Journals

Toni Dávila - Daniel Oyon

Abstract: (This article does not have an abstract.)

Toni Dávila - George Foster - Daniel Oyon

Abstract: The relevance of accounting and control to entrepreneurship and innovation has become more salient over the last few years. The traditional paradigm that identified accounting and control as nothing else but detrimental to these two aspects of management has been challenged both through new concepts and recent empirical evidence. This paper presents a review of this emerging literature. It examines the theoretical concepts that are shaping these fields as well as the evidence that is accumulating. It also presents a framework to structure the study of management control systems in innovative settings and future opportunities for research.

Domèneç Melè
"Integrating personalism into virtue-based business ethics: The personalist and the common good principles", Journal of Business Ethics, Vol. 88, No 1, August 2009, pages 227-244.

Abstract: Some virtue ethicists are reluctant to consider principles and standards in business ethics. However, this is problematic. This paper argues that realistic Personalism can be integrated into virtue-based business ethics, giving it a more complete base. More specifically, two principles are proposed: the Personalist Principle (PP) and the Common Good Principle (CGP). The PP includes the Golden Rule and makes explicit the duty of respect, benevolence, and care for people, emphasizing human dignity and the innate rights of every human being. The CGP entails cooperation to promote conditions which enhance the opportunity for the human flourishing of all people within a community. Both principles have practical implications for business ethics.

Fabrizio Ferraro - Jeffrey Pfeffer - Robert I. Sutton

Abstract: Theories matter because they affect behavior and can, under certain circumstances, become self-fulfilling. For a theory to become self-fulfilling, people must be aware of the theory and have the ability to make choices according to its dictates, social and physical arrangements are altered on the basis of the theory's prescriptions, and the proponents have the power to implement social arrangements consistent with the theory. Economics and other social science theories often fulfill these conditions, with implications not only for the work of scholars, but also for how we think about testing theories that can change the world they describe.

Stefan Stremersch - Walter Van Dyck

Abstract: Although marketing scholars often seek to contribute new knowledge that is applicable across industries, some industries have unique characteristics that require industry-specific knowledge development. The authors
argue that this requirement applies to the life sciences industry, defined as companies in pharmaceuticals, biotechnology, and therapeutic medical devices. Marketers in the life sciences industry face novel and unique challenges along eight decision areas in therapy creation, therapy launch, and therapy promotion. In therapy creation, they face therapy pipeline optimization, innovation alliance formation, and therapy positioning decisions. In therapy launch, they face global market entry timing and key opinion leader selection decisions. Therapy promotion mostly revolves around sales force management, communication management, and stimulating patient compliance. The authors qualify these decision areas according to their practical importance and academic potential. The article derives preliminary generalizations and propositions from prior research and practice and steers further research in specific directions. The authors believe that marketing of the life sciences offers a fertile area for further research because, among other things, its potential impact transcends any problems typically investigated by marketing scholars.

Abstract: We question the broad applicability of the assumption of profit maximization as the goal of the firm and investigate how variance in objective functions across different ownership structures affects competitive behavior. While prior work in agency theory has argued that firms may fail to engage in profit maximizing behaviors due to misalignment between the goals of owners and managers, we contend that we are unlikely to observe pure profit maximizing behavior even in the case of the perfect alignment of goals that exists in owner-managed firms. We compare the competitive behaviors of owner-managed and professionally managed firms and find that, contrary to the expectations of agency theory, professionally managed firms are more likely to engage in behaviors consistent with profit-maximization goals. Consistent with the view that owner-managers are less concerned with maximizing profits, we observe that the entry, exit, and pricing decisions of owner-managed firms are all relatively less responsive to the underlying economic attractiveness of the markets in which they operate.

Contributions to books

Felipe Caro and Víctor Martínez de Albéniz


Abstract: The recent success of fast fashion retailers has changed the (affordable) fashion industry dramatically. These companies, such as Zara, are characterized by a flexible supply chain that has allowed them to reduce design and production lead times to just a few weeks, rather than months. More importantly, they are using these capabilities to change the assortment (i.e., introduce new products) more frequently, which many practitioners claim increases sales, since there is evidence showing that customers visit more often the stores with fresher products. We propose in this paper a customer consumption model with satiation and multiple competing retailers. The model implies that consumers will spend a higher share of their budget in retailers that renew the assortment at a faster pace. Using the insights from the model, we determine how often retailers should change the assortment in the competitive equilibrium.

IESE - Working Papers

No 800 – July 2009

Govert Vroom - Brian T. McCann

OWNERSHIP STRUCTURE, PROFIT MAXIMIZATION, AND COMPETITIVE BEHAVIOR

No 801 – July 2009

Angel L. López – Patrick Rey

FORECLOSING COMPETITION THROUGH ACCESS CHARGES AND PRICE DISCRIMINATION

Abstract: This article analyzes competition between two asymmetric networks, an incumbent and a new entrant. Networks compete in non-linear tariffs and may charge different prices for on-net and off-net calls. Departing from cost-based access pricing allows the incumbent to foreclose the market in a profitable way. If the incumbent benefits from customer inertia, then it has an incentive to insist on the highest possible access markup even if access charges are reciprocal and even in the absence of actual switching costs. If instead the entrant benefits from customer activism, then foreclosure is profitable only when switching costs are large enough.

No 802 – July 2009

Pankaj Ghemawat - Carlos Llano - Francisco Requena


Abstract: Studies of competitiveness tend to focus on a local economy’s global interactions, particularly its international trade. But for countries that are at least mid-sized (such as Spain), interregional trade tends to be as large as or significantly larger than international trade. The case of Catalonia illustrates the importance of interregional flows in truly analyzing and devising strategies for a region’s external competitiveness. Accounting for interregional trade changes and performing analyses of Catalonia’s overall merchandise trade balance, which sectors generate external surpluses as opposed to deficits, and who Catalonia’s key trading partners are, and the use of a gravity-model approach to estimate external border effects at the regional level for Catalonia and the rest of Spain, reveal significant variations by sector and by
trading partner, generally higher external border effects for exports than imports, and declines in border effects over time – but with a discernible flattening in recent years.

No 803 – July 2009
Pankaj Ghemawat
COMPETITIVENESS, PRODUCTIVITY AND EXTERNALIZATION: FOOD VERSUS AUTOS IN CATALONIA

Abstract: This paper re-examines the innovation-productivity nexus on the basis of a paired comparison between Catalonia’s food and auto sectors. The sectoral studies expose a set of productivity enhancement mechanisms that do not involve innovation in the sense of anything new to the world, that are grouped under the rubric of renovation and comprise:

– Reaching efficient scale
– Rectifying (other) obvious internal deficiencies
– Replicating or imitating innovations, techniques, etc., developed by others
– Replacement of inefficient incumbents by more efficient entrants
– Redeployment of resources across sectors

The paper also discusses the implications of this broader perspective for industrial policy, and for internationalization.

No 804 – July 2009
Jordi Jaumandreu
WHAT EXPLAINS THE EVOLUTION OF PRODUCTIVITY AND COMPETITIVENESS? THE INNOVATION LINK

Abstract: This paper addresses the recent evolution of productivity and competitiveness in Catalonia and their links with the innovation activity of firms. Firstly, it summarizes the evolution of productivity, competitiveness, firms’ strategies and the state of innovation. A slowdown in productivity growth and increasing revealed difficulties in some world markets are real, and the weakness of innovation may be a reason. The paper then quantifies some of the links between innovation, productivity and competitiveness. Innovation has a positive impact on productivity and competitiveness. First of all, innovation expenditures induce cost advantages and these cost advantages are a significant explanation for firms’ exports. Furthermore, product innovation helps exports, too. Moreover, R&D activities in Catalonia benefit from high spillovers, and productivity impact is even higher when firms develop R&D activities outside as well. Despite all this, the current level of innovation expenditure is comparatively low and shows signs of lack of dynamism. Firms need to switch from the current equilibrium to the requirements of the coming years.

No 805 – July 2009
Núria Mas
BIOTECHNOLOGY IN CATALONIA. INDUSTRY ANALYSIS

Abstract: Biotechnology is considered one of the key engines to achieving long-term sustainable growth. Catalonia is the main player in the Spanish biotechnology market, boasting 35 percent of the Spanish biotech R&D and 24 percent of its firms. In this report, we analyze the state of the Catalan biotechnology sector, focusing on its competitive advantages and disadvantages relative to other European biotech clusters. Our findings indicate that, in Catalonia, the biotechnology sector has the potential to affect sectors that represent 10 percent of the Catalan GDP and that employ 9.3 percent of the Catalan workforce. However, Catalan biotech is still quite small in relation to the top European bioclusters and it is only slowly catching up in some of its strategic components. The main advantages of the Catalan biotechnology sector are, first, its research effort, which has been improving steadily, thus allowing Catalonia to start closing the gap with Europe, especially in industrial biotechnology. Second, the attractiveness of Barcelona to draw key staff. The main challenge it faces is access to funding and the fact that the size of related industries in the area is smaller than their size in the top European biotech regions. Finally, 65 percent of Catalan biotechnology firms are devoted to the health sector, while the performance of biotech research in the industrial sector has been particularly competitive.

No 806 – July 2009
Bruno Cassiman – Jordi Mas
CATALAN COMPETITIVENESS: SCIENCE AND BUSINESS

Abstract: Science has been shown to be an important driver of economic growth and performance. In this chapter we take a careful look at a key ingredient of this driver for Catalonia: the link between science and business. We argue that the Catalan innovation system faces three important challenges in order to better connect science to business: 1) the need for a sufficient supply of high quality science; 2) the need for a sufficient demand for science by companies, and 3) the ability to connect science and business, i.e., science needs different channels to connect with business and requires coordinated efforts between the different players in the innovation system. We find that the science landscape at Catalan (Spanish) scientific institutions has improved considerably in the last decade. Demand for science by Catalan firms, on the contrary, is still very weak. Nevertheless, we do find that industry and universities use a large variety of channels for knowledge interaction. In addition, we show that the three large Catalan universities have very different profiles in their interactions with industry. However, our analysis does indicate that there is currently a lack of basic information about the Catalan innovation system to help inform and direct such important policy measures. Some coordination on recording this information systematically would improve matters considerably.

No 807 – July 2009
Ramón Casadesus-Masanell – Joan E. Ricart
COMPANY STRATEGY: BUSINESS MODEL RECONFIGURATION FOR INNOVATION AND INTERNATIONALIZATION
Abstract: The competitiveness of a country is the result of the competitiveness of its firms. The competitiveness of firms is partly determined by how their business models interact with the environment to produce offerings with added value. This chapter contributes to the reflection on Catalonia’s competitiveness by using the business model concept to highlight the need to adapt business models to new realities in the Catalan environment. Catalan firms have made little effort to reconfigure their business models after being affected by important external shocks. We derive recommendations by presenting and analyzing examples of companies that have innovated in their business models. Business models sit at the core of competitiveness and should be the focus of managers willing to create efficient firms that foster sustained wealth in Catalonia.

No 808 – July 2009
Bruno Cassiman - Elena Golovko
PRODUCTIVITY OF CATALAN FIRMS INTERNATIONAL EXPOSURE AND (PRODUCT) INNOVATION

Abstract: Exporting firms are typically the more productive firms in an economy. Based on this observation, policy makers typically enact policies to stimulate exportation by domestic firms. In this chapter, we argue that firms make productivity enhancing investments and as a result the more productive firms start an export activity, which might make these firms even more productive. We find evidence of two types of productivity enhancing investments made by Catalan firms: both the fact that a firm imports some of its inputs and that the firm has innovated in the previous year seem to positively affect productivity and, hence, the decision to start exporting. We also find that there is an important difference between the effects of product innovations versus process innovations: product innovations seem to matter more for the export decision of Catalan firms while process innovations have little or no effect on this decision. Overall, we find that importing, innovating and exporting are strongly complementary activities. At the same time, firms develop these activities sequentially. Therefore, it seems that stimulating firms to become active in the international sourcing market and generate (product) innovations might be more productive policy measures than stimulating firms to enter the export market directly.

No 810 – July 2009
Antonio Ciccone – Walter Garcia-Fontes
THE QUALITY OF THE CATALAN AND SPANISH EDUCATION SYSTEMS: A PERSPECTIVE FROM PISA

Abstract: For Catalonia and Spain, public perception is that the PISA reports show that their education systems are underperforming. The goal of this chapter is to quantify how much of the Catalan and Spanish PISA score can be attributed to the education levels of parents and what part must instead be explained by other factors. To do so we use standard statistical techniques to examine how the Catalan and Spanish PISA score would have compared with other countries and regions if all had the same parental education levels and immigration levels. For Spain the main results show that there is a sizable increase in PISA scores relative to the rest of Europe when parental schooling is accounted for. But Spain’s performance is rather poor to start out with and only rises to somewhat above average when accounting for parental education levels. For Catalonia accounting for parental education levels leads to small improvements in the PISA score compared to other Spanish regions and to Flanders, Lombardy, and Denmark. Moreover, immigration or the concentration of immigrants at some schools accounts for little of the below average performance of Catalonia.

No 812 – August 2009
Giulio Federico – Angel L. López
DIVESTING POWER

Abstract: We study alternative market power mitigation measures in a model where a dominant producer faces a competitive fringe with the same cost structure. We characterise the asset divestment by the dominant firm which achieves the greatest reduction in prices. This divestment entails the sale of marginal assets whose cost range encompasses the post-divestment price. A divestment of this type can be several times more effective in reducing prices than divestments of baseload (or low-cost) assets. We also establish that financial contracts (modeled as Virtual Power Plant schemes) are at best equivalent to baseload divestments in terms of consumer welfare.
This paper examines the perceptions that MBA students hold regarding family-owned businesses compared to non-family firms. The study is based on the assumption that attracting talent is critical not only for continuous competitive advantage, but also for the survival of family-owned businesses. Therefore, family-owned firms should promote themselves as equally attractive as non-family organizations in terms of employment opportunities. MBA graduates represent a rich pool of talent that can help family-owned firms to prosper across generations. One avenue of inquiry in this regard is to study MBA students and their perceptions. Consequently, studying whether MBA students hold a specific image regarding family-owned businesses is brought to the forefront. With this aim, the authors engaged in an enquiry process, dealing with MBA students’ perceptions of the strengths and weaknesses of family-owned firms compared to non-family businesses. The sample was composed of 213 MBA students from 20 different countries. The results showed that MBA students do indeed hold a particular image regarding family-owned firms. More specifically, some of the findings are that MBA students perceive family-owned firms as having more problems within the ownership than non-family businesses, are not as good as non-family firms in attracting talented managers, have less job rotation, are slower in their internationalization processes, are slower in the implementation of new technologies, have more difficulty in issuing equity and have a later retirement age than non-family firms. Limitations of the study and future research are discussed.

**IESE – Studies and Monographs**

**Nº 86 – July 2009**

**Pilar García Lombardía – José R. Pin**

**LOS RETOS DE LA EXPATRIACIÓN: APROXIMACION EMPIRICA**

Abstract: El 82% de las multinacionales españolas no planifica la expatriación ni la repatriación de los profesionales. Esta es una de las principales conclusiones del estudio “Políticas de expatriación y repatriación en multinacionales: visión de las empresas y de las personas”.

El estudio concluye que la raíz del problema es la improvisación y el desconocimiento de las necesidades de los profesionales. La falta de planificación del futuro profesional del expatriado, así como el descuido de la dimensión familiar de las asignaciones internacionales, no sólo ponen en jaque el éxito de la expatriación, sino que son también responsables del rechazo que suscita entre los profesionales.

**Nº 89 – July 2009**

**Antonio Argandoña – Ricardo Morel**

**LA LUCHA CONTRA LA CORRUPCIÓN: UNA PERSPECTIVA EMPRESARIAL**

Abstract: Mediante el presente número de la serie de Cuadernos, el lector podrá conocer los motivos por los cuales las empresas deben tener en cuenta el problema de la corrupción y entender los pasos para evitarla o erradicarla. Además, se exponen tres casos destacados de iniciativas colectivas privadas que impulsan estrategias anticorrupción, y se desarrollan una serie de consejos prácticos sobre cómo enfrentar la corrupción desde la perspectiva empresarial. En los apéndices, el lector encontrará dos documentos publicados por instituciones de gran trayectoria y reputación en la lucha contra la corrupción que buscan reforzar la implementación de estrategias anticorrupción.
Other publications

**Antonio Argandoña**


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

"La ética personal y los valores. Un sistema alternativo a la RSC", Telos, Cuadernos de Comunicación e Innovación, No 79, April–June 2009, pages 118–121.

Abstract: Los que escriben sobre responsabilidad social corporativa (RSC) suelen extenderse en la discusión de los adjetivos (social, corporativa), pero no del sustantivo (responsabilidad). La empresa –dicen– tiene la obligación de ser un buen ciudadano en la sociedad; debe ganarse la legitimidad para actuar; tiene el deber de devolver a la sociedad al menos parte de lo que recibe, etc. La RSC es, en definitiva, normativa, obligatoria. Pero, al mismo tiempo, decimos también que tiene que ser voluntaria, como dicen muchas de las definiciones que se suelen dar. Pero, entonces, ¿qué tipo de obligatoriedad tiene? Este artículo trata del sustantivo: de la responsabilidad. Y pretende mostrar que ésa es una responsabilidad ética.


Abstract: La crisis financiera actual ha estat qualificada de “global”. I, en veritat, ho és, per les seves causes i, sobreto, pels seus efectes, que afecten tots els països del món. La globalització financera ha donat lloc a un desenvolupament formidable dels mercats internacionals de capitals, al creixement d’instítucions financieres transnacionals, i a ingents moviments de fons d’uns països a uns altres. El seu resultat és la reducció dels costos financers, més rendibilitat dels estalvis, millor gestió del risc, més eficiència econòmica, més creixement i, en definitiva, una reducció de la pobresa. Però també ha augmentat la interdependència entre els països, la qual cosa ha estat, a vegades, un factor desestabilitzador. Tot això va crear, finalment, les condicions per a una “tempesta perfecta”: la probabilitat que un problema generat en una part del sistema financer d’un país s’estengués a altres institucions, als mercats internacionals i a les entitats d’altres països.

Conferences and Seminars

**Gabriel Giordano**

On July 10–12, attended the 2009 AIS Pacific Asia Conference on Information Systems in Hyderabad, where he presented the paper “A cross-cultural comparison of computer-mediated deceptive communication”, co-authored with Joey George and Carmen Lewis.

Abstract: Although much research into deceptive communication has been conducted in the last several years, little of it has focused on deception outside of a North American context. Similarly, most deceptive communication research has investigated face-to-face verbal communication and neglected computer-mediated communication modes. This paper describes a study in progress on deceptive computer-mediated communication, looked at across two national cultures, Spain and the United States. The paper reviews the relevant literature and theory and presents hypotheses and the research design.

**Roberto García–Castro – Ruth Aguilera – Miguel A. Ariño**

On July 16–17, attended the SASE 2009 Conference in Paris, where they presented the paper “A fuzzy set analysis of firm-level corporate governance practices”.

Abstract: In this paper we investigate what are the alternative configurations of corporate governance (CG) that may lead to high performance at the firm level. Previous literature argues that the different CG practices and mechanisms observed in firms are closely interrelated and that they may affect firm performance in a causally complex and complementary way. We empirically investigate this issue by using fuzzy set Qualitative Comparative Analysis (fsQCA), using a sample of 946 firms from 31 different countries. The use of fuzzy sets methods allows a more fine-grained exploration of the necessary and sufficient conditions leading to high firm performance based on set-theoretic connections rather than correlations. We provide evidence of CG complementarities at the firm level and we find that there is not only one best way to achieve high financial performance but several alternative paths.

On July 2–4, the 25th EGOS Colloquium was held in Barcelona, where the following papers were presented:

**Rafael Andreu**

“Competitive advantage, knowledge and learning: Implications for the management profession”.

Abstract: The question of how to develop and effectively use firm-specific, idiosyncratic knowledge in an organization becomes a fundamental issue when it comes to sustainable competitive
advantages. This process unavoidably touches upon learning and management (motivation, compensation, etc.). In particular, how do we adequately compensate employees who make a learning effort to develop knowledge which, to the extent that is firm-specific, is of no value outside that firm? We argue that economic compensation is not enough, precisely because firm-specific knowledge is highly intermingled with the firm’s own “essence” and consequently “interferes” with employees’ values in dimensions that are not reducible to purely economic terms. This reflection, in turn, raises important issues regarding the management profession.

Yih-teen Lee – Aline Masuda – Pablo Cardona

“Leadership emergency and cultural competencies in multicultural teams: The interplay of self, host, and global cultural identities”.

Abstract: The study focuses on understanding how the interplay of three cultural identities (i.e., identity to one’s culture of origin, identity to host culture, and global identity) can predict cultural competences and leadership perception in multicultural teams. The authors argue that individuals with a high-high identity configuration can lead to higher cultural competences and increase the likelihood to be perceived as leader. On the contrary, those with high-low or low-high identity configurations will be worse-off due to possible effects of ethnocentric attitudes and over-adaptation, respectively. We also argue that global identity can moderate the relationship between dual cultural identities mentioned above and outcome variables, in that the deficits of holding high-low and low-high identities will be compensated. We collected data from the MBA and international MBA students (n = 196) at two different time points from different sources (self plus team member assessment). The findings largely corroborated our hypotheses, indicating the importance of examining the complex interplay of three cultural identities.

Lisa Hehenberger – Johanna Mair

“Not a field, not an industry. What then? The creation of a community at the interstices of fields and professions”.

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

This paper has been nominated for the EGOS Best Paper Award 2009.

Petra Nylund (PhD Student)

“The desire for knowledge transfer”.

Abstract: The psychoanalytical micro-foundations of knowledge transfer explain facets of firm boundaries which cannot be understood through extant knowledge constructs such as tacit or sticky knowledge. Motivation psychology and psychoanalytic concepts like pleasure and desire can increase our understanding of why knowledge transfer takes place within or outside the boundaries of the firm. I find that knowledge transfer can be motivated either by desire or by the normative pressures within a firm. I hence hypothesize that the firm size depends on the desirability of the knowledge transferred by the firm, and find empirical support in quantitative data.

B. Sebastian Reiche – Yih-teen Lee – Pablo Cardona – Miguel A. Canela – Wei He

“A reciprocal model of trust in manager-subordinate relationships: An eighteen-country study”.

Abstract: In this study we examine the relationships between managerial fairness, manager-subordinate trust and subordinates’ organizational citizenship behavior, and investigate how these relationships are affected by the level of collectivism prevalent in a society. Data were collected from 741 managers and 2111 subordinates in 18 countries representing all major cultural regions of the world. Using multi-level modeling techniques, we show that our conceptual model of manager-subordinate trust formation holds across the countries studied but that collectivism moderates the hypothesized direct relationships. Implications for universal and culture-specific dynamics of trust formation and its outcomes in manager-subordinate dyads are discussed.

B. Sebastian Reiche

“Developing effective global relationships through staffing with inpatriate managers: The role of interpersonal trust”, co-authored with Michael Harvey and Miriam Moeller.

Abstract: International human resource managers are progressively encountering new challenges pertinent to the manageability of multiculturalism when staffing global positions. The literature indicates that trust in the global organization context increases subsidiary acquiescence to and cooperation with the headquarters, making this concept an important component in developing inpatriates’ relationships with the headquarters organization. The purpose of this article is to examine a range of antecedents to trust building, distinguishing between two different types of trust (affective vs. competence-based), and examine key outcomes of inpatriates’ trust building in global organizations. Reference point theory is used as the foundation for an analysis of the deliberate choice of
the inpatiate manager and parent organization alike to adjust to new organizational conditions. In addition to that, it provides guidance in examining the effects of assignment longevity. The authors propose that through the development of competencies such as trust building, an organization is better able to implement global learning and talent management and in turn develop more effective and ongoing global relationships based on trust.

Manel Baucells
On August 23-27, attended the Annual Conference of SPDUM 2009, in Rovereto, where he presented the paper "Time and probability as psychological distance".

Abstract: We claim that both time and risk impart psychological distance between the decision maker and the outcome. The numerical values of t and -ln p yield the objective measure of this distance. The distance is zero when the object is to be received now and for sure, and the distance is infinity when the object is never to be received. We assume that subjects combine these two quantities in a linear way to arrive to a total objective psychological distance. The common difference and the common ratio effect suggest that subjects show a diminishing sensitivity to psychological distance. Hence, we introduce a concave function d(z) that yield the subjective psychological distance. We call d(z) the psychological distance function when we collapse the time dimension to now, and a hyperbolic time discounting function when we collapse the probability dimension to one.

Rolf Campos
On August 23-27, attended the European Economic Association and the Econometric Society European Meeting in Barcelona, where he presented the paper "Risk-sharing and crises. Global games of regime change with endogenous wealth".

Abstract: The paper adds heterogeneous agents and risk-sharing opportunities to a global game of regime change. Heterogeneity in risk aversion within the population amplifies the influence of the state of the economy on the probability of a crisis. The novel insight is that when there is a risk-sharing motive, fundamentals drive not only individual behavior, but also select which individuals are more relevant for the likelihood of a crisis. Individual behavior and this selection go in the same direction and reinforce.

Franz Heukamp
On August 23-27, attended the Annual Conference of SPDUM 2009, in Rovereto, where he presented the paper "An fMRI evaluation of the probability-time tradeoff", co-authored with Maite Aznarez, María Fernández-Seara, Francis Loayza, Ewa Salamon-Klobut and Maria Pastor.

Abstract: We document an fMRI study on choice between risky delayed prospects (i.e. an amount x to be received at time t with probability p, or otherwise nothing). The study investigates the tradeoff between the delay and probability dimension of tasks and compares the brain networks that are involved. We test whether delay and probability are treated in similar ways, as suggested by different authors in the literature. The study involves thirty subjects. Thirty right-handed healthy volunteers (mean age 22 years +/- 1.94 SD) participated in the study. We used a 3T scanner (Siemens Trio). The functional images sensitive to BOLD were acquired by T2*-weighted echoplanar imaging. During fMRI scanning, subjects were asked to make decisions on a set of tasks consisting of a choice between two alternative prospects, A and B. A typical prospect is an amount x, to be received at time t with probability p. We presented 36 questions in pairs, A and B made of combinations of 6 different time durations and 6 levels of risk. For the experimental task, the volunteer was asked to choose between prospects A and B (x,t,p) (decision making, DM). For the control of task, the subject was requested to perform a simple mathematical operation. Subjects reported their choice by a motor response with the right-hand. The contrast during the decision-making task activated areas that included regions of frontotemporal cortex, predominantly in the left; the cingulate cortex in anterior middle y posterior regions, parieto-occipital regions and tempo-basal regions and subcortical activation in the caudate nuclei and visual cerebellum (Crust). These activations include areas related with different aspects of making financial decisions: nucleus accumbens and anterior insula with risky choices (Kuhnen and Knutson, 2005; Critchley et al., 2001), the prefrontal, orbitofrontal cortex and ventral striatum during reward delay (Hariri et al., 2006) and medial prefrontal and posterior cingulate cortex with subjective value (Kable and Glimcher, 2007). In our decision making design, time and risk dimensions were mediated by the same neuronal network. This result supports the PTT model, which assumes symmetry between the time and risk dimension of a decision.

Markus Maedler
On August 2-5, attended the American Accounting Association (AAA) Annual Meeting in New York, where he presented the paper "Congruity, performance measurement and task assignment".

Abstract: This paper studies congruity in a principal-agent model with multiple tasks and performance metrics in which the principal chooses to assign the tasks to either one or two agents. I develop a measure of congruity that generalizes and combines the measures of Datar, Kulp and Lambert (2001) and Baker (2002) and that highlights how the intensity and the allocation of hidden efforts determine congruity. Consistent with prior literature, I find that for a given task assignment, congruity increases with a greater intensity and a less distorted allocation. However, when the principal maximizes congruity between two task assignments, then she may need to trade off greater intensity against a less distorted allocation, or vice versa. Both the developed specification of the measure and the identified intensity-allocation tradeoff are new to the literature and extend our understanding of congruity.
Núria Mas
On August 23–27, attended the European Economic Association and Econometric Society Annual Meeting, where she presented the paper “Responding to financial pressures. The effect of managed care on the provision of charity care by hospitals”.

Abstract: The United States relies on charitable medical care to serve the uninsured, most of which is offered by hospitals that act as providers of last resort and that constitute the “safety net”. Traditionally, these hospitals have been able to finance their provision of unfunded care through a complex system of cross-subsidies. The objective of this paper is to analyze the effects that financial pressures have on the provision of charity care by hospitals. To do so we look at the effect of price pressures and at the cost-controlling mechanisms imposed by managed care. Our hypothesis is that price competition and other forms of financial pressure undermine hospitals’ ability to cross-subsidize and so challenge their survival. Our results show that managed care has a disproportionately negative effect on the closure of safety net hospitals. Moreover, amongst those that remain open, in areas where managed care penetration increases the most, safety net hospitals react by closing the health services most commonly used by the uninsured (emergency rooms, obstetrics and alcohol and drug treatments).

Domènec Melé
On August 6–9, attended the Annual Meeting of the Society of Business Ethics in Chicago, where he presented the paper “Does transactional cost theory preclude ethics”, co-authored with C.G. Cantón.

Abstract: Herbert Simon’s modified version of homo œconomicus can be found in transactional Cost Theory (TCT). We argue that this theory is reminiscent of the strict separation posed by logical positivism between ends (values) and means (facts). Its instrumentalist view of reason confines rational analysis exclusively to the realm of the facticity of means to achieve an end, while there is no possible meaningful discussion about ends, nor the morality of means. In TCT, incentive structures –not individual actions– are responsible for holding the organization together. Within this scheme, personal responsibility has no sense. Finally, according to TCT, the rational actor suffers from inveterate egoism, consequently ethics becomes superfluous, as the rational actor is incapable of concern for others. In conclusion, TCT definitely precludes ethics.

Fernando Peñalva
On August 12–15, attended the American Accounting Association Annual Meeting in New York, where he presented the following papers, both co-authored with J. M. García Lara and Beatriz García Osma:

“Commitment to conditional conservatism and cost of capital”

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

“Conditional conservatism and firm investment efficiency”

Abstract: Conditional conservatism, through the timelier recognition of losses in the income statement, is expected to increase firm investment efficiency through three main channels: 1) by decreasing the adverse effect of information asymmetries between outside equity holders and managers, facilitating the monitoring of managerial investment decisions; 2) by increasing managerial incentives to abandon poorly performing projects earlier and to undertake fewer negative net present-value investments; and 3) by facilitating access to external financing at lower cost. Using a large United States sample for the period 1975–2006 we find a negative association between conditional conservatism and measures of over- and under- investment, and a positive association between conservatism and future profitability. This is consistent with firms reporting more conditionally conservative numbers investing more efficiently and in more profitable projects. Our results add to a growing stream of literature suggesting that eliminating conservatism from accounting regulatory frameworks may lead to undesirable economic consequences.

Javier Quintanilla
On August 24–27, attended the 15th IIRA (International Industrial Relations Association) World Congress in Sydney, where he presented the paper “Transnational employee voice in multinational companies: Variable dialogue in European works councils”, co-authored with Paul Marginson, Jonathan Lavelle and Rocío Sánchez.

Abstract: The 1994 European Works Councils (EWCs) directive requires MNCs with operations in the EU to establish transnational, European-level representative structures for employee information and consultation on cross-border business decisions. This paper draws on findings from a unique international database, compiled from parallel surveys of employment practice in the operations of MNCs in three European countries – Ireland, Spain and the United Kingdom – to address both dimensions of EWC variability. It uses multi-variate regression analysis to investigate the factors shaping the incidence of EWCs and those factors which account for variation in management’s information and consultation practice. Earlier quantitative analysis of EWC incidence has been bi-variate in nature (Waddington and Kerkhofs, 2003), and whilst earlier
surveys have analysed management attitudes towards EWCs, employing bi-variate techniques (e.g. Nakano, 1999; Wills, 1999). This is the first survey to address management's information and consultation practice. The surveys’ findings indicate a considerable diversity of practice amongst EWCs, ranging from the provision of information only to dialogue which results in adjustments to business decisions.

Elena Reutskaja

Abstract: We investigate the neural correlates of choice overload phenomena by providing nineteen subjects with various numbers of choice alternatives (6, 12 and 24 landscape photographs) while measuring brain activity using fMRI. “Preparatory” fMRI-activity increased with the choice set-size in extrastriate visual cortex and premotor areas. Thus, fMRI-activity within these areas might reflect the “cost” of choosing. Areas exhibiting fMRI-activity that resembled an “inverted-U” trend with the increase of the number of items in the set were mapped within posterior parietal cortex (PPC), striatum, dorsal ACC, orbitofrontal cortex (OFC) and dorsolateral prefrontal cortex (DLPFC). The activity within these areas might reflect the “net benefits” of having choice.

Jan Simon
On August 7, attended the American Sociological Association Annual Meeting in San Francisco, where he presented the paper "The benefits and perils of connectedness: Market mechanisms in and amongst hedge funds", co-authored with Yuval Millo and Neil Kellard.

Abstract: The exchange of investment idea and decision-making process within hedge funds is relatively unexamined in the academic literature. Through the application of qualitative methods we, first, demonstrate that decision-making by hedge funds is distributed; indirectly via brokers and directly through strong hedge funds to hedge fund connections. Second, we show how brokers provide information and idea generation: although hedge funds pay for these services mainly through cash commissions, also alternative ‘currencies’ exist (information, ideas and knowledge exchange). Third, we found strong evidence for the existence of reciprocity norms that underpin the exchange of investment ideas, second opinions, privileged information, moral support and job opportunities among hedge funds. Our qualitative research is unique in its scope: it consists of 60 interviews and field observations in 26 hedge funds and 8 brokerage firms across Europe, the United States and Asia, representing 15% of the global assets under management. Our findings have implications for risk management, regulation and lawmaking and can be fruitful for further research into social network analysis, strategy and financial economics.

Alejo J. Sison – Joan Fontrodona
On August 6-9, attended the Annual Meeting of the Society of Business Ethics in Chicago, where he presented the paper “The common good of the firm in the Aristotelian-Thomistic tradition”.

Abstract: Business firms contribute to the political common good in two ways. One is through goods and services (the objective dimension of the work in common) that satisfy human needs and wants. The other is through the joint production effort itself (the subjective dimension), inasmuch as it provides an opportunity for workers to develop technical, artistic, moral and intellectual virtues. In consonance with the Aristotelian-Thomistic tradition, as well as with Church Social Teachings, the second contribution is superior to the first, although the first is a necessary condition to obtain the second.

They also organized a panel on "Virtues and the common good in business ethics".

Carles Vergara
On August 19-22, attended the European Finance Association (EFA) Annual Meeting in Bergen, where he presented the paper “The term structure of interest rates in an equilibrium economy with short term and long term investments”.

Abstract: This paper develops an equilibrium model in which agents’ decisions on consumption and investments with short and long term horizons determine the dynamics of the term structure of interest rates. A short term fully reversible technology and a long term time-to-build technology generate a time-varying market price of risk. The ratio of short to long term capital invested in these technologies is a key factor in explaining the dynamics of interest rates, bond prices, and consumption dynamics. The model is calibrated with United States data from 1970 to 2007 using Simulated Method of Moments and captures realistic moments of consumption, investments and real short-term and long-term interest rates.

The same paper was presented on August 23-27 at the Econometric Society European (ESEM) Annual Meeting in Barcelona.

On August 7-11, the Academy of Management (AoM) Annual Meeting was held in Chicago, where the following papers were presented:

Pascual Berrone
"The impact of symbolic and substantive actions on environmental legitimacy", co-authored with Liliana Gelabert and Andrea Fosfuri.

Abstract: Drawing on institutional theory and insights from stakeholder theory and impression management, we empirically
analyze the impact of both environmental symbolic polices (participation in voluntary environmental programs, green trademarks, environmental-dedicated board committees, environmental pay policies and community communication) and substantive actions (environmental patents and pollution prevention practices) on organizational legitimacy. We argue that 1) specific symbolic actions oriented to different stakeholders positively affect legitimacy; 2) that this impact is only short-term, while substantive actions have both short- and long-term effects, and 3) that the impact of symbolic policies is greater when combined with substantive actions.


Abstract: In this conceptual paper, we compare Family Firms (FFs) and non Family Firms (NFFs) from a Corporate Social Performance (CSP) perspective. Combining the Resource Dependency theory with the Socioemotional Wealth model, we argue that FFs deal with some specific stakeholders in a different manner than NFFs. Then, using Corporate Governance lenses, we explain that the pattern of FFs’ Corporate Performance depends on how much power (measured by CEO’s family status, family representation on the board, and family ownership) the family within the firm can exert to carry out its social agenda.

He was also a facilitator in the session entitled "Strategic issues in green management".

Marta Elvira
"Human resource management and stakeholder theory in Latin America", co-authored with Anabella Davila.

Abstract: Theoretical and empirical approaches to international human resource management (IHRM) often debate whether exemplary or “best practices” can transfer successfully across national borders. Typically, the conclusion is that transferring a single ‘best HRM practice’ to a different context has a limited impact on the organization’s performance. Moreover, organizations would gain limited performance benefits from copying or imitating a specific ‘best HRM practice’ from in a different context. A key boundary condition for effective transfer lies in cultural factors. In this symposium, we bring together various studies conducted in Latin America and Spain hoping to draw lessons on the impact of cultural hybridism on HRM practices and models. The cultural thesis seems valuable to understand management in Latin America, for example, if we see hybridization as a process, not an outcome. When hybridization is seen as an outcome, the research strategy tends to be descriptive, focused on the means by which ideas and theories travel across the globe. An important means is precisely the transfer of HRM practices across subsidiaries of multinational companies. By contrast, hybridization as a process unravels when individuals appropriate other worldviews that make them generate alternative responses to diverse situations. Enrichment could occur through conflict, via negotiated responses to differing cultural influences. This symposium’s studies could contribute to understanding hybridization processes in the implementation of HRM practices in the context of Latin America and Spain.

"Organizational change and the mundane search for resources", co-authored with Jean Bartunek.

Abstract: Theories of major organizational change typically focus on dramatic events associated with the change itself. As one particularly well-known conceptualization of such change, Tushman and Romanelli’s (1985) model of organizational transformation distinguishes between periods of inertia and short bursts of rapid, discontinuous change, when multiple important domains of an organization, organizational culture, strategy, structure, power distributions, and control systems, change simultaneously. The focus in this model is on the domains that are changing, without attention to any other organizational processes or events. Even models of change developed explicitly for practitioners, such as Kotter’s (1995) well-known eight step change management model, focus solely on major events associated with change rather than everyday activities or routines. Academic and practitioner models of change do not attend very much to the organizational context in which the change is taking place. In particular, they do not attend to day-to-day, commonplace activities that are unfolding around the major changes, that shape the changes and that are shaped by them. But just as Dickens wrote “A Christmas Carol”, one of the enduring books of English literature, in part to make money to support his family (cf. Parker, 2005), many organizational changes occur within the context of, and incorporating, everyday activities. In this presentation we focus on some of the mundane context surrounding the planned introduction of a new concentration at a resource-poor small college.

As the example of Dickens illustrates, at least one kind of mundane activities that may be particularly likely to play a role in organizational change has to do with resources (Feldman, 2004) and, especially, lack of resources. The everyday activities that surround resources, however, are one mechanism by which, potentially at least, mundane routines become magnified by the change process (Feldman, 2004; Quinn and Worline, 2008). In this presentation we discuss some “behind the scenes” roles that resources, and their lack, played in conjunction with the implementation of the new concentration at the college. By doing so, we hope to contribute to a greater awareness of the complicated, certainly understudied, role of resources and resourcing in the everyday implementation of organizational change.

Roberto Galang (PhD Student)
"Sovereign enforcer or subordinate enabler: The government in the management literature".

Abstract: With the relationship between government regulation and firm behavior becoming increasingly relevant for managers, this paper provides a broad review of articles published in the top management journals that analyze government-business interaction.
I present an organizing framework for the disparate research strands by grouping the articles according to the primary assumptions used in each study; the first categorization pertains to whether the government is believed to be sovereign over or subordinate to firms, while the second pertains to whether the government’s role involves enforcing rules or enabling interactions. With findings from these research strands converging on certain themes, this review enumerates possible directions for future research.

Wei He – Pablo Cardona – B. Sebastian Reiche – Yih-teen Lee and Miguel A. Canela
"A reciprocal model of trust in manager-subordinate relationships: An eighteen-country study".

Abstract: (See abstract on page 7)

Sophia Kusyk
"A CSP best practice case safari: Using CSO Binoculars to identify CSR".

Abstract: This article examines the composition and interaction dynamics of the economic, legal, ethical and discretionary responsibility domains as postulated by the CSR construct proposed by Carroll (1979). An explanatory multi-method embedded multiple-case study design explores what corporate social responsibility (CSR) orientation at enterprise level looks like by juxtaposing best-practice and normal practice firms. Contrary to Schwartz and Carroll’s (2003) proposition, the findings suggest that the CSR domains are hierarchical in their relationship with the economic domain as a basis. In particular, the study calls attention to the discretionary domain as the differentiating factor for corporate social performance (CSP).

Yih-teen Lee – Aline Masuda – Pablo Cardona
"Cultural intelligence in the global leadership context".

Abstract: With progressing globalization of business and academic contexts, more and more people are operating in multicultural settings (Grensing-Pophal, 2002) where individuals with different cultural backgrounds (Cox, 1995) must work together to accomplish their goals. While this growing internationalization is a great opportunity for bridging research and practice across national boundaries, cross-cultural collaborations also present people with a unique set of challenges. This PDW has two objectives. The first is personal development and enhanced self-awareness of participants based on the experiential exercises and guided reflection on how CQ and global leadership apply to them personally and as teachers and researchers. The second is opportunities to network, interact, and discuss research ideas with the aim of facilitating connections among new teams of researchers that cross cultural boundaries. Our presentation will contribute to the knowledge of cultural intelligence in the global leadership context in exploring the effects of the interplay of different cultural identities on cultural intelligence and leadership perceptions.

Domèneç Melé
“Is integrative social contracts theory appropriate for international business?”, co-authored with C.G. Cantón.

Abstract: Integrative Social Contracts Theory (ISCT) has been proposed for business ethics, particularly for international business, as a middle-ground between the need for cross-cultural ethical norms and the required sensitivity for the particular contexts where managerial activity takes place. Respect for cultural and moral diversity, and a normative proposal for a global ethics, may be counted among the more significant strengths of the theory. However, it also suffers significant weaknesses, which the paper discusses. One of them comes from the implicit philosophical foundations of this theory, which entail two fallacious dichotomies, one on facts and values, and other on nature and culture. Both of them lead to an incorrect comprehension of moral free space and moral reasoning, as well as a lack of critical potential for evaluating moral diversity. In addition, the controversial character of the notion of consent and an insufficient theoretical grounding of what the theory terms “hypernorms” (trans-cultural norms) must be mentioned. As a conclusion, the paper suggests that ISCT falls short in providing an appropriate framework to face cross-cultural management challenges.

Petra Nylund (PhD Student)
“The micro-foundations of the knowledge-based view of the firm”.

Abstract: The knowledge-based view of the firm treats knowledge on an aggregate, collective level. However, knowledge transfer ultimately depends on how individuals perceive, prioritize, and use knowledge. Accounting for the relevant micro-mechanisms would enable us to define and understand collective-level constructs. Through explicitly linking the individual and collective levels we can apply learning from psychology and other disciplines to the salient questions regarding firm existence, structure, and strategy. In this paper, I review the literature of the knowledge-based view and identify the micro-foundations of each perspective. I map the relationships between these different views of the firm based on their micro-foundations and examine the micro-level connections linking the perspectives. The paper thus contributes to the effort of filling the micro-level gap in the knowledge-based view through specifying the under researched micro-foundations. The foundational individual-level constructs are motivation, cognition, interpretation, attention, memory, articulation, creativity, choice, roles, skills, and competences. Different lines of research within the knowledge-based view of the firm are implicitly based on the same individual-level constructs. Further investigation into the micro-foundations of the firm will thus not only enable us to better define and analyze organization level constructs. It will also provide ground for cross-fertilization between research streams and for a more integrated knowledge-based view of the firm.

Ignacio Osuna (PhD Student)
“Successful implementation of anti-corruption policies in tenders: Evidence from a case study.”
Abstract: Among the broad range of proposals of alternative solutions, self-regulation has proven to be a powerful tool to diminish or even eradicate corruption. In this paper we present a case study, focusing attention on the “supply-side” of the corruption problem, and considering a stakeholder perspective to combat this disease. In the past, anticorruption commissions and ethics codes might have failed because they missed some details in the structuring and implementing process. The in-depth case that we describe is full of details in order to illustrate step by step the different stages (structuring, signing and implementing) of the transparency agreement to combat corruption within public-to-firm relationships. Among other findings, in order to have a powerful and complete solution, there should be unity between competitors in the combating objectives, the competency should be “humanized” without loose competition, and top management has to be engaged and committed in the initiative.

José R. Pin

"Integración de los inmigrantes latinoamericanos en España y la incertidumbre de la crisis económica: El caso de una empresa española: Marco Aldany".

Abstract: El fundamento teórico del paper base del debate, se fundamenta, en primer lugar, en el análisis de la bibliografía acerca de las ventajas y desventajas de la diversidad en la empresa, el desarrollo de políticas de gestión de la diversidad, que faciliten la integración, potencien los efectos positivos de la diversidad y atenuen los negativos. En segundo lugar, se aborda desde la bibliografía, la situación socioeconómica global y, en concreto, la española. En tercer lugar, se resume el caso de debate que se presenta para el workshop, que plantea en primer lugar la problemática de la integración de los inmigrantes en España (específicamente, los procedentes de Latinoamérica). El argumento de partida es que el primer agente necesario para que la integración se produzca es la empresa, y las Administraciones públicas deben ser instrumentos facilitadores de ésta. Además, el caso plantea un ejemplo de las “best practices” de las empresas que están contratando inmigrantes, que como base necesaria para su crecimiento, están desarrollando en España. Asimismo, el caso aborda la problemática de la sostenibilidad del modelo en la actual crisis económica, debido al crecimiento del paro y las restricciones a la entrada de nuevos inmigrantes en España.

Alberto Ribera

"Positive organizational scholarship: Perspective from Spain".

Abstract: Inspired by Positive Organization Scholarship literature, and particularly by the notion of leadership understood as virtuous character, this paper presents the results of an exploratory psychometric research on character development based on significantly large samples of MBA students. The study utilizes two reliable assessment tools widely used in Positive Psychology (VIA-IS and TCI-R) complemented with results from a previous study using another psychometric instrument (MMPI). Through five different scales, this research examines one particular character strength that is considered a fundamental prerequisite for Positive Leadership: i.e., Humility and its related habits of Self-Awareness and Self-Acceptance. Moreover, the paper includes a cross-cultural comparison between the Spanish and the Non-Spanish MBA candidates.

Joan E. Ricart

"Strategy vs. business models vs. tactics", co-authored with Ramon Casadesus-Masanell.

Abstract: (See abstract on page 5)

He also acted as chair of the session "Integrating business models in strategy, organization and entrepreneurship research".

Carlos Rodríguez-Lluesma

"Bridging the gap: Emotions as mechanisms interfacing work and organizational structure", co-authored with Yosem Companys.

Abstract: Revisiting Barley’s hallmark explorations of structuring processes in two radiology departments, we show how the introduction of emotions as causal mechanisms – present throughout Barley’s pieces, but not recorded in his process model – enhances causal attribution. Specifically, we argue that emotions work as interfacing mechanisms between agency and structure, facilitating (or impeding) exchange with others, providing the agent with the relevance of a person, object or situation; and finally, helping induce the emergence, maintenance or collapse of stratified orders. Finally, we offer conclusions and research implications.

Christian Seelos

"Business models in the context of deep poverty: A theoretical perspective".

Abstract: Research on business models operating at the bottom of the income pyramid (BoP) has been criticized as atheoretical and conceptually ambiguous. Business models are presented as narratives that integrate various actors, actions, stories, and outcomes without a clear perspective of why these elements were selected and what we can learn from them. This paper outlines the development of an explicit modeling process for BoP business models. The process creates a theoretical model as an investigative tool that enables collaborative progress towards an understanding of BoP business models. Our conceptualization of theoretical models aspires to explain how BoP business models achieve multiple strategic objectives and multiple dimensions of economic and social value creation in the context of deep poverty.

"Organizational modes of scaling impact: An investigation of knowledge transfer across modes", co-authored with Funda Sezgi, Tim Lehmann, and Johanna Mair.

Abstract: This article uses data from the field study of a non-profit organization based in India that employs three organizational
Abstract: The paper integrates person-environment (PE) fit and social capital, two concepts traditionally developed in parallel, and examines the social dynamics of organizational newcomers’ development of fit with their new environment, taking into account the role of national cultural variations. Specifically, we present a conceptual framework that illustrates how newcomers fit in their work environment in terms of person-job (PJ) and person-organization (PO) fit through their building and exercising of social capital. We suggest that newcomers’ initial fit with incumbent organizational members both concerning their direct supervisor and their immediate work group fit will help them to develop structural and relational social capital in the organization, which in turn facilitate the development of greater PJ and PO fit. Acknowledging that social processes are culture-bound, we also examine the moderating effects of individualism/collectivism and power distance on the process of developing PE fit, and we provide insights for both scholars and managers in applying the model.

Dong Mei Song – Yih-teen Lee – B. Sebastian Reiche
“How do newcomers fit in? The dynamics between person-environment fit and social capital across cultures”.

Abstract: We question the broad applicability of the assumption of profit maximization as the goal of the firm and investigate how variance in objective functions across different ownership structures affects competitive behavior. While prior work in agency theory has argued that firms may fail to engage in profit maximizing behaviors due to misalignment between the goals of owners and managers, we contend that we are unlikely to observe pure profit maximizing behavior even in the case of the perfect alignment of goals that exists in owner-managed firms. We compare the competitive behaviors of owner-managed and professionally managed firms and find that professionally managed firms are more likely to engage in behaviors consistent with profit-maximization goals. Consistent with the view that owner-managers are less concerned with maximizing profits, we observe that the entry, exit, and pricing decisions of owner-managed firms are all relatively less responsive to the underlying economic attractiveness of the markets in which they operate.

Awards

Pascual Berrone
He won the Best Dissertation Award from the Academy of Management’s Social Issues in Management Division. His dissertation, entitled “Compensation, family firm and innovation: An empirical analysis form an environmental perspective”, received a plaque, along with monetary recognition, sponsored by the Beard Center for Leadership in Ethics at Duquesne University, Pittsburgh, during the Annual Academy meeting in Chicago in August 2009.

IESE – Research Seminars

Managing People in Organizations
July 1
Speaker: Tsedal Beyene, Harvard Business School
“Language matters: Lingua franca mandates and status hierarchies in global organizations”.

Abstract: Global organizations are increasingly mandating English as a common business language, i.e., a lingua franca, to facilitate multilingual workforce collaborations. The effects of such mandates, however, are rarely examined and largely unknown. I report a qualitative study of a French high-tech company that issued an English-lingua franca mandate. Results suggest that the mandate imposed new status hierarchies on employees, inducing downward constitution – conceptualized as the perception of one’s status being lowered – of non-native speakers into a stigmatizing position relative to native speakers. Although the experience of downward constitution was shared across all non-native lingua franca speakers, language performance and related anxieties, as well as job insecurities differed as a function of self-perceived English fluency levels in non-linear ways. Moreover, analyzing workplace interactions revealed that while employees shared a common attitude towards high-status native English speaking co-workers – whom the non-native speakers perceived to be linguistically privileged and untrustworthy – their behavioral responses – fight, flight, and learning – also differed according to self-fluency assessments. Such responses and variations did not
materialize during interactions among non-native English speakers across national boundaries. Combined, these insights contribute to a conceptual model on the impact of English lingua franca mandates on non-native speakers and implications for organizational commitment.

**Marketing**

_July 29_

_Speaker: Pedro Gardete, Haas School of Business, University of California at Berkeley_

"Advertising as information of product quality".

**Abstract:** I consider a cheap-talk model where a firm has a chance to communicate its product quality to consumers. The model describes how advertising can be both informative to consumers and profitable for the firm because of its content and not due to its cost. In particular the model describes how communication can arise in the context of vertically differentiated markets, even in the presence of incentives for misrepresentation by the firm. First, I show that communication may lead to perfect coordination whenever there is a match of interests between the firm and consumers. Second, whenever incentives for misrepresentation exist, a firm with a low quality product may benefit from exaggerating and thus be able to attract consumers who would not have visited had they known the true quality of the product. In this case a semi-separating equilibrium occurs where information is sparser as quality decreases. Finally, although consumers always benefit from truth telling, total welfare may actually decrease if the firm is not allowed to misrepresent itself.

**Research Seminars**

**Javier Estrada**

On July 30, at Universidad Torcuato Di Tella in Buenos Aires, presented the paper "Geometric mean maximization: An overlooked portfolio approach?".

**Abstract:** Academics and practitioners usually optimize portfolios on the basis of mean and variance. They set the goal of maximizing risk-adjusted returns measured by the Sharpe ratio and thus determine their optimal exposures to the assets considered. However, there is an alternative criterion that has an equally plausible underlying idea; geometric mean maximization aims to maximize the growth of the capital invested, thus seeking to maximize terminal wealth. This criterion has several attractive properties and is easy to implement, and yet it does not seem to be very widely used by practitioners. The ultimate goal of this article is to explore potential empirical reasons that may explain why this is the case. The data, however, does not seem to suggest any clear answer, and, therefore, the question posed in the title remains largely unanswered: Are practitioners overlooking a useful criterion?

**Miscellaneous**

**Antonio Argandoña**

On July 29, attended the Master en Matrimonio y Familia, organized by the Instituto de Ciencias para la Familia de la Universidad de Navarra in Pamplona, where he gave the lecture "Crisis internacional, financiera y social: Rasgos peculiares de la crisis en España".

**Lluis G. Renart**

On July 16, attended the Jornada sobre Consorcios de Exportación, organized by the Cámara Oficial de Comercio e Industria de la Provincia de Huesca, in Huesca, where he gave the lecture "Consorcios de exportación: Factores clave de éxito".

**Teaching materials**

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

**Business Ethics**


The purpose of this note is to give a quick glance at the different components of a non-financial system and it will briefly outline the basics of non-financial performance as commonly practiced in enterprises. The note explains the basic process of a non-financial performance system and the main standards that are currently applied.

Kusyk S.; 10 pages.

**Entrepreneurship**

_Clinicas Buenavista: Información del director médico (E-127 - 0.608.049)_

El próximo miércoles, el Dr. Mackay, director médico y accionista mayoritario de Clínica Buenavista, tenía una reunión con Alejandro Lanzagorta (Business Manager de Eye Care) para negociar los precios de las lentes para el año 2009. Ya le había adelantado por teléfono que el potencial del grupo era de 4,000 lentes multifocales y 8,000 lentes monofocales, y que presentase una
oferta adecuada, pues deseaban cerrar la decisión lo antes posible. Tampoco deseaban comprometer el futuro de la relación.

Cebrecos E.; Stein G.; 4 pages.

Lentes multifocales de Eye Care: Información del Business Manager (E-128 - 0.608.050)

El lunes 12 de enero de 2009, el director médico de las Clínicas Buenavista acababa de llamar a Alejandro solicitando una oferta para 4.000 lentes multifocales DifraCare y 8.000 monofocales MonoCare. Después de meses de un cuidadoso trabajo de preparación, Alejandro Lanzagorta, Business Manager de Eye Care, empresa líder en el desarrollo y comercialización de productos oftálmicos, finalmente iba a lograr sentar a negociar al Dr. Mackay, director médico y accionista mayoritario de Clínicas Buenavista, una importante cadena española de clínicas oftalmológicas. La reunión tendría lugar en la sede central de Buenavista, situada en Cantabria.

Cebrecos E.; Stein G.; 5 pages.

Managing People in Organizations

Personal leadership (FHN-344-E - 0.402.051)

Self-leadership – the way a person leads himself – is absolutely essential in order to be able to lead others. We have also seen how self-leadership is nourished by competencies such as self-knowledge, emotional intelligence, proactivity, time and stress management, personal and professional career management, and affective maturity (as the fruit of evaluative learning, obtained through resolving intermotivational conflicts). (Also available in Spanish.)

Chinchilla M. N.; Torres M.; 15 pages.

Carmen García (A): La gestación de un despido (DPO-119 - 0.408.020)

Este caso ilustra algunos de los efectos que los momentos de fuerte tensión organizacional pueden producir sobre empleados individuales y los consiguientes retos en cuanto a la gestión de las personas. Carmen García es una empleada bien valorada por su organización. Tras la adquisición del banco en que trabaja por otra entidad, se producen cambios que deterioran su compromiso y desembocan en un absentismo muy elevado. Los supervisores de Carmen presionan para responder con un despido disciplinario. En un entorno de mucha presión por los objetivos de la fusión, el gestor de recursos humanos tiene que tomar una decisión que afectaría a su posición respecto a su cliente interno.

López-Cotarelo J.; Quintanilla J.; 19 pages.

Carmen García (B): Un despido con problemas (DPO-124 - 0.408.026)

Tras los sucesos descritos en el caso “Carmen García”, la empresa toma la decisión de despedir a Carmen. Lo que parecía iba a ser un mero trámite administrativo, se complica cuando la afectada se niega a negociar un despido improcedente y aduce “mobbing”.

López-Cotarelo J.; Quintanilla J.; 6 pages.

Carmen García (C): Sentencia de despido nulo (DPO-129 - 0.408.040)

La sentencia del juicio de Carmen García reconoce que su despido es nulo por acoso laboral. Este es un fallo no esperado por la empresa, que sin embargo adopta una estrategia para minimizar las repercusiones y negocia con Carmen las condiciones de su readmisión.

López-Cotarelo J.; Quintanilla J.; 3 pages.

Premier Cosmetics S.A. (A) (DPO-158 - 0.408.078)

Una joven madre que trabaja en una empresa familiar como jefa de producto, le plantea a su jefa la necesidad de acceder a una reducción de jornada –a la que tiene legalmente derecho– para que su bebé no tenga que estar demasiado tiempo en una guardería, ya que, por otra parte, no tiene posibilidades de obtener ayuda para el cuidado del bebé en casa. Su marido viaja muy a menudo y su madre vive en un pueblo lejos de la ciudad.

Silvestre A.; Chinchilla M. N.; Gay F.; 4 pages.

Sybila Börjesson en Catek (D) : Venta de Catek (DPO-164 - 0.408.087)

En diciembre de 2008 se cerró la venta del 51% de Catek a un líder europeo del sector de logística y marketing directo. La empresa compradora estaba siendo muy activa adquiriendo compañías que fortalecieran su posición en España, siendo Catek la tercera empresa comprada.

Stein G.; 2 pages.

Eye Care (C): La evaluación del desempeño de Alejandro Lanzagorta (DPO-166 - 0.408.091)

Alejandro Lanzagorta, Business Manager de Eye Care, es evaluado por el director de su unidad de negocio, Tiago de Vasconcelos, en febrero de 2009. Los resultados cuantitativos de ventas superan lo esperado, siendo el mejor de la compañía. Sin embargo, surge la
discusión en la gestión de costes, porque Alejandro cree que también supera lo esperado. Las desavenencias se destacan al tratar los factores relacionados con su capacidad de liderazgo y de respeto a los valores de Eye Care. Alejandro decide no firmar hasta incorporar sus comentarios, que todavía está sopesando.

Eye Care (D): La llamada de un headhunter
(DPO-170 - 0.409.097)

A primeros de abril, Alejandro recibe una llamada de teléfono de Jorge Spivak, un headhunter especializado en el sector sanitario, interesándose por su situación profesional y su posible interés en un proyecto de búsqueda que está llevando a cabo. Alejandro pregunta por las posibilidades de promoción y de desarrollo de carrera profesional a corto plazo. Aunque procura que no sea evidente, esto es más importante para él incluso que las condiciones salariales.

Management of International Staff
(DPON-79-E - 0.408.088)

Over the last few decades, Western multinational corporations (MNCs) have shifted their focus beyond the industrialized world, attempting to capitalize on the growing business opportunities in developing and emerging markets. At the same time, many MNCs from emerging economies have expanded their activities beyond their domestic markets, with companies such as Haier, Embraer, Lenovo, Tata, Vale and Cemex successfully operating on an international scale. To keep up with the increasing global scope of their activities and develop the necessary expertise to compete in foreign markets, MNCs continue to heavily rely on a pool of international talent. In particular, international staffing serves as a crucial mechanism to allocate resources and skills, integrate an MNC’s network of foreign units and share knowledge. This note deals with several aspects of international staffing in MNCs. First, it reviews different staffing policies and examines the determinants for the choice between host country and parent country nationals. In a second step, the underlying motives for deploying international staff between MNC units are discussed. Third, it reviews alternatives to the traditional expatriation of parent country nationals, including the use of inpatriate, short-term, self-initiated and virtual assignments. Subsequently, the note describes the international assignment process, discussing selection and preparation measures associated with international assignments, cultural adjustment during the assignment, compensation issues, and organizational support upon repatriation. The final section outlines a multidimensional perspective on how to assess the success of international assignments.

Production, Technology and Operations Management

TATE: Reinventing Operations to Become a Different Type of Company
(P-1093-E - 3.608.051)

This case describes the current structure of operations of Tate. The challenge is to bring Tate to a new 21st century model of operations. Julian Bird its COO reviews the changes he has implemented since his arrival in 2007 and the innovation Tate faces. (Also available in Spanish.)

Museo Nacional del Prado
(P-1095 - 0.608.060)

El estudio del caso analiza los cambios introducidos en el Museo del Prado a partir de la Ley 46/2003 de 25 de noviembre, que lo convirtió en un organismo con autonomía financiera y de funcionamiento, sentando las bases para su autofinanciación. La reorganización que ha vivido el museo, su intensa actividad expositiva, la política de asociación de las empresas al museo mediante su programa de patrocinios, son algunos de los aspectos que se analizan en este caso. Se plantean también los nuevos retos de gestión tras la ampliación del museo y la forma de abordar la continuidad de este impulso.

Motores Rivero SA. (MORSA)
(PE-74-E - 0.608.052)

This exercise presents the decisions to be made by a manager related to the management of inventories of an engine part. It is well suited as an introduction to inventory management as it presents different evolving situations and allows the professor to discuss batch inventory, safety inventory, as well as the impacts of uncertainty in the values and the availability of financing on the final decisions.

Construye tu sueño
(PN-448 - 0.608.041)

En este documento se recogen diez claves para construir el futuro personal, impulsando un proyecto equilibrado que ponga las bases para una felicidad personal duradera.
El sector cultural
(PN-453 - 0.608.061)

La cultura en sí misma es una actividad económica que genera empleo e ingresos fiscales y que compra bienes y servicios. Se perfila como un campo en expansión dentro de la economía de los países industrializados, donde ha crecido en los últimos años por encima del PIB con un volumen de generación de empleo superior a la media.

Herrero Q.; Marco E.; Muñoz-Seca B.; Riverola J.; 49 pages.

El público de los museos
(PN-454 - 0.608.062)

El museo se ha convertido en un prestador de servicios culturales, con una oferta que va desde el ámbito profesional al de consumo o disfrute cultural, más cercano al mercado del ocio cultural y de la disposición del tiempo libre de los ciudadanos. Los dos pilares que dan sentido a la existencia de los museos son el patrimonio que albergan y el público que los visita. Actualmente, cada vez más instituciones son conscientes de la importancia de investigar las características del público y el grado de satisfacción de los visitantes con los servicios museísticos antes de tomar decisiones que afecten a la institución.

Herrero Q.; Marco E.; Muñoz-Seca B.; Riverola J.; 31 pages.

Las nuevas tecnologías en el sector cultural
(PN-455 - 0.608.064)

Los museos, como instituciones dinámicas que desempeñan una función social, no son ajenos a las oportunidades que brindan las nuevas tecnologías. Estas propician el acceso de un público más amplio a los contenidos e información de los museos, y favorecen la relación entre la institución y algunos grupos sociales como los jóvenes o las personas con discapacidades. Los estudios sobre la manera en que afectan las nuevas tecnologías al público de los museos todavía son muy recientes, pero la mayoría de los usuarios las ve como un complemento que mejora su visita. Algunos estudios en museos norteamericanos sugieren que la incorporación de las tecnologías, y fundamentalmente Internet, han supuesto un aumento de público, que en algunos casos supondría multiplicarlo por tres.

Herrero Q.; Marco E.; Muñoz-Seca B.; Riverola J.; 15 pages.