



University of Navarra

Newsletter Research Division

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May - June 2004

In this issue

Page

- 1 Journals
- 3 Books
- 4 Contributions to books
- 5 Working Papers
- 7 Studies and Monographs
- 8 Other publications
- 9 Conferences and seminars
- 14 Awards
- 14 Doctoral theses
- 16 Research Seminars
- 17 Miscellaneous
- 18 Teaching materials
- 21 Occasional Papers

Journals

Antonio Argandoña

"On ethical, social and environmental management systems", *Journal of Business Ethics*, Vol. 51, No 1, April 2004, pages 41-52.

Abstract: There are three types of solutions to the problems deriving from companies' ethical, social and environmental responsibilities: those based on regulation by an authority or agency; those designed to create market incentives; and those that rely on self-regulation by companies themselves. In the specific field we are concerned with here, regulation has significant costs and drawbacks that make it particularly desirable that companies should set up their own ethical, social and environmental management systems or programmes. The purpose of this article is twofold. On the one hand, it explains how implementing voluntary ethical, social and environmental management systems or programmes may help to develop and sustain ethical behavior in organizations, overcoming the conflict between compulsory regulation and occasional ethical practices. On the other, it shows what conditions must be met for an ethical management programme to be effective. (<http://www.iese.edu/research/pdfs/DI-0508-E.pdf>)

Manel Baucells - Franz H. Heukamp

"Reevaluation of the Results of Levy and Levy (2002a)", *Organizational Behavior and Human Decision Processes*, Vol. 94, No 1, May 2004, pages 15-21.

Abstract: A reevaluation of the experimental results of Levy and Levy (2002a) shows that they are consistent with Cumulative Prospect Theory (CPT). The reevaluation is done by means of numerical estimation with a standard CPT formulation and a stochastic choice model based on experimental results by Baucells and Heukamp (2003).

Adrián Caldart - Joan E. Ricart

"Corporate strategy revisited: A view from complexity theory", *European Management Review*, Vol. 1, No 1, Spring 2004, pages 96-104.

Abstract: Despite its long tradition and well-known contributions, corporate strategy research is yet far from being mature. This paper proposes an innovative framework that approaches the field from the theoretical perspective provided by complexity theory. We propose to see the corporate level of the organization as the driver, pacer and framer of the overall firm's evolution process. Drive is provided by the cognitive representation of the corporate fitness landscape that is implicit in the firm's corporate plan. Pacing is a consequence of the kind of strategic initiatives ("search strategy") adopted by the company. Framing is achieved through the architectural design that the corporate level implements for the firm.

José Manuel Campa

"Introduction to the volume", *European Financial Management*, Vol. 10, No. 1, March 2004, pages 7-8; and "Shareholder value creation in European M&As", pages 47-81, co-author Ignacio Hernando.



Newsletter

May - June 2004 - No 119

Abstract: This article looks at the value generated to shareholders by the announcement of mergers and acquisitions involving firms in the European Union over the period 1998-2000. Cumulative abnormal shareholder returns due to the announcement of a merger reflect a revision of the expected value resulting from future synergies or wealth redistribution among stakeholders. Target firm shareholders receive, on the average, a statistically significant cumulative abnormal return of 9% in a one-month window centered on the announcement date. Acquirers' cumulative abnormal returns are null on the average. When distinguishing in terms of the geographical and sectoral dimensions of the merger deals, our main finding is that mergers in industries that had previously been under government control or that are still heavily regulated generate lower value than M&A announcements in unregulated industries. This low value creation in regulated industries becomes significantly negative when the merger involves two firms from different countries; this is primarily due to the lower positive return that shareholders of the target firm enjoy upon the announcement of the merger. This evidence is consistent with the existence of obstacles (such as cultural, legal, or transaction barriers) to the successful conclusion of this type of transaction, which lessen the probability of the merger actually being completed as announced and, therefore, reduce its expected value.

"Exchange rates and trade: How important is hysteresis in trade?", *European Economic Review*, Vol. 48, No 3, June 2004, pages 527-548.

Abstract: This paper looks at the responsiveness of a country's export supply to exchange rate changes and measures its quantitative importance by breaking down export adjustments between changes in output levels by existing exporters (intensive margin) and movements due to changes in the number of exporters (extensive margin). Using data on a representative sample of Spanish manufacturing firms, the paper finds sunk costs hysteresis in entry and exit to be an important factor in determining export market participation, but unrelated to exchange rate uncertainty. The sunk costs of entering the market appear to be much larger than the costs of exiting the market. Finally, although hysteresis exists, its effect on the responsiveness of aggregate trade volumes to exchange rate changes is quantitatively small. A 10% home currency depreciation results in an increase in export volume due to the increase in the number of exporting firms of only 1.4% of export volume.

Pablo Fernández

"Three residual income valuation methods and discounted cash flow valuation", *The ICAI Journal of Applied Finance*, Vol. 10, No 4, April 2004, pages 75-93.

Abstract: In this article we show that the three Residual Income models for equity valuation always yield the same value as the Discounted Cash Flow Valuation models.

We use three residual income measures: Economic Profit, Economic Value Added (EVA) and Cash Value Added. We also

show that economic profit and EVA are different, although Copeland, Koller and Murrin (2000, page 55) say that economic profit is a synonym of EVA.

Specifically, we first show that the present value of the Economic Profit discounted at the required return to equity plus the equity book value equals the value of equity. The value of equity is the present value of the equity cash flow discounted at the required return to equity.

Then, we show that the present value of the EVA discounted at the WACC plus the enterprise book value (equity plus debt) is the enterprise market value. The enterprise market value is the present value of the free cash flow discounted at the WACC.

Then, we show that the present value of the cash value added discounted at the WACC plus the enterprise book value (equity plus debt) is the enterprise market value. The enterprise market value is the present value of the free cash flow discounted at the WACC.

Joan Fontrodona

"Ethics is not just a matter of opinion", *Journal of Business Ethics Education*, Vol. 1, No 1, June 2004, pages 19-22. "Forum: What I try to achieve by teaching business ethics".

Abstract: This article is a contribution to a forum in which, on the occasion of the first issue of this new journal, various business ethics professors reflect on their role as teachers. In this article, I describe the objectives of the course, the methods used, and the basic ideas on business ethics that I wish to get across: ethics is positive, not just a set of prohibitions; it is practical, and must help managers to make better decisions; and it is not an extra, but an essential part of the company's strategy.

Miguel A. Gallo

"The family business and its social responsibilities", *Family Business Review*, Vol. 17, No 2, June 2004, pages 135-159.

Abstract: The social responsibilities of family businesses are still a little-studied area. This article is based on the opinions of 44 academics who are directly involved in studying and advising this type of company. The study's results indicate that family businesses are better at creating wealth and supplying goods to the market than at developing individual skills and guaranteeing their own long-term continuity.

José L. Alvarez - Paddy Miller - Jan Levy - Silviya Svejnova
"Journeys to the self: Using movie directors in the classroom", *Journal of Management Education*, Vol. 28, No 3, June 2004, pages 335-355.

Abstract: The paper suggests that temporary project-based organisations, such as film making units with directors as their leaders, lend themselves to researching a plethora of leadership issues, ranging from the social sources of power to competencies in network organizations. It advances two models of directorship,

Newsletter

May - June 2004 - No 119



a European workshop-based model and a Hollywood studio-based model. The paper provides a conceptual model for these two models based on case studies and teaching notes written by the authors. While both directors are somewhat eccentric, there are interesting contrasts between the European "subsidy-trapped" craft like systems and the Hollywood gross and agent-driven studio system. The article concludes with a discussion of the journey metaphor as a unique opportunity to look at the philosophical problem of the meaning of life and the achievement of consistency and continuity.

Joan Enric Ricart - Michael J. Enright - Pankaj Ghemawat - Suart L. Hart - Tarun Khanna
"New frontiers in international strategy", *Journal of International Business Studies*, Vol. 35, No 3, 2004, pages 175-200.

Abstract: This paper studies a new frontier in the understanding of International Strategy (IS). To explore it, we propose the analogy of the ecology of firms and places as a way to emphasize that the real problem is the collocation of different places with different types of firms. Locations are, in fact, the distinctive content of international business strategy. We deal with this problem with four different perspectives. First, differences across countries must be addressed with integrative frameworks able to represent the multidimensionality of "semiglobalization" or intermediate states between total localization and total integration. Second, differences in the development of intermediary markets in a particular place influence firm positioning and industry structure in that place, but their impact also crosses different places, and it is endogenous to the ecology of places and firms in a systemic, integrative way that makes simplifications extremely risky in the design of competitive strategy in an international context. Third, places, firms and strategies form a complex ecology that can be studied with a framework focused in understanding the geography-strategy link that incorporates different levels of analysis, new economic actors, and a set of primitives. Finally, firms around the ecology of places face the challenge of developing strategies and business models to serve the majority of humanity today excluded from world trade. It is a fundamentally different way to think about the ecology of places and firms. Overall, we present an intriguing New Frontier, with the capacity to impact both research and practice in the field of international strategy, based in understanding the interplay among firms and places.

Edgar A. Whitley - Sandra Sieber - Cristina Cáliz - Mary Darking, et al.
"What is it like to do an information systems PhD in Europe? Diversity in the practice of IS research", *Communications of the Association for Information Systems*, Vol. 13, 2004, pages 317-335.

Abstract: This paper is based on a panel presented at ECIS 2003 that sought to explore the extent of diversity in practice in PhD programmes within AIS region 2. It presents respondents from six European countries: Germany, Norway, Italy, the United Kingdom, Spain, and the Netherlands. The participants address questions

about the nature of their PhD programme in terms of such factors as admission, funding, style of dissertation, format of examination, employment prospects. Whilst some patterns exist amongst the experiences, diversity is still considerable. The paper concludes with a discussion of the impact of this evidence for the global field of information systems.

Books

Domènec Melé

Has edited the book "Conciliar trabajo y familia: Un reto para el siglo XXI", *EUNSA*, prologued by **Jordi Canals**, which contains, among others, the following chapters:

Sandalio Gómez

"Hacia una nueva forma de concebir el trabajo a tiempo parcial", pages 197-219.

Abstract: En la búsqueda de fórmulas y soluciones que ayuden a conciliar trabajo y familia, el autor explora las posibilidades del trabajo a tiempo parcial y propone esta modalidad contractual como una vía eficaz de conciliación.

El autor revisa en este capítulo la evolución y situación actual del trabajo a tiempo parcial en la Unión Europea y en España, y a la vista de los datos presentados y de la realidad social, presenta algunas reflexiones y propuestas desde las perspectivas ético-sociales, jurídico-políticas y empresariales del trabajo a tiempo parcial.

Steven Poelmans - M^a Nuria Chinchilla - Consuelo León
"Políticas y programas de conciliación trabajo-familia en España", pages 221-260.

Abstract: Como fruto de la investigación en los últimos seis años en el IESE, hoy es posible perfilar con bastante precisión qué políticas de conciliación trabajo y familia están siendo llevadas a cabo por las empresas españolas. A partir de IFREI (IESE Family Responsible Index) se ha elaborado en distintas ocasiones –años 1999, 2001 y 2003– el estado de la cuestión, siempre en base a encuestas a los directores de personal y a los empleados, y todo ello unido al análisis cualitativo de la información. Las políticas analizadas pueden englobarse básicamente dentro de estos grupos: flexibilidad en el tiempo y el espacio, beneficios sociales extrasalariales, políticas de asesoramiento/apoyo profesional y políticas de servicios familiares.

Octavio Carranza - Federico Sabrià - Paulo Resende - Arnold Maltz, et al.
"Logística. Mejores prácticas en Latinoamérica", editors, *Thomson*, 2004, 417 pages.



Newsletter

May - June 2004 - No 119

Abstract: Este libro, escrito con la colaboración de dieciséis profesores y profesionales iberoamericanos y norteamericanos, busca rellenar un espacio en la literatura técnica. Por una parte, no existe ninguna compilación en castellano del principal material publicado sobre la disciplina en inglés. Por otro lado, las mejores prácticas logísticas en particular, y las de operaciones en general, relacionadas con empresas líderes, tienen una baja difusión en nuestra región. El objetivo de los autores es distinguir qué es logística y qué no lo es, mostrando las líneas académicas y prácticas que han contribuido a definir la disciplina.

Federico Sabrià

"La cadena de suministro. Modelos y herramientas de planificación y optimización de la cadena de suministro", editor, colección *Gestiona, Logis-Book*, 2004, 208 pages.

Abstract: Esta obra, basada en los trabajos originales de **Pere Agell, Miguel A. Ariño, Jaume Ribera y Josep Riverola**, analiza las características de la cadena de suministro y ofrece una serie de herramientas útiles para su gestión eficiente. Ilustrada con casos reales, es un instrumento de apoyo para directivos y técnicos en su planificación estratégica: aporta un soporte teórico y facilita el uso de los sistemas informáticos de gestión.

"Logística del automóvil. Estrategias y claves de las operaciones logísticas en el sector del automóvil", colección *Biblioteca de Logística, Logis-Book*, 2004, 116 pages, co-authors **Arturo T. De Zan, Julián A. Longstaff and Jan A. Nikolaisen**.

Abstract: Un riguroso estudio sobre los procesos, las estrategias y las claves de las operaciones logísticas en la fabricación de automóviles. Tres aspectos definen el escenario en el sector de la automoción: cambio en el comportamiento de los clientes, sobrecapacidad de producción y alianzas estratégicas. Esta obra analiza los aspectos operativos y las estrategias de producción de los principales fabricantes de automóviles, describe sus tendencias y ofrece las claves de su escenario futuro: "fabricación contra pedido" y "flexibilidad en la fabricación".

Contributions to books

Antonio Argandoña

"L'importància de l'ètica a l'empresa en els processos de localització i deslocalització", in the book **"Deslocalització i localització d'empreses a Catalunya"**, *Centre de Recerca Econòmica i Social de Catalunya*, Barcelona, 2004, pages 169-179.

Abstract: Los problemas derivados de la localización y deslocalización de las plantas y de las empresas tienen dimensiones económicas y sociopolíticas, pero también éticas. En este trabajo se defiende la tesis de que una empresa no ética es una empresa

mal dirigida, porque la omisión de los aspectos éticos implica que no se consideran aspectos importantes de la toma de decisiones, como son los efectos de dichas decisiones sobre el propio decisor y sobre otras personas. Se discute la relación entre ética y normas, ética de mínimos y ética de la excelencia, la compatibilidad entre ética y beneficios y la importancia de la ética en la elaboración de la estrategia. Se acaba con una referencia a los problemas éticos derivados de la deslocalización de empresas.

(<http://www.iese.edu/research/pdfs/OP-04-9.pdf>)

"Doctrina social de la Iglesia y economía", in the book **"León XIII y su tiempo"**, edited by **Angel Galindo and José Barrado**, *Publicaciones Universidad Pontificia de Salamanca, Salamanca*, 2004, pages 297-313.

Abstract: La ciencia económica trata de explicar la conducta humana, individual y social, en las decisiones que se refieren a la elección de medios escasos para la realización de fines dados. Como tal, es una formidable "caja de herramientas", muy útil tanto en el terreno de la descripción y predicción de los hechos como en el de la elaboración de políticas. Pero tiene también limitaciones importantes, que se derivan de la concepción del hombre y de la sociedad en que se basa, de la no discusión de los fines del hombre y de una concepción limitada de la eficiencia, que se erige así como objetivo implícito de todas sus actuaciones.

La doctrina social de la Iglesia respeta la autonomía de la economía. Pero al basarse en una concepción del hombre más completa, está en condiciones de hacer aportaciones importantes, quizá no tanto para elaborar una "nueva" ciencia económica como para señalar sus limitaciones y definir su papel dentro de esa concepción más amplia de la acción humana.

En este capítulo se presentan algunos de los principios de la doctrina social de la Iglesia que pueden cumplir esa función respecto de la economía, alrededor de temas básicos como la concepción del hombre, el papel de la cultura, el trabajo, la empresa y el mercado.

Joan Fontrodona

"El humanismo en la dirección de empresas", in the book **"Ètica de los negocios"**, edited by **Ludovico Videla and Ricardo Crespo**, *Educa*, Buenos Aires, 2004, pages 19-31.

Abstract: El arte de dirigir empresas supone una síntesis entre humanismo y técnica. El directivo de empresas necesita combinar saberes de ciencias muy distintas a la hora de tomar decisiones. Las características propias de los saberes humanistas hacen que sea a estos saberes a quienes les corresponda la tarea de integración que requiere una buena dirección.

Domènec Melé

"Racionalidad ética en las decisiones empresariales", in the book **"Ètica de los negocios"**, edited by **Ludovico Videla and Ricardo Crespo**, *Educa*, Buenos Aires, 2004, pages 33-54.

Newsletter

May - June 2004 - No 119



Abstract: Tomar una decisión en la empresa implica la voluntad de resolver un problema mediante una elección voluntaria y el compromiso de realizarla. En la decisión concurren juicios de diversa índole, y entre ellos uno de carácter ético. En este artículo se revisan críticamente algunos enfoques actuales en relación con el papel de la ética en la decisión, incluyendo la insuficiencia de los sentimientos, la tesis de separación, que considera que hay decisiones puramente económicas y otras sólo éticas, y la aplicación de éticas de tercera persona en la toma de decisiones. Como alternativa se defiende la necesidad de la racionalidad ética en todas las decisiones y la validez de un enfoque neoclásico de la racionalidad humana de raíces aristotélicas.

Pedro Nueno

"Una perspectiva sobre les Caixes d'Estalvis", in the book "Un segle d'història (1904-2004)", edited by la Caixa de Pensions on the occasion of its centenary, pages 77-80.

Abstract: Partiendo de una perspectiva histórica de las cajas de ahorro en Europa, el artículo explica las fortalezas específicas de las cajas en el mercado de capitales y su capacidad de adaptación a distintas coyunturas económicas. Sugiere que en el actual momento económico mundial no sería prudente que el Estado experimentase con el modelo de las cajas. Finalmente, se refiere a la importante contribución de su obra social.

Fernando Peñalva

"Gastos Financieros", in the book "Normas internacionales de contabilidad NIC /NIIF", edited by Oriol Amat and Jordi Perramon, *Gestion2000.com*, 2004, pages 393-400.

Abstract: La NIC 23, costes de financiación, regula el tratamiento contable de los costes incurridos en las actividades de financiación. En general, esta norma requiere que los costes financieros se reconozcan como gasto en el período en que se incurren. Sin embargo, también se permite un tratamiento alternativo consistente en la capitalización de los costes financieros directamente atribuibles a la adquisición, construcción o producción del activo calificado. Esta norma se aplicará en la contabilización de los costes de financiación. No aborda las cuestiones relativas a los costes reales o imputados de los recursos propios, incluyendo capital preferente no clasificado en el balance como pasivo exigible.

José Ramón Pin

"Gobernar es educar", in the book "Alejandro Magno y la gestión de empresas", edited by Antonio Ortega, *Ediciones Internacionales Universitarias*, Madrid, 2004, pages 11- 17.

Abstract: El capítulo introduce el libro en el que se conjugan la historia, en este caso de Alejandro Magno, y los modernos conceptos del *management*. Define el líder, en parte, en función de la permanencia de su obra, y en ese sentido la helenización de

Asia fue un hecho incontestable debido al esfuerzo guerrero, y también civilizador, de Alejandro, los que le acompañaron y le siguieron. Explica que los líderes no son perfectos y, como tal, Alejandro no lo fue. Las luces de su peripecia estuvieron llenas de sombras. Alejandro fue un líder convulso, del que se pueden aprender muchas cosas, tanto por sus aciertos como por sus errores, especialmente al final de su corta pero intensa vida, y como tal se presenta este trabajo.

IESE - Working Papers

NOTE: Working papers may be consulted on the Internet at <http://wwwfm.iese.edu/research/rp.html>

No. 556 - May 2004

Antonio Dávila - Fernando Peñalva

CORPORATE GOVERNANCE AND THE WEIGHTING OF PERFORMANCE MEASURES IN CEO COMPENSATION

Abstract: We empirically examine how corporate governance affects the structure of executive compensation contracts. In particular, we analyze the implicit weights of firm performance measures in explaining CEO compensation. We find that weaker corporate governance is associated with compensation contracts that put more weight on accounting-based measures of performance (i.e., return on assets) than on stock-based performance measures (i.e., market returns). This finding is consistent with CEOs in firms with weaker governance structures—where the CEO has more influence over the contracting process—choosing to weight more heavily those performance measures that they are better able to control. To further examine the implications of these results, we investigate the association between variation in compensation and governance and find that weaker governance is associated with lower variance in compensation. We also find that executive compensation contracts in firms with weaker governance rely more on cash compensation at the expense of stock-based compensation.

No. 557 - May 2004

Sandalio Gómez - Carlos Martí

LA INCORPORACION DE LA MUJER AL MERCADO LABORAL: IMPLICACIONES PERSONALES, FAMILIARES Y PROFESIONALES, Y MEDIDAS ESTRUCTURALES DE CONCILIACION TRABAJO-FAMILIA

Abstract: La conciliación de la vida laboral y familiar ha pasado a ser uno de los grandes temas que afectan al mundo social, empresarial y político de los últimos años, y lo será aún más en el futuro. El estudio relaciona las informaciones estadísticas a escala nacional y europea, que permiten una visión cuantitativa y comparativa del fenómeno, con los datos aportados por un trabajo de campo basado en una encuesta a más de 300 mujeres que realizan un trabajo profesional remunerado fuera del hogar y a la vez tienen



Newsletter

May - June 2004 - No 119

responsabilidades familiares. En lo que afecta a la familia, se estudian cuatro variables, consideradas como las más significativas por su relación con la incorporación de la mujer al mercado de trabajo: la fertilidad de la mujer, la relación de pareja, la dedicación a la familia (educación de los hijos y atención de dependientes) y las implicaciones laborales para la mujer. El estudio pone en evidencia que no necesariamente una mayor presencia de la mujer fuera del hogar ha de implicar siempre una caída sostenida de la natalidad. Naciones como Francia, Finlandia o Países Bajos cuentan con tasas de actividad superiores a las de España o Italia y, sin embargo, mantienen altas tasas de fertilidad, debido fundamentalmente al mayor gasto social en familias y a las ayudas que llevan a cabo las instituciones públicas, o al incremento de la contratación flexible o a tiempo parcial. Tres son los agentes que han de dar respuesta a tales situaciones. Por un lado, las instituciones públicas, en particular el Estado, deben crear el marco adecuado para facilitar el equilibrio. Por otro, la empresa tiene que replantearse la concepción tradicional del trabajo y de la organización ante la nueva realidad social. Y en última instancia, la sociedad ha de cambiar esquemas, especialmente el referente al rol del hombre en la familia. En el ámbito institucional, la investigación repasa de manera estructurada las principales medidas de conciliación en política familiar, legislación laboral y fiscal, y otras de apoyo al equilibrio familia-empresa, vigentes en la actualidad, y las compara con las del resto de países europeos. En el ámbito de la empresa, estudia el papel activo que se está desempeñando en el fomento de la conciliación y las políticas de conciliación que ofrecen las empresas. En la parte final del documento se sugieren varias líneas de actuación, con el fin de conseguir el equilibrio empresa-familia sin excesivos traumas, ni que exija actitudes heroicas, es decir, que permita a las personas implicadas resolver el conflicto con el mayor grado de libertad posible.

No. 558 - May 2004

Reinout Engelberts - José Luis Suárez
THE REAL ESTATE INDUSTRY IN THE NETHERLANDS

Abstract: The real estate industry in the Netherlands is one of the most sophisticated in Europe. In fact, some Dutch real estate companies are among the most active in the international arena, and are major players in the ongoing integration in European markets. The paper describes the sectors of the real estate industry, i.e. residential and commercial (offices, retail and industrial), social housing policies, and the characteristics of the major companies. Individualized descriptions of listed real estate firms and funds are included, in addition to information on the volume and functioning of the mortgage market. Also included is a detailed bibliography, which could be of interest to academics and practitioners wishing to study real estate industry topics in depth.

No. 559 - May 2004

José Manuel Campa - Nuno Fernandes
SOURCES OF GAINS FROM INTERNATIONAL PORTFOLIO DIVERSIFICATION

Abstract: This paper looks at the determinants of country and industry specific factors in international portfolio returns using a sample of thirty-six countries and thirty-nine industries over the last three decades. Country factors have remained relatively stable over the sample period, while industry factors have significantly increased during the last decade. The importance of industry and country factors is correlated with measures of economic and financial international integration and development. Country factors are smaller for countries integrated in world financial markets and have declined as the degree of financial integration and the number of countries pursuing financial liberalizations has increased. Higher international financial integration within an industry increases the importance of industry factors in explaining returns. Economic integration of production also helps in explaining returns. Countries with a more specialized production activity have higher country factors.

No. 560 - May 2004

Julián Villanueva - Pradeep Bhardwaj - Yuxin Chen - Sridhar Balasubramanian
MANAGING CUSTOMER RELATIONSHIPS: SHOULD MANAGERS REALLY FOCUS ON THE LONG TERM?

Abstract: Researchers and business thought leaders have emphasized that, in order to maximize the lifetime value of customers, firms must manage customer relationships for the long term. Contrary to this recommendation, we demonstrate that firm profits in competitive environments are maximized when managers focus on the short term with respect to their customers. Intuitively, while a long-term focus yields more loyal customers, it sharpens short-term competition to gain and keep customers to such an extent that overall firm profits are lower than when managers focus on the short term. Further, a short-term focus continues to deliver higher profits even when customer loyalty yields a higher share-of-wallet or reduced costs of service from the perspective of the firm. Intuitively, while such revenue enhancement or cost reduction effects enhance the proverbial pot of gold at the end of the rainbow, they lead to even more intense competition to gain and keep customers in the short term. These findings suggest that the competitive implications of a switch to a long-term customer focus must be carefully examined before such a switch is advocated or implemented. Paradoxically, customer lifetime value may be maximized when managers focus on the short term.

No. 562 - June 2004

José Luis Suárez - Amparo Vassallo
EUROPEAN MORTGAGE MARKET: GLOBAL VIEW 1992-2003

Abstract: The development of the European mortgage market, its current situation in terms of volume, growth, prices, interest rates and new products, and an analysis of mortgage integration are the focus of this paper.

The recent creation of the European Mortgage Finance Agency (EMFA), as an attempt to build a single European securitization market, is an important step toward integration within the wider



goal of EU financial integration. Obstacles to integration, potential members of the EMFA, and its main goals and advantages are discussed in the forward-looking section of this paper.

In addition, the paper deals with three important aspects of the EU mortgage market, taken as a whole:

– How it operates. Other aspects considered include transaction costs, transparency requirements affecting credit institutions (European Code of Conduct), and a classification of mortgage products on the market.

– Refinancing in Europe (as compared to the USA). The secondary market for the funding of financial institutions, in relation to mortgage bonds and mortgage-backed securities, including explanations of their main characteristics and the differences between them.

– How European mortgage markets influence the economy and how they may affect private investment and consumption, household debt (which continues to increase each year), and the performance of financial institutions (high competitiveness).

No. 563 - June 2004

Josep M. Rosanas - Manuel Velilla

THE ETHICS OF MANAGEMENT CONTROL SYSTEMS

Abstract: In this paper we review the conventional analyses of management control systems, to conclude, first, that the "illusion of control" can mislead managers into believing that everything can be controlled and monitored, and second, that no incentive system based only on extrinsic rewards can motivate individuals properly. Then, we investigate the philosophical foundations of the basic assumptions that, implicitly or explicitly, are made about the nature of the acting person. Based on personalist phenomenology, we show how the development of technical and moral values is crucial to the long-run survival of organizations. We end by offering some guidelines as to what control systems should be like in order to be compatible with the nature of human persons.

Studies and Monographs

Francesc Miralles - Guillermo Armelini - Josep Valor - Sandra Sieber

LINUX Y LA REVOLUCION DEL SOFTWARE DE CODIGO ABIERTO. REFLEXIONES PARA DECIDIR SU IMPLEMENTACION EN LA EMPRESA

(e-Business Center PwC & IESE, No 11, 2004, 44 pages)

Abstract: La implantación de Linux ha reportado a la librería *on-line* Amazon unos ahorros de 17 millones de dólares de su inversión en tecnología. La búsqueda de la reducción de costes ha llevado a otro gigante de Internet, el motor de búsqueda Google, a migrar 8.000 servidores a este sistema de código abierto. También la división de ventas de la filial estadounidense de Toyota Motors ha migrado su sistema de gestión de relaciones con los clientes a Linux, ahorrando 650.000 dólares.

Por otra parte, Linux ha permitido a DaimlerChrysler crear aplicaciones de simulación de colisión de coches un 20% más rápidas y un 40% más económicas que otros sistemas. También los monstruos de la película de animación de Disney y Pixar, «Monstruos S.A.», han sido creados con aplicaciones sobre Linux. Este sistema operativo se utiliza además en supercomputadoras cuya función es la localización de pozos petroleros para Amerada Hess.

Las ventajas de Linux no sólo han beneficiado a las empresas privadas, sino también a las Administraciones públicas. El gobierno de Munich ha decidido migrar sus 14.000 ordenadores a Linux argumentando la necesidad de una mayor seguridad. Mientras, la elección del software de código libre ha permitido a la Junta de Extremadura sacar el máximo rendimiento de su presupuesto y alcanzar una tasa de penetración de 1,5 ordenadores por alumno.

José Ramón Pin - Ignacio Bel - Angela Gallifa - Adela Conde
LA GESTION EMPRESARIAL EN EL AÑO 2003

[International Research Center on Organizations (IRCO), IESE, No 9, March 2004, 38 pages]

Abstract: La gestión empresarial en el año 2003 recoge las valoraciones y opiniones de los directivos españoles de las principales empresas del país. El informe se presenta como una herramienta imprescindible para conocer el rumbo de la gestión empresarial en España en los primeros años del siglo XXI, tan repletos de cambios.

Los asuntos básicos que afectan al ámbito económico, social y político, y su influencia en el desarrollo y crecimiento del país, están recogidos en este informe, que es definido por los profesionales como «el barómetro de la opinión de uno de los sectores más influyentes del país, los directivos de las primeras empresas nacionales y multinacionales».

Josep Tàpies - Kristin Cappuyns

LOS PROCESOS DE FUSION Y ADQUISICION EN EMPRESAS FAMILIARES

(Chair of Family-owned Business, IESE, No 10, May 2004, 96 pages)

Abstract: Esta nueva monografía de la Cátedra de Empresa Familiar consta de dos partes diferenciadas.

En la primera parte se presentan los aspectos generales relativos a los procesos de venta, adquisición y fusión de empresas familiares. En la segunda parte se presenta un trabajo de investigación fruto del estudio de 135 operaciones de fusión, adquisición o venta llevadas a cabo en un conjunto de empresas tanto familiares como no familiares, con el objetivo de analizar patrones de comportamiento de las empresas familiares en este tipo de procesos e identificar las diferencias en su manera de actuar en comparación con las compañías no familiares.

El estudio describe cuáles son los factores de éxito y las principales motivaciones y dificultades mencionadas por las empresas familiares en los procesos de adquisición y venta de compañías. También se analiza el papel de los órganos de gobierno de la



Newsletter

May - June 2004 - No 119

empresa familiar en la toma de decisiones, además del papel de los intermediarios en los procesos.

La investigación se basa en la información obtenida en una muestra de 25 empresas familiares y otras tantas no familiares en España de cinco sectores diferentes, en los que los procesos de fusión y adquisición han sido un fenómeno frecuente durante el período 1990-2002. La mayor parte del estudio se centra en las respuestas obtenidas en entrevistas en profundidad que involucró a 19 empresas de la muestra. Estas 19 empresas estudiadas realizaron 135 operaciones de fusión y adquisición durante ese período. Los resultados de este trabajo conducen a pensar que sí existen diferencias en los patrones de comportamiento entre las empresas familiares y las empresas no familiares en operaciones de adquisición de empresas y procesos de fusión.

Las razones de estas diferencias son debidas al carácter propio de la empresa familiar, las características de su organización, la cultura empresarial y el papel de los órganos de gobierno. Estas diferencias son importantes y pueden tener una gran incidencia en la naturaleza de estos procesos. Sin embargo, no queda evidente si existe una clara conciencia por parte de las empresas familiares de sus ventajas en la adaptación a estos procesos.

Josep Valor - Sandra Sieber

USO Y ACTITUD DE LOS JOVENES HACIA INTERNET Y LA TELEFONIA MOVIL

(*e-Business Center PwC & IESE*, No 8, March 2004, 59 pages)

Abstract: En los últimos años, el uso de Internet y la telefonía móvil han experimentado un crecimiento sin precedentes. Los jóvenes han sido los usuarios más activos. Se comunican con sus amigos a través del correo electrónico y mensajes de móvil, navegan a diario por la red, hacen amigos en los *chats*, y, de hecho, son muchas veces los que van descubriendo los nuevos usos de las tecnologías.

Los resultados del estudio se basan en un total de 1.236 entrevistas *on-line* sobre Internet y 1.274 sobre móviles a jóvenes de entre 14 y 22 años de toda España.

Entre las principales conclusiones, destaca que el 89% de los internautas jóvenes influye decisivamente en las compras de tecnología de su hogar y son los principales impulsores de la adopción de banda ancha.

Además, el estudio señala que el 81% de los jóvenes internautas usa la red para informarse sobre las novedades tecnológicas. Y es que la aparición de la red ha supuesto un cambio radical no sólo en la forma de adquirir conocimientos de tecnología, también como herramienta para conocer las nuevas tecnologías que aparecen en el mercado. La consecuencia más inmediata es que los medios de prescripción hasta ahora más habituales, como las revistas especializadas (6%), han perdido importancia, al menos para los jóvenes. Por otra parte, la publicidad *on-line* presenta una incidencia muy baja. Según el sondeo, los *banners* y correos electrónicos publicitarios no superan el 5% de las compras.

Para los jóvenes, Internet es una herramienta que sirve para mantener el contacto con los amigos, pero también lo es para forjar nuevas amistades. En cuanto a la telefonía móvil, los

jóvenes son conocidos dentro del sector por ser los *heavy users* (usuarios intensivos), es decir, no sólo poseen móvil, sino que lo utilizan constantemente.

El estudio también destaca la importancia de los amigos en la adopción y uso de Internet y los móviles. Su papel de prescriptores es indudable. En este sentido, las grandes operadoras de telefonía deberían centrarse más en aportar valor real a estos segmentos de jóvenes, teniendo presente sus preferencias, y desarrollar líneas de innovación en los servicios que más usan.

Llegar a los jóvenes requiere el desarrollo de una estrategia multicanal que tenga en cuenta las diferentes interacciones entre la red y los móviles. Sin lugar a dudas, pueden tener enormes posibilidades de éxito proyectos que sepan combinar lo mejor de las dos tecnologías, y lanzar al mercado servicios innovadores en esta línea.

Other publications

Antonio Argandoña

"¿Por qué el marketing debe tener en cuenta la ética?", *Harvard-Deusto Marketing y Ventas*, No 62, May-June 2004, pages 72-79.

Abstract: La sociedad es cada vez más exigente con los profesionales del marketing en temas relacionados con la ética y la responsabilidad social: defensa de la privacidad, protección del medio ambiente, respeto a los derechos humanos, transparencia y veracidad en las relaciones comerciales... Esto, junto con las exigencias crecientes de las empresas y la presión del mercado, sugieren que el directivo de marketing debe proponerse, cada vez más, la excelencia en su trabajo. La tesis principal de esta ponencia es que la ética es una condición necesaria para esa excelencia en el marketing. Un directivo no ético será, probablemente, un mal directivo, aunque sus ventas alcancen cada año nuevos máximos, porque estará ciego para un aspecto muy importante de su trabajo: el impacto de sus acciones en los demás y los aprendizajes que esas acciones van provocando en el mismo directivo, en sus empleados, clientes y proveedores, en la organización y en la sociedad toda. Se discute también cómo se deben enfocar los problemas morales en las decisiones de marketing, sobre todo cuando nos vemos sometidos a la tiranía del corto plazo (cifras de venta, cuotas de mercado, beneficios...), y cómo las estructuras organizativas y las culturas empresariales pueden hacer más difícil la excelencia del director de marketing.

(<http://www.iese.edu/research/pdfs/OP-04-8.pdf>)

José Manuel Campa

"Fusiones y adquisiciones en Europa: Una asignatura pendiente", *Universia Business Review*, No 2, 2nd quarter 2004, pages 12-19.

Abstract: Las fusiones y adquisiciones transeuropeas son una de las asignaturas pendientes en la Unión Europea. Europa cuenta con una estructura empresarial muy fragmentada que sigue

Newsletter

May - June 2004 - No 119



fronteras nacionales y que para poder competir requiere de una mayor integración para alcanzar dimensiones más apropiadas con el crecimiento de los mercados a nivel global. Sin embargo, este proceso de consolidación a nivel europeo se está mostrando muy difícil. Además de las barreras culturales y sociales que dificultan esta integración, existe un marco regulatorio que no presenta perspectivas de mejora a medio plazo. Como resultado, los mercados financieros suelen reaccionar negativamente ante el anuncio de compraventas internacionales entre empresas europeas.

Domènec Melé

"Business ethics and wealth creation: Is there a Catholic deficit? A response to G. Enderle", *Proceedings of the Symposium on Business Ethics Scholarship and Teaching in Catholic Environments, University of Notre Dame, July 2003, Institute for Ethical Business Worldwide, Notre Dame, USA.*

Abstract: The paper discusses several points presented by Prof. George Enderle, who outlines a set of important issues and makes clarifying distinctions regarding wealth creation. He also holds that there is a certain deficit in the Catholic tradition regarding wealth creation. This could be accepted to some extent. However, going back to the Scriptures, the genuine sense of Tradition, and the signs of the times, which include the vital importance of wealth creation, the author argues that this deficit can be overcome. In fact, today many Catholics understand better than some years ago how important work is for developing human and Christian virtues and personal sanctification. This includes the contribution of work in social and human development, and consequently wealth creation.

Xavier Oliver

"Un paseo por la planificación de medios efectiva", *Harvard Deusto Marketing y Ventas, No 62, May-June 2004, pages 36-40.*

Abstract: Hoy más que nunca, el cliente demanda y exige valor por los productos que consume. En este contexto, el planificador de medios deberá poner en práctica una estrategia eficaz basada en el comportamiento del *target*, el presupuesto, las cualidades de la marca, producto o servicio, la audiencia, el coste y las características de los medios.

José Ramón Pin

"Gobernar es educar", *Actualidad Económica, issue devoted to in-house human resources, No 2.401, June 2004.*

Abstract: El artículo hace referencia a la experiencia histórica de Alejandro Magno. Explica cómo en el libro "Alejandro Magno y la Dirección de Empresas" (A. Ortega, EUNSA, 2004), se describen los diferentes mecanismos que éste utilizó para "educar" a sus gobernados. El gobernante, según dice el artículo, establece los criterios básicos sobre los que se funda una colectividad, y su trabajo es implantarlos en la mente y, sobre todo, en el corazón de las personas que la constituyen.

Joan E. Ricart - Josep Tàpies - Sergi Vergés

"Aceites Borges Pont, S.A.: Studying the acquisition of a big competitor", *International Journal of Management Cases, Vol. 6, No 3/4, 2004, pages 5-18.*

Abstract: 2000 had been a difficult year for the olive oil industry in Spain, owing to the price cutting policy adopted by some companies, which had forced the rest of the industry to operate with very tight margins. In this context, Aceites Borges Pont, S.A. had to decide how to position its products, not only in Spain but also in the new international markets in which the product was starting to be recognized, in order to achieve the profit targets it had set itself.

Conferences and Seminars

Tunji Adegbesan (Doctoral Candidate, IESE)

On May 5-8, attended, in St. Andrews, Scotland, the 4th Annual Conference of the European Academy of Management (EURAM), where he presented the paper "What do we know about the performance outcomes of technological innovation and technological change?", co-authored by Joan Enric Ricart.

Abstract: The blistering pace of technical advancement in recent years presents firms with a dual strategic challenge. On the one hand, they can seek competitive advantage through technological innovation; on the other, they have to sustain past performance in the face of technological change. However, the diverse nature, dimensions, and impact of technical advancement, technological change, innovation in general, and technological innovation in particular have made it difficult to cumulate theoretical knowledge to guide firm strategic decisions. We contribute by defining and distinguishing between technical advancement, technological innovation, and technological change. Our conceptual representation of the interrelationships between technical advances, technological innovation, and technological change gives a clearer view of actors, actions, levels of action, and possible outcomes. Our terminological and conceptual clarifications then permit us to carry out a preliminary synthesis of current knowledge on the creation and sustainability of superior performance in the face of technological innovation and change. We then identify possibly fruitful avenues for future research.

Antonio Argandoña

On June 4-5, attended, in Ubeda, the XII Conferencia anual de Ética, Economía y Dirección, organized by the European Business Ethics Network-España, where he took part in a roundtable on "A social paradigm in finance: development and outlook", and presented the paper "Conflicts of interest: The ethical viewpoint".



Newsletter

May - June 2004 - No 119

Abstract: Conflicts of interest are a very widespread ethical problem which, precisely for that reason, deserves special attention, both from a legal viewpoint and from the point of view of ethics applied to organizations and professions. In this paper we use the conceptual framework of agency theory to explain what constitutes a conflict of interest. This enables us to identify what causes conflicts of interest and analyze the ethical criteria to be applied to them and the solutions commonly proposed. Because our processing of information, our judgments and our decision making are subject to significant unconscious and unintended biases, the emphasis in this paper is on the conditions that an agent's decision must satisfy in a conflict of interest situation in order to be ethically correct.

On June 25-26, attended, in Enschede, Netherlands, the 17th Annual Conference, organized by the European Business Ethics Network (EBEN), where he presented the paper "Corruption and companies: The case of facilitating payments".

Abstract: Facilitating payments are a very widespread form of corruption. They consist of small payments or gifts made to a person –a public official or an employee of a private company– to obtain a favor, such as expediting an administrative process, obtaining a permit, license or service, or avoiding an abuse of power. Unlike the worst forms of corruption, facilitating payments do not usually involve an outright injustice on the part of the payer, as she is entitled to what she requests. That may be why public opinion tends to condone them; often they are assumed to be unavoidable and are excused on the grounds of low wages and lack of professionalism among public officials and disorganization in government offices. Many companies that take the fight against "grand" corruption very seriously are inclined to overlook these "petty" transgressions, which are seen as the "grease" that makes the wheels of the bureaucratic machine turn more smoothly. And yet, facilitating payments have a pernicious effect on the working of public and private administrations; all too often they are the slippery slope to more serious forms of corruption; they impose additional costs on companies and citizens; and in the long run they sap the ethical foundations of organizations. This article focuses on facilitating payments from the point of view of the company that makes the payment, either as the active partner (when it is the company that takes the initiative) or as the passive partner (when the official or employee is the instigator).

Manel Baucells

On May 16-19, attended, in Banff, Canada, the CORS/INFORMS International Meeting, where he presented the paper "Satiation in discounted utility".

Abstract: We show that any non-linear discounted utility model requires a modification if time periods are very short. Otherwise we have the unrealistic situation where a short delay in consumption produces a discontinuous jump in the utility evaluation. We propose a satiation model that fixes this problem, and explore its implications, by means of comparison with the standard

DU model. We pay special attention to the case of exponential and power forms of per-period utility.

We also address the question of the relationship between the per-period utility function and the length of the time intervals. Our main result shows that, under appropriate assumptions, the only functional form that is time-period independent is either power or logarithm. Any other form requires a modification of the per-period utility.

Adrián Caldart

On May 5-8, attended, in St. Andrews, Scotland, the 4th Annual Conference of the European Academy of Management (EURAM), where he presented the paper "Corporate level decisions in turbulent environments: The performance implications of the interplay between cognition, strategic discipline and architectural design".

Abstract: This paper explores the relationship between cognition, strategic discipline and architectural design at the level of corporate strategy. A field study performed at a global multibusiness firm provided the basis for designing a set of "agent based simulations" aimed at generalizing and explaining the properties observed in the field. Simulated corporate strategies differ in various respects. First, whether they are led by a smart initial cognitive representation, a mediocre one, or no representation at all. Second, whether the company follows strictly the initial representation ("Disciplined") or abandons it after some unsuccessful periods ("Flexible"). The complexity of architectural designs increases as the degree of environmental turbulence affecting the firm increases.

We found that the importance of good cognition is contingent upon the degree of environmental turbulence affecting the firm. In stable environments, Porter's (1996) case in favor of strategic discipline is sound advice. However, as the environment becomes more turbulent, results change substantially. The more turbulent the environment, the greater the need for a good cognition-led positioning and the greater the danger of remaining faithful to a mediocre one. This view corresponds to Mintzberg's (1994) idea of realized strategy as a mix of the intended strategy and the emergent one.

Javier Estrada

On June 2-4, attended, in Zurich, the 2004 FMA European Conference, where he presented the paper "Countries versus industries in emerging markets: A normative portfolio approach", co-authored by Mark Kritzman (Windham Capital Management) and Sebastian Page (State Street Associates).

Abstract: Should investors in emerging markets focus on diversifying across countries or diversifying across industries? This question, widely debated in developed markets, and particularly in Europe, has received little attention in emerging markets. Using a normative approach that disentangles the impact of investor behavior from the opportunities offered by capital markets, we find that country effects dominate industry effects. It follows from

Newsletter

May - June 2004 - No 119



our results that, despite the increasing globalization of emerging markets, investors should focus their diversification efforts on countries rather than on industries.

He also chaired a session on "Global equity markets and portfolio risk".

Pablo Fernández

On June 2-4, attended, in Zurich, the 2004 FMA European Conference, where he presented the paper "80 common and uncommon errors in company valuation".

Abstract: This paper contains a collection and classification of 80 errors seen in company valuations performed by financial analysts, investment banks and financial consultants. The author had access to most of the valuations referred to in this paper in his capacity as a consultant in company acquisitions, sales and mergers, and arbitrage processes. Some of the errors are taken from published reports by financial analysts.

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

(<http://www.iese.edu/research/pdfs/DI-0550-E.pdf>)

Fabrizio Ferraro

On May 9-12, attended, in Potoroz, Slovenia, the XXIV International Sunbelt Social Network Conference, organized by the International Network for Social Network Analysis (INSNA), where he presented the paper "Managing the boundary of an 'Open' project", co-authored by Siobhán O'Mahony (Harvard University).

Abstract: Large open source software projects have attracted both amateur and commercial collaborators and now struggle to develop code in an open public environment that still protects their communal boundaries. This research applies a dynamic social network approach to understand how one community managed software project, Debian, develops institutional processes to manage membership and leadership. We examine the project's face-to-face social network during a five-year period (1997-2001) to see how changes in the social structure affect the evolution of membership mechanisms and the determination of gatekeepers and leaders. While the amount and importance of a contributor's work increases the probability that a contributor will become a gatekeeper, those more central in the social network are more likely to become gatekeepers and influence the membership process.

He presented the same paper, on May 31-June 1, in Barcelona, in the *Interdisciplinary Workshop on Networks*, organized by the Universitat Pompeu Fabra.

Núria Mas

On June 3-5, attended, in Athens, the 3rd International Conference on Health Economics, Management and Policy", organized by the Athens Institute for Education and Research, where she presented the paper "Comparing non-fatal health across countries: Is the US medical system better?", co-author David M. Cutler (Harvard University).

Abstract: Comparing medical care systems has become a major preoccupation of policymakers. Most previous studies have been based on comparisons of mortality rates. However, most modern medical care systems are designed not to extend life but to improve quality of life, with entire fields of medicine being devoted to that end (mental health, physiotherapy...). In this paper, we propose an innovative methodology to compare non-fatal health outcomes across four countries: the United States, Canada, the United Kingdom, and Spain. Our methodology is based on a comparison of the relative health of those with and without a certain disease across the four countries. Our results indicate that the US, which spends significantly more on medical care, does not have uniformly better outcomes. We consider a number of explanations of why this may be the case. The first hypothesis is that this finding may reflect a problem with self-reported individual health (maybe people in some countries are more likely to report themselves in poor health). To control for this, we use an alternative measure of health (ADLs), and the results remain robust. The second hypothesis we consider is that the US could be doing better for richer, well insured people than for the poor and uninsured. However, we show that our results remain robust when we divide the population into rich and poor. Lastly, we provide evidence and conclude that the US does better in the treatment of acute, technology-intensive conditions, because of their high-tech nature, and worse in the treatment of chronic conditions that require constant monitoring, because its chronic care management is worse.

(<http://www.iese.edu/research/pdfs/DI-0525-E.pdf>)

Domènec Melé

On June 4-5, attended, in Ubeda, the XII Conferència anual de Ètica, Economia y Direcció, organized by the European Business Ethics Network-España, where he presented the paper "¿Cómo se originan los escándalos financieros?"

Abstract: Un conjunto de escándalos financieros recientes invitan a preguntarse por su origen. El presente artículo se fija en dos de ellos, aún recientes: los casos Enron y Parmalat. Se sostiene, en primer lugar, que en los comportamientos que dan lugar a escándalos financieros empresariales pueden distinguirse cuatro dimensiones relacionadas entre sí: la primera es la situación en la captación de recursos del entorno, que se activa ante situaciones de necesidad u oportunidad; la segunda estriba en las metas, incentivos y procesos establecidos en la empresa para la toma de decisiones; la tercera se refiere a la regulación y control social existente, tanto externo como interno; y la cuarta incluye la cultura empresarial. En segundo lugar, se presenta la centralidad de las personas y su falta de virtud en la génesis de estos escándalos.



Newsletter

May - June 2004 - No 119

Se advierte en la falta de moderación al asumir situaciones de excesivo riesgo, en la falta de justicia en la toma de decisiones, en la falta de fortaleza para establecer las regulaciones oportunas y/o en controlar su cumplimiento y, por último, en la falta de sabiduría práctica en el ejercicio del liderazgo. Se concluye presentando un conjunto de recomendaciones que pueden contribuir a evitar actuaciones fraudulentas en las finanzas empresariales.

On June 25-26, attended, in Enschede, Netherlands, the 17th Annual Conference, organized by the European Business Ethics Network (EBEN), where he presented the paper "The principle of subsidiarity in business organizations".

Abstract: The principle of subsidiarity holds that a larger and greater body should not exercise functions which can be carried out efficiently by a smaller and lesser body; rather, the larger body should support the smaller one and help it to coordinate its activities with the rest of the community.

If, as some authors maintain, businesses are human communities, the principle of subsidiarity should be an ethical premise for designing business organizations. And yet, it has rarely been applied to business organizations.

This paper presents the bases and contents of the principle of subsidiarity and the consequent ethical requirements for designing business organizations. The subsidiarity principle is an ethical framework for employee autonomy, initiative, entrepreneurship and responsibility. It has some similarities with the managerial concepts of "decentralization" and "empowerment", but differs in its foundation and application. A case study of a medium-sized firm illustrates an organizational change which takes the principle of subsidiarity into account. Reflecting on this principle and using appropriate managerial tools can improve an organization in various ways. The paper concludes by presenting some suggestions for effective implementation of the subsidiarity principle in business organizations.

María Otegui (Doctoral Candidate, IESE)

On June 18, attended, in Madrid, the III Jornada de Investigación on "Cooperación y Alianzas Estratégicas", organized by the Universidad Rey Juan Carlos, where she presented the paper "The performance of industry-science links. A process perspective", co-author Giovanni Valentini.

Abstract: Academic input has become increasingly important for industrial activities (OECD, 2002). Basic scientific research is the source of many of the technologies that are transforming society, including the Internet. Still, our knowledge of the dynamics of industry-science relationships is still far from conclusive. The realized value of a cooperative agreement is often lower than its expected outcome. The purpose of this study is to understand the factors that influence the perceived performance of a relationship along its lifecycle. We aim to unravel the factors that narrow the gap between the expected potential benefits of university-industry relationships and their actual performance.

Fernando Peñalva

On June 3-5, attended, in Granada, the XI Encuentro de Profesores Universitarios de Contabilidad, on the theme "La contabilidad sin fronteras", organized by the Asociación Española de Profesores Universitarios de Contabilidad (ASEPUC), where he presented the paper "Corporate governance and the selection of performance measures in annual compensation contracts", co-author Antonio Dávila.

Abstract: We study how corporate governance affects the structure of executive compensation contracts. In particular, we analyze the relative weights of firm performance measures in explaining CEO compensation. We find that weaker corporate governance is associated with compensation contracts that put more weight on accounting-based measures of performance (i.e., ROA, ROE, or EPS) compared to stock-based performance measures (i.e., market returns). This finding is consistent with CEOs in firms with weaker governance structures –where they can influence the contracting process to a larger extent– choosing to weight more heavily those performance measures that they can better control. We also find that executive compensation contracts in firms with weaker governance rely on cash compensation to a larger extent, at the expense of stock-based compensation, and that these firms exhibit lower variation in compensation.

Steven Poelmans – Khatera Sahibzada

On May 5-8, attended, in St. Andrews, Scotland, the 4th Annual Conference, organized by the European Academy of Management (EURAM), where they presented the paper "A multi-level model for studying the context and impact of work/family policies and culture in organizations".

Abstract: The purpose of the paper is to provide an integrative, multi-level framework that may help scholars study the impact of work-family policies on individual employees, as well as assist practitioners in making informed decisions regarding the adoption, design, implementation and allowance of these policies. This multi-level model illustrates the various macro- and meso-level factors that may influence individual perceptions (i.e., equity perceptions, bargaining power, sense of entitlement) regarding work-family policies. By providing such a model, a common language may be developed for researchers from various disciplines studying this issue, and better insight into the various linkages that are involved. Additionally, the framework can provide HR practitioners with a deeper understanding of the contextual factors that may influence the effectiveness of work-family policies in their organizations.

Marc Sachon

On June 27-29, attended, in Fontainebleau, the EUROMA 2004, organized by the European Operations Management Association, where he presented the paper "Virtual supply Chain Readiness of the Spanish Automotive Sector".

Newsletter

May - June 2004 - No 119



Abstract: author presented results of a study conducted in the Spanish Automotive Sector. Collaborators in this study were Dani Albiñana and **Alejandro Lago**. The study analyzed the readiness for virtual integration of the Spanish automotive supply chain at levels beyond OEM and first tier suppliers. The key findings of the study are: a) the necessary IT infrastructure for virtual integration is in place; b) SMEs seem to be concerned about trust issues in the supply chain; c) SMEs give great importance to having a B2B leader implement the new technology; and d) SMEs expect to improve planning activities with their clients.

José Luis Suárez

On June 2-5, attended, in Milan, the *11th European Real Estate Society Conference*, where he presented the paper "European Mortgage Markets: Global View 1992-2003", co-author Amparo Vassallo.

Abstract: (See page 6).

Ignacio Urrutia

On June 3-5, attended, in Granada, the *XI Encuentro de Profesores Universitarios de Contabilidad*, on the theme "La contabilidad sin fronteras", organized by the Asociación Española de Profesores Universitarios de Contabilidad (ASEPUC), where he presented the paper "El marco de los sistemas de control por resultados a través del análisis del caso ENRON".

Abstract: Los escándalos que tanto han llamado la atención en España y en casi todos los países del mundo han provocado un inusitado interés por la contabilidad, por los procedimientos contables y por la manipulación contable. Para que un sistema de control se considere eficaz, como condición necesaria, debe alinear el comportamiento de los seres humanos con las metas organizativas, y como condición suficiente el sistema de control debe detectar los errores de la organización, con el objeto de reducir el riesgo de desaparición de la empresa. Ahora bien, en el entorno de empresas mecanicistas, cuando los diferentes agentes que toman decisiones tienen perfectamente alineados sus intereses, si éstos se mueven de manera codiciosa, pueden provocar, como en el caso de Enron, que el sistema de control por resultados no detecte los errores cometidos y, por tanto, pueden incumplir la condición suficiente.

Josep Valor

On June 20-23, attended, in Bled, Slovenia, the *17th Ecommerce Conference - Eglobal*, organized by the University of Maribor, with the collaboration of the Government of the Republic of Slovenia, where he presented the paper "Building eGovernment services and sharing intellectual property among government organizations".

Abstract: Subjects discussed included the intellectual property rights that are needed to promote e-government, and in particular,

whether it is possible to base government applications on proprietary standards such as Microsoft.

With the participation of experts from the Danish government and Microsoft, the general conclusion was that, to be viable, a widescale implementation of e-government must be based on open standards, even if they come from private companies.

Rama Velamuri

On June 2-5, attended, in Glasgow, the *Babson Kauffman Entrepreneurship Research Conference*, organized by Babson College, together with the Marion Kauffman Center for Entrepreneurship, where he presented the paper "The role of ethical values in the stakeholder network emergence of entrepreneurial ventures".

Abstract: This paper is based on in-depth case studies of two firms that have survived and achieved success in environments where bribery is widespread, while refusing to practice bribery. We examine the role of the firms' ethical values in influencing the pattern of emergence of the stakeholder networks in the nascent and early stages of the two firms, and specifically seek to explain: 1) the diversity of stakeholder groups making commitments to these two firms, and 2) the diversity of motivations for the resource commitments. We propose that the relationship between a firm's ethical values and stakeholder network emergence is mediated by the salience for stakeholders of the firm's values, and that stakeholder salience in turn is influenced by entrepreneur attributes, industry characteristics, and the broader socio-political and economic environment. We generate a series of testable propositions to develop a theoretical model.

Julián Villanueva

On June 23-26, attended, in Rotterdam, the "Marketing Science Conference", organized by INFORMS, where he presented the paper "Managing customer relationships: Should managers really focus on the long term?", co-authored by Pradeep Bhardwaj, Yuxin Chen and Sridhar Balasubramanian.

Abstract: Researchers and business thought leaders have emphasized that, in order to maximize the lifetime value of customers, firms must manage customer relationships for the long term. In contrast to this recommendation, we demonstrate that firm profits in competitive environments are maximized when managers focus on the short term with respect to their customers. Intuitively, while a long term focus yields more loyal customers, it sharpens short term competition to gain and keep customers to such an extent that overall firm profits are lower than when managers focus on the short term. Further, a short term focus continues to deliver higher profits even when customer loyalty yields a higher share-of-wallet or reduced costs of service from the perspective of the firm. Intuitively, while such revenue enhancement or cost reduction effects enhance the proverbial pot of gold at the end of the rainbow, they lead to even more intense competition to gain and keep customers in the short term. These



Newsletter

May - June 2004 - No 119

findings suggest that the competitive implications of a switch to a long term customer focus must be carefully examined before such a switch is advocated or implemented. Paradoxically, customer lifetime value may be maximized when managers focus on the short term.

On May 7-8, the 13th International Symposium on "Ethics, Business and Society", led by **Domènec Melé**, was held at IESE in Barcelona, on the theme: "Accounting and accountability: A challenge for corporate culture", at which, among others, the following papers were presented:

Antonio Argandoña: "Conflicts of interest: The ethical viewpoint"

Abstract: (See page 9).

Pablo Cardona: "Management by missions: How to make the mission a part of management"

Abstract: Management by Objectives has certain limitations that are not easily overcome simply by including non-financial objectives or by promoting a system of values imported from outside the management system. What is needed, therefore, is a new management system capable of enriching and making sense of the objectives. Management by Missions (MBM) rises above the limitations of MBO and, at the same time, takes into account other innovative proposals put forward in recent years, such as Management by Competencies. MBM is based on the idea of distributing the corporate mission to all levels of the company, right down to the particular mission of each individual. Each mission shares in the higher level missions, so that ultimately everyone has a stake in the corporate mission. The corporate mission is then made operational through objectives. Objectives have no value in themselves but only as a means to fulfill the mission. This new management philosophy is much richer and better able to persuade people to identify with the company they work for and so ensure superior performance at all levels of the organization.

Miguel Angel Gallo - Kristin Cappuyns: "The family business and its social responsibilities"

Abstract: (See page 2).

Domènec Melé: "Ethics in accounting: Integrating rules, values and virtues"

Abstract: Ethics in accounting has drawn increasing interest in the last decade. However, some important shortcomings persist. Rules, values and virtues tend to be presented in a fragmentary manner. Also, only a few authors consider the role of the accountant's character in presenting relevant and truthful information

in financial reporting, and how important practical reasoning is in accounting. It is held that rules, values and virtues are interconnected. This provides a sound approach to ethics in accounting, in which character and practical reasoning are crucial. Consequently, ethical education in accounting has to simultaneously include rules, values (understood as moral goods) and the role of virtues to ensure sound moral judgements and good behavior.

Josep M. Rosanas - Manuel Velilla: "The ethics of management control systems"

Abstract: (See page 7).

Albert Fernández, Luis Palencia, Fernando Peñalva and Miguel A. Rodríguez chaired various presentations.

At the same time, the IX Meeting on Teaching Business Ethics took place under the chairmanship of **Joan Fontrodona**.

Awards

Fernando Peñalva - Antonio Dávila

Have been awarded the "Carlos Cubillo Valverde" Award for accounting research papers (7th edition) for the paper "Gobierno corporativo, contabilidad y la remuneración del consejero delegado". The award is organized by the Spanish Association of Accounting Professors (ASEPUC), with the collaboration of the Spanish Accounting and Auditing Institute (ICAC).

Antoni Subirà

On May 11, at Casa Asia in Barcelona, received the Order of the Rising Sun, a distinction granted him by H.M. the Emperor of Japan in recognition of his contribution to the strengthening of economic ties between Japan and Spain.

Doctoral theses

Adrián Caldart

CREATING CORPORATE ADVANTAGE IN TURBULENT ENVIRONMENTS (IESE)

Abstract: This doctoral dissertation explores the relationship between cognition, strategic initiatives and architectural design at the level of corporate strategy. It is based on findings from a field study on a car components manufacturing firm's transition from being a national champion to becoming a global tier one

Newsletter

May - June 2004 - No 119



competitor. The field study provided the basis for an "agent based simulation" aimed at generalizing and explaining the properties observed in the field.

Simulated corporate strategies differ in various respects. First, whether they are led by a smart initial cognitive representation, a mediocre one, or no representation at all. Second, whether the company follows strictly the initial representation ("Disciplined") or abandons it after some unsuccessful periods ("Flexible"). The complexity of architectural designs increases as the degree of environmental turbulence affecting the firm increases.

We found that the importance of good cognition is contingent upon the degree of environmental turbulence affecting the firm. In stable environments, a case in favor of strategic discipline is sound advice. However, as environmental turbulence increases, results change substantially. The more turbulent the environment, the greater the need for a good initial cognition-led positioning and the greater the danger of remaining faithful to a mediocre one. However, the results of the simulations are not a case in favor of purely emergent approaches, as we found that having a mediocre cognitive representation is better than mere "trial and error", as long as "loyalty" to the initial cognition is just opportunistic. In turbulent environments, not having an initial plan leads to pure drifting, while following it "blindly" leads to no learning, both of which are low payoff strategies compared with an opportunistic application of plans.

M^a Julia Prats

SUSTAINING SUPERIOR PERFORMANCE THROUGH AN ENTREPRENEURIAL BOOM AND BUST: INTER-FIRM DIFFERENCES IN THE E-CONSULTING INDUSTRY (1997-2001) AND THE INVESTMENT MANAGEMENT INDUSTRY (1927-1931)

(Harvard Business School)

Abstract: This study explores the effect of strategic choices and resource combinations on new-venture survival during an Entrepreneurial Boom and Bust (EBB) period. An EBB is a period of rapid expansion of an industry in terms of number of players, fueled by expectations of high returns occasioning a considerable infusion of resources, followed by a sudden change in industry prospects and consequent reallocation of those resources. The result is that in an EBB a large proportion of new business organizations fail shortly after being formed.

Although considerable research has been conducted at the industry level as to why the boom-and-bust phenomenon exists, we do not yet understand the mechanisms by which some firms deal successfully with this acute environmental shift while others fail. An in-depth study of 104 e-consulting firms from 1997 to 2001 and 85 investment management firms from 1927 to 1931, combining a range of data sources and analytical tools –archival and interview-based data, cluster analysis, multilogit models, probit regression models– yields insights on new-venture strategies at industry inception and the effects of the strategies and initial endowments on venture success.

First, the study identifies a typology of new-venture entry strategies. In the e-consulting industry, it finds that firms followed four strategy archetypes –Conservative Growers, Focused

Consultants, Expansionists, and Aggressive Acquirers. Further, differences in strategic behavior reflect differences in resource endowments, and those differences are systematically associated with differences in performance. Whereas Conservative Growers and Focused Consultants were most successful in weathering the contraction phase, Expansionists and Aggressive Acquirers were the most susceptible to failure. A parallel analysis of the investment management industry during the 1920s yields strikingly similar results; the few differences may reflect structural differences between the two industries.

Second, the study shows that resource configuration and strategic patterns in both the expansion and decline phase of the industry influence a firm's ability to adapt to the sudden environmental change. Strategies that offer a wide range of services ensure a better chance for survival; moreover, industry knowledge rather than entrepreneurial experience is crucial to the survival of a firm in such turbulent times.

Fabricio Noboa

ESTRATEGIA DE LA SUBSIDIARIA: INFLUIR EN EL NIVEL DE EMBEDDEDNESS (IESE)

Abstract: El objetivo de esta investigación es desarrollar una teoría sobre estrategia a nivel de la subsidiaria. Si bien la literatura sobre dirección de subsidiarias contiene todos los elementos necesarios para construir una teoría de esta naturaleza, el excesivo interés por catalogar las subsidiarias bajo tipologías específicas, ha favorecido la idea de que su estrategia simplemente consiste en cumplir un papel corporativo asignado, cuando en realidad estas unidades también tienen un comportamiento estratégico medianamente autónomo. La presente tesis aglutina la literatura sobre dirección de subsidiarias en torno a un modelo que refleje las interdependencias existentes entre la subsidiaria y la diversidad de agentes con los que interactúa, a nivel de entornos interno, corporativo y externo.

Partimos del modelo sugerido para realizar un estudio exploratorio y longitudinal de una subsidiaria que fabrica sistemas de frenos, recogiendo evidencia cualitativa y cuantitativa sobre la evolución de sus relaciones con el entorno ante cambios en la estrategia de la MNC. El estudio del caso mostrará que la estrategia de la subsidiaria puede entenderse como un intento por influir en su nivel de *embeddedness*. El estudio también mostrará cómo la subsidiaria no se limita a cumplir un papel corporativo asignado desde la central y cómo la estrategia de la subsidiaria no puede estudiarse separada de su relación con la MNC. En concreto, enseñará que las alternativas estratégicas de una subsidiaria se ven afectadas por una estrategia de centralización promovida por la MNC. La centralización, se argumentará, afecta tres tipos de *embeddedness* inherentes a la subsidiaria, su *embeddedness* operativa, su *embeddedness* de capacidades y su *embeddedness* estratégica. Nuestro análisis nos lleva a sugerir unas proposiciones que podrían comprobarse en futuras investigaciones.



Newsletter

May - June 2004 - No 119

IESE - Research Seminars

Economics

June 28

Keynote speaker: Julian S. Jamison, Kellogg School of Management, Northwestern University
"Private information in repeated auctions"

Abstract: We study an infinitely-repeated first-price auction with common values. Initially, bidders receive independent private signals about the value of the objects, which itself does not change over time. Learning occurs only through observation of the bids. Under one-sided incomplete information, this information is eventually revealed and the seller extracts essentially the entire rent (for large discount factors). However, the uninformed bidder does better than the informed bidder. Under two-sided incomplete information, the outcome is pooling: information is revealed only insofar as it does not affect prices. Bidders submit a common, low bid in the tradition of "collusion without conspiracy".

Finance

June 16

Keynote speaker: David Méndez-Vives, The London School of Economics
"Trading mean reversion"

Abstract: The typical relative value trading methodology consists of three steps: searching for a good opportunity, establishing the position and waiting until the price converges or until we get stopped out. Generally, we tend to pay the most attention to step 1, looking for prices that show mean reversion and that are currently away from their mean. The present paper deals with the management of the trading position when the asset price is mean reverting. Among the questions we try to address: when should we establish a position? how aggressively? when in losses, should we cut the position or increase it? does the strategy depend on the current wealth? can a trader be happy when the price diverges?

We embed our problem in Merton's model of portfolio optimization, with a risky mean-reverting asset and a riskless asset. The agent has a power utility function and optimizes over time to maximize his terminal wealth. We find an exact solution for the particular case of log-utility, and an approximate solution for the general case.

The results we obtain are the following. If the price moves against us, we may increase the position size because the opportunity has improved, but only if the price is not too far away from the mean so that the "losing wealth" effect is small. On the other hand, the price moving against us never produces a higher expected utility. We also find that a higher speed of mean reversion makes the trader more aggressive, and that in order to generate realistic rates of return we need to trade a highly mean-reverting price.

We close the paper pointing to practical problems in the estimation of the mean reversion parameter. We perform a

simulation study where we show that the estimates of mean reversion in realistic conditions have quite a wide distribution. A possible extension of the paper is to the analysis of trading strategies with misspecified parameters.

General Management

May 20

Keynote speaker: Ramon Casadesus-Masanell, IESE
"Dynamic mixed duopoly: A model motivated by Linux vs. Windows"

Abstract: This paper analyzes a dynamic mixed duopoly in which a profit-maximizing competitor interacts with a competitor that prices at zero (or marginal cost), with the cumulation of output affecting their relative positions over time. The modeling effort is motivated by interactions between Linux, an open-source operating system, and Microsoft's Windows, and consequently emphasizes demand-side learning effects that generate dynamic scale economies (or network externalities). Analytical characterizations of the equilibrium under such conditions are offered, and some comparative static and welfare effects are examined.

June 17

Keynote speaker: Forest L. Reinhardt, Harvard Business School
"Environmental protection and the social responsibility of firms"

Abstract: In this paper, I examine some of the writing that business people and scholars at business schools have produced on the interrelated topics of corporate social responsibility, sustainable development, and the environmental performance of firms. I point out some of the findings from this literature, and highlight questions that it has so far left unanswered. At the end of the paper, I sketch out the implications of the literature for each of several groups, including environmental activists, regulators, investors, executives, and business scholars.

The literature discussed in this paper is unusually heterogeneous. It includes articles in journals with which environmental economists are familiar; these papers, in structure, method, and tone, are similar to those found in other economics journals. It includes articles in journals from the management literature, which deliberately employ the language and methodology of the social sciences.

Marketing

May 24

Keynote speaker: Koen Pauwels, Tuck School of Business at Dartmouth
"How retailer and competitor decisions drive the long-term effectiveness of manufacturer promotions for fast moving consumer goods"

Abstract: While both retailer and competitor decisions contribute to long-term promotional effectiveness, their separate impact has yet to be evaluated. For 75 brands in 25 categories, the authors find

Newsletter

May - June 2004 - No 119



that long-term retailer pass-through of promotions is 65%, and that feature and display support increase promotional elasticity by 6%. However, competitors partially match the wholesale price reduction by 15%, which reduces promotional elasticity by 10%. Interestingly, large categories yield stronger retailer response, while concentrated categories yield stronger competitor response. Finally, smaller brands face a fourfold disadvantage compared to leading brands: they obtain lower retail pass-through, lower retail support, and lower benefits from competing brands' promotions, while their promotions generate higher benefits to competitors.

Miscellaneous

Antonio Argandoña

On May 11, attended, in Barcelona, the *XV Congreso de Factores y Entornos de Progreso*, where he gave the lecture "Factores de progreso".

On May 25, attended, in Barcelona, the *II Jornada de Trabajo del Pacto Global en Cataluña*, where he gave the lecture "¿Cómo pueden luchar las empresas contra la corrupción?".

On June 16-17, attended, in Madrid, the *II Congreso de FENIN* (Federación Española de Empresas de Tecnología Sanitaria), where he gave the lecture "Dimensión ética de la empresa".

Africa Ariño

On June 18, attended, in Madrid, the *III Jornada de Investigación on "Cooperación y Alianzas Estratégicas"*, organized by the Universidad Rey Juan Carlos, where she spoke in the panel "Tendencias en la investigación sobre Cooperación y Alianzas Estratégicas" and served as discussant on the panel "Factores clave de éxito en la gestión de los acuerdos de cooperación".

Ramon Casadesus-Masanell

On May 21-23, attended, in Toronto, the *2004 Strategy Research Forum*, organized by the Rotman School of Management, where he chaired two sessions: "Value-based strategy: Clarifications and implications", authored by Patrick Moreton, and "Complementarities, competition and sustained intra-industry heterogeneity in profits", authored by Michael Lenox, Scott Rockart and Arie Lewin.

Fabrizio Ferraro

On May 21-23, attended, in Toronto, the *2004 Strategy Research Forum*, organized by the Rotman School of Management, where he discussed the paper "The effects of organizational structure and codes on performance of laboratory firms", authored by Roberto Weber, Colin Camerer and Scott Rick.

Joan Fontrodona

On June 4-5, attended, in Ubeda, the *XII Conferencia anual de Ética, Economía y Dirección*, organized by the European Business Ethics Network-España, where he took part in a roundtable on "Responsabilidad social en la actividad financiera".

Johanna Mair

On May 21-23, attended, in Toronto, the *2004 Strategy Research Forum*, organized by the Rotman School of Management, where she discussed the paper "Do university entrepreneurs exhibit cognitive bias?", authored by Robert Lowe and Arvids Ziedonis.

Pedro Nueno

On May 16-19, took part in the course "Bridging International Business Opportunities Between the U.S. and Spain", organized by Harvard University and the Real Colegio Complutense and held in Boston.

Lluís G. Renart

On May 5, attended, in Tortosa, the information session on "L'ampliació de la Unió Europea", organized by the Patronat Català Pro Europa, the Tortosa Chamber of Commerce and COPCA, where he gave the lecture "Estratègies de les empreses davant l'ampliació de la Unió Europea".

On May 20, attended, in Barcelona, the *33rd Conference* of the European Marketing Academy (EMAC), where he spoke in a panel on "Marketing education in European Business Schools".

On May 25, attended, in Barcelona, a session organized by the Club de Marketing de Barcelona, where he gave the lecture "Los dilemas de identidad visual corporativa del Grupo Banco Sabadell".

Jaume Ribera

On June 29, attended, in Fontainebleau, the *11th Annual Conference* of the European Operations Management Association, where he was elected president of the association for a three-year term.

Magda Rosenmöller - Jaume Ribera - Rama Velamuri

On June 17-18, attended, in Delhi, the gathering "Attaining the millenium development goals in India", organized by the World Bank, where they discussed a collection of 15 new cases on this subject with around 200 national and state government officials.

Juan Roure - Amparo de San José

On May 27, attended, in Galway (Ireland), the *Forum to Debate the Constitution for Europe*, where he presented the proposal "Toward a European entrepreneurial space".



Newsletter

May - June 2004 - No 119

Teaching materials

NOTE: The updated bibliography may be consulted on the Internet at <http://www.iesep.com>

Analysis of Business Problems

InterMarket Technology, Inc.
(ASN-32-E - 0.304.004)

A make-or-buy decision.
(Also available in Spanish).

Boyle P.; Rosenberg M.; 4 pages.

Financial Management

7-eleven
(F-755-E - 0.204.008)

On analyzing the next-generation ATMs that the 7-Eleven chain of convenience stores was installing in its stores, a consulting firm specialized in payment systems anticipated major changes in the payments sector in the medium and longer term. How would the banks react to further encroachment on their business, already under pressure from traditional competitors and new players backed by the latest technologies?
(Also available in Spanish).

Marcé C.; Santomá J.; 11 pages.

Mobipay: modelo de cooperación en medios de pago - Versión abreviada
(FN-514 - 0.204.012)

En mayo de 2001 se constituyó Mobipay S.A., una empresa cuyo objetivo era dar soporte a los pagos realizados a través del teléfono móvil. Mobipay nació en España, producto de la fusión de dos proyectos iniciados en el año 2000 para el desarrollo de soluciones tecnológicas del pago a través del teléfono móvil. El sistema financiero español no ha sido pródigo en este tipo de cooperaciones en las que se invita a compartir un proceso de negocio a competidores. Las instituciones financieras, celosas de sus clientes, no han sido proclives a compartir servicios con otras instituciones rivales. Sin embargo, en esta ocasión sí se produjo esta cooperación, que contaba con pocos precedentes domésticos. En Mobipay no sólo se logró un acuerdo entre operadores, sino que se incorporaron al mismo empresas de otros sectores. Esta nota técnica describe el camino por el que se llegó a este acuerdo, las actividades básicas de Mobipay y los retos con los que se tendrá que enfrentar en un futuro. El modelo Mobipay podría ser un referente

para otras actividades que requieran la cooperación entre empresas y la homogeneización de sistemas de comunicación.

Marcé C.; Santomá J.; 16 pages.

Financial Calculation with Excel
(FN-515-E - 0.204.013)

Time value of money: concepts, formulas and calculations using Excel. Concepts covered: future value, present value, return of an investment, discounted cash flows of investments with several flows, annualization of returns, NPV, IRR, perpetuity. Includes a summary, glossary of key terms in English and Spanish, and self-check exercises for the student. Explains how to use the HP17 financial calculator.
(Also available in Spanish).

Martínez Abascal E.; 18 pages.

Investment Project Analysis
(FN-517-E - 0.204.021)

The note explains the steps to be taken to decide whether or not to carry out an investment project. Subjects covered: 1. Return. Discounted cash flows, NPV and IRR, how to calculate and interpret them. 2. Risk or uncertainty of a project. 3. Identifying the cash flows due to the investment in fixed assets and working capital. 4. Identifying the cash flows due to income from the project. 5. Required return of the project. 6. How debt financing affects the return of the project. 7. Return of the project and return to the investor. 8. Other criteria for deciding about the investment.
(Also available in Spanish).

Martínez Abascal E.; 21 pages.

General Management

Sony Ericsson Mobile Communications, a New Challenge for Nokia (A)
(DG-1388-E - 0.303.017)

The case describes the competitive landscape of the mobile phone industry in April 2001. The established "big three", Nokia, Motorola and Ericsson, faced a stagnant market, an uncertain environment and increased competition. The main focus of the case is the analysis of a significant announcement, the merger of the mobile phone activities of Ericsson and Sony into a new company, Sony Ericsson Mobile Communications (SEMC). The case starts by describing the changing market and the main drivers of change. The leading company, Nokia, is then presented, in order to determine the reasons for its success. Once this has been done,

Newsletter

May - June 2004 - No 119



it should be possible to assess SEMC's chances of challenging Nokia's top position.

Ariño A.; López Ramón y Cajal J.; 28 pages.

Sony Ericsson Mobile Communications, a New Challenge for Nokia (B) Latest Events in the Market (DG-1389-E - 0.303.018)

See case (A).

Ariño A.; López Ramón y Cajal J.; 4 pages.

La familia Izquierdo (B) (DG-1401- 0.303.037)

El caso describe las relaciones entre la segunda y tercera generación de una importante empresa familiar, en relación con la sucesión y el protocolo familiar. Después de importantes éxitos en ambos aspectos, se produce una profunda e inesperada crisis que conduce a la separación de dos ramas familiares.

Gallo M.A.; 6 pages.

Agbar Automotive (A) (DG-1440-E - 0.304.017)

Developing action plans in a common situation in the life of a manager.
(Also available in Spanish).

Rosenberg M.; 52 pages.

ABPSA. Studying the Acquisition of a Big Competitor (DG-1452-E - 0.304.032)

In October 2001 the Board of Directors of the Borges Group held an extraordinary meeting. The reason for the meeting was well known to all present: Koipe, the leading Spanish olive and sunflower oil company, had become the target of a takeover bid by another Spanish company, SOS Cuétara (a producer of rice and biscuits). At that meeting, the Board of Directors would have to decide whether to respond with a counterbid. Koipe had been one of Borges' main rivals and gaining control of it would give the Borges Group great strategic advantages. But first they would have to consider not only whether acquiring Koipe was the best strategic option but also the implications for the organization and the family.

How would the takeover of such a large company (Koipe was three times the size of the Borges Group's oils division and was listed on the stock exchange) affect the group structure and the family values

on which it was built. If it opted for rapid growth to become a major player, the family business might lose its independence.

Ricart J.E.; Tàpies J.; Vergés S.; 16 pages.

Compins S.A. (DG-1457 - 0.304.037)

Empresa de componentes de automoción que en el año 2000 se plantea la decisión de si debe seguir siendo o no una empresa familiar. El caso permite también abordar en profundidad las cuestiones de incorporación de los hijos a la empresa familiar, en un entorno de padre muy preparado técnicamente → a la vez que emprendedor→ y un hijo con una gran carrera fuera de la empresa, pero que llega un momento en que el padre le necesita para salir de una crisis.

Tàpies J.; 7 pages.

Conservas Blasco, S.A. (DG-1461 - 0.304.042)

Un familiar pretende vender su 25% de Conservas Blasco. Nada se había previsto con antelación. La situación es nueva para todos, los accionistas y la propia empresa.

Chiner A.; Tàpies J.; 3 pages.

Sony Ericsson Mobile Communications, a New Challenge for Nokia - Teaching Note (DGT-28-E - 5.303.019)

(Case DG-1388-E).

Use is restricted to Academic Institutions.

Ariño A.; López Ramón y Cajal J.; 8 pages.

Managing People in Organizations

Agilent Technologies' Shared Services Centre in Barcelona (DPO-17-E - 0.403.035)

The case first describes the company's organization and human resources policies; second, it shows the steps taken by the management of the centre to carry over and consolidate the culture of the company in an environment composed of people of thirty-two different nationalities; third, it records the opinions of several managers, supervisors and employees about the advantages and the disadvantages of diversity.

Rodríguez J.M.; 19 pages.



Newsletter

May - June 2004 - No 119

Lara Castro (A)
(DPO-22 - 0.403.042)

El caso muestra el proceso de desarrollo profesional y personal de una joven directiva con una excelente formación técnica pero con escasa formación en dirección de personas.

Cardona P.; 8 pages.

Lara Castro (B)
(DPO-23 - 0.404.001)

Lara Castro, joven directiva de una empresa de telecomunicaciones, comienza un proceso de *coaching* con el fin de mejorar sus competencias directivas. El caso muestra el plan de mejora diseñado conjuntamente por Lara y su *coach*, y los avatares que rodean su puesta en marcha.

Cardona P.; 6 pages.

Marketing

Spainoil
(M-1067 - 0.599.018)

Describe las variables y puesta en marcha de un programa de gestión por categorías.

Agustín A.; Nueno J.L.; 15 pages.

Loewe, S.A.
(M-1138 - 0.502.008)

En 1996, el holding de productos de lujo LVMH compró Loewe S.A, marca de lujo española que había perdido su reconocimiento como marca de prestigio internacional. A pesar de la estrategia que se diseñó para su refluación en 1996, no fue hasta 1998 que, con un nuevo equipo, se trazó un plan de negocio que transformaría la marca Loewe, para posicionarla en el mercado del lujo internacional junto a marcas como Prada, Gucci o Louis Vuitton.

Iniesta F.; Serra Y.; 35 pages.

Production, Technology and Operations Management

Barcelona Air Control Center (ACC)
(P-1052-E - 0.603.011)

The case describes air traffic management, taking the Barcelona Air Control Centre as an example. The air traffic controller plays a crucial role in air traffic management. The case also describes this role and details the air traffic controller's functions and responsibilities.

(Also available in Spanish).

Grasas A.; Ribera J.; 12 pages.

Bluestel (A): solucionando problemas a través de la identificación de conocimientos
(P-1061 - 0.604.010)

El caso presenta los problemas de servicio que estaba teniendo el responsable de sistemas de gestión de tráfico (SGT) de una compañía de telecomunicaciones en España en el año 2003. El equipo de SGT estaba compuesto por siete personas, todas de empresas subcontratadas pero que estaban a las órdenes del responsable de Bluestel. Esta subcontratación hacía que hubiese un alto grado de rotación entre los miembros del equipo, con la consiguiente degradación del servicio. El caso expone el origen de los problemas a través del análisis de los procesos y del sistema de información. El protagonista se plantea cómo realizar un diagnóstico de conocimientos de su equipo con los datos que posee.

Castellote R.; Muñoz-Seca B.; 16 pages.

Bluestel (B): solucionando problemas a través de la identificación de conocimientos
(P-1062 - 0.604.011)

Este caso complementa el Bluestel (A) y presenta los momentos de la verdad críticos del servicio y los problemas que se originan. Igualmente, muestra la causa de estos problemas con el uso de la técnica Ishikawa. El objetivo del caso es cruzar conocimientos que se han hallado en Bluestel (A) con las causas para obtener acciones de mejora.

Castellote R.; Muñoz-Seca B.; 5 pages.

Bluestel (C): solucionando problemas a través de la identificación de conocimientos
(P-1063 - 0.604.012)

El caso finaliza la secuencia y presenta el diagnóstico de conocimientos que el responsable de sistemas de gestión de tráfico

Newsletter

May - June 2004 - No 119



realizó de su equipo. Igualmente muestra las acciones de mejora que se propusieron partiendo del cruce de los conocimientos con las causas de los problemas diagnosticados.

Castellote R.; Muñoz-Seca B.; 11 pages.

O Noso Lar Simulation - Exercise (PE-55-E - 0.603.016)

This exercise allows you to take the purchasing manager position in a small restaurant, O Noso Lar, which is presented in the exercise PE-19-E.

(Also available in Spanish).

Grasas A.; Ribera J.; 7 pages.

Input/Output Curves (PN-424-E - 0.603.004)

This note presents input/output curves, how to draw them, and their meaning. We go through an example to introduce the concepts.

(Also available in Spanish).

Grasas A.; Ribera J.; 13 pages.

Process Capacity Calculator (PN-425-E - 0.603.005)

This note contains tools for computing the capacity of a process when dealing with a single product, and when dealing with multiple products. To do this, the various tasks and operations needed for manufacturing a single product and the resources employed in the process must be taken into account. In the case of multiple products, we also need to consider the preparation time, the product mix, and the batches. Data from case P-634-E, "Kristen's Cookies Company (A)", from the Harvard Business School, are used for the section on a single product, and a different example for the section on multiple products.

(Also available in Spanish).

Grasas A.; Ribera J.; 17 pages.

Inventory Management - Batching (PN-426-E - 0.603.006)

This note describes the practice of batching, explores the rationale behind it, and explains its effects. Then, it discusses the associated costs and determines "optimal" batch sizes.

(Also available in Spanish).

Grasas A.; Ribera J.; 8 pages.

Inventory Management - Safety Stock (PN-428-E - 0.603.015)

This note presents the concept of safety stock as a way to protect against uncertainty in the behavior of inventories. It goes on to discuss some advanced issues relating to safety stocks.

(Also available in Spanish).

Grasas A.; Ribera J.; 16 pages.

Inventory policies. Stock Accounting (PN-430-E - 0.603.018)

This note describes the practice of stock accounting through some examples based on the (s, S) policy. It also contains a sheet to calculate the values of S and s by an approximate method.

(Also available in Spanish).

Grasas A.; Ribera J.; 10 pages.

Occasional Papers

NOTE: Occasional papers may be consulted on the Internet at <http://www.wfm.iese.edu/research/op.html>

OP-04/15 - May 2004

José M. Campa

FUSIONES Y ADQUISICIONES EN EUROPA: UNA ASIGNATURA PENDIENTE

Abstract: (See page 8).

OP-04/16 - May 2004

Christian Seelos - Johanna Mair

ENTREPRENEURS IN SERVICE OF THE POOR: MODELS FOR BUSINESS CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT

Abstract: Social entrepreneurship is trendy! It offers all the challenges and rewards of traditional entrepreneurship, combined with the vision of changing society, if not the world. One social entrepreneur has just received the "Alternative Nobel Prize"; in 2004 Jeff Skoll, the founder of e-Bay, donated 4.4 million pounds to establish a research center on social entrepreneurship; and many social entrepreneurs are mingling with their business colleagues at the World Economic Forum in Davos. At IESE, a first course on Social Entrepreneurship has received enthusiastic attention from MBA students, and a recent conference organized by IESE students brought together social entrepreneurs, managers of corporate social responsibility programs, and NGOs. This article provides an introduction to the exciting world of entrepreneurial creation of social value.



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