



University of Navarra

Newsletter Research Division

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Journals

Toni Dávila - Mohan Venkatachalam

"The relevance of non-financial performance measures in CEO compensation: Evidence from the airline industry", *Review of Accounting Studies*, Vol. 9, No 4, December 2004, pages 443-464.

Abstract: This paper investigates the role of non-financial performance measures in executive compensation. Using a sample of airline firms we document that passenger load factor, an important non-financial measure for firms in this industry, is positively associated with CEO cash compensation. This association is significant after controlling for traditional accounting performance measures (return on assets) and financial performance measures (stock returns). This evidence is consistent with the hypothesis that non-financial measures provide incremental information about CEOs' actions over financial measures and hence, receive a positive weight in compensation contracts. We also explore cross-sectional differences in the importance of non-financial performance measures. We find weak evidence that CEO power and the noise of financial performance measures impact the relationship between non-financial performance measures and cash compensation.

Javier Estrada

"Mean-semivariance behavior: An alternative behavioral model", *Journal of Emerging Markets Finance*, Vol. 3, No 3, September-December 2004, pages 231-248.

Abstract: The most widely-used measure of an asset's risk, beta, stems from an equilibrium in

which investors display mean-variance behavior. This behavioral criterion assumes that portfolio risk is measured by the variance (or standard deviation) of returns, which is a questionable measure of risk. The semivariance of returns is a more plausible measure of risk (as Markowitz himself admits) and is backed by theoretical, empirical, and practical considerations. It can also be used to implement an alternative behavioral criterion, mean-semivariance behavior, that is almost perfectly correlated to both expected utility and the utility of mean compound return. Although the analytical framework and results are general, they are particularly relevant for emerging markets.

Pablo Fernández

"Reply to 'Comment on The value of tax shields is NOT equal to the present value of tax shields'", *The Quarterly Review of Economics and Finance*, Vol. 45, No 1, 2005, pages 188-192.

Abstract: The Comment is thought provoking and helps a lot in rethinking the value of tax shields. However, the conclusion of Fieten, Kruschwitz, Laitenberger, Löffler, Tham, Vélez-Pareja and Wonder (2005) is not correct because, as will be proven below, the main result of Fernández (2004) is correct for several situations.

Equation (16a) shows that the value of tax shields depends only upon the nature of the stochastic process of the net increase of debt.

This paper is a reply to the paper: Fieten, P., Kruschwitz, L., Laitenberger, J., Löffler, A., Tham, J., Vélez-Pareja, I. and N. Wonder (2005), "Comment on 'The value of tax shields is NOT equal to the present value of tax shields'", *Quarterly Review of Economics and Finance*, Volume 45, No 1, pages 184-187.



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This last paper is a comment about the previous paper: **Fernández, Pablo** (2004), "The value of tax shields is NOT equal to the present value of tax shields", *Journal of Financial Economics*, 73/1 (July), pages 145-165.

Miguel Angel Gallo - Josep Tàpies - Kristin Cappuyns
"Comparison of family and nonfamily business: Financial logic and personal preferences", *Family Business Review*, Vol. 17, No 4, December 2004, pages 303-318.

Abstract: Research has identified important differences between family businesses (FBs) and nonfamily businesses (NFBs). The difficulty, however, lies in explaining the reasons for those differences. In this article, the authors report the results of an investigation into the "peculiar financial logic" of FBs, based on a sample of 305 Spanish firms. After looking at some of the more general differences between the FBs and NFBs in the sample, in terms of company age, sales, employees, capital, and internationalization, they compare the financial ratios of the two types of companies. Generally speaking, the FBs are found to be older and to have lower sales, fewer employees, fewer full-time employees on permanent contracts, a smaller share capital, fewer shareholders, and a higher proportion of board members among the shareholders. However, when digging into the financial policies implemented in the two types of companies, the differences found indicate that personal preferences concerning growth, risk, and ownership-control may be the driving forces behind the "peculiar financial logic" of FBs. The authors conclude that while many FBs outshine their NFB rivals in many respects, some of them lack a genuine long-term business policy or a commitment to growth and evolution. If the aversion to risk and loss of control is due to the manager-owner's personal apprehensions or ambitions, then that manager-owner is, wittingly or unwittingly, spoiling the company's chances of being able to compete in the future.

Franz Heukamp - Eric Lemarchand - Franz J. Ulm
"The influence of the interfacial properties on the cohesion of highly filled composite materials", *International Journal of Solids and Structures*, Vol. 42, No 1, January 2005, pages 287-305.

Abstract: It has long been recognized that the cohesion of composite materials, in low confinement, is strongly affected by the properties of the interfacial transition zone (ITZ) between inclusions and matrix. While the effect of the ITZ on the elasticity properties of composites has been studied by many authors in the context of linear homogenization methods, the upscaling of the cohesion strength of highly filled composite materials has not been addressed. This is the focus of the non-linear homogenization procedure developed in this paper, which is based on the separation of the heterogeneous material system in phases of constant strength properties, a non-linear elastic representation of the limit stress state in each phase, and the definition of appropriate effective strain quantities that capture the morphological features of the microstructure. Applied to a three phase composite model composed of rigid inclusion, interface

zone and matrix, the model provides a quantitative means of studying the effect of the interface cohesion and the interface volume fraction on the composite cohesion. In particular, we identify a critical interface-to-matrix cohesion ratio, below which the composite cohesion is smaller than the matrix cohesion. Furthermore, the model lends itself readily to the study of the degradation of the interfacial properties in composite materials. This is shown for non-degraded and chemically softened cement-based materials, for which we provide conclusive evidence 1) that the interface strength properties of mortar are far more affected by chemical degradation than of the cement paste matrix; and 2) that chemical degradation affects the mechanical strength performance of the cement paste not only through a change of volume proportions (i.e. increase of porosity), but also through a pure chemical softening of the solids cohesion.

Steven Poelmans - Khatera Sahibzada
"A multi-level model for studying the context and impact of work/family policies and culture in organizations", *Human Resource Management Review*, Special Issue "Contemporary debates in European human resource management", Vol. 14, No 4, December 2004, pages 409-431.

Abstract: The purpose of this paper is to provide an integrative, multi-level framework that could 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, negotiation power, sense of entitlement) regarding work-family policies. Its purpose is to help develop a common language for researchers from various disciplines studying this issue and afford better insight into the various linkages involved. Additionally, the framework gives HR practitioners a deeper understanding of the contextual factors that may influence the effectiveness of work-family policies in their organizations.

Books

Pablo Cardona - Pilar García-Lombardía
"Cómo desarrollar las competencias de liderazgo", *Eunsa*, febrero 2005, 210 pages.

Abstract: Cada vez son más las empresas que buscan en los sistemas de dirección por competencias una forma de desarrollar al máximo el potencial de quienes trabajan en ellas, a la vez que se incrementan la flexibilidad y la capacidad de reacción frente a los rápidos cambios del entorno. Los empleados y directivos, por su parte, buscan en su relación profesional con la empresa la oportunidad de mejorar profesional y personalmente. Esta situación plantea nuevos retos, a los que un adecuado sistema de

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dirección por competencias puede y debe hacer frente: el desarrollo de las personas en el entorno profesional, que convierte a la empresa en una auténtica "escuela de hábitos". En este libro, los autores ofrecen un marco de referencia completo que integra los elementos esenciales de todo sistema de competencias: directorio de competencias, métodos de diagnóstico, factores de liderazgo basado en competencias y métodos eficaces de desarrollo del mismo. Con un enfoque práctico que no renuncia al rigor científico, la obra incluye un apéndice en el que se analizan cada una de las competencias directivas, incluyendo un autodiagnóstico y recomendaciones prácticas para su mejora.

Steven Poelmans

"Work and family: An International Research Perspective", Lawrence Erlbaum Associates, February 2005, 528 pages.

Abstract: This volume is a collection of recent academic contributions to one of the fastest growing interdisciplinary fields, work and family research. The contributors use a wide range of approaches and methods (literature reviews, cases, empirical studies, both qualitative and quantitative) to study the work-family interface at different levels of analysis: the micro-level (individual experiences of work-family conflict and crossover of stress in couples), the meso-level (family-friendly policies and practices), and the macro-level (the influence of government policies and cultural differences). Topics covered include work-family conflict among expatriates, migrant workers, and managers; family-supportive cultures in organizations and the utilization of work-family perks; and the influence of different welfare states and globalization on work-family experiences. The book contains contributions by fifty-four top academic experts from more than twenty countries on five continents, offering a truly international perspective. This is the first systematic review of work-family research outside of the USA.

Wouter van Daalen - Luis M. Huete

"Ilusión y beneficios. Cómo motivar para crear valor", LID Editorial Empresarial, November 2004, 214 pages.

Abstract: Un equipo humano motivado e ilusionado será más feliz, producirá más beneficios y creará más valor para la empresa. Los autores presentan un modelo de gestión que pone el acento en la creación de valor para clientes y empleados con el fin de mejorar el crecimiento y la rentabilidad, humanizando y revitalizando las empresas. A través del modelo de las cinco E –Esencia, Experiencia, Evaluación, Estructuración y Extensión– enseñan a gestionar la ilusión. Ofrecen numerosos casos reales de grandes empresas y pymes, de grupos extranjeros y españoles y de sectores muy diferentes. El estilo que propugnan: "divierte, divirtiéndote", lo ponen en práctica en un libro de fácil lectura, muy bien estructurado para que sea formativo y práctico y con preguntas al final de cada capítulo que impulsan a la acción y facilitan la implementación.

Contributions to books

Antonio Argandoña

"Principios éticos para unas políticas liberales", in the book "Presente y futuro del liberalismo", edited by Enrique Banús and Alejandro Llano, Eunsa, 2004, pages 39-56.

Abstract: El péndulo de las ideas se ha movido, en los últimos años, a favor de un enfoque liberal, por causas técnicas, ideológicas y éticas. Técnicas, debido a la conciencia de las limitaciones de la capacidad del Estado para cambiar las conductas de los ciudadanos. Ideológicas, debido al derrumbamiento del comunismo. Y éticas, por la creciente conciencia del daño que un planteamiento intervencionista puede hacer al hombre y a la sociedad. Este trabajo pretende reflexionar sobre la dimensión ética de las políticas económicas.

"Europa-Estados Unidos: el factor demográfico", in the book "Europa-Estados Unidos: flexibilidad, crecimiento y bienestar", published by Círculo de Empresarios, Madrid, December 2004, pages 13-25.

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

(<http://www.iese.edu/research/pdfs/OP-05-5.pdf>)

Sandalio Gómez

"La incorporación de la mujer al mercado laboral: Implicaciones personales, familiares y profesionales y medidas estructurales de conciliación", pages 105-122, and "Informe del Observatorio sobre Conciliación trabajo y familia: La conciliación de la vida laboral y familiar en la negociación colectiva en la Comunidad de Madrid", pages 177-240, in the book "La conciliación entre el trabajo y la familia. Un análisis del empleo en la Comunidad de Madrid", edited by Juan A. Sagardoy and Carlos de la Torre, Ediciones Cinca (Colección Estudios Laborales), 2004.

Abstract: El capítulo presenta de manera resumida las principales conclusiones de un estudio en el que se relacionan informaciones estadísticas a escala nacional y europea sobre la incorporación de la mujer al mercado laboral, que permiten una visión cuantitativa y comparativa del fenómeno, con los datos aportados por un trabajo de campo realizado por el autor, basado en una encuesta a más de 300 mujeres que realizan un trabajo profesional



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remunerado fuera del hogar y a la vez tienen responsabilidades familiares. Las conclusiones se centran en las implicaciones del fenómeno de la conciliación trabajo-familia en los ámbitos personal, familiar y profesional.

Abstract: El Informe del Observatorio sobre Conciliación trabajo y familia de la Cátedra SEAT-IESE de Relaciones Laborales, la Fundación Sagardoy y la Consejería de Empleo y Mujer de la Comunidad de Madrid, tiene por objeto cuantificar y ponderar la evolución que ha experimentado la negociación colectiva de ámbito autonómico en materia de conciliación trabajo-familia, a través del análisis de los distintos convenios colectivos, sectoriales y de empresa, publicados en el Boletín Oficial de la Comunidad de Madrid en un período de tiempo concreto (2004). El informe presenta un esquema de análisis que haga fácil la comparación y seguimiento posterior, y está enfocado fundamentalmente en la valoración cuantitativa de la aplicación práctica de criterios y cláusulas en la negociación colectiva en materia de conciliación, ofreciendo una serie de líneas de mejora en las que tanto empresarios como interlocutores sociales puedan avanzar.

Jordi Gual

"¿Puede Europa competir con el gigante americano? La importancia del mercado interior", in the book "Europa-Estados Unidos: flexibilidad, crecimiento y bienestar", published by Círculo de Empresarios, Madrid, December 2004, pages 137-152.

Abstract: (see page 16).

(<http://www.iese.edu/research/pdfs/OP-05-9.pdf>)

Johanna Mair

"How much do middle managers matter, really?", in the book "Restructuring strategy", edited by K. Cool, J. Henderson and R. Abate, Strategic Management Series, Blackwell Publishing, 2005, pages 236-250.

Abstract: Prior research on middle managers has emphasized their vital role in the strategic and entrepreneurial process of established organizations. Yet, we still know relatively little about whether and how their actual behavior translates into superior performance. This paper examines whether and how middle manager entrepreneurial behavior affects profitable growth at the sub-unit level. Data on 118 middle managers of a large European financial services firm suggest that entrepreneurial behavior does trigger profitable growth at the sub-unit level through the innovative use of resource combinations to explore and exploit opportunities. Furthermore, the results reveal that personal and unit-specific characteristics are significantly related to superior performance.

Steven Poelmans

"The decision process theory of work and family", in the book "Managing work-life integration in organizations: Future

directions for research and practice", edited by Ellen Ernst Kossek and Susan Lambert, Lawrence Erlbaum Associates, January 2005, pages 263-285.

Abstract: Since its early development, theoretical discourse in the field of work-family conflict has been confined to a few dominant theories. This paper aims to contribute to the field with what could be an alternative paradigm. The decision process theory of work and family shifts attention away from the consequences of work-family conflict for wellbeing to the immanent actions that precede and follow a work-family dilemma. It conceptualizes work-family conflict as an intermediate outcome in an ongoing decision-making process. The theory states that individuals will experience work-family conflict if, in their perception and based on their decision criteria, the actual situation has an unfavorable ratio of inputs, costs and rewards that jeopardizes resources, or resilience available for work, and/or family responsibilities. Work-family conflict is a result of a decision-making process, involving multiple interdependent actors: the actor continuously compares the inputs, costs, and rewards of perceived options in alternative dyads, and regulates his or her inputs to combine work and family in a certain way. This decision-making is bounded in its rationality, and will thus often result in less-than-optimal situations, because the individual cannot possibly know all the options or correctly anticipate the required input and resulting costs and rewards. Moreover, the individual may not even question the less-than-optimal situation, given a certain level of motivation that limits the options because they may go against loyalty or altruistic motives. With this theory I tackle several of the gaps in the work-family literature identified by Parasuraman & Greenhaus (2002) in a recent review. The theory encompasses positive connections between work and family; puts more emphasis on individual differences and psychological characteristics (decision-making); and breaks open the unit of analysis, to include couple interactions and crossover effects.

An important contribution of the decision process theory is that it offers a complementary perspective on work and family. A person is no longer portrayed as a passive victim of external pressures or a faceless bearer of roles. He or she is a responsible actor capable of making conscious decisions and learning from experience, not only interpreting and reacting to a situation, but also proactively shaping the situation.

Rafael Termes

"Un intento de comparación entre Estados Unidos y Europa", in the book "Europa-Estados Unidos: flexibilidad, crecimiento y bienestar", published by Círculo de Empresarios, Madrid, December 2004, pages 289-315.

Abstract: El autor compara Estados Unidos y la Unión Europea de los Quince en el período comprendido entre 1980 y 2003. El criterio básico de comparación será el PIB per cápita, a precios corrientes y en unidades de paridad de compra, aunque teniendo en cuenta las diferencias que establecen los distintos niveles de vida entre países. El resultado es que el PIB per cápita de Estados Unidos ha crecido al 5,67% anual compuesto, frente al 5,37% de

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la UE, atribuyendo dicha diferencia a la superioridad de la productividad y de la tasa de empleo de Estados Unidos. Se pasa también revista comparada a las tasas de actividad, paro y duración de empleo, para concluir que el nivel de bienestar es superior en Estados Unidos, desvirtuando a quienes argumentan que existen dos Américas: una rica –minoritaria– y otra sumida en la pobreza, de carácter multitudinario.

IESE - Working Papers

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Pablo Fernández

REPLY TO "COMMENT ON THE VALUE OF TAX SHIELDS IS NOT EQUAL TO THE PRESENT VALUE OF TAX SHIELDS"

Abstract: The Comment is thought provoking and helps a lot in rethinking the value of tax shields. However, the conclusion of Fieten, Kruschwitz, Laitenberger, Löffler, Tham, Vélez-Pareja and Wonder (2005) is not correct because, as will be proven below, the main result of Fernández (2004) is correct for several situations. Equation (16a) shows that the value of tax shields depends only upon the nature of the stochastic process of the net increase of debt.

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Pablo Fernández - Alvaro Villanueva

SHAREHOLDER VALUE CREATORS IN THE S&P 500: YEAR 2004

Abstract: During 2004, 64% of the companies in the S&P 500 created value, while in 2003 the figure was 87%. The market value of the 500 companies was \$11.2 trillion in 2004, compared to \$10.1 trillion in 2003.

The top shareholder value creators in 2004 were Exxon, General Electric, Ebay, Johnson & Johnson and Qualcomm. We define created shareholder value and provide the ranking of created shareholder value for the 500 companies.

We also calculate the created shareholder value of the 500 companies during the twelve-year period 1993-2004. General Electric was the top shareholder value creator and AT&T was the top shareholder value destroyer during the twelve-year period.

On average, the small market capitalization companies of the S&P were more profitable. Between 1998 and 2004, the volatility of the S&P as a whole fell, but the volatility of its components increased on the average.

No 581 - February 2005

Pablo Fernández

THE VALUE OF TAX SHIELDS IS NOT EQUAL TO THE PRESENT VALUE OF TAX SHIELDS: A CORRECTION

Abstract: I correct some expressions in Fernández (2004) and provide a more general expression for the value of tax shields. This expression is the difference between the present values of two different cash flows, each with its own risk: the present value of taxes for the unlevered company and the present value of taxes for the levered company. The value of tax shields in a world with no leverage cost is the tax rate times the current debt, plus the tax rate times the present value of the net increases of debt. The value of tax shields depends only on the nature of the stochastic process of the net increase of debt; it does not depend on the nature of the stochastic process of the free cash flow.

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Scott D. Eriksen - Ignacio Urrutia

AN INSTITUTIONAL SOCIOLOGY PERSPECTIVE OF THE IMPLEMENTATION OF ACTIVITY BASED COSTING BY SPANISH HEALTH CARE INSTITUTIONS

Abstract: According to institutional sociology, hospitals will respond to external environmental pressures and adopt Activity-Based-Costing (ABC). This theory overemphasizes conformity and fails to consider the advantages of organizational non-conformance. A conflict of interests between physicians and management leads to physician resistance to accepting ABC. This paper investigates the Spanish government's response to this resistance by creating new public foundation hospitals, and involves a case study of the Alorcón foundation hospital. Population ecology is offered as an explanation for the emergence of new entities as a result of inert existing entities' resistance to reform.

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Pablo Fernández - Alvaro Villanueva

EURO STOXX 50: 1997-2004. SHAREHOLDER VALUE CREATION IN EUROPE

Abstract: 2004 was a good year for the shareholders of the companies in the Euro Stoxx 50: the shareholder value creation of these 50 companies was €42,880 million. It was not as good as 2003, however, when their value creation reached slightly over €160,000 million.

The companies that created most value for their shareholders were Enel (€13,364 million), ENI (11,855) and TIM (9,891). The companies that destroyed most value were Nokia (–€15,239 million), L'Oréal (–9,095) and Philips (–7,823). In 2004, the Euro Stoxx 50 was much more volatile than either the S&P 500 or the Dow Jones.

Shareholder value destruction in the three-year period 2002-2004 was €–0.9 trillion. The market value of the companies included in the Euro Stoxx 50 was €1.5 trillion in 2004 and €1.4 trillion in 2003.

We also calculate the created shareholder value of the 50 companies during the seven-year period 1997-2004. ENI was the top shareholder value creator and Vivendi, the top shareholder value destroyer during that period.



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A portfolio long in the companies that entered the index and short in the companies that abandoned the index had on average a 7.2% return in the 20 days prior to the index recomposition and a 2.3% return in the 20 days after the index recomposition.

Studies and Monographs

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

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Jordi Gual - Lluís Torrens

LA COMPETITIVITAT DE LA INDUSTRIA CATALANA

Abstract: Aquest document revisa l'evolució de la competitivitat de la indústria catalana al llarg dels darrers deu anys i avalua la seva competitivitat als mercats internacionals. S'observa que la indústria catalana ha superat satisfactòriament el procés d'integració europea, incrementant la seva quota de mercat al mateix temps que ha mantingut uns resultats raonables en termes de rendibilitat i salaris. Malgrat aquesta foto positiva, dos esdeveniments qüestionen la viabilitat a llarg termini de l'actual model industrial: en primer lloc, la baixa puntuació en termes de productivitat aparent del treball, i en segon lloc, la pèrdua de quota de mercat en l'atracció d'inversió estrangera. En termes de proposta de polítiques econòmiques, el document arriba a la conclusió que Catalunya necessita desenvolupar actius locals distintius que la facin atractiva de cara a les multinacionals que busquen països per localitzar processos d'alt valor afegit dins la seva cadena de valor.

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Lluís Torrens - Jordi Gual

EL RIESGO DE DESLOCALIZACION INDUSTRIAL EN ESPAÑA ANTE LA AMPLIACION DE LA UNION EUROPEA

Abstract: El proceso de internacionalización de las actividades productivas y los flujos de inversión comporta que muchos sectores industriales estén sometidos a un rápido ritmo de cambio competitivo que a menudo conlleva la deslocalización productiva, abandonando las actividades fabriles en países desarrollados para buscar puntos de fabricación de menor coste situados en países emergentes. En Europa, este proceso se agudiza con la ampliación de la Unión, que pasa de 15 a 25 Estados.

En este trabajo se desarrolla una sencilla metodología cuantitativa de carácter descriptivo para examinar cuáles son los sectores industriales españoles con mayor riesgo de deslocalización hacia los países de la ampliación. Se usa un conjunto de indicadores nacionales e internacionales que miden el comportamiento competitivo de los diferentes sectores industriales, su grado de dependencia de las empresas multinacionales, el rol que desarrollan las filiales en España en la estrategia general de estas empresas y la competencia que supone para España la reubicación en los nuevos países de la ampliación.

Other publications

Rafael Andreu - Joan Baiget - Alberto Almansa - Erica Salvaj
"Gestión del conocimiento y competitividad en la empresa española, 2003", *Capital Intelectual*, 1st quarter 2005, pages 30-59.

Abstract: Estudio que, en contraste con otros en la misma área, se plantea la evolución de la gestión del conocimiento (GC) en los últimos años desde la perspectiva de la alta dirección. De los resultados obtenidos merece destacarse una clara asociación de la GC con el desarrollo de las personas, la innovación, y un más marcado convencimiento que una buena GC acaba notándose en los resultados empresariales. También, además de una evolución positiva en la apreciación de conocimiento idiosincrásico de cada institución, es interesante constatar que una parte significativa de dicho conocimiento se asocia a dimensiones organizativas, más allá de *know how* en procesos productivos o de I+D, que se siguen considerando pero que resultan menos novedosos. Finalmente, se detecta una franca disminución de la preocupación respecto a temas tecnológicos y de coste, que dominaban esta área hace unos años –no es que se consideren irrelevantes, pero se dan más por asumidos y "entendidos" en buena parte.

Antonio Argandoña

"La importancia de los precios de los activos en el diseño de la política monetaria", *Cim. Economía*, No 3, second half 2003, pages 95-115.

Abstract: Cada vez que se produce una crisis que afecta de manera significativa a los precios de los activos, sean acciones, bonos, moneda extranjera o inmuebles, la opinión pública y los expertos suelen volver a discutir si la política monetaria debería tener alguna responsabilidad respecto de esos precios. Así ocurrió, por ejemplo, después de la Gran Depresión de los años treinta, tras el *crash* bursátil de 1987, a raíz de la explosión de la burbuja en la bolsa y en el mercado inmobiliario de Japón en 1990, con motivo de la preocupación por la posible formación de una burbuja especulativa en el mercado de valores norteamericano en la segunda mitad de los años noventa y, más recientemente, a la vista de las consecuencias que la caída bursátil iniciada en 2000 ha tenido sobre la actividad real.

El objeto de este artículo es pasar revista a los principales argumentos que se han presentado en los debates recientes acerca de la conveniencia de que la política monetaria tenga o no en cuenta la evolución del precio de los activos, sea como objetivo, sea como indicador útil para el diseño y la puesta en práctica de dicha política.

Pablo Cardona - Carlos Rey

"Con el foco en el 'para qué'", *Revista Gestión*, Vol. 10, No 1, January-February 2005, pages 126-135.

Abstract: Los esfuerzos de muchas empresas por crear un sentido de misión que dé sentido al trabajo de sus empleados, suelen

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quedar relegados por la tiranía de las metas financieras. La dirección por objetivos (DPO) toma el mando de la gestión, con el consiguiente peligro de que la misión quede desdibujada y los empleados pierdan la motivación por obtener resultados extraordinarios.

Las soluciones existentes no resuelven el problema de fondo de la DPO, que radica en centrar la gestión en torno del "qué" hay que conseguir, sin tener claro el "para qué". De allí que los autores propongan un nuevo sistema de gestión, la "dirección por misiones" (DPM), que enriquece y orienta los objetivos. La clave es lograr que cada uno de los miembros de la empresa participe de la misión, lo cual exige distribuirla hasta hacerla llegar a todos los rincones de la organización.

José R. Pin

"Eficiencia en la administración de personal en las empresas españolas", *Dirigir Personas*, AEDIPE (Asociación Española de Dirección y Desarrollo de Personas), No 32, December 2004, pages 49-53.

Abstract: En este artículo se ha comparado el tiempo utilizado en administración y gestión de personal entre empresas de tamaño similar.

Christian Seelos - Johanna Mair

"Sustainable development, sustainable profit", *European Business Forum*, No 20, winter 2004, pages 49-53.

Abstract: Social Entrepreneurship can be a powerful tool for corporations to gain entry and build loyalty in developing markets. The key messages of this article are: 1) sustainable development and corporate profits are not incompatible goals; 2) big corporations can be social entrepreneurs too, and reap the same rewards as their smaller counterparts; 3) the social entrepreneurship model offers companies a new strategic option for market entry in developing markets; 4) social entrepreneurship itself develops markets and expands economies, with benefit for all parties.

Conferences and Seminars

Fernando Peñalva

On January 24-27, attended in Vielha, the VIII Semana Interdepartamental de Contabilidad, on the theme "La nueva contabilidad europea, perspectivas e investigación", organized by the Business Studies Department of the University of Lleida, where he presented the paper "Gobierno corporativo y contabilidad", co-authored by **Toni Dávila**.

Abstract: Este trabajo estudia el efecto del gobierno corporativo en la estructura de la remuneración del consejero delegado (CD).

En concreto, analiza la ponderación relativa que se da a medidas de evaluación del desempeño empresarial para determinar la remuneración del más alto ejecutivo de la empresa. Los resultados indican que un gobierno corporativo deficiente está asociado con contratos de remuneración que ponen más peso en medidas del desempeño basadas en resultados contables (por ejemplo, rentabilidad sobre activos totales) frente a medidas del desempeño basadas en resultados de mercado (por ejemplo, rentabilidad bursátil). Este hallazgo es congruente con situaciones de gobierno corporativo deficiente en las cuales el CD es capaz de influenciar el diseño de su contrato de remuneración para que se ponderen en mayor grado aquellas medidas de evaluación del desempeño empresarial que él es capaz de influenciar con más facilidad, como es el caso de los resultados contables. Asimismo, se muestra que las empresas con gobierno corporativo deficiente tienen menor variabilidad en la remuneración del máximo ejecutivo, y que su remuneración incluye un mayor componente en metálico en contraposición al componente basado en acciones y opciones sobre acciones.

Ahmad Rahnema

On February 17, attended in Reykjavik, the Conference on "Basel II: the New Capital Requirement", organized by Iceland Financial Supervisory Authority, where he presented the paper "Basel II: The New Framework for Bank and Company Relations".

Abstract: On June 26, the Basel Committee on Banking Supervision published the final version of Basel II, its new capital adequacy framework for banks, which is intended to come into force in stages from the end of 2006. A key issue in shaping Basel II is the implication of the new rules concerning the access to and terms of bank credit for companies, with specific focus on small and medium size enterprises (SMEs). The objective of this paper is to examine the potential impact of Basel II on the financing of SMEs. After reviewing the definition and role of SMEs in the European Union, the role of the Basel Committee and the various capital accords are explained. The various methods for estimating the risk weighted assets recommended by Basel II are explained, and the impact of each method for a company borrower is examined.

Doctoral theses

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

Xavier Oliver

LA GESTION DE LOS GRUPOS GLOBALES DE COMUNICACION COMERCIAL: EVOLUCION HISTORICA Y PROPUESTA DE UN MODELO DE GESTION BASADO EN LA CADENA DE VALOR (*Universidad de Navarra*)



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Abstract: El hecho de que la gestión de las grandes holdings de comunicación comercial haya pasado de profesionales publicitarios a ejecutivos financieros ha provocado un cambio drástico de prioridades en el interior de las compañías que está poniendo en peligro el futuro del sector. Esta es la base de este estudio, que pretende entender las razones que subyacen en esta transferencia del poder de gestión y, al mismo tiempo, analizar pormenorizadamente la cadena de valor de este sector para comprender la importancia de estos cambios en el trabajo cotidiano de las compañías de comunicación.

La primera parte cubre la historia de la globalización de la industria desde los años sesenta hasta mediados de 2004. Empezando por el proceso de internacionalización de las agencias norteamericanas, siguiendo a sus clientes en el esfuerzo de ampliar sus mercados en el extranjero y, posteriormente, con la compra de compañías de comunicación especializadas principalmente en el *below the line* para proveer a sus clientes de una oferta coordinada e integrada.

El cambio de poder tuvo lugar cuando las agencias decidieron utilizar las bolsas de valores como proveedores de capital accesible y económico para financiar su rápida expansión. Después de algún tiempo, las agencias se vieron atrapadas en una red de entresijos financieros provocados por esa decisión, hasta el punto en que los directores financieros debieron tomar el poder. Su primera prioridad fue influenciar favorablemente a todas las partes que tenían algo que ver con el valor en bolsa de la compañía, ya que ése era el parámetro que permitía la supervivencia de sus compañías. Y al mismo tiempo, debían proteger su integridad contra posibles operaciones hostiles de compra, construyendo un conglomerado de tal tamaño que imposibilitase su adquisición.

Los cuatro mayores conglomerados de comunicación comercial: Interpublic, Omnicom, Publicis y WPP, que representan más del 70% de la inversión total del mundo, fueron seleccionados para este estudio y se entrevistó a siete de los máximos ejecutivos de sus marcas en España, como se puede ver en la segunda parte del estudio. La conclusión fue unánime y clara: las reglas del juego han cambiado y la concentración de todos los esfuerzos en producir el valor más alto posible para los accionistas se ha convertido en el protagonista del interés de las compañías holding mundiales. El tiempo empleado en temas financieros se ha multiplicado exponencialmente y, como consecuencia, la relevancia de las finanzas y los financieros ha aumentado en la misma proporción.

Finalmente, la tercera parte de este trabajo representa un esfuerzo para definir un modelo de cómo una agencia trabaja y crea riqueza basándose en la bibliografía existente sobre la cadena de valor y aplicándola a ese mundo tan creativo. El autor demuestra que este cambio tan radical en las prácticas de gobierno puede tener terribles consecuencias en el negocio si no se analiza y controla correctamente, ya que lo que las agencias de comunicación comercial ofrecen es estrictamente diferente a cualquier otro negocio: ideas para el posicionamiento de marcas y la venta de productos y servicios, contando solamente con la imaginación y la creatividad de las personas.

IESE - Research Seminars

Accounting and Control

January 18

Keynote speaker: Josep M. Rosanas, IESE Business School

"Bounded rationality, value systems and time-inconsistency of preferences as rational foundations for the concept of trust"

Abstract: This paper aims to contribute to the (bounded rationality) foundations of trust. After reviewing the extant definitions, I establish the formal structure of situations involving trust. In that context, I examine the paradoxical situation of (calculative) trust in simple settings. Then I show how bounded rationality provides a rationale for a concept of trust that goes beyond that calculative notion. Value systems and possible inconsistency of time preferences are shown to be crucial elements.

(<http://www.iese.edu/research/pdfs/DI-0567-E.pdf>)

February 16

Keynote speakers: Josep M. Rosanas and Manuel Velilla, IESE Business School

"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.

(<http://www.iese.edu/research/pdfs/DI-0563-E.pdf>)

Economics

January 27

Keynote speaker: Aitor Lacuesta, The University of Chicago

"Emigration and human capital: Who leaves, who comes back and what difference does it make?"

Abstract: This paper improves upon previous estimates of the wage distribution of migrants in their home country in order to analyze the economic consequences of emigration to the origin economy. First, it addresses the existence of potential unobserved factors that may affect both productivity in the country of origin and the probability of emigration. Second, it proposes using a migrant's wage upon his return to his home country as a control for the unobserved characteristics of non-returning migrants.

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Finally, the paper provides an estimate of the short run effect of emigration on the wages of those left behind. Although the methodology proposed in the paper is general, the empirical analysis is based on the Mexican case. An important result of the paper is the existence of an 11% wage gap in Mexico between a returning migrant and an observationally equivalent non-migrant. I provide some evidence that this premium is consistent with pre-migration differences in the ability of migrants and non-migrants as opposed to human capital gains deriving from migration. This paper also shows that returning migrants are, for many characteristics, in the middle of non-migrants and migrants as a whole. Based on this evidence, I propose that returning migrants be used as a control group in estimating non-returning migrants' wages. My findings support recent empirical evidence suggesting that migrants are drawn from the upper-middle part of the Mexican wage distribution. Finally, I use this evidence to analyze the short term effect of Mexican emigration between 1995 and 2000 on the wages of those left behind. The flow of Mexicans to the U.S. over those years has raised wages in Mexico by 1.8% to 4.7%.

February 8

Keynote speaker: Josep M. Vilarrubia, Columbia University
"Why are wealthy countries clustered?"

Abstract: One of the most striking features of the international economy is that wealthy countries cluster together. This paper empirically explains the mechanism for this clustering by extending the Acemoglu and Ventura model so that it takes real geography into account. Countries close to fast growing economies experience faster growth in aggregate demand for their exports, stimulating faster domestic growth.

Thus, a poor country that is surrounded by other poor countries will find it more difficult to grow because its terms of trade shift against it. When this model is estimated on data for 1965 to 1985, we find statistically and economically significant effects. If the typical European country were located in Africa, those terms of trade effects would have lowered its growth rate by 1 percentage point per year. The results strongly suggest that it is very difficult to raise income in poor countries without dealing with regional problems.

Finance

January 21

Keynote speaker: José Luis Peydró, INSEAD

Abstract: This paper analyzes the propagation of a crisis due to balance sheet connections among banks arising from interbank commitments. We use a unique dataset from India that allows us to identify interbank commitments in order to test contagion of an idiosyncratic shock –caused by a fraud in one of the banks– in the banking system. We find that the level of exposure to the failed bank is an important determinant of depositor runs. What makes this result extremely intriguing is that information on

exposure to the failed bank was not available to depositors. We find that exposure to the failed bank retains its explanatory power even after controlling for other proxies, such as distance from the failed bank or correspondent banking relationship, which depositors might use to condition their runs. These results provide strong support in favor of information-based theories of contagion. In addition, we also find that outstanding interbank claims among other banks intensify the negative impact of the initial shock.

Furthermore, we provide evidence on the role of the media –provision of public information– and voluntary disclosure of information by banks during a crisis.

February 4

Keynote speaker: Pedro Matos, INSEAD

"Favoritism in mutual fund families? Evidence on strategic cross-fund subsidization"

Abstract: We investigate whether mutual fund families strategically transfer performance across member funds to favor those most likely to increase overall family profits. We find that 'High family value' funds (i.e. high fees or high past performers) over-perform at the expense of 'Low value' funds. Such performance gap is greater than the gap between similar funds not affiliated to the same family. Better allocations of underpriced IPO deals and opposite trades across member funds explain partly why 'High value' funds over-perform. Our findings highlight how the family organization prevalent in the mutual fund industry generates distortions in delegated asset management.

February 18

Keynote speaker: Gustavo A. Suárez, Harvard University

"Crime and finance: Evidence from Colombia"

Abstract: This paper measures the impact of crime on firm investment by studying variations in kidnappings in Colombia from 1996 to 2002. Our central result is that firms invest less when kidnappings target firms. We also find that aggregate crime rates –homicides, guerrilla attacks, and general kidnappings– have no significant effect on investment. This finding alleviates concerns that our main result may be driven by unobserved variables that explain both overall criminal activity and investment. Furthermore, kidnappings that target firms reduce not only the investment of firms that sell in local markets, but also the investment of firms that sell in foreign markets. Thus, an unobservable correlation between poor demand conditions and criminal activity is unlikely to explain the negative impact of firm-related kidnappings on investment. Our results are consistent with the hypothesis that managers are reluctant to invest when their freedom and life are at risk; however, we cannot completely discard alternative explanations.



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February 21

Keynote speaker: Rafael de Santiago, University of California, Irvine

"Pricing zero-coupon bonds with two factor stochastic volatility"

Abstract: In the classical Black-Scholes environment, the underlying asset –typically a stock– is governed by some diffusion process where the volatility is assumed to be constant. Bonds mature at some specific date, and thus bond prices evolve towards a known value. This suggests that the volatility of a bond will vary over time, which in turn implies that the volatility of the short rate varies as well. The behavior of overnight rates observed in reality does not seem to fit well the assumption of constant volatility in this case.

Within the framework of the Vasicek model, we assume that the volatility of the short rate is driven by two stochastic processes that vary on different time scales, one fast and one slow. The introduction of a second (slow) scale in the volatility of the short rate is one of the main contributions of this research. We use no-arbitrage to obtain the new (corrected) Vasicek bond price as the solution to a particular partial differential equation. The presence of small parameters in this PDE is exploited, by using perturbation methods, to construct an asymptotic approximation of the solution. We find a correction to the Vasicek price with two components: one due to the fast scale process, and another one due to the slow scale process. One of our main results is that our asymptotic approximation converges to the bond price.

The introduction of stochastic volatility affects the yield curve in several ways. First, bond prices are slightly higher (or, equivalently, yields are lower). Second, the influence of the corrections affects the shape of the yield curve, obtaining a richer variety of shapes when we consider stochastic volatility.

We also develop the theoretical analysis to calibrate the model. This is also among the original contributions of this research, and it will allow us in later work to calibrate the model to market data. Finally, we also extend the technique developed for zero-coupon bonds to convertible bonds and to Value at Risk. This last part is the object of current work, where we are getting interesting results.

February 23

Keynote speaker: Miguel Cantillo, Universidad de Costa Rica

"Private banks and corporate control: A re-examination of the Armstrong investigation"

Abstract: This article analyzes the political currents that forbade banks from being activist shareholders. The paper re-assesses the Armstrong Investigation of 1905. It analyzes an event study of the market reaction to the withdrawal of a prominent private bank from the board of several railroads. The evidence shows that the market evidently believed that Kuhn Loeb added shareholder value by being actively involved in non-financial companies. There is also some evidence that this increased shareholder value came through cartelization.

General Management

January 11

Keynote speaker: Govert Vroom

"Ownership form, managerial incentives, and the intensity of rivalry"

Abstract: This study investigates how the difference in ownership form between franchised and company-owned units affects managerial incentives and pricing in different competitive contexts. We argue that chains may restrict decision-making of company-owned units as a commitment device to maintain high prices. Furthermore, we argue that the payment of royalty fees provides an incentive to increase franchisees' price. Using a dataset of the Texas hotel industry, our findings confirm these hypotheses and form one of the first empirical examinations of strategic incentives theory.

January 19

Keynote speaker: Ted London, Kenan-Flagler Business School, University of North Carolina at Chapel Hill

"How are capabilities created? A process study of new market entry"

Abstract: This study examines how firms enter new markets that require the creation of new capabilities. The extant capabilities literature suggests that firms should incrementally adapt current routines and structures when modifying existing capabilities to enter new markets. It also indicates that firms should exploit their context-specific resources when creating new capability in response to radical changes in existing markets. This literature, however, is silent on path breaking growth, which is needed when firms enter markets where they cannot leverage current routines, structures, or context-specific resources.

In exploring this gap in the literature, this study looks to open the "black box" of the capability development process. International expansion and, in particular, recent ventures targeting the four billion potential customers at the base of the economic pyramid indicates that firms are indeed attempting path-breaking growth. A longitudinal analysis of 18 base of the pyramid initiatives in six MNCs indicates that successful capability development involves creating a mutually reinforcing configuration of structure, prioritization routines, problem solving routines, and context-specific complementary assets.

Furthermore, path-breaking growth is seen as business model R&D. Similar to research on technology R&D, radical innovation in business models occurs at the component level or in the overall architecture. The ability to span internal and external boundaries impacts which of these approaches can be successfully pursued.

January 20

Keynote speaker: Cagla Pinar Ozcan, Stanford University

"Formation and governance of alliance portfolios"

Abstract: Interfirm alliances can have a significant impact on firm performance. After a long tradition examining alliances at the

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dyadic level, scholars have recently turned their attention to alliance portfolios. A review of alliance literature reveals that a more process-based, system-level approach is needed to uncover the processes through which alliance portfolios are formed and governed. To address this gap, I propose a multiple-case inductive study of alliance portfolios in the emerging market of wireless gaming. Through semi-structured interviews, observations and archival research over a span of 12 months, I will collect retrospective and real-time data on the inter-organizational activities of 6 entrepreneurial firms. The study offers potential contributions to alliance literature, resource dependence theory, and entrepreneurship.

January 31

Keynote speaker: Micki Eisenman, Columbia Business School
"Commoditized industries as fashion systems"

Abstract: The article explores the strategic benefits of product innovations based on aesthetic qualities –qualities that instill products with meaning and affect. Industry evolution progresses towards an often overlooked stage that occurs as industry competition transitions to an emphasis on aesthetic-based differentiations. This transition occurs in response to increased standardization and commoditization of technologically stable industries. The article explores how firms supplement the instrumental characteristics of their products with aesthetic qualities. Drawing on fashion theory, the article theorizes the set of capabilities firms need to rely on to create products that fit the emergent aesthetic tastes of consumers. Those capabilities are the basis for generating novel and fashionable products, which firms can sell at a premium. The causal ambiguity underlying these capabilities renders them sustainable.

February 24

Keynote speaker: Marc J. Ventresca, Saïd Business School and Wolfson College, University of Oxford
"How industries emerge: Border traffic, contested jurisdictions, and legacy activity in US/European online database services, 1965-1978"

Managerial Economics

January 28

Keynote speaker: Natalia Karelaia, Universitat Pompeu Fabra
"Consistency or accuracy: How good is a decision-making strategy that looks for confirming evidence?"

Abstract: Experimental evidence suggests that people often do not feel comfortable with making decisions based on a single piece of evidence and that they systematically look for confirming evidence before choosing. Moreover, from a theoretical point of view, confirmation seeking is a good strategy for testing hypotheses (Klayman & Ha, 1987). The goal of this paper is to investigate whether such behavior is appropriate for multi-attribute binary

choice. We compare the performance of a simple heuristic strategy that chooses once two consistent pieces of evidence, or cues, have been found with the performance of models that consider either all available cues or only the most important one. We simulate a series of three-cue environments where the cues are continuous and vary in both predictive ability and inter-correlation. Our main finding is that, in binary choice, a strategy that looks for confirming evidence is quite effective overall. In particular, in noisy environments with substantial redundancy, it balances the advantages and disadvantages of other simple models. The strategy is psychologically appealing: it does not require executing tradeoffs, provides decision makers with a sense of confidence in their decisions, and does not necessarily process all information. We analytically derive the probability that this strategy chooses correctly between two alternatives. We also derive formal expressions for the probability that the strategy will take a decision after considering fewer than all pieces of evidence. Both probabilities are functions of the level of redundancy in the environment.

Managing People in Organizations

January 12

Keynote speaker: Karen van Rijswijk, Tilburg University
"It's all about time. Relationships among work hours, flexitime, work-family balance and health"

Abstract: A growing number of employees have to combine paid work with responsibilities in the home domain. "Family-friendly" instruments are expected to help those employees in maintaining a stable work-family balance. This paper reviews the literature on two frequently used forms of "family-friendly" instruments, namely part-time employment and flexitime, and their effects on the work-family balance and health. It is concluded that both reduced work hours and flexitime may contribute to the work-family balance and health for specific groups of employees. The paper concludes with recommendations for future research and those working in the field. Longitudinal research designs with a focus on the psychological, subjective, and evaluative aspects of flexitime and reduced hours employment, as well as tailor-made packages of family-friendly instruments, are the major points of concern.

February 28

Keynote speaker: Marwan Sinaceur, Stanford Graduate School of Business
"Suspending judgments to create value: Suspicion, distrust, and trust in negotiations"

Abstract: My dissertation investigates why trust may paradoxically limit value creation in negotiations. In this, I focus on the attributions that negotiators make about a counterpart's motives. I first introduce a distinction between distrust and suspicion. Specifically, I define suspicion as the state in which perceivers have ambiguity about another's motives, and so suspend judgment about those, whereas distrust involves having –already formed–



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negative expectations about another's motives and trust involves having –already formed– positive expectations about another's motives. Based on that, I hypothesize that suspicious negotiators are more likely to try and understand a counterpart's motives than are either distrusting and trusting negotiators. Thus, suspicious negotiators will be more likely to seek information from their counterpart, particularly information about his/her underlying interests. When confronted with a trusting party, who is more likely to provide such information, suspicious negotiators will therefore generate higher information exchange. In such suspicious-trusting dyads, value created will be greater than in trusting-trusting dyads.

Three studies provide converging evidence for these arguments. Study 1 shows that suspicion is a different state than distrust in that it triggers more attributions of motives. Also, suspicion increases negotiators' propensity to seek information compared to either distrust or trust. Study 2 finds that, in the context of a face-to-face negotiation, suspicious-trusting dyads create greater value than do trusting-trusting dyads. Further, this effect is due to the suspicious party's ability to seek information during negotiations. Study 3 provides evidence that situationally-induced tolerance to ambiguity increases the positive effect of suspicion on the propensity to seek information compared to either distrust or trust. Taken together, these results support the idea that negotiators may be better off withholding their judgment about a counterpart's motives rather than blindly trusting them.

Marketing

January 13

Keynote speaker: Andrés Terech, IAE

"Modeling consideration and choice in the case of consumer durables"

Abstract: The authors develop an individual-level model of consideration and choice for durable products. This model combines survey-based information on stated consideration from one sample of buyers with transaction-based information on revealed choices from a second sample of buyers. The authors use a fuzzy set modeling approach in which the degree of consideration of various brands is influenced not only by the marketing mix elements of the choice occasion, but also by the survey-based estimates of the consideration probabilities. The survey-stated consideration information reduces the fuzziness of the probability of consideration for the transaction data. The approach permits market-level elasticities to be decomposed into their consideration and choice components.

The authors illustrate the model using U.S. automobile market data for new cars. The authors compare the results with existing two-stage choice models (e.g. Bronnenberg and Vanhonacker 1996). In addition to improving model fit, the empirical results show that modeling approaches which incorporate a consideration stage but do not explicitly measure consideration set membership poorly estimate consideration probabilities. This can produce misleading inferences regarding competitive market structure, elasticities, and brand preference and response parameters. The results indicate

that 50% percent of the sales increase due to price promotion comes from an increase in the consideration probabilities.

Miscellaneous

Antonio Argandoña

On January 28, attended, in Barcelona, the Presentation of the International Action Plan 2005 of the Barcelona Chamber of Commerce, where he gave the lecture "Perspectivas de las pymes catalanas ante el mercado mundial".

On February 4, attended, in Alicante, the XIV Jornadas de Cajas Rurales Cooperativas de Crédito Valencianas, where he gave the lecture "Ética y responsabilidad en los órganos de gobierno".

On February 10, attended, in Barcelona, the session of the Real Academia de Ciencias Económicas y Financieras de Barcelona on the Treaty by which a Constitution for Europe is established, where he gave the lecture "La Unión Económica y Monetaria en el nuevo contexto constitucional europeo".

Abstract: (see page 16).

(<http://www.iese.edu/research/pdfs/OP-05-8.pdf>)

On February 16, attended, in Madrid, the International Symposium on "Las reformas económicas pendientes en España", organized by Fundación Diálogos, where he gave the lecture "La reforma del mercado laboral".

On February 22, attended the Foro de Empresarios de Valladolid, where he gave the lecture "Cómo generar valores en las empresas".

Pablo Fernández

On February 22, attended the seminar on "Marcas y Creación de Valor para los accionistas", organized by Foro de Marcas renombradas españolas, BMEX and Bolsa de Madrid, where he gave the lecture "Valor bursátil y Valor de marca".

Domènec Melé

On February 18-19, attended, in Geneva, the interdisciplinary seminar on "Thinking Ethics", sponsored by the Philias Foundation, with the aim of discussing the prospects for ethics in various fields and preparing a book entitled "Thinking Ethics: Looking forward – A view from Geneva". Together with five other international experts, he took part in the working group on "Ethics and Knowledge".

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Book reviews

Domènec Melé

Reviewed the book "Ética de la especulación financiera" by Eduardo Camino, Unión Editorial, Madrid, 2004, Scripta Teológica, Vol. 36, No 3, 2004, pages 990-991.

Teaching materials

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

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

Accounting and Control

TelePizza 1999: Value and Price (C-731-E - 0.105.008)

In June 1999 the decision by TelePizza's CEO and main shareholder to sell 5% of his stake in the company stock prompted a 9% drop in the share price. If it was a market overreaction and the fundamentals were unchanged, it could have been a good buy opportunity. The case can be used to analyze the drivers of value (profitability and growth) and revise current market price in view of their sustainability.

Forman C.; Palencia L.; 17 pages.

The Valuation of NIKE and Reebok in 2004 (A). Understanding the Accounting (C-733-E - 0.105.015)

This is the first in a series of three cases that illustrate accounting-based valuation methods. The first case restates NIKE and Reebok's financial statements in a way suitable to analyze current profitability and growth. The second analyzes and interprets NIKE and Reebok's current profitability and growth. The third uses the results of the previous two cases, together with analysts' earnings forecasts, to value NIKE and Reebok.

Palencia L.; 37 pages.

Investment Strategies and Berkshire Hathaway (C-734-E - 0.105.018)

An average investor, Josu Short, reviews Berkshire Hathaway's 13-plus-one points of the "contract with shareholders" present in each of the company's annual reports. Apparent inconsistencies and financial paradoxes are presented.

Palencia L.; 13 pages.

El mapa estratégico (CN-212 - 0.104.018)

El mapa estratégico está siendo utilizado por muchas organizaciones para definir mejor su estrategia, para comunicarla mejor y para llevar a cabo su seguimiento. En esta nota se muestra qué es un mapa estratégico y se dan algunas ideas para su adecuada implantación.

Fernández A.; 9 pages.

Decision Analysis

Time, Perception and Decision Making (ADN-264-E - 0.104.007)

Recently, the way people commonly deal with decisions involving time has become an important research topic for economists and psychologists alike. This note offers a summary of some of the main results, which have applications in understanding consumer behavior and also in everyday life to help us make better decisions.

Baucells M.; Chatburn L.; 16 pages.

Miguel Castaño en Seat - Nota del Instructor (ADT-17 - 5.103.037)

Caso AD-286.

Use restringido a Instituciones Académicas.

Ballabriga A.; Guasch J.; Heukamp F.H.; Montoliu A.; Torrents J.; 9 pages.

Advanced Water Solutions, Inc. - Teaching Note (ADT-18-E - 5.104.005)

Case AD-289-E.

Use is restricted to Academic Institutions.

Baucells M.; Chatburn L.; 5 pages.

Entrepreneurship

Naturhouse - Teaching Note (ET-4-E - 5.604.034)

Case E-65-E.

Use is restricted to Academic Institutions.

Mitchell J.; Velamuri R.; 11 pages.



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Financial Management

Hotel Arts (A): Pujando por el Hotel Arts y propiedades adyacentes
(F-763 - 0.204.045)

Un joven abogado forma un grupo con Deutsche Bank, Patron Capital e inversores privados para participar en la subasta del Hotel Arts y propiedades adyacentes. Después de haber perdido en primera ronda, la situación internacional provoca un vuelco en la subasta, promoviendo la retirada de varios grupos, con lo cual el grupo se enfrenta a una segunda oportunidad.

Faus J.; 15 pages.

Hotel Arts (B): Administrando una cartera de inmuebles recién adquiridos
(F-764 - 0.204.046)

El consejero delegado de Hovisa, la empresa propietaria del Hotel Arts y de otras propiedades, recientemente adquiridas en subasta, se enfrenta a una serie de cuestiones relativas a la administración o venta de dichas propiedades a fin de optimizar la rentabilidad de toda la operación.

Faus J.; Faus Santasusana J.; 4 pages.

The expansion of AMMA into the Senior Housing Industry - Teaching Note
(FT-64-E - 5.204.064)

Case F-759-E.
(Also available in Spanish).

Use is restricted to Academic Institutions.

Suárez J.L.; 14 pages.

General Management

Grupo Prisa
(DG-1468-E - 0.305.010)

The Prisa Executive Committee is deciding on its strategy to compete with its main international rivals. The case describes Grupo Prisa's structure, the growth and diversification processes undertaken up to 2004, and its expansion into the Spanish-speaking world. It also analyzes the group's main rivals in Spain and beyond.

(Also available in Spanish).

Rosenberg M.; Tàpies J.; Vergés S.; 20 pages.

Coca-Cola Nestlé Refreshments Company (A, B1, B2, B3, C, D, E, F, G and H) - Teaching Note
(DGT-29-E - 5.303.032)

Cases DG-1393-E to DG-1400-E.

Use is restricted to Academic Institutions.

Ariño A.; 9 pages.

Ficosa International. Expansión Internacional - Nota del Instructor
(DGT-30 - 5.303.074)

Caso DG-1415.

Uso restringido a Instituciones Académicas.

Caldart A.; Canals J.; 7 pages.

Managing People in Organizations

Creando un sector (A)
(DPO-9 - 0.403.026)

El caso trata de la creación de una empresa fitoterapéutica líder en su sector, Soria Natural, y del conflicto que tiene esta empresa con el ayuntamiento de la localidad, que no le permite ampliar las instalaciones. También hace referencia a la personalidad del creador y presidente de la empresa, Antonio Esteban Villalobos, que decide iniciar una huelga de hambre como última medida para que se autorice la ampliación de la empresa.

López L.; Pin J.R.; 20 pages.

Creando un sector (B)
(DPO-10 - 0.403.027)

Véase caso (A).

López L.; Pin J.R.; 5 pages.

Creando un sector (A) y (B) - Nota del Instructor
(DPOT-5 - 5.404.006)

Casos DPO-9 y DPO-10.

Uso restringido a Instituciones Académicas.

López L.; Pin J.R.; 9 pages.

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David Dickens. The Last Ditch Decision (DPO-25-E - 0.404.004)

David Dickens has been out of B-School for ten years and, to all intents and purposes, his career has prospered. However, like many multi-lingual, upwardly mobile MBA graduates, he finds himself on a treadmill of international assignments. He considers whether he should join friends in a local dairy business back in rural England. However, things are made more complicated by his also having to solve a global marketing problem.

Miller P.; 3 pages.

David Dickens. The Last Ditch Decision - Teaching Note (DPOT-4-E - 5.404.005)

Case DPO-25-E.

Use is restricted to Academic Institutions.

Miller P.; 3 pages.

Basics in Work Motivation (DPON-10-E - 0.404.020)

This technical note gives an overview of a range of theories of workplace motivation, placing them in three categories: content theories, process theories and consequence theories. It also puts forward a new theory based on consequences (the OBT), a reformulation of Juan A. Pérez-López's theory. (Also available in Spanish).

Cardona P.; Espejo A.; 12 pages.

Los nuevos retos éticos en la empresa (DPON-15 - 0.404.038)

La nota expone las razones para el aumento de la sensibilidad ética en la empresa. Los escándalos y la corriente cultural de la posmodernidad, la necesidad de una buena comprensión de la ética empresarial, completa y alejada de los pseudoéticos, y los tres mecanismos para profundizar en el tema dentro de la empresa, incluyendo referencias a los códigos éticos.

Pin J.R.; 21 pages.

Readers Press - Roger Marshall's first 1,000 days - Teaching Note (DPOT-2-E - 5.403.037)

Case DPO-18-E.

Use is restricted to Academic Institutions.

Levy J.; Miller P.; 6 pages.

Finanzauto S.A. - Teaching Note (DPOT-7-E - 5.404.035)

Case FH-633-E.

Use is restricted to Academic Institutions.

Miller P.; Velamuri R.; 6 pages.

Production, Technology and Operations Management

DEA at Caixa Terrassa (P-1065-E - 0.604.031)

The top management at Caixa Terrassa is considering the results of a DEA study aimed at improving its branches' productivity levels and setting targets for branch managers. After an initial application of the methodology, they realize that the results of the model do not coincide with the bank's strategic focus, and so modify the model, adding limits. (Also available in Spanish).

De Celis J.; Ribera J.; 16 pages.

Profesionales de la consultoría, S.A. (Proconsa) (P-1067 - 0.605.002)

Proconsa es una empresa de consultoría que tiene problemas para cumplir su servicio. Se han producido numerosos conflictos con los clientes, y el director general Antonio Gandaria se preguntaba cómo debía actuar ante la situación. El caso describe las diferentes actividades de los departamentos y se concentra en clarificar las responsabilidades y decisiones de cada uno de ellos, para así poder cumplir el servicio prometido.

Muñoz-Seca B.; Riverola J.; 5 pages.

Occasional Papers

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

OP-05/6 - January 2005

Jordi Gual

INSTITUCIONES PARA LA DEFENSA DE LA COMPETENCIA EN ESPAÑA: ORGANIZACION, MEDIOS Y EFICIENCIA

Abstract: A partir del análisis comparativo de los sistemas de defensa de la competencia en diversos países de referencia, se discuten algunas de las reformas en el marco institucional de la



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política de defensa de la competencia en España. El análisis se centra en el marco institucional, en el que no existen diferencias destacables en cuanto a los contenidos de las políticas de la competencia, siendo las principales las que surgen entre Estados Unidos y los países de la Unión Europea.

Como premisa, se consideran dos acepciones del término eficiencia del sistema de la competencia, la eficiencia técnica y la denominada asignativa, que aquí se refiere a la capacidad del sistema para alcanzar el nivel óptimo de control de los comportamientos anticompetitivos en la economía.

Finalmente, se estudian los elementos de un sistema de competencia que acaban incidiendo en su efectividad y se clasifican en cuatro grandes epígrafes.

OP-05/7 - January 2005

Juan José Toribio

GLOBALIZACION, DESARROLLO Y POBREZA. REFLEXIONES DESDE LA LIBERTAD

Abstract: El autor expone la importancia que para el desarrollo de los pueblos y la erradicación de la pobreza tiene el proceso de globalización. Se trata de un proceso imparable. La globalización presenta aspectos de carácter económico (comercio internacional, movimientos de capital, deslocalización de la producción, etc.) y otros de naturaleza extraeconómica, como la difusión tecnológica, el acceso universal a fuentes de información o la interacción de las culturas contemporáneas. Son estos últimos matices los que constituyen el fundamento último de la integración económica y los que probablemente la hacen inevitable, cualesquiera que sean los obstáculos políticos o los afanes nacionalistas que puedan, de momento, obstaculizar su avance.

OP-05/8 - February 2005

Antonio Argandoña

LA UNION ECONOMICA Y MONETARIA EN EL NUEVO CONTEXTO CONSTITUCIONAL EUROPEO

Abstract: La estabilidad macroeconómica ocupa un lugar importante en el Tratado por el que se establece una Constitución para Europa

(2004), reproduciendo –casi siempre al pie de la letra– los textos de tratados anteriores, sobre todo del de Maastricht (1992). Este trabajo discute la relevancia de dicha estabilidad en la construcción europea y analiza los distintos textos de la Constitución en que se desarrolla dicha estabilidad, centrada en la política monetaria y en los elementos que la hacen posible y creíble.

OP-05/9 - February 2005

Jordi Gual

¿PUEDE EUROPA COMPETIR CON EL GIGANTE AMERICANO? LA IMPORTANCIA DEL MERCADO INTERIOR

Abstract: El éxito político de la UE no ha ido acompañado de un éxito económico equiparable. Si comparamos la evolución de la economía europea con la americana en términos de productividad, crecimiento, generación de renta y bienestar, observamos que Europa queda claramente rezagada.

A lo largo de este artículo se cuestiona la idea generalizada de que las causas de este retraso se hallan en las limitaciones del modelo social europeo. El autor defiende que el retraso debe buscarse en la falta de integración económica.

Europa y Estados Unidos no son comparables porque a pesar de los avances que ha habido en materia de integración económica, todavía existen múltiples barreras a la circulación de personas, propiedad intelectual y servicios. Europa no puede aprovechar el gran potencial de eficiencia y crecimiento en productividad que ofrecería un verdadero mercado único de 450 millones de personas, porque es todavía una agregación de economías imperfectamente integradas. Es necesario por ello introducir reformas importantes al modelo tradicional europeo, y la espoleta de dichas reformas no es otra que la propia integración de los mercados. Para que ésta sea posible, es necesario romper la inercia de los dirigentes políticos a proteger los intereses nacionales y de algunos grupos de presión, aun a costa de perder su apoyo, ya que a largo plazo todos saldremos ganando.

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