney Olympics program back home. Aware of the temporary nature of this project, Richard has to decide whether or not to accept this offer.

Reiche S.; 9 pages.

Richard Debenham in Vienna (B): Between Velvet Divorce and the Sydney Olympics
(DPO-122-E - 0.408.024)

This is the second of a three-case series. Richard finally decides to return to Sydney to manage the company's Sydney Olympics program and experiences the challenges of readjusting to life back home, both personally and professionally. With the company changing its focus from the European to the Asian market and the Olympics program drawing to an end, Richard once again faces an uncertain future.

Reiche S.; 4 pages.
Richard Debenham in Vienna (C): Between Velvet Divorce and the Sydney Olympics
(DPO-123-E - 0.408.025)

This is the third of a three-case series. Case (C) describes Richard's final years at the Sydney headquarters, leading to his official retirement in 2002 and three more years of part-time consultant work for the company. The case ends with Richard's reflections on his 31-year career in the company.

Reiche S.; 2 pages.

Gabriele's Dilemma
(DPO-125-E - 0.408.027)

This case illustrates the experience of a young manager who has to take an important decision. It describes a professional situation where he is forced to decide between his work and his personal relationships. This situation makes him question his priorities in life and his work-life balance.

Sortheix F.; Ribera A.; 3 pages.

Profile of a Great Persuader: Ronald Reagan: 40th President of the United States
(DPO-127-E - 0.408.035)

This case is not about Ronald Reagan's political fortunes; it is about his communication skills as a charismatic leader with a clear economic, social and political message. It is about the uncertain environment of the pre-Reagan era, which provided him with the right situation to offer leadership; his ability to forge and communicate a vision to the electorate; and how he developed the skill to engage people and persuade them of his message. Finally, it is about how this outsider with a clear vision captured the central prize of the insiders: the presidency of the United States.

Leggett B.; 18 pages.

Profile of a Negotiator: Lyndon B. Johnson: 36th President of the United States
(DPO-128-E - 0.408.038)

The quote “Come now, and let us reason together” comes from Isaiah 1:18 and perhaps best sums up what we can describe as Lyndon B. Johnson's own very special interpersonal communication style. It was about negotiating or reasoning together. The ability to use the language of negotiation is of great benefit to everyone and, more especially, to those in business and politics. It is a set of skills and attitudes that differ from those needed by the orator. Lyndon B. Johnson is acknowledged as an excellent negotiator. During his time as Majority Leader in the Senate he worked closely with the Eisenhower administration, putting together majority coalitions of Democrats and Republicans. In this way, he was personally responsible for a large number of bills passing through the Senate. But did this skill to negotiate limit his ability to form and communicate an overall vision that America so needed at the time of Vietnam?

Leggett B.; 16 pages.

Fernando Ruiz (F): From his Daughter, 25 Years Later
(DPO-130-E - 0.408.041)

The case is based on a text written by an MBA student attending a course in which the cases Fernando Ruiz (A) to (E) were used and analyzed. In the text, this student reported her own experiences and personal insights from growing up with a father with a personality similar to that of Fernando Ruiz. In addition, she offers a valuable reflection on the impact that parents' personality characteristics and work-family imbalances may have on their family relationships.

Ribera A.; 3 pages.

Persuasion: An Overview
(DPON-46-E - 0.406.032)

In today's companies, the ability to communicate persuasively has become an essential skill. Gone are the days of hierarchical organizations in which information was delivered top-down and there was little need to win over superiors and colleagues with your ideas and opinions. All that has changed, says Prof. Brian Leggett, who has recently published a book entitled "Developing Your Persuasive Edge". In this article he outlines the three key elements of persuasive communication: credibility, environment and argumentation. He also explains why rhetorical tools such as metaphors, examples, analogies and illustrations are essential in persuasive communication and how, as Aristotle pointed out long ago, any orator must be both a logician and a psychologist.

Leggett B.; 7 pages.

Building Credibility
(DPON-48-E - 0.406.034)

Aristotle, writing in his “Rhetoric”, claims that a positive judgement by an audience about a speaker's character is one of the most powerful means of persuasion. In other words, he claims that an audience is prepared to accept a speaker's personal credibility as one of the principal means of persuasion. This personal credibility he terms “Ethos”. In a Harvard Business Review article, “The Necessary Art of Persuasion”, Jay Conger supports this view. Conger sees credibility in a very practical way and writes “in the workplace credibility grows out of two sources: expertise and relationships”. These two concepts of “expertise in a subject
matter” and the creation of “good personal relationships” provide others with good reasons to believe in our credibility.

Leggett B.; 7 pages.

Marketing

Hewlett Packard: Designjet Online 2003
(M-1175-E - 0.504.017)

In January 1998, after a series of dilemmas and doubts, the Inkjet Commercial Division (ICD) set up Designjet Online, a relational marketing program whose main axis was an information and support website for existing owners of HP large-format printers worldwide. After more than five years of effort, the results have been described as brilliant. Nevertheless, there have been a series of problems which have worried those in charge of the program and led them to doubt what steps to take in the short term. (Also available in Spanish.)

Cabrè C.; Parés F.; Renart L.G.; 35 pages.

España y su plan de grandes cuentas
(M-1191 - 0.506.005)

El caso describe el programa de grandes cuentas globales de Vodafone y los principales problemas que se plantean en su implementación.

Ayala I.; Vila V.; Villanueva J.; 21 pages.

Circuito de La Selva, S.L.
(M-1204 - 0.507.026)

Un emprendedor se ha quedado sin fondos y busca nuevos inversores a los que venderles un negocio consistente en un circuito de velocidad a medio construir, con todos los permisos y licencias administrativas. Los potenciales inversores analizan la oportunidad de negocio, la demanda, la competencia, los posibles modelos de ingresos, la rentabilidad esperada y sus riesgos. La primera oferta de precio comunicada parece que será rechazada por el emprendedor. Ahora debe evaluarse la oportunidad de modificarla y, a la vez, reflexionar acerca de la configuración accionarial y del equipo de gestión que se haría cargo del proyecto.


The Behavior of the Internet Buyer
(MN-338-E - 0.503.004)

One of the reasons for the slow development of business-to-consumer e-commerce is consumers’ lack of experience and maturity when it comes to considering a set of relevant sites for making a purchase. The effect of advertising on online purchasing behavior is very weak: although it enhances the user’s knowledge, the user tends to rely more, when conducting searches, on his own intuition and experience of the Web, which leads him to opt for familiar brands that he trusts. A consumer shopping on the Internet behaves differently from a consumer shopping in a traditional store environment. This situation is set to change, however, as the profile of the Internet user converges with that of the general population. This note discusses the online consumer’s purchasing behavior, taking into account demographic and psychographic features, micromarketing aspects and, lastly, the impending changes that will transform the Internet as we know it today. We believe that it is useful to know the online consumer’s behavior not only in demographic and numerical terms, but also in light of the first academic studies of e-commerce and in relation to traditional marketing theory. These data will help us to better understand consumer behavior and more confidently anticipate future developments.

(Also available in Spanish.)

Nueno J.L.; Villanueva J.; Viscarri J.; 11 pages.

A New Marketing Mix in Internet
(MN-339-E - 0.503.005)

With the advent of electronic commerce, consumers and companies alike have discovered numerous opportunities that previously, for financial and technological reason, did not exist. These new opportunities allow companies to build a much closer relationship with each of their customers at a very low cost. In this note we discuss the new marketing mix of the Internet retailer. Basically, it is a matter of categorizing the different marketing decisions with the aim of attaining a specific goal: to make the company profitable in the long run. To do this we focus on the key aspects of customer capture, retention and satisfaction. We also deal with the different ways of increasing the average purchase by satisfying our customers.

(Also available in Spanish.)


Competitive Response to a New Entrant
(MN-361-E - 0.507.003)

The objective of this technical note is to point out a conceptual framework for the likely competitive reaction of the incumbent in a given market when faced with the arrival of a new competitor. When companies plan to go into a new market, they have to consider how their future competitors will react. A very aggressive reaction could make the firm’s management change their thinking about going into a new market (if, for example, the reaction is likely to set off a price war). The framework shown here could be a guide for the kind of discussion necessary, based on the following questions: Will the incumbents react or not? How long...
will it take for them to react? How will they react? And to what extent? Where will they react? Discussing these questions—which probably will not throw up conclusive answers, but rather more or less likely situations—will help the newcomer reconsider his sales plan.


Production, Technology and Operations Management

Expansion from Products Into Services: A Necessary but Far from Easy Strategic Move

Expanding from products into services has been a leading trend among manufacturing companies over the last ten years. For industrial or consumer product companies, the idea of selling services in addition to products offers the prospect of higher sales, better margins, more customized solutions and a chance to stand out from low-cost competitors. Experience shows, however, that there is also a high risk of failure. Product companies that are thinking of adding services to their offer need to prepare a proper strategic plan that clearly defines the goals, the value proposition, the target market segments and the sources of competitive advantage. This plan will provide a basis for designing the organizational structure and operational means of providing these new services, which is the second potential stumbling block in this strategy.

(LAlso available in Spanish.)

Lago A.; Moscoso P.G.; 8 pages.

Occasional Papers

OP-155 – September 2008
Jaime Bustillo – Pedro Díaz – Luis M. Huete
THE ULTIMATE CULTURAL CHANGE: VODAFONE SPAIN’S TECHNOLOGY AREA

Abstract: Making cultural change happen, so as to improve employees’ engagement and motivation, cannot be done overnight. It is a medium-term challenge that requires a committed management team, a detailed understanding of the reasons behind employees’ low morale, a structured approach to addressing those issues and a well designed communications strategy. Achieving cultural change usually means doing things in a different way, being innovative without having to reinvent the wheel, focusing on the customer, being accountable for any actions and decisions, and all this with optimism and a positive attitude.

This paper illustrates the transformation challenge in the Technology Area at Vodafone Spain: what motivated the change, how the Board addressed the issues, the results to date and the likely next step.

OP-156 – September 2008
Pablo Cardona – Carlos Rey
EL CAMBIO CULTURAL DE SERVEIS FUNERARIS DE BARCELONA, S.A. (SFB)

Abstract: Como consecuencia de la liberalización del sector funerario, la empresa pública Serveis Funeraris de Barcelona (SFB) se enfrentó a una sucesión de cambios: entrada de capital privado, nueva dirección general, pérdida del monopolio, cambios organizativos, implementación del Balance Scorecard... Sin embargo, para consolidar con éxito todos estos cambios, la organización necesitaba transformar una cultura burocrática y de “silos” funcionales en una cultura de alto compromiso y cooperación. Para ello, la empresa decidió implementar la dirección por misiones, apelando al “sentido de misión” de sus trabajadores y consiguiendo, finalmente, superar con éxito la amenaza de las nuevas empresas privadas que entraban en su mercado.

OP-157 – October 2008
Lluís G. Renart
CINCO OPTICAS PARA ANALIZAR ALIANZAS ESTRATEGICAS

Abstract: Confundir la óptica desde la que se analiza una alianza entre empresas puede distorsionar gravemente los resultados. No es lo mismo estudiar los conjuntos o constelaciones de alianzas que intentar explicar la conducta individual de uno de los protagonistas de una alianza.

Es necesario recurrir, por tanto, a cinco niveles de observación, complementarios entre sí, para observar la realidad. Recurriendo a una metáfora propia de la especialidad óptica, será necesario utilizar, según el nivel que se considere, los siguientes utensilios: telescopio, prismáticos, gafas, lupa y microscopio.

OP-158 – October 2008
Pascual Berrone
CURRENT GLOBAL FINANCIAL CRISIS: AN INCENTIVE PROBLEM

Abstract: This article discusses the current global financial crisis as a consequence of common (although inadequate) corporate governance practices. More specifically, it argues that stock options lead to excessive risk taking, as in the case of subprime mortgage securities, because they entail no penalty for the manager and do not damage her/his wealth in the event of collapse. Conversely, golden parachutes and other exit packages incite termination of the employment contract since they reward
failure, providing little incentive for executives to perform adequately.

OP-159 – October 2008
Elena Carletti – Xavier Vives
REGULATION AND COMPETITION POLICY IN THE BANKING SECTOR

Abstract: The banking sector has long been exempted from the application of competition policy because of the potential trade-off between competition and stability. In this paper we review the academic literature on this issue and describe the design of competition policy in Europe and its application in the EU in the last two decades. The analysis highlights that competition policy is now taken seriously in the financial sector. The European Commission has by now investigated mergers, cartels, abuses and state aids in this sector and has taken some landmark decisions. Still, much remains to be done in terms of academic research and the role the European Commission can play in fostering competition in banking in Europe.

OP-160 – October 2008
Xavier Vives – Gianandrea Staffiero
THE GE-HONEYWELL MERGER IN THE EU

Abstract: In July 2001 the European Commission (EC) declared the merger between General Electric (GE) and Honeywell “incompatible with the common market”. The EC argument was that a dominant position, created or strengthened by horizontal overlaps and vertical and conglomerate integration, would significantly impede effective competition and lead to the monopolization of certain markets (such as engines for large regional jet aircraft), vertical foreclosure in engine starters, and the foreclosure and eventual exit of rivals of the merger entity. The decision was appealed by GE and Honeywell to the Court of First Instance (CFI), which in December 2005 (with the merger long “dead”) decided to uphold it, but supporting only the “horizontal overlap” part of the reasoning behind the decision. By contrast, the arguments relating to vertical effects and, most notably, conglomerate effects were found to be “vitiated by manifest errors”. The EC decision sparked a lively debate in economic and policy circles, not least because the merger had previously passed the scrutiny of the US Department of Justice (DOJ), subject only to the divestiture of the military helicopter engine business and other minor requirements.

OP-161 – October 2008
Xavier Vives
COMPETITION POLICY IN EUROPE

Abstract: There has been an evolution in the way competition policy is studied, from a naive perfect-working-markets approach to game-theoretic and empirical analyses of industrial organization. One of the keys in the study of this process has been the establishment of strong European competition institutions. Different authors (Philip Lowe, Jorge Padilla and Matthew Bennett, John Vickers, Massimo Motta, Bruce Lyons, David Spector, Martin Hellwig, Jordi Gual and Sandra Jodar-Rosell, Richard Green, Elena Carletti and Xavier Vives and, finally, Bill Kovacic) deal with a range of subjects related to competition institutions and rules: a review of EC experience in the design of competition policy institutions; an overview of the structure, goals and implementation of Article 81 of the EU Treaty; a study of exclusionary abuse of dominance according to Article 82; an analysis of the economics of collusion through European cases; merger control in the EU; a study of state aid control; a discussion of the relationship between sector-specific regulation and competition policy in network industries; a survey of regulation and competition policy with respect to the energy, telecommunications and banking industries; and lastly, some reflections on whether competition policy in the EU and the US are converging or diverging.

The tendency to make efficiency and consumer surplus the central objectives of competition policy and use economic tools to assess the effects of agreements and practices has been consolidated. However, the tension between market integration and competition objectives, although increasingly resolved in favor of the latter, persists.