



University of Navarra

# Newsletter Research Division

No 125

May - June 2005

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## Journals

**Bruno Cassiman - Massimo Colombo - Paola Gerrone - Reinhilde Veugelers**

"The impact of M&A on the R&D process. An empirical analysis of the role of technological and market relatedness", *Research Policy*, Vol. 34, No 2, March 2005, pages 195-220.

*Abstract:* Using information on 31 in-depth cases of individual M&A deals, we show that technological and market relatedness between M&A partners distinctly affects the inputs, outputs, performance and organizational structure of the R&D process. While the findings in the literature on the effect of M&A on R&D are quite mixed, we can sharpen results by analyzing data at the level of the R&D process. This comes at the price of a smaller sample and more qualitative data, for which caution in the interpretation is necessary. M&A between partners with ex-ante complementary technologies result in more active R&D performers after the M&A. In sharp contrast, when merged entities are technologically substitutive, they significantly decrease their R&D level after the M&A. Moreover, R&D efficiency increases more prominently when merged entities are technologically complementary than when they are substitutive. These two findings on the R&D level and performance support the scope economy effect of M&A, on the one hand, and reject the scale economy effect of M&A, on the other. Next, for cases in which partners were active in the same technological fields before the M&A, the reduction of R&D is more prominent, while the R&D efficiency gain is smaller if merged entities were rivals in the product market prior to their

merger than if they were non-rival. This suggests that rival firms reap few technology gains from mergers.

**Toni Dávila - Marc Wouters**

"Designing cost-competitive technology products through cost management", *Accounting Horizons*, Vol. 18, No 1, March 2004, pages 13-26.

*Abstract:* As manufacturing innovations spread throughout leading organizations, product development becomes a more important source of competitive advantage. Within product development, cost management receives increasing attention. To date, cost management in new product development focuses primarily on target costing, a management practice used inside the product development process by the development team. Although this practice is appropriate for products competing mainly on costs, it has several limitations when factors such as technology, time-to-market, or customer needs are more pressing. Based on observations from a field study of product development cost practices in high-technology firms and evidence from field studies described elsewhere, this paper identifies alternative practices to manage costs during product development. These alternative practices that facilitate cost management around the projects rather than managing costs inside product development projects are: parallel cost management teams, modular design for cost, clearly defined cost management strategies and cost policies, and product portfolio planning. Companies in our sample use these practices to manage costs during product development, when cost management is most effective, but still keep the attention of development teams



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focused on the critical success factors of time-to-market, technology, and customer needs.

## **Javier Estrada – Ana P. Serra**

"Risk and return in emerging markets: Family matters", *Journal of Multinational Financial Management*, Vol. 5, No 3, July 2005, pages 257-272.

*Abstract:* The proper identification of the risk variables that explain the cross-section of returns in emerging markets has many and far-reaching implications for both companies and investors. We examine this risk-return relationship by focusing on three families of models, over 25 years of data, and over 1,600 companies in 30 countries. We perform a statistical analysis that seeks to identify the variables that should be incorporated into the calculation of required returns on equity, and an economic analysis that seeks to determine the variables that produce the most profitable portfolio strategies. We find rather weak statistical results that prevent us from strongly recommending a given family to estimate required returns on equity. And we find somewhat stronger economic results that show that a variable belonging to our downside risk family, the global downside beta, is the one that has the largest impact on returns when portfolios are rebalanced every 5 years.

## **Pablo Fernández**

"Most common errors in company valuation", *Investment Management and Financial Innovations Journal*, Vol. 2, No 2, May 2005, pages 128-141.

*Abstract:* This paper contains a collection and a classification of the 12 most common 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 when consulting in purchases, sales and mergers of companies, and in arbitrage processes. Some of the errors belong to public reports by financial analysts.

## **Johanna Mair – Christian Seelos – Anjaney Borwankar**

"Social entrepreneurial initiatives within the sustainable development landscape", *International Journal of Entrepreneurship Education*, Vol 2, No 4, 2004.

*Abstract:* Over the last few years many business schools have been active in developing courses on social entrepreneurship. The case studies used are typically based on non-profit initiatives aimed at alleviating social problems in the community. Yet social entrepreneurship is not limited in scope and structure. It is neither geographically nor culturally centered. To avoid the dilemma of defining what social entrepreneurship is or what it is not, we argue that the most fruitful approach is to adopt a specific perspective that illuminates the role and the unique contribution of social entrepreneurship. The perspective we propose is "sustainable development". This approach also permits the positioning of social entrepreneurship alongside existing organizations that participate

in the global efforts to achieve sustainable development. We describe initiatives by social entrepreneurs and established corporations, highlight the social, economic and environmental impact, and draw out commonalities from the examples given.

## **Johanna Mair**

"Exploring the determinants of unit performance: The role of middle managers in stimulating profit growth", *Group & Organization Management*, Vol. 30, No 3, June 2005, pages 263-288.

*Abstract:* This paper sets out to identify the origins of performance differences between units within the same organizational and industry context. Building on and reconciling diverse research streams, it empirically tests the effect of strategic, individual and context factors on performance over time. The study complements traditional research in strategy by advancing a "middle manager perspective". More specifically, it highlights the importance of middle managers' actions aligned with strategy, their demographic characteristics, and their immediate competitive environment in stimulating performance. Data on 119 managers and units of a European financial services firm suggest that how middle managers enact strategy, who they are, and where they are significantly affect profit growth in their units.

## **Victor Martínez Albeniz – David Simchi-Levi**

"A portfolio approach to procurement contracts", *Production and Operations Management*, Vol. 14, No 1, Spring 2005, pages 90-114.

*Abstract:* The purpose of this paper is to develop a general framework for supply contracts in which portfolios of contracts can be analyzed and optimized. We focus on a multi-period environment with convex contract, spot market and inventory holding costs. We specialize the model to the case of a portfolio consisting of option contracts. We characterize the optimal replenishment policy and show that it has a simple structure. Namely, the use of every different option contract and the spot market is dictated by a modified base-stock policy. In addition, we derive conditions to determine when an option is relatively attractive compared to other options or the spot market. Finally, we present our computational study, where we report the sensitivity of the results to the parameters of the model. Our experiments indicate that portfolio contracts not only increase the manufacturer's expected profit but can also reduce its financial risk.

## **Christian Seelos – Johanna Mair**

"Social entrepreneurship: Creating new business models to serve the poor", *Business Horizons*, Vol. 48, No 3, May-June 2005, pages 241-246.

*Abstract:* The term "social entrepreneurship" is used to refer to the rapidly growing number of organizations that have created models

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for efficiently catering to basic human needs that existing markets and institutions have failed to satisfy. Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society. One social entrepreneur, Ibrahim Abouleish, has recently received the "Alternative Nobel Prize" for his Sekem initiative; e-Bay founder Jeff Skoll in 2004 donated 4.4 million pounds to set up a research center on social entrepreneurship; and many social entrepreneurs have mingled with their business counterparts at the World Economic Forum in Davos. Social entrepreneurship offers insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms. Because it contributes directly to internationally recognized sustainable development goals, social entrepreneurship may also encourage established corporations to take on greater social responsibility.

## Books

### Santiago Alvarez de Mon

"La lógica del corazón", *Ediciones Deusto*, April 2005, 272 pages.

*Abstract:* Vivir es elegir, y elegir es jerarquizar. En esa encrucijada vital, en quién depositamos nuestra confianza, ¿en la lógica de la razón o en la sabiduría del corazón? En una síntesis feliz, ¿se deja una razón sensible guiar por un corazón inteligente y lógico? Corazón y razón, en ese orden, deberían protagonizar el oficio de dirigir y la aventura de vivir.

¿Hay armonía entre los valores de nuestra empresa y los principios morales que inspiran nuestro viaje? Qué esperamos de nuestro trabajo, ¿una simple contraprestación económica o una actividad que nos permita desplegar todo nuestro potencial? Nuestro talento y habilidad naturales, ¿deberían tener algo que ver con nuestra profesión? ¿Cuándo nos sentimos comprometidos y llenos de energía? ¿Cuándo lo que hacemos cobra significado y sentido? Estos y otros interrogantes son abordados por el autor en una tertulia amena e itinerante con diversos profesionales de la empresa, del deporte y de las artes.

### Pablo Fernández - Gabriel Noussan

"Finanzas para directivos de empresa", *Temas Grupo Editorial (Argentina)*, May 2005, 294 pages.

*Abstract:* Las variables financieras son, en muchísimas ocasiones, indispensables para tomar decisiones que afectarán a la estrategia de la compañía; el directivo responsable de esta área debe poder tomar el pulso económico de su empresa de manera personal. Este libro trata los principales temas con los que habitualmente se enfrenta un ejecutivo, con un enfoque eminentemente práctico que facilita al lector los conocimientos necesarios para:

– Leer, interpretar y analizar con mayor precisión el balance y la cuenta de resultados.

- Hacer un diagnóstico eficaz de la situación financiera de la empresa, y poder establecer planes de acción que se ajusten mejor a la actual situación competitiva.
- Entender y manejar los datos económicos y financieros necesarios para la toma de decisiones.
- Integrar las consideraciones financieras en las políticas de empresa.
- Comprender el impacto de decisiones comerciales, productivas, organizacionales en la liquidez y en la creación de valor de la empresa.
- Valorar la empresa.

### Steven Poelmans

"Tiempo de calidad, Calidad de vida", *McGraw-Hill*, April 2005, 241 pages.

*Abstract:* El libro es una guía práctica para aquellas personas que buscan maximizar la calidad del tiempo que disfrutan con su familia, amigos y compañeros, mientras mantienen una carrera profesional y personal en el vertiginoso entorno laboral y profesional de hoy en día. Está basado en diez años de investigación, enseñanza, entrenamiento, consultoría y *coaching* en la gestión del estrés, conflictos familia/trabajo y gestión de carreras profesionales. En este libro se presenta el particular punto de vista del autor sobre eficiencia personal y felicidad, que es la integración de experiencias personales, casos de estudio, terapias, discusiones con estudiantes y multitud de lecturas sobre el tema. Según el autor, una gran parte del sufrimiento humano se debe a la falta de propósitos, autodisciplina, higiene mental y, como consecuencia, una impotencia para conseguir afrontar la complejidad del mundo real. En el libro se pretende ayudar a la gente a desarrollar tiempo de calidad en sus vidas, y en las vidas de las personas que tienen que tratar con ellos cada día, como forma o camino para conseguir la felicidad personal y el éxito profesional.

## Contributions to books

### Antonio Argandoña

"Los economistas y el bien común", in the book "Doctor Mario Pifarré Riera: La ciencia de la contabilidad", *Publicacions i Edicions de la Universitat de Barcelona*, 2005, pages 59-72.

*Abstract:* El concepto de bien común no tiene un lugar propio en la ciencia económica, al menos tal como ésta se ha desarrollado hasta ahora. En su origen, se trata de un concepto filosófico y ético que podría tener una versión relativamente directa en la economía, pero que, de hecho, no la ha encontrado. En la medida en que tenga sentido hablar de un bien común –y no cabe duda de que lo tiene–, sería conveniente introducir el concepto de bien común en la economía convencional.

En este trabajo se analiza el concepto de bien común, su relación con el bien personal, los problemas que se plantean en la



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economía convencional cuando se trata de introducir el bien común, y la posible vía para la superación de esas dificultades, que pasa por una reelaboración de la ciencia económica, a partir de una antropología más rica.

**"On ethical, social and environmental management systems", in the book "Ethical Boundaries of Capitalism", edited by Daniel Daianu and Radu Vranceanu, Aldershot: Ashgate, 2005, pages 157-171.**

*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>

## **Nuria Chinchilla – Consuelo León**

**"Empresas Familiarmente Responsables (EFR)", en el libro "La comunicación empresarial y la gestión de los intangibles en España y Latinoamérica", Ediciones Pirámide, pages 225-234.**

*Abstract:* Cada vez se ve más claramente que las políticas sociales del siglo XXI serán las políticas de conciliación trabajo familia. El perfil y las aspiraciones de la fuerza de trabajo han cambiado radicalmente. De hecho, el 61% de las grandes y el 63% de las pymes consideran que es necesario tener políticas, y el 47% de las grandes y el 41% de las pymes, opinan que los problemas familiares aumentarán en los próximos tres años y que esta circunstancia propiciará sin duda cambios en el mercado laboral. Desde el punto de vista de la empresa, dado el bajón demográfico de las dos últimas décadas y la consiguiente disminución en la oferta de ciertos perfiles profesionales, la captación y retención laboral de talento femenino formada en igualdad de condiciones con el varón, es una prioridad. Además, los conflictos laborales más importantes, según el IFREI 2004 son, por este orden en las grandes empresas: absentismo (21%), falta de compromiso (15%), llegar tarde (12%), dificultad para trasladar a empleados (12%), para contratarlos (9%), para que viajen (8%), estrés y rotación (10%), conflicto entre trabajo y familia (6%). Además de las medidas en sí (flexibilidad en el horario, beneficios sociales y extra-salariales, apoyo profesional y servicios). El IFREI de este año ha medido también dos aspectos clave para que se dé o no un

verdadero proceso de cambio hacia una EFR: los facilitadores (estrategia, comunicación, liderazgo y responsabilidad) y los frenos: el horario laboral y el hecho de que sólo un 8% reconoce que la familia es un valor de la cultura corporativa de la empresa.

## **Domènec Melé**

**"Ethics and knowledge", in the book "Thinking ethics", edited by Beth Krasna, Profile Books Ltd., London, June 2005, pages 30-57, co-authored by Tim Hindle, William Davies, Francis Gurry, Helen Sayers, Jean L. Vanherweghem and Francis Waldvogel.**

*Abstract:* The origin of this chapter and the whole book is a forward-looking, multidisciplinary and multicultural seminar supported by Philius Foundation, which took place in Geneva in February 2005. Several specialists in various fields came together to brainstorm on five subjects. One of them was "Ethics and Knowledge". The main points of the discussion were collected by Tim Hindle, senior editor of *The Economist*, who wrote this chapter. It includes matters such as fragmentation of knowledge, ethics and scientific knowledge, choices and science, the ownership of knowledge, and the reintegration of knowledge.

## **Philip Moscoso – Alejandro Lago**

**"Socio-technical design of planning & control systems for the extended shop-floor", in the book "Operations and global competitiveness", edited by Krisztina Demter, OOK-Press Ltd., Budapest, June 2005, pages 191-201.**

*Abstract:* With customer and supplier markets getting more global, competition more intense, and production processes more complex, proper planning and control systems (PCS) have become a critical success factor for manufacturing companies. In practice, however, designed PCS often are unsatisfactory, especially for shop-floors that are part of larger supply chains. The paper postulates that this is essentially the result of basing the PCS design on very technocratic models of production. A dual modeling framework is introduced in order to achieve a more integrated and holistic PCS design. A holistic design acknowledges that human operators and technology, working together, can achieve a much better planning and control performance than each of them individually. An integrated design does not artificially separate the PCS from the shop-floor it manages, but rather considers them as two intertwined and complementary parts of an organizational whole. Finally, a case study helps to illustrate the practical application of the framework.

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*Editorial Bosch* has published the book "El patrimonio familiar, profesional y empresarial. Sus protocolos" (7 volumes), on the occasion of the 1er. Congreso Notarial Español, edited by Martín Garrido Melero and José María Fugardo Estivill, May 2005, which includes, among others, the following chapters:

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**Africa Ariño**, "Las alianzas estratégicas: Una opción para potenciar el crecimiento de la empresa familiar", pages 631-675.

*Abstract:* Este capítulo presenta las alianzas estratégicas como una opción con la que cuentan las empresas familiares para potenciar su crecimiento. Se consideran las ventajas e inconvenientes de las alianzas, así como los aspectos más importantes a considerar a lo largo del ciclo de vida de una alianza hasta su finalización. Junto a consideraciones generales aplicables a alianzas de cualquier tipo de empresa, se plantean aspectos específicos a considerar por parte de las empresas familiares.

**Fernando Casado**, "¿Liderazgo empresarial o liderazgo familiar?", pages 123-135.

*Abstract:* El presente artículo pretende analizar una serie de cuestiones que se plantean sobre el liderazgo empresarial y el familiar. Se hace referencia, entre otras, a si las habilidades que se requieren para ser líder empresarial eficaz son las mismas que para ser líder familiar; cómo tiene que evolucionar un líder para convertirse en líder familiar; cómo podemos proveer al sistema de personas que cubran las necesidades de liderazgo que puedan surgir. La conclusión que se obtiene es que en una empresa familiar, en donde la propiedad ha sido ya muy fragmentada, existe un grupo de accionistas que hay que gestionar con una forma especial de liderazgo.

**Miguel A. Gallo**, "Transmisión de la propiedad para la mejora de la gobernabilidad y supervivencia de la empresa familiar", pages 401-474.

*Abstract:* El autor plantea la aplicación del concepto de viabilidad a la empresa familiar. Considera los diversos cambios que han tenido lugar en los últimos tiempos en relación con la sociedad y la empresa familiar, y las diversas razones y procesos lógicos erróneos que influyen y ayudan a explicar la inferior viabilidad en la empresa familiar. En la parte final del trabajo, el autor se refiere a los modos de transmitir la propiedad y el poder de una generación a la siguiente, que es uno de los factores que origina importantes problemas para la supervivencia de la empresa familiar. Y toma en consideración, pues, las diversas cuestiones legales que pueden favorecer la supervivencia de la empresa familiar.

**Josep M. Rosanas**, "Buena gestión, éxito inmediato, y supervivencia a largo plazo de la empresa", págs. 363-399.

*Abstract:* Este trabajo trata de analizar la supervivencia de las empresas sobre la base de proponer un mejor método de toma de decisiones. Empieza por analizar el darwinismo que con frecuencia se propone, mostrando los efectos nocivos que esta proposición tiene en la práctica. Sigue con la teoría económica que implícitamente apoya este darwinismo, y muestra lo que hay que hacer para que las empresas no duren. Examina a continuación cómo modernamente las empresas pueden

considerarse como depósitos de conocimiento y cómo hay tres líneas de pensamiento originales desde principios del siglo XX que representan tres visiones distintas de la empresa. La parte final (y fundamental) del trabajo es una exposición de una manera diferente de ver la gestión de empresas que tiene la intención de garantizar la continuidad de la misma de manera indefinida, basada en el aprendizaje de las personas.

**Josep Tàpies**, "Fusiones y adquisiciones en el ámbito de la empresa familiar", pages 677-715.

*Abstract:* Este capítulo trata aspectos generales relativos a los procesos de venta, adquisición y fusión de las empresas familiares, y determina las eventuales diferencias entre empresas familiares y no familiares en este tipo de procesos. Las conclusiones se basan en el resultado de una investigación realizada por la Cátedra de Empresa Familiar del IESE, recogida en su monografía "Los procesos de fusión y adquisición en empresas familiares".

## IESE - Working Papers

**NOTE: Working papers may be consulted on the Internet at [http://wwwapp.iese.edu/research/res\\_search\\_adv.asp?lang=en](http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en)**

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**Miguel A. Gallo**

**INDEPENDENT BOARD DIRECTORS: HOW TO IMPROVE THEIR CONTRIBUTION TO THE FAMILY BUSINESS**

*Abstract:* This study is based on information obtained from two questionnaires, one sent to the presidents and CEOs of a sample of family businesses and the other sent to independent members of the Boards of Directors of the same businesses. The main points of agreement and the main differences of opinion between these two groups are identified and grouped under the following headings: 1) governance practices; 2) reasons for retaining or seeking the resignation of independent board directors; 3) reasons why independent board directors do not give the best of themselves, and 4) most appreciated and most missed qualities in independent board directors.

The most important findings are: a) The main reasons for including independent board directors are to improve the structure of corporate governance and to resolve succession problems; b) The main reasons for seeking the resignation of independent board directors are lack of the necessary personal qualities, lack of the right relationship with the other directors, and calls for their resignation from significant shareholders, and c) According to independent board directors, the main reasons why they fail to give the best of themselves are that the owners are not genuinely committed to having a professional and effective Board of Directors, and the fact that important decisions are made by the family without taking the independent directors' opinions into account.



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The authors put forward six propositions to help get the most out of independent board directors and offer some recommendations on how to improve the structure of family business governance. (Also available in Spanish.)

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**José L. Alvarez - Joan E. Ricart**

**THE INCREASING ROLE PROFESSIONAL SERVICE FIRMS PLAY IN THE REFORM OF SHAREHOLDERS' MEETINGS**

*Abstract:* The purpose of this paper is to analyse the role of consultants, professional service firms and knowledge intermediaries in articulating the collective action of shareholders. The regulatory background is the current proposals for the reform of General Meetings of Shareholders in Spain. General Meetings are particularly revealing of shareholder activism, as they are the forum in which shareholders' actions can be most effective. We believe that our arguments are, to a very large extent, equally applicable to other European countries, as these proposals have been put forward in Spain within the context of the wider governance reforms promoted by the Winter Report in Europe and other national and supranational regulatory efforts.

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**Rama Velamuri - Sankaran Venkataraman**

**WHY STAKEHOLDER AND STOCKHOLDER THEORIES ARE NOT NECESSARILY CONTRADICTIONARY: A KNIGHTIAN INSIGHT**

*Abstract:* The normative foundations of the investor centered model of corporate governance, represented in mainstream economics by the nexus-of-contracts view of the firm, have come under attack, mainly by proponents of normative stakeholder theory. We argue that the nexus-of-contracts view is static and limited due to its assumption of price-output certainty. We attempt a synthesis of the nexus-of-contracts and the Knightian views, which provides novel insights into the normative adequacy of the investor-centered firm. Implications for scholarship and management practice follow from our discussion.

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**Caterina Moschieri - Johanna Mair**

**RESEARCH ON CORPORATE UNBUNDLING: A SYNTHESIS**

*Abstract:* Unbundling operations, understood as the parent company's disposal and sale of assets, facilities, product lines, subsidiaries, divisions and business units, are emerging as a central topic of research in several areas. Yet a synthesis is still lacking, and differences in the terminology have created confusion. This paper stimulates and facilitates future research by unpacking the nature of unbundling operations. We suggest that outcomes of unbundling may be mediated by variables such as factors at process and management level, which have been greatly neglected in existing research. The paper builds a framework on antecedents, process and outcomes of unbundling by integrating empirical

findings and theoretical contributions. Furthermore, it identifies gaps in the existing literature and offers suggestions for future research on unbundling.

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**Johanna Mair - Ernesto Noboa**

**HOW INTENTIONS TO CREATE A SOCIAL VENTURE ARE FORMED. A CASE STUDY**

*Abstract:* This exploratory study on one social entrepreneur challenges existing knowledge on the intention formation process of entrepreneurship. Drawing from social and cognitive psychology, we adapt an intention-based model from entrepreneurship and translate it to social entrepreneurship. Building on our findings, we argue that social entrepreneurs –like traditional entrepreneurs– experience perceptions of feasibility and desirability, and a propensity to act. However, complementing research on traditional entrepreneurs, we suggest that, in a preceding stage, social entrepreneurs develop social sentiments. Furthermore, we identify willpower, support, and the construction of opportunity as important antecedents of perceptions of feasibility and desirability, and propensity to act.

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**Pablo Sánchez - Miguel A. Rodríguez - Joan E. Ricart**

**SOCIAL EMBEDDEDNESS IN LOW-INCOME MARKETS: INFLUENTIAL FACTORS AND POSITIVE OUTCOMES**

*Abstract:* Strategy in low-income markets is a new but emerging field of international strategy research. Because low-income markets remain largely unexplored and unknown to most companies, it has been argued that developing embedded ties and alliances with traditional and non-traditional partners is critical in order to better understand customer needs and market characteristics. Following this logic, the purpose of this paper is to explore the antecedents and consequences of developing a capability in social embeddedness in low-income markets. Using a multiple-case inductive analysis of business ventures and their embedded ties and partnerships in this context, we propose an emergent theoretical framework to explain the factors that influence the development of such a capability and its positive outcomes. Our findings suggest that a firm has a greater incentive to build embedded ties and partnerships under three conditions: when the market-oriented ecosystem is underdeveloped; when the firm's psychic distance with respect to low-income markets is high; and when the firm offers a large number of product complementarities. A capability in social embeddedness can be beneficial for obtaining fine-grained information, increasing operational efficiency, gaining trust and legitimacy, and having prior access to new markets. At the same time, the social network in which a firm is embedded gives access to network resources that can provide competitive advantage.

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**Francesc Miralles - Sandra Sieber - Josep Valor**

**CIO HERDS AND USER GANGS IN THE ADOPTION OF OPEN SOURCE SOFTWARE**

*Abstract:* Open Source Software (OSS) has received wide attention from the research community, analyzing both the innovation process of software development by distributed and unrelated teams, and the market dynamics at play between "free" and proprietary software. Up until now, OSS adoption has been irregular, although it seems to be breaking the dominance of existing players in some market segments. In this paper, we contend that due to the particularities of its development process, traditional ways of explaining IT adoption –rational decision making, technology diffusion models, and the psychology of the decision maker– are insufficient to explain the case of OSS diffusion. We believe that the existence of a strong and diffused development community leads to a new role of the user community, as both are intertwined. In addition, new concerns for social corporate responsibility and welfare create a new context, in which "user gangs" may exert some degrees of pressure on the IT decision maker. By analyzing some significant cases we depict under what conditions significant OSS adoption may unfold, showing that in two of the cases studied user gangs play a significant role. The resulting preliminary framework will inform future work, in which we aim at validating the emerging insights gained in this research.

## IESE - Studies and Monographs

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**Nuria Chinchilla - Steven Poelmans - Pilar García-Lombardía - Marta López**

**POLITICAS DE RECURSOS HUMANOS ORIENTADAS A LA CONCILIACION VIDA PROFESIONAL-VIDA FAMILIAR Y SU RELACION CON EL DESEMPEÑO. ANALISIS EN LAS MULTINACIONALES DE LA COMUNIDAD DE MADRID**

*Abstract:* La incorporación masiva de la mujer al mercado laboral está produciendo una verdadera revolución social que afecta a todos los ámbitos: social, familiar, personal y, desde luego, empresarial. Las familias en las que ambos cónyuges trabajan fuera del hogar son cada vez más numerosas. Sin embargo, no todos los cambios necesarios para armonizar esta nueva situación se están produciendo al mismo ritmo. Las consecuencias del conflicto entre trabajo y familia se dejan sentir no sólo en el plano personal (estrés, ansiedad, etc.) y social (descenso de la natalidad, de la celebración de matrimonios, rupturas familiares, etc.), sino que se dejan sentir de forma muy clara en las propias empresas. La rotación, el absentismo, la desmotivación o la falta de implicación con los objetivos de la empresa son sólo algunas de las consecuencias que pueden aparecer cuando la persona vive la tensión entre el ámbito familiar y el profesional. Existen muchas

maneras en que las empresas pueden ayudar a sus empleados a equilibrar el trabajo y la vida privada, que se denominan habitualmente políticas familiarmente responsables, y que se desarrollarán a lo largo de este estudio.

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**Sandra Sieber - Josep Valor**

**CRITERIOS DE ADOPCION DE LAS TECNOLOGIAS DE INFORMACION Y COMUNICACION**

*Abstract:* ¿En qué criterios apoyan los responsables de sistemas de información sus decisiones sobre tecnología? Para responder a la pregunta, los autores han elaborado este estudio basado en el análisis de las encuestas realizadas a 81 directores de sistemas de información (SI) de destacadas empresas españolas. A primera vista, parece ser que los criterios más importantes sean los costes y el grado de la estandarización de la solución a adoptar. Sin embargo, un análisis más detallado revela que estos argumentos no bastan para explicar las complejidades del proceso de adopción de TI. Existen otros factores determinantes, como el *lock-in*, la marca, el comportamiento del grupo de referencia o la reputación corporativa y personal que puede conllevar la elección de una u otra solución tecnológica, que puede derivar en problemas de agencia. Dicho de otro modo, para que una tecnología se adopte de forma generalizada deben darse circunstancias que van más allá de la superioridad tecnológica y de la eficiencia económica de una estrategia de TI. A menudo, los criterios técnicos y de eficiencia económica de una solución quedan diluidos en "cascadas de información" que influyen en el directivo y que le llevan a caer en el "efecto manada", adoptando por tanto la solución más popular. Esta conclusión, por otra parte, explica por qué los mercados TIC siguen caracterizándose por una gran concentración y por el dominio de unos pocos jugadores, a pesar de que el número de descontentos es grande: el 50% de las implantaciones de ERP quedan por debajo de los resultados esperados, mientras que el 80% de los ejecutivos de empresa reconoce no saber si su nivel de gasto en TIC y sus implantaciones son los más adecuados.

No 25 - May 2005

**Josep Valor - Sandra Sieber**

**LA COMPETITIVIDAD DEL SECTOR DE LAS TELECOMUNICACIONES EN ESPAÑA**

*Abstract:* El sector español de las telecomunicaciones ha pasado de un mercado monopolístico a tener varios jugadores con gran innovación tecnológica. La explosión de tecnologías que pueden ofrecer el mismo servicio ha derivado en un exceso de oferta y ha llevado a una feroz competencia entre los distintos operadores de telefonía y datos, lo que dificulta la supervivencia de estas empresas. Este documento describe la transformación de la industria de telecomunicaciones y analiza su efecto en la cadena de valor, que ha dejado de ser una sola para convertirse en varias y más largas.



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Además, las nuevas cadenas de valor del sector de las telecomunicaciones son en parte intercambiables y están entrelazadas, lo que plantea a cada jugador la pregunta de cómo posicionarse estratégicamente en esta red de valor.

## Studies and Monographs

### **Pedro Nuño - Juan Roure**

"Buen gobierno en la empresa familiar", *Instituto de la Empresa Familiar*, con la colaboración de la Fundación de Estudios Financieros y el IESE, May 2005, 60 pages.

*Abstract:* El buen gobierno de la empresa familiar, entendido como el funcionamiento eficiente del sistema formado por las relaciones accionistas-órganos de administración, existe desde hace siglos. Prueba de ello son las numerosas empresas familiares centenarias que compiten con éxito en todo el mundo y que no habrían sobrevivido sin él. Sin embargo, para muchas de estas empresas sigue siendo difícil definir el papel de estas estructuras o gestionarlas con eficacia. Sus carencias acaban por convertirse en una barrera para el crecimiento y la capacidad de desarrollo.

El objeto de la guía es ofrecer alternativas prácticas para el desarrollo del buen gobierno. Contiene recomendaciones sobre cómo tienen que funcionar los órganos de gobierno de la familia (el consejo de familia, por ejemplo), los de la empresa (el consejo de administración) y las comisiones propuestas en la Ley de Transparencia (comisiones de estrategia, auditoría, nombramientos y compensación, y riesgos) que las empresas decidan crear. Los autores insisten en la necesidad de aplicar el buen gobierno no sólo a la empresa, sino también a la familia. Desde este punto de vista, se presta atención a algunos de los retos más importantes para las empresas familiares como son los procesos de sucesión, la elección de consejeros independientes, la remuneración de los directivos, el acceso de familiares a la empresa o las relaciones entre el consejo de administración y el consejo de familia.

**Juan Roure - Amparo de San José - Juan Luis Segurado**  
"El ciclo del capital riesgo en Europa: Su gestión y aportación de valor", *Fundación de Estudios Financieros*, April 2005, 370 pages.

*Abstract:* La inversión anual del sector de capital riesgo europeo se ha multiplicado por diez en las dos últimas décadas, pasando de unos 3.000 millones de euros anuales en 2000 a casi 30.000 millones en 2003. Este crecimiento se ha traducido en la creación de más de 6,5 millones de puestos de trabajo, en empresas de nueva creación o refinanciadas desde el año 2000, y en la expansión de determinados sectores industriales, como las tecnologías de la información o la biotecnología. Sin embargo, las posibilidades de esta inversión siguen siendo desconocidas por el gran público e incluso por agentes potencialmente interesados. Este estudio intenta contribuir a un mejor conocimiento del ciclo de actividad de esta fórmula de financiación.

## Other publications

### **Africa Ariño**

"Tendencias en alianzas estratégicas", *Ideas, PwC*, Vol. 1/05, 2005, pages 34-36.

*Abstract:* Frente a las fusiones, las alianzas proporcionan un marco más flexible y abren nuevas opciones para la competitividad. Para lograr el éxito, son claves la selección del socio, el proceso de negociación y el cuidado de la relación entre las partes.

"The perfect 'pre-nup' to strategic alliances: A guide to contracts", *Critical EYE Review*, June 2005, pages 52-57, co-authors Jeffrey J. Reuer & Antoni Valverde.

*Abstract:* Strategic alliances can be a powerful competitive tool. Yet, even though most alliances begin with grand expectations, some quickly spiral into deadlock or divorce. Sometimes, the only way out of the relationship is through an exit mechanism. But, read carefully –part of what can make the difference between a successful partnership and one that fails is often in the print: the alliance contract. Go to 'CriticalEYE INSIGHT' and search under 'Freshfields' for additional information.

### **Jordi Canals**

"Relocalización empresarial", *Revista Economistas*, Colegio de Economistas de Madrid, monográfico "España 2004. Un balance", No 104, March 2005, pages 242-245.

*Abstract:* La rápida integración de China e India en la economía mundial ha provocado un crecimiento de los flujos de inversión y un desplazamiento de la actividad manufacturera mundial hacia aquellos países. La preocupación por la deslocalización, que es el resultado lógico del progreso económico, es creciente. Para Europa, el reto no consiste en frenar la deslocalización de ciertas actividades, sino en promover políticas que refuercen la innovación y el espíritu emprendedor. Asimismo, las empresas deben reflexionar sobre su estrategia global en el nuevo escenario y reconfigurar su cadena de valor, localizando cada actividad allí donde puedan potenciar sus ventajas competitivas.

### **Toni Dávila - Amparo de San José**

"Crecimiento y capital riesgo", *Iniciativa Emprendedora*, No 47, April-June 2005, pages 45-56.

*Abstract:* La inyección de capital riesgo se percibe como una señal de la calidad de una joven empresa. Incluso antes de que se concrete la inversión, los mercados reconocen su valor, que se incrementa a medida que se acerca el momento de firmar el acuerdo. Es más, cuanto más empleo genere una empresa joven, más valorada estará por los inversores en las sucesivas rondas de financiación.

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## **Pablo Fernández**

"Creación de valor para los accionistas: definición y cuantificación", *Universia Business Review*, No 6, 2nd quarter 2005, pages 10-25.

*Abstract:* En este artículo se define y cuantifica la creación de valor para los accionistas, término muy utilizado tanto por las empresas en sus declaraciones de objetivos (aunque casi nunca definen su significado ni lo cuantifican) como por empresas consultoras que ofrecen productos para medirlo (por ejemplo, el EVA). Aunque muchas veces se utiliza el EVA (*economic value added*) para medir la creación de valor para los accionistas, no tiene ningún sentido dar al EVA el significado de creación de valor en cada período. Ninguna medida basada en datos contables (como el EVA) puede tener mucho que ver con la creación de valor para los accionistas. En este artículo proponemos una definición lógica de la creación de valor para los accionistas.

También se muestra que el ROE (*return on equity*), que se calcula dividiendo el beneficio neto del año entre el valor contable de los fondos propios, guarda muy poca relación con la rentabilidad para los accionistas. Esto se debe a que cualquier medida basada en datos contables (como el ROE) tiene escasa o ninguna relación con la rentabilidad para los accionistas.

## **José R. Pin – Mariano Villalonga**

"Las tres perspectivas necesarias en la dirección de personas", *Capital Humano*, No 188, May 2005, pages 103-108.

*Abstract:* Todo directivo tiene que conocer los tres roles fundamentales que debe cubrir en su relación con sus subordinados. Sólo así podrá desarrollar el nivel de confianza y autoridad que debe tener con sus colaboradores. Estos tres roles son: el de jefe, para saber ordenar, fijar objetivos y juzgar; el de *coach*, para poder desarrollar a los colaboradores en las competencias necesarias para el desarrollo de su función; y el de mentor, para orientarlos en su carrera profesional, dándoles consejo, oportunidades de aprendizaje, lucimiento y visibilidad, y facilitándoles relaciones para su futuro.

## **José R. Pin – Juan José Alcaraz**

"Capitalizar los intangibles: ¿Cómo incrementar el valor de mercado a partir de las personas y capacidades de la organización? Una entrevista con Norm Smallwood", *Capital Humano*, No 189, June 2005, pages 106-114.

*Abstract:* Norm Smallwood es profesor de la Michigan University y co-fundador con D. Ulrich en su empresa RbL. En la entrevista, Smallwood expone cómo hoy en día más del 50% del valor de las compañías depende de los intangibles. Por eso la arquitectura de éstos es básica en el desarrollo estratégico. Esta arquitectura requiere: cumplir las promesas, ganar credibilidad; articular una estrategia convincente; invertir en competencias adecuadas; aumentar las capacidades organizativas (colaboración, marca de liderazgo, talento, responsabilidad, rapidez, identidad común y aprendizaje).

## **Jesús Gadea – Javier Santomá**

"Centralización de los servicios de tesorería", *Estrategia Financiera*, No 217, May 2005, pages 30-37.

*Abstract:* Una gran multinacional del sector cosmético con presencia en Europa detecta tensiones en su tesorería: mientras algunas de sus sedes locales necesitan financiación, otras, por el contrario, tienen excedentes. Motivada por esta razón, decide iniciar un proceso de centralización de la tesorería, con dos objetivos claros: disminuir el impacto financiero de tener los saldos dispersos por Europa y reducir el número de entidades financieras con las que trabajaba el grupo. Tras analizar diversas opciones, como el *cash pooling* nacional, un sistema de bancos locales o la alternativa de operar con una única entidad para todo el grupo, así como las ventajas e inconvenientes de cada una de ellas, la multinacional opta por implantar un sistema combinado: tener bancos locales en cada país realizando la operativa diaria y una entidad común para todos los países, encargada de transportar la liquidez del grupo de un país a otro. Una vez decidido el sistema, la multinacional se ve obligada a poner en marcha una nueva estructura organizativa.

## **Kimio Kase – Ignacio Urrutia – Carlos Martí – Enrique Tellechea**

"Evaluación estratégica del patrocinio y mecenazgo", *MK Marketing+Ventas*, No 203, June 2005, pages 14-20.

*Abstract:* Al calor de la responsabilidad social corporativa, el patrocinio y mecenazgo de eventos culturales y deportivos se utilizan con frecuencia por las empresas. El escollo fundamental se encuentra en la carencia de una metodología para la evaluación de este tipo de proyectos. Los autores de este artículo proponen una matriz para su evaluación, traen a colación ejemplos de la cadena hotelera NH Hoteles con el patrocinio de la Copa Davis, el de Telefónica y el patrocinio del Dakar, y el del programa de Repsol YPF para la promoción de la música latinoamericana.

## **Domènec Melé**

"Ética empresarial: enseñanzas clave de la Iglesia católica", *INCADE*, No 64, January-April 2005, pages 69-89.

*Abstract:* Las enseñanzas de la Iglesia católica sobre ética empresarial tienen su referencia principal en la orientación de toda la actividad de la empresa a las personas y al bien común. La empresa es concebida como una comunidad donde las personas han de poder desarrollarse al servir a la sociedad proporcionando adecuados bienes y servicios. La finalidad de la empresa está en mantenerse como una comunidad que lleva a cabo esa misión de servicio. Los beneficios son enteramente necesarios, pero no son el fin absoluto de la empresa. En el trabajo y en su organización, así como en el consumo y en las transacciones comerciales, han de respetarse la primacía de las personas sin reducirlas a meros instrumentos de producción y respetando sus derechos. Directivos y empresarios han de asumir sus responsabilidades sociales y tratar de vivir en la empresa las virtudes propias de un cristiano.



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## José R. Pin

"El mito del trabajo temporal", *Harvard Deusto Business Review*, No 136, June 2005, pages 64-71.

*Abstract:* El trabajo temporal tiene facetas negativas y positivas. Olvidarse de alguna de ellas puede producir decisiones de tipo legislativo y empresarial no deseables. Por eso es razonable estudiarlo con equilibrio. El autor señala las características negativas de este fenómeno, pero al mismo tiempo sostiene que un mercado laboral flexible puede compensar esas deficiencias gracias a la creación de empleo, y que el cambio en la mentalidad de empleadores y profesionales podrá mitigar la mala imagen que a veces parece acarrear el trabajo temporal.

## Lidia Pradas - Josep Tàpies

"Cómo financiar un MBO con capital riesgo. El ejemplo de Gerposa", *Estrategia Financiera*, No 218, June 2005, pages 44-53.

*Abstract:* Tres directivos de Gerposa deciden realizar una oferta de adquisición de la compañía mediante un MBO. La entrada como socio de una empresa de capital riesgo supone la obtención de los recursos necesarios para hacer frente a la operación, cuyo coste supera los 18 millones de euros.

## Lluís Torrens - Jordi Gual

"El riesgo de deslocalización en España ante la ampliación de la Unión Europea", *Papeles de Economía Española*, No 103, May 2005, pages 173-186.

*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.

## Guido Stein

"Lo que no cambia en la dirección del cambio", *Istmo*, No 277, March-April 2005, pages 16-19.

*Abstract:* La filosofía puede ser la herramienta clave para el éxito empresarial. Saber utilizarla hace de un director común, un líder

extraordinario, capaz de resolver problemas con visión estratégica y profunda.

## Ignacio Urrutia

"Los nuevos retos de la ley Sarbanes & Oxley", *Harvard Deusto Finanzas & Contabilidad*, No 64, March-April 2005, pages 12-18.

*Abstract:* Para poder entender lo que está ocurriendo en estos momentos en las grandes corporaciones, debemos hacer un poco de historia, porque cuando concluyó el año 2002, un gran número de directivos se pusieron a dar gracias a Dios porque pensaban que nunca el año 2003 podía ser peor que 2002, y así fue, porque el año 2002 pasará a la historia como el año en el que se produjeron los mayores récords, en su mayoría funestos: la quiebra más colosal de la historia (Enron y World Com), el más audaz fraude de los libros de contabilidad (WorldCom), la caída de la auditora más envidiada del mundo (Andersen), en resumen, lo que había en el ambiente era una falta de confianza en los informes financieros y, por tanto, en el sistema. La ley Sarbanes-Oxley se ha encargado de fijar las normas acerca de la consolidación de las grandes corporaciones, con la idea de recuperar la confianza de los inversores. La ley fue dirigida por los senadores americanos Paul Sarbanes y Michael Oxley.

"Matriz de valor: La herramienta que relaciona los mapas estratégicos y el sistema de costes por actividades", *Todo Hospital*, No 216, May 2005, pages 237-244.

*Abstract:* El objeto de este trabajo es presentar la matriz de valor como una herramienta de análisis complementaria al sistema de costes por actividades, que permite visualizar la posición estratégica de las actividades que el hospital realiza, con el objeto de ser capaz de visualizar el nivel de eficiencia y eficacia. Su principal ventaja es que facilita al directivo la priorización de sus decisiones en cuanto a que le permite categorizar las actividades para asignar recursos en aquellas en donde se puedan generar ventajas competitivas, reasignar recursos, subcontratar procesos y eliminar costes.

## Ignacio Urrutia - Scott Eriksen

"La corrupción, Enron y la ley Sarbanes & Oxley", *Estrategia Financiera*, No 218, June 2005, pages 54-61.

*Abstract:* La aparición de escándalos contables y corporativos como Enron ha provocado un cambio legislativo que afecta principalmente a las grandes corporaciones. La Ley Sarbanes & Oxley refuerza la figura del auditor independiente e impone mejoras en la revelación de la información financiera con el objetivo de recuperar la confianza de los inversores.

## Eric Weber

"La formación de directivos y las TIC", *Tecnología & Negocio*, No 2, May 2005, page 3.

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*Abstract:* Más que hablar de costes de las TIC y de la formación, hay que plantearse cuáles son los costes y las consecuencias de no invertir en las TIC y de no invertir en formación.

contracts. The second part discusses the different arguments about the possible role of CSR in the economic paradigm. The article ends with the conclusions.

## Conferences and Seminars

### Tunji Adegbesan (PhD Candidate)

**On June 23-25, attended, in Atlanta, the Atlanta Competitive Advantage Conference, where he presented the paper "Luck, superior expectations, and superior complementarity: Insights from value appropriation in technological innovation", co-authored by Joan E. Ricart.**

*Abstract:* The question of how firms can acquire resources at a cost below their value-creating ability is central to competitive advantage and superior performance. Most interpretations of the resource-based view of the firm hold that firms cannot appropriate value from the deployment of valuable resources in the absence of luck or/and asymmetric information. However, an integration of cooperative game theory into the micro-foundations of the resource-based view reveals a third factor: superior complementarity. This mechanism is illustrated through the application of the bargaining perspective on resource advantage to the analysis of value appropriated from technological innovation based on externally sourced technology. In doing so, we show that firms can appropriate value created by the deployment of a valuable resource in the absence of luck and asymmetric information if they exhibit superior complementarity to the resource, relative to competing firms.

### Antonio Argandoña

**On June 16-18, attended, in Tallinn (Estonia), the EBEN Research Conference on the theme "Ethics in leadership: Ethical challenges in economic, political and social reality", where he presented the paper "Market economy and corporate social responsibility".**

*Abstract:* In January 2005, The Economist published a survey on corporate social responsibility (CSR), joining a long-running debate on the meaning and need for CSR in a market economy. The British weekly's thesis, widely accepted among economists, was first stated years ago by Milton Friedman (1962): a firm that maximizes its profits while acting within the law and the ethical rules that are intrinsic to a market economy is fulfilling all of its social and moral responsibilities and need not abide by any other type of constraint or demand. However, this thesis is disputed by many other authors. This article seeks to answer the question of whether there is a role for CSR in the economic paradigm. Obviously, it does not pretend to give a final answer but simply to set forth the reasons that will enable each person to arrive at his or her own answer. The first part discusses the economic arguments about maximizing value for the owner and society and viewing the firm as a nexus of

### Miguel A. Ariño

**On May 4-7, attended, in Munich, the EURAM 2005 Annual Conference, where he presented the paper "Identification-based trust and competitive advantage".**

*Abstract:* Building trust in their organizations while trying to achieve outstanding economic results is a difficult task managers face. Trust –it has been argued– may come from three different sources (deterrence-based trust, competence-based trust and identification-based trust; Sheppard and Tuchinsky, 1996; Lewicki and Bunker, 1996). In this paper, we explore how managers contribute to build identification-based trust through their decision-making. Alternative models of decision-making have different consequences for the subordinates and collaborators; hence, they tend to create different levels of identification-based trust.

### Marco Bertini

**On June 16-18, attended, in Atlanta, the Marketing Science Conference, where he presented the following papers:**

**"To add or not to add? Inference about products in the presence of add-ons", co-authored by Elie Ofek and Dan Ariely.**

*Abstract:* Add-ons have become an increasingly common feature in many industries. Consider, for example, the extras offered at food establishments (pizza toppings, coffee spices, salad condiments, etc.), the options car manufacturers produce for their base models, or the many accessories for cell phones and digital cameras. In each case, the intention of firms is to augment a base product by offering upgrades on existing attributes or introducing new features that enhance overall functionality. Given the widespread use of add-ons, an important question that arises is whether their presence can affect how consumers perceive the core product. Although standard utility theory would predict that an assessment of the core offering should be independent of any add-on enhancement, the evidence presented in this research supports a contrary view that consumers draw inferences based on the type of add-on available, and that these inferences affect both evaluative judgments and behavioral intentions alike. We use both online and field experiments to demonstrate this effect, as well as to show that these inferences are conditional on: 1) whether the perceived quality of the base product is ex ante observable; 2) the perceived fit between base product and add-on, and 3) the perceived quality of the add-on.

**"Price-dependent discrepancy between intention and behavior", co-authored by Luc Wathieu.**

*Abstract:* When confronted with a brand that offers a unique benefit, consumers are often uncertain as to whether this benefit



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is meaningful to them. In an earlier paper, Wathieu and Bertini (2005) introduced a model of consumer behavior demonstrating that the involvement decision –whether consumers think more about the personal relevance of the offered benefit– critically depends on the posted price. Formalizing and extending research on categorization, the authors have shown that, when price is viewed as a stimulus to think, a profit maximizing firm should: 1) price away from intended willingness to pay, and 2) reduce consumers' cost of thinking by setting up trial opportunities and investing in "projective" advertising. This research presents an empirical test of these behavioral predictions and derives new prescriptions in terms of the measurement of demand. Using experiments, we first analyze the relationship between price differentials and the decision to think, demonstrating the existence and dynamics of thought-provoking prices. This effect of price on thinking is likely to be a major cause of the well-documented discrepancy between purchase intention and behavior. Additionally, it challenges existing methods of measuring willingness to pay. To address this last issue, the second part of the research introduces and tests a descriptive measurement methodology that adjusts purchase intention data to reach a more effective prediction of purchase behavior.

## **José M. Campa**

On May 6, attended, in London, the *Emerging Markets Finance Conference*, organized by the Cass Business School, where he presented the paper "International sources of 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 international economic and financial integration and development. We find that financial market globalization is the main driving force behind the changes in relative magnitude of the different shocks. Country factors are smaller for countries integrated in world financial markets and have declined as the degree of financial integration and the number of countries pursuing financial liberalizations has increased. Higher international financial integration within an industry increases the importance of industry factors in explaining returns. Economic integration of production also helps in explaining returns. Countries with a more specialized production activity have higher country shocks.

On June 29, attended, in Maastricht, the *Conference on International Finance*, organized by the Limburg Institute of Financial Economics (LIFE) and the Journal of Empirical Finance, where he presented the paper "International sources of portfolio diversification".

*Abstract:* (See above).

On June, attended, in Dubrovnik, the *XI Dubrovnik Economic Conference*, organized by the Croatian National Bank, where he presented the paper "M&As performance in the European financial industry".

*Abstract:* This paper looks at the performance record of M&As that took place in the European Union financial industry in the period 1998-2002. First, the paper reports evidence on shareholder returns from mergers. Merger announcements implied positive excess returns to shareholders of the target companies around the date of the announcement, with a slight positive excess return in the 3-month period prior to announcement. Returns to the shareholders of acquiring firms were essentially zero around announcement. One year after the announcement, excess returns were not significantly different from zero for both targets and acquirers. The paper also provides evidence on changes in operating performance for the subsample of mergers involving banks. The transactions resulted in significant improvements in the target banks' performance, beginning on average two years after the transactions were completed. Return on equity of the target companies increased by an average of 7%, and these firms also experienced efficiency improvements.

## **Pablo Cardona**

On May 25-28, attended, in Madrid, the *2005 Balas Annual Conference*, where he presented the paper "Organizational citizenship behavior in Iberoamerica: The cross-level effect of externality of control".

*Abstract:* We use hierarchical linear models to analyze the effect of organizational commitment on OCB in Iberoamerican nations and the cross-level moderator effect of the nation's externality of control on this relationship. Results show that managers in more external nations (where people see their work as a result of external forces) tend to engage in less OCB than managers in less external nations. Besides, nation's externality of control moderates the individual effect of growth commitment on OCB. The more external the nation, the stronger the relationship between growth commitment and OCB.

## **Ramón Casadesus-Masanell**

On May 13-14, attended, in St. Louis, the *"Foundations of strategy" seminar*, organized by Olin School of Business, where he presented the paper "Wintel: Cooperation or conflict", co-authored by David Yoffie.

*Abstract:* We study the incentives of complementors (producers of complementary products) to cooperate vs. compete and how these interact. In a system of complements, like the PC, the value of the final product depends on how well the different components work together. This, in turn, depends on the firms' investment in complementary R&D. We ask whether profit maximizing complementors will fully cooperate to make the final product as valuable as possible. Contrary to the popular view that two tight complements will generally have well aligned incentives,

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we demonstrate that natural conflicts emerge over pricing, the timing of investments, and who captures the greatest value at different phases of product generations.

## **Bruno Cassiman**

On May 13-14, attended, in Turin, the Congress on "The capitalization of knowledge", organized by Triple Helix 5, where he presented the paper "Measuring industry-science links through inventor-author relations. A profiling methodology".

*Abstract:* In this pilot study we examine the performance of text-based profiling in recovering a set of validated inventor-author links. In a first step we match patents and publications solely based on their similarity in content. Next, we compare inventor and author names on the highest ranked matches for the occurrence of name matches. Finally, we compare these candidate matches with the names listed in a validated set of inventor-author names. Our text profile based methodology performs significantly better than a random matching of patents and publications, suggesting that text-based profiling is a valuable complementary tool to the name searches used in previous studies.

## **Javier Estrada**

On June 8-11, attended, in Siena, the *Financial Management Association Annual Meeting*, where he presented the paper "Countries versus industries in Europe: A normative portfolio approach", co-authored by Mark Kritzman, Symon Myrgrén and Sebastien Page.

*Abstract:* The relative benefits of country diversification and industry diversification are critical for investors, portfolio managers, and investment banks. The unification of Europe has had a substantial impact on these relative benefits and the ultimate goal of this article is to evaluate their temporal evolution. We find that although a country approach outperformed an industry approach in the early 1990s under three different performance measures, the opposite was the case in the late 1990s and early 2000s. We also find that this shift does not seem to be a temporary phenomenon associated with the TMT bubble. Overall, our results validate both the increasing emphasis on industry diversification, as well as the recent reorganization of research departments of investment banks, previously organized along country lines and currently organized along industry lines. There seems to be little question that, in Europe, industry expertise has become more important than country expertise.

He also chaired the session on "Investor preferences and behavior" and acted as discussant in the session on "Look at me now: The role of cross-listing in attracting US investors".

## **Pablo Fernández**

On June 1-3, attended in Philadelphia, the 2005 *NACVA (National Association of Certified Valuation Analysts) Annual Conference*, where he presented the following papers:

## **"Valuing companies by cash flow discounting: Ten methods and nine theories".**

*Abstract:* This paper is a summarized compendium of all the methods and theories on company valuation using discounted cash flows. It shows ten discounted cash flow valuation methods: 1) free cash flow discounted at the WACC; 2) equity cash flows discounted at the required return to equity; 3) capital cash flows discounted at the WACC before tax; 4) APV (Adjusted Present Value); 5) the business's risk-adjusted free cash flows discounted at the required return to assets; 6) the business's risk-adjusted equity cash flows discounted at the required return to assets; 7) economic profit discounted at the required return to equity; 8) EVA discounted at the WACC; 9) the risk-free rate-adjusted free cash flows discounted at the risk-free rate; and 10) the risk-free rate-adjusted equity cash flows discounted at the required return to assets.

All ten methods always give the same value. This result is logical, as all the methods analyze the same reality under the same hypotheses; they differ only in the cash flows taken as the starting point for the valuation.

The disagreements among the various theories of firm valuation arise from the calculation of the value of the tax shields (VTS). The paper shows and analyses 9 different theories on the calculation of the VTS: No-cost-of-leverage, Modigliani and Miller (1963), Myers (1974), Miller (1977), Miles and Ezzell (1980), Harris and Pringle (1985), Damodaran (1994), With-cost-of-leverage, and Practitioners method. The paper lists the most important valuation equations according to each of these theories, and also shows how the valuation equations change when the debt's market value is not equal to its book value. (<http://www.iese.edu/research/pdfs/DI-0451-E.pdf>)

## **"Most common errors in company valuation".**

*Abstract:* This paper contains a collection and a classification of the 12 most common 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 when consulting in company acquisitions, sales and mergers, and in arbitrage processes. Some of the errors are from public reports by financial analysts.

(<http://www.iese.edu/research/pdfs/DI-0565-E.pdf>)

## **Javier Gómez**

On May 5-6, attended, in London, the *Emerging Markets Finance Conference*, organized by Cass Business School and Journal of International Money and Finance, where he presented the paper "Changes in emerging market volatility and outliers: Revisiting the effects of financial liberalization", co-authored by Juncal Cuñado and Fernando Pérez de Gracia.

*Abstract:* In this paper we test whether stock market volatility in six emerging economies has changed significantly over the period 1976:01-2002:03. This period corresponds to years of profound development of both the financial and the productive sides in



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emerging countries, but also to the years of the major financial crises. We use outlier detection methodologies as a starting point of the analysis and as a filtering device. Then we focus on methods of estimation of endogenous breakpoints to locate the dates at which the behavior of the stock market volatility changed in a structural manner. Our analysis suggests, first, that outlier detection may be a useful first step for volatility breakpoint analysis, and, second, that changes in volatility behavior, while indeed present, may have been overstated in the past.

## **Sandalio Gómez - Carlos Martí**

On May 19-21, attended, in Sevilla, the *V Workshop Internacional sobre gestión de los Recursos Humanos*, organized by Universidad Pablo de Olavide de Sevilla, where he presented the paper "La conciliación de la vida laboral y familiar en la negociación colectiva: estudio de los convenios colectivos de la Comunidad de Madrid, 2004".

*Abstract:* La evolución de la incorporación de la mujer al mercado laboral, los cambios sociolaborales, así como el cada vez más competitivo mercado de trabajo, han convertido la conciliación de la vida laboral y familiar en uno de los principales temas de interés y preocupación de las empresas, fundamentalmente respecto a sus políticas de selección y retención del talento. Sin embargo, en este trabajo se constata que a pesar del interés y reconocimiento que manifiestan por esta materia los responsables de recursos humanos de las empresas, y del tiempo transcurrido desde la aprobación del máximo exponente legislativo en esta materia (Ley 39/1999 de 5 de noviembre para promover la conciliación de la vida familiar y laboral de las personas trabajadoras), la materialización de la conciliación de la vida laboral y familiar todavía no se ha extendido a la negociación de los convenios colectivos por parte de las empresas ni de los interlocutores sociales.

## **Johanna Mair**

On May 14-15, attended, in Oxford, the "Strategies, organizations, and practices: Institutional perspectives" seminar, organized by Saïd Business School, where she presented the paper "Applying an institutional theory lens".

*Abstract:* Institutional theory presents a useful and promising lens to examine the phenomenon of social entrepreneurship. More specifically, I use institutional theory to frame issues associated with the emergence of inclusive business models that aim at creating both social and economic value. Insights from research on organizational fields and social movements, in particular, are used to inform the phenomenon.

## **Francesc Miralles - Sandra Sieber - Josep Valor**

On May 26-28, attended, in Regensburg, Germany, the *ECIS 2005* (European Conference of Information Systems), on the theme "Information systems in a rapidly changing economy", organized by the Institute for Management of Information Systems, University of Regensburg, where he presented the paper

"CIO herds and user gangs in the adoption of open source software".

*Abstract:* (see page 7).

## **Caterina Moschieri**

On May 4-7, attended, in Munich, the *EURAM 2005 Annual Conference*, where she presented the paper "Research on corporate unbundling: A synthesis", co-authored by **Johanna Mair**.

*Abstract:* (see page 6).

## **Philip Moscoso - Alejandro Lago**

On June 19-22, attended, in Budapest, the *EurOMA Conference*, where they presented the paper "Socio-technical design of planning & control systems for the extended shop-floor".

*Abstract:* (see page 4).

## **Ramon O'Callaghan**

On May 26-28 attended, in Regensburg, the 13th European Conference on Information Systems (ECIS 2005), where he presented the paper "A strategy development process for enterprise content management".

*Abstract:* Many organizations today maintain a variety of systems and databases in a complex ad-hoc architecture that is unable to support company-wide information management in business processes, business functions, and the extended enterprise. We describe a framework to implement Enterprise Content Management (ECM) in order to address this problem. ECM refers to the technologies, tools, and methods used to capture, manage, store, preserve, and deliver content (e.g. documents, graphics, drawings, web pages) across an enterprise. The framework helps to select content objects that can be brought under ECM in order to create business value and to guide the IT investments needed to implement ECM. The framework was tested in a large high tech organization. The paper explains the framework, its application, the field test, the lessons learned and conclusions.

## **Fernando Peñalva**

On May 18-20, attended, in Göteborg, the *European Accounting Association Annual Congress*, where he presented the following papers:

"Accounting conservatism and corporate governance", co-authored by Juan M. García and Beatriz García.

*Abstract:* We investigate whether firms with strong corporate governance exhibit a higher degree of accounting conservatism, as defined by Basu (1997), than firms with weak governance. Accounting conservatism produces earnings that reflect bad news

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more quickly than good news. We define the quality of corporate governance using a composite measure that incorporates the level of shareholders' rights and several characteristics of the board of directors. We find that the sensitivity of earnings to bad news is significantly higher for firms with strong corporate governance than for firms with weak governance. To further investigate the reason for this occurrence, we also study the impact of earnings management on the sensitivity of earnings to bad news across governance structures. Using several accruals models, we decompose reported earnings into a discretionary part and a non-discretionary part. We find that the increase in accounting conservatism in strong governance firms is driven by the discretionary component of reported earnings. However, we do not find a significant difference in the sensitivity of unmanaged earnings to bad news between strong and weak governance firms. This evidence is consistent with strong governance firms using accruals to accelerate the recognition of bad news in earnings.

**"Governance structure and the weighting of performance measures in CEO compensation", co-authored by Toni Dávila.**

*Abstract:* We empirically examine how governance structure affects the design of executive compensation contracts and, in particular, the implicit weights of firm performance measures in CEO compensation. We find that compensation contracts in firms with higher takeover protection and where the CEO has more influence on governance decisions put more weight on accounting-based measures of performance (return on assets) than on stock-based performance measures (market returns). In additional tests, we find that CEO compensation in these firms has lower variance and a higher proportion of cash (versus stock-based) compensation. We further find that CEOs' incentives (measured as changes in CEO annual wealth, which includes changes in the value of CEOs' equity holdings in addition to yearly compensation) do not vary across governance structures. These findings are consistent with CEOs in firms with high takeover protection and where they have more influence on governance being able to affect contracting.

**On May 26-27, attended, in Barcelona, the Congrés Català de Comptabilitat i Direcció, organized by the Associació Catalana de Comptabilitat i Direcció, where he presented the following papers:**

**"Gobierno corporativo, contabilidad y remuneración del consejero delegado".**

*Abstract:* Este trabajo estudia el efecto del gobierno corporativo en la estructura de la remuneración del consejero delegado. 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 recursos propios, rentabilidad sobre activos totales o beneficio por acción) 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 consejero delegado es capaz de incidir en 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 mayor 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.

**José R. Pin**

**On May 26, attended, in Valencia, the XI Jornadas para Empresarios de la Comunidad Valenciana, on the theme "La internacionalización de la empresa", where he presented the paper "La responsabilidad social corporativa".**

*Abstract:* Se hace un repaso histórico de este concepto y su relación con los escándalos financieros y las corrientes culturales de la postmodernidad. También se estudia su papel en la creación de valor en la empresa y los componentes internos y externos. Entre los primeros, los relacionados con el capital humano, y entre los segundos, los relativos al medio ambiente y los intercambios sociales con el entorno. La conclusión es que la RSC debe estar incardinada en la estrategia corporativa de la empresa.

**José R. Pin - Pablo Cardona - Lourdes Susaeta**

**On May 25-28, attended, in Madrid, the 2005 Balas Annual Conference, where they presented the following cases:**

**"Coaching at Banco Azucarero de Cali (A)".**

*Abstract:* This case presents two complementary themes: the management by competencies interview and management coaching. The case is set in a bank. In case (A) the area director undergoes his first 180° evaluation and has to make a self-assessment. His results and the passive role of his own coach are discussed.

**"Coaching at Banco Azucarero de Cali (B)".**

*Abstract:* In case (B), the area manager—and new coach—takes on the evaluation interview and professional development plans of two branch managers—coachees—one with high potential and the other with limited prospects in the bank. The exhibits show the evaluation tools used: the 180° Evaluation Chart and the "Spider" Charts, which show the competency profiles.



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## Joan E. Ricart

On May 4-7, attended, in Munich, the *EURAM 2005 Annual Conference*, where he presented the paper "How different exploitation strategies affect firm's appropriate balance between exploration and exploitation: A simulation study", co-authored by Adrian Caldart.

*Abstract:* The organizational learning literature has devoted a great deal of attention to the relation between exploiting new opportunities and exploiting current knowledge. Researchers agree on the need to strike a balance between the two in order to sustain a firm's survival and prosperity. This paper explores whether and how different strategies of exploitation affect this balance. The findings of a simulation model of the strategic evolution of firms led by different exploitation criteria show that the more complex the search criterion, the less urgent will be the firm's need to change its strategic positioning and engage in exploration. This feature might be a competitive advantage over competitors following poorer search criteria, who might be obliged to engage sooner in a riskier exploration process in order to improve their performance. However, it could also be a liability for a firm using a complex search criterion if the firm eventually needs to engage in exploration, as it will find itself at a competitive disadvantage with respect to competitors that have already made this move.

He also took part as a panelist in the panel discussions on "Second order strategic renewal: Co-evolution of firm, industry and its environments", "Discussion of career opportunities" and "Corporate governance in education and research".

## José L. Suárez

On June 15-18, attended in Dublin, the *12th Annual European Real Estate Society Conference*, organized by the European Real Estate Society (ERES) in association with the International Real Estate Society (IRES), where he presented the paper "Indirect investment in real estate: Funds, listed companies and REITs", co-authored by Amparo Vassallo.

*Abstract:* In Europe today, there are two main vehicles for indirect investment in real estate; real estate investment funds and listed real estate companies. With these instruments not only does the investor take a position in the real estate market, he/she also acquires different risk/return structures, which may vary according to the instrument being used. In some European countries, real estate companies have modified their financial structure and tax position by adopting a legal form based on REITs (Real Estate Investment Trusts), which originated in the US; this changes their position compared to estate funds. In this paper we compare real estate funds and listed real estate companies and analyse the appearance of REITs in Europe and their impact on the real estate industry.

## Ignacio Urrutia

On May 18-20, attended, in Göteborg, the *European Accounting Association Annual Congress*, where he presented the paper "An

institutional sociology perspective of the adoption of activity based costing by Spanish health care institutions".

*Abstract:* Health care is under pressure to adopt contemporary management practices, including Activity Based Costing (ABC) systems. Institutional sociology argues that organizations respond to external environmental pressures, predicting that hospitals would adopt ABC. However, institutional sociology has been criticized for its overemphasis on conformity and general failure to consider the advantages of non-conformance by organizations. There is a fundamental conflict between the clinical interests of physicians and the economic interests of management. Compliance with contemporary management practices is viewed by physicians as resulting in a loss of autonomy, hence leading to resistance on their part.

This paper investigates the Spanish government's response to this resistance from traditional hospitals by creating new public foundation hospitals based on a managerial culture, and includes a case study of the Alcorcón 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.

## Awards

### José Manuel Campa - Ignacio Hernández

Have been awarded the *EFM 2004 Top Download Award* by the Journal of European Financial Management Association for their paper "Shareholder value creation in European M&As", published in the EFM Journal (Vol. 10, No 1, March 2004).

### Carlos Cavallé

On June 3, during the "Diada de l'Enginyer" conference, was awarded the Premio a la Trayectoria Profesional by the Colegio de Ingenieros Industriales de Cataluña for his contribution to the field of engineering and to society in general.

### Fernando Pereira

Has been awarded the Premio a la Excelencia Académica by ACCID (Associació Catalana de Comptabilitat i Direcció) at the association's 1st Conference, held in Barcelona on May 26-27.

### Fernando Peñalva

Has been awarded the *VIII Premio "Carlos Cubillo Valverde"* for short papers in Accounting Research, promoted by the Asociación Española de Profesores Universitarios de Contabilidad (ASEPUC) and the Instituto de Contabilidad y Auditoría de Cuentas (ICAC), for the paper "Conservadurismo contable y gobierno corporativo" ("Accounting conservatism and corporate governance"), coauthored by Juan Manuel García Lara (Universidad Carlos III), Beatriz García Osma (Universidad Autónoma de Madrid and Lancaster University).



**Abstract:** En este trabajo se investiga si las empresas con baja protección contra adquisiciones y baja implicación del consejero delegado (CEO) en la toma de decisiones del consejo de administración (gobierno corporativo fuerte) son más conservadoras contablemente –según la definición de Basu (1997)– que las empresas con gran protección contra adquisiciones y gran implicación del CEO en la toma de decisiones del consejo (gobierno corporativo débil). El conservadurismo contable da lugar a resultados que reflejan antes las malas que las buenas noticias. Definimos la calidad del gobierno corporativo empleando una medida agregada que incorpora el nivel de protección contra adquisiciones y varias características del consejo de administración. Empleando una muestra de empresas estadounidenses, encontramos que la sensibilidad de los resultados a las malas noticias es significativamente mayor en las empresas con gobierno fuerte que en las clasificadas como débilmente gobernadas. Para investigar más a fondo las razones que sustentan estas diferencias, estudiamos el impacto que la gestión del beneficio pueda tener en la sensibilidad de los resultados a las malas noticias dependiendo del tipo de gobierno corporativo. Empleando diversos modelos de ajustes por devengo, descomponemos los resultados reportados en dos partes: una discrecional y otra no discrecional. Nuestros resultados indican que la parte discrecional de los resultados explica en gran parte el mayor conservadurismo de las empresas con gobierno fuerte. Sin embargo, no encontramos diferencias significativas en la sensibilidad a las malas noticias de los beneficios no discrecionales entre empresas con gobiernos fuertes y débiles. Esta evidencia indica que las empresas con gobierno fuerte emplean los ajustes por devengo para acelerar el reconocimiento de malas noticias en sus resultados.

## Doctoral theses

**NOTE: Doctoral theses may be consulted on the Internet at [http://wwwapp.iese.edu/research/res\\_search\\_adv.asp?lang=en](http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en)**

**Juan Sebastián Montes**

**UNA APROXIMACION EVOLUTIVA A LOS PROCESOS ORGANIZACIONALES. ETNOGRAFIA BASADA EN EXPEDICIONES AL MONTE EVEREST. (ORGANIZACIONES BASADAS EN PROYECTOS) (IESE)**

**Abstract:** El objeto de este estudio ha sido desarrollar una investigación longitudinal etnográfica destinada a explicar las dinámicas organizacionales, y ver cómo éstas evolucionan a través de una serie de proyectos que operan en un contexto caracterizado por muy altos niveles de riesgo e incertidumbre. La investigación se basa en datos recogidos de cinco expediciones chilenas al Everest y el K2.

La tesis se estructura en tres partes. La primera narra las cinco historias que se han investigado. En la segunda parte se hace un primer corte teórico referido a explicar de manera secuencial las

dinámicas que se producen a nivel de personas y grupos. En la tercera parte se hace un segundo corte de análisis referido a la población de proyectos, generalizando entonces a aspectos estructurales, de diseño y normativos que son aplicables a contextos más amplios. Finalmente se incorpora un capítulo referido a la metodología empleada y un anexo con estadísticas y un resumen de información relevante para la investigación.

En síntesis, la meta última de este estudio es presentar una descripción y un análisis muy detallado y micro (*thick description*) de un conjunto de organizaciones basadas en proyectos, y, a partir de ello, construir una teoría que dé cuenta de forma incremental de las dinámicas micro y macro que se dan dentro de sus procesos de organización. Con ello avanzamos implicaciones enraizadas en una mirada de teoría evolutiva y de complejidad, de manera de tener estructuras analíticas que permitan generalizar y entender mejor a las organizaciones y las personas que operan en entornos amenazantes.

**Eduardo Pedreira Collazo**

**PORTFOLIO SELECTION AND DEPENDENCE STRUCTURE IN EMERGING MARKETS (IESE)**

**Abstract:** The thread that binds this doctoral dissertation is that of emerging markets. The first two chapters are devoted to studying the effect of non-normal behavior on portfolio selection at both industry and country level. The third chapter deals with modeling the dependence structure of six Latin American markets.

The first chapter is entitled "Portfolio selection with skewness in emerging markets: Industries". In the presence of skewness, portfolio selection has to consider competing and conflicting objectives. To overcome this difficulty, the polynomial goal programming (PGP) method is used to take into account investors' preferences for skewness when optimizing portfolio selection. This chapter contains an industry level analysis of the effects of portfolio selection when the skewness is taken into account. The aims are to provide a critical review of the results obtained by applying the PGP method to portfolio selection, and to extend previous research to the industry level. The results show that incorporating skewness into an investor's portfolio decision leads to a significant change in the resulting optimal portfolio allocation. This evidence suggests that individuals trade expected return for skewness.

The second chapter is entitled "Portfolio selection with skewness in emerging markets:

Countries". It is devoted to the same analysis as in the first chapter but at a country level. Here we also evaluate the portfolio selection, taking industries and countries together, with the aim of contributing to the diversification debate. In general, our empirical results support the industry diversification approach.

The third chapter is entitled "Modeling dependence in Latin American markets using copula functions". Two important issues when analyzing association among financial markets are the degree of dependence and the underlying shape commanding the cross-market dependencies. Any model used to describe this association must cope with both issues. The first stage is based on modeling the dependence between the returns of two assets by



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means of a single Archimedean copula, while the second stage uses a mixture of copulas to gain the necessary flexibility to capture different tail dependence patterns. The single copula model allows us to focus on the estimation of the degree of dependence. The second stage is based on modeling the dependence between the returns of two assets using mixed copula models. With the mixed model we iteratively estimate both the degree and the shape of the dependence.

Both models are used to model the dependence among the daily returns of six Latin American country indices, a regional index and a worldwide index. Our findings have important implications for portfolio risk management.

## IESE - Research Seminars

### Financial Management

June 10

**Keynote speaker: Arturo Bris, Yale School of Management**

**"Closing time? Mutual fund closures and the scalability of fund performance"**

*Abstract:* We develop a model to explain why mutual fund managers might choose to close their funds to new investment. We test empirical predictions of the model on a sample of 143 equity mutual funds that closed to new investment between 1992 and 2002. We find that funds close following a period of superior performance and abnormal fund inflows. They reopen when fund size declines. Consistent with a rational fund investor model, funds do not earn superior returns after reopening. However, funds that stay closed longer are perceived as superior by the market; excess fund flows at reopening are significantly related to the length of the fund closure period.

### General Management

May 19

**Keynote speaker: Doug Guthrie, Harvard Business School and New York University**

**"Corporate investment and community change: Uncovering the relationship between state activism and corporate philanthropy"**

*Abstract:* While significant research has been conducted on corporate philanthropy, few studies have looked at this phenomenon at a national level to examine variation across localities. We identify two significant institutional factors that contribute to variation in local philanthropic commitments of corporations to the communities in which they are headquartered. First, local corporate tax rates increase corporate giving overall, but they drive down corporate commitments to their localities. Second, the local state's involvement in the Low-Income Housing Tax Credit (LIHTC) program also drives down local corporate giving. Thus, activist states that are successful in capturing the fiscal resources of corporations end up driving down the philanthropic

commitments of the corporations that are headquartered in those localities. Following neoinstitutional theory, we argue that corporations make decisions about philanthropic activity in accordance with the signals from the institutional environments in which they are embedded. In this case, corporations embedded in activist states see less of a need for corporate philanthropy in their local areas, because they see themselves as fulfilling the social contract in other ways. We illuminate these relationships through in-depth qualitative research in three case cities and data on a nationally representative sample of 2,776 corporations.

May 23

**Keynote speaker: Christina Ahmadjian, Hitotsubashi University**  
**"Coopting globalization: Local politics and the transformation of corporate governance in South Korea and Japan"**

*Abstract:* This paper examines the effect of global pressures on local institutions in a comparative study of corporate governance reform in Japan and South Korea in the 1990s. While both countries embarked on programs of reform of the law and business practices, the process and outcomes were very different. We present details of corporate governance reform in both countries and develop a framework, which we term "coopting globalization", to explain this divergence. We argue that the responses to corporate governance reform in South Korea and Japan were the result of the interaction between external pressure to adopt Anglo-American corporate governance practices and local actors. This interaction, however, was not simply one of local actors accepting or rejecting the foreign influence. Rather, Anglo-American corporate governance provided local actors—the state, shareholder activists, foreign investors and corporations—with new ways to frame their existing interests, and new practices through which to pursue their goals. Thus, corporate governance reform in South Korea and Japan was not only an encounter between a local system and global influence, but also a product of local politics, as local actors shaped the ideology and practices associated with Anglo-American corporate governance to advance their own interests.

May 27

**Keynote speaker: Bennet A. Zelner, McDonough School of Business, Georgetown University**

**"International coercion, normative emulation and competitive mimicry: The worldwide diffusion of market-oriented infrastructure reform, 1977-1999"**

*Abstract:* Why do countries differ so much in the extent to which they adopt neo-liberal, market-oriented reform in their infrastructure industries? Building on world-society and neo-institutional theories in sociology, we argue that international pressures of coercion, normative emulation, and competitive mimicry strongly influence the domestic adoption of market-oriented reform. We consider the effect of such pressures on the adoption of four specific reform elements: separation of regulatory from operational authority,

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"depoliticization" of the regulatory authority, privatization, and liberalization of competition. We find generally robust support for our arguments using a multivariate probit analysis of reform adoption in the telecommunications and electricity sectors of as many as 71 countries and territories between 1977 and 1999. Our results also suggest that the coercive effect of lending by the IMF and World Bank differs for each specific reform element. We discuss the possibility that, by pressuring countries into adopting some reform elements but not others, international coercion may not produce ideal outcomes.

**June 14**

**Keynote speaker: Neri Karra, Judge Institute of Management, University of Cambridge**

**"Building a business on ethnic ties: A study of the effects of ethnic networks on entrepreneurial activities"**

*Abstract:* There has been considerable interest in the role of ethnicity in new venture formation. However, little attention has been paid to the role of ethnicity in the growth and development of new ventures after founding. Furthermore, while there have been a number of empirical studies of ethnic entrepreneurship, few have examined firms that have been highly successful or that have internationalized successfully. In this article, we present the results of a case study of a highly successful international network where ethnic ties played a central role in its founding and rapid growth. Our conclusions are that ethnic ties can be an important resource in the founding of new ventures but that these same ethnic ties can become increasingly limiting as constituent firms grow and develop.

## Information Systems

**June 13**

**Keynote speaker: Chrysanthos Dellarocas, R. H. Smith School of Business of the University of Maryland**

**"Strategic manipulation of Internet opinion forums: Implications for consumers and firms"**

*Abstract:* There is growing evidence that consumers are influenced by Internet-based opinion forums before making a variety of purchase decisions. Firms whose products are being discussed in such forums are, therefore, tempted to manipulate consumer perceptions by posting costly anonymous messages that praise their products. This paper offers a theoretical analysis of the impact of such behavior on firm profits and consumer surplus. The most striking result of my analysis is that strategic manipulation can either decrease or increase the information value of online forums to consumers relative to the case where no manipulation takes place. Specifically, if firm revenues are sufficiently convex functions of consumer perceptions of their quality, there exist equilibria where the presence of honest consumer opinions induces firms to reveal their own, more precise, knowledge of product qualities by manipulating the forums at relative intensities that are proportional to their actual qualities. Furthermore, if a sufficiently large number

of consumers post honest opinions online, the model predicts that forum manipulation reduces the profits of all competing firms, as its cost outweighs its benefits. Nevertheless, competing firms are locked into an "arms race" and are forced to spend resources on such profit-reducing activities to prevent each other from unilaterally distorting consumer perceptions. The social overhead of online manipulation can be reduced by inducing firms to manipulate less. This can be accomplished by developing technologies that increase the unit cost of manipulation and by encouraging higher contribution of online opinions by honest consumers.

## Marketing

**May 10**

**Keynote speaker: Luc Wathieu, Harvard Business School**

**"Price as a stimulus to think: The case for willful overpricing"**

*Abstract:* Consumers confronted with a product that offers an unexpected benefit are often uncertain whether the benefit is relevant to them. They might choose (or not) to reduce this uncertainty by thinking more about the offered benefit's relevance to their life. This paper argues that such heightened involvement depends on the price posted by the firm as well as on such other factors as level of uncertainty, magnitude of the offered benefit, and effort of thinking. It is shown that a profit-maximizing firm that takes into account the effect of price as a stimulus to think should sometimes price above or below, but not at, a consumer's initially revealed willingness to pay. These pricing strategies are respectively termed "transgressive" and "regressive" pricing. Conditions congruent with these strategies are identified and the impact of the strategies on entry decisions is analyzed. Entry opportunities are shown to be potentially profitable even when the differentiating firm faces a high cost handicap. Additionally, firms that view price as a stimulus to think should develop preferences about the consumer's cost of thinking. Conditions are explored under which it is in the firm's best interest (or not) to empower consumers through activities aimed at reducing the cost of thinking (e.g., education, product trials, projective advertising). Finally, analysis is extended to the converse case in which a firm, instead of offering an additional benefit, simplifies a product, thereby generating consumer uncertainty about the relevance of the withdrawn benefit. Consideration is given to conditions under which such product simplification should be accompanied by either a light or deep discount. Analysis predicts that the prescribed discounts can ease market entry. Moreover, firms with a product simplification strategy will often seek to make thinking more costly to discourage consumers from thinking about the relevance of withdrawn benefits.

**May 17**

**Keynote speaker: C.B. Bhattacharya, School of Management, Boston University**

**"Stakeholder responses to corporate social responsibility: A field experiment"**



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*Abstract:* This research focuses on two unaddressed issues in our understanding of the strategic returns to corporate social responsibility (CSR). First, unlike the high CSR awareness levels in controlled laboratory studies, in the “real world” consumer awareness of CSR activity can often be extremely low. Second, consumers do not just consume from socially responsible companies, they often maintain multiple, simultaneous stakeholder relationships with such companies (e.g. consumer, employee, and stockholder). This research attempts to address these issues by assessing the impact of an actual CSR initiative through a field experiment. The findings indicate that, contingent on CSR awareness, which is indeed quite low, stakeholders do react positively to the focal company not only in the consumption domain but in the employment and investment domains as well. The perceived company-cause fit and perceptions of attributions moderate these effects. Additionally, awareness of a company’s CSR initiative influences the perceived importance of the cause itself, underscoring the role of companies as social change agents.

## Research Seminars

### Javier Gómez

On May 27, at Universidad de Alicante, presented the paper “Changes in emerging market volatility and outliers: Revisiting the effects of financial liberalization”, co-authored by Juncal Cuñado and Fernando Pérez de Gracia.

*Abstract:* (see page 14)

On June 25, at the University of Maastricht, presented the paper “Money shocks and the macroeconomy, 1970-2000”, co-authored by Antonio Moreno and Fernando Pérez de Gracia.

*Abstract:* In this paper we account for the U.S. Fed’s response to money demand shocks by allowing for less-than-complete accommodation in its monetary policy rule. We identify the path of money demand and money supply shocks and show their effects on the money market, output and inflation. We find that both money demand and money supply shocks have been considerably less destabilizing since 1984. We also find that monetary policy was significantly pro-cyclical in the ‘70s. Additionally, the price puzzle disappears for two of the three subperiods considered in the study.

## Miscellaneous

### Antonio Argandoña

On June 2, attended, in Madrid, the Jornada on “Calidad de vida y dependencia: derechos y deberes de los ciudadanos”, organized by Edad & Vida, where he moderated a session on “La financiación de la dependencia: público-privado”.

### José M. Campa

On May 24, attended, in Brussels, the International Conference on Competition, Stability and Integration in European Banking, CEPR, where he took part in a panel discussion on “Competition in European Banking”.

### Carlos García Pont

On May 28, was the keynote speaker at the inaugural session of the CIMAR 2005 International Marketing Challenges in the 21st Century conference, held in Barcelona.

### Jordi Gual – Xavier Vives

On May 26, at Fundación BBVA in Madrid, presented the study “Seguimiento de la desregulación europea: Integración de la banca europea. El camino hacia delante”.

### Doménec Melé

On June 16-19, attended, in Monza, the Pentápolis International Conference, where he took part in a panel discussion on culture and humanism in business.

### Pedro Nueno

On May 18, attended, in Barcelona, the VIII Symposium Internacional SIL 2005, where he moderated a session on “Estrategias logísticas como soporte a la competitividad empresarial”.

### Ramon O’Callaghan

On June 15, attended in Perugia, the International Workshop on Regional Innovation Systems, organized by Umbria Innovazione, he was invited as a speaker and his talk was on: “Knowledge, Technology, and Innovation in Regional Context: Implications for Cluster-based Economic Policy”.

On June 20-21 attended, in Munich, the 11th International Conference on Concurrent Enterprising (ICE 2005), organized by the University BW Munich, where he contributed to the workshop “Collaborative Business Networks” and to the panel “Requirements for high-tech Entrepreneurs”.

### Fernando Peñalva

On May 6, attended, in Barcelona, as a member of the Advisory Committee, the X Jornada de Análisis Contable, organized by the Asociación Española de Profesores Universitarios de Contabilidad (ASEPUC), on the theme “El impacto de las NIIF’s en el análisis contable”.

### Alberto Ribera

On May, attended, in Cernobbio (Italy), the 35° Incontro di Castello di Urio per Docenti Universitari, where he gave the lecture “Formación de directivos y desarrollo de los pueblos”.

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## Book reviews

### José R. Pin

Reviewed the book "Why CEOs Fail", by David L. Dotlich and Meter C. Cairo, Jossey-Bass, 2003, *Enfoques para gestión*, Vol. X, 2005.

## 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](http://www.wapp.iese.edu/research/res_search_adv.asp?lang=en)

## Accounting and Control

### The Spanish Electricity Sector in 2004 (CN-213-E - 0.105.009)

The note is an introduction to the organization and operation of the Spanish electricity sector in 2004. It covers the sector's activities, its main players, the regulatory environment, the sector's costs and the outlook for the future. This note is designed to be used in studying cases of companies operating in the electricity sector (GAMESA).

Forman C.; Palencia L.; 13 pages.

### The Wind Energy Industry in 2004 (CN-214-E - 0.105.020)

The note reviews the state of WTG (wind turbine generators) manufacturing and wind farm development, as the two main activities of the wind industry in 2004. Industry structure, economic factors, regulator constraints and growth prospects are explored.

Forman C.; Palencia L.; 16 pages.

## Decision Analysis

### The Alessandri Mansion (AD-274-E - 0.102.026)

The case introduces a search problem in the context of the sale of a unique mansion. Independent offers arrive and there is a search cost and time discounting. The objective is to use Monte Carlo simulation techniques to compare different search strategies.

Clemen B.; Baucells M.; 2 pages.

### Intertel: The Rate to Peru (AD-292-E - 0.104.031)

Introductory case for Excel-based simulation. Optimization of rates for calling card company.

Atanasov K.; Baucells M.; Heukamp F.H.; 6 pages.

### Intertel: The Rate to Peru - Teaching Note (ADT-20-E - 5.104.032)

Case AD-292-E.

**Use is restricted to Academic Institutions.**

Atanasov K.; Baucells M.; Heukamp F.H.; 7 pages.

### FeelGood Pharmaceuticals (AD-293-E - 0.104.033)

Use of integer programming to take advantage of volume discounts from providers, while satisfying quality and volume constraints.

Esmanhoto L.G.; Pipkins L.; Pipkins S.; Baucells M.; 7 pages.

### Car Gadgets (AD-294-E - 0.104.034)

Marco has to decide the type of car and the gadgets that he wants, subject to the company's budget constraint. He will use a knapsack method to find the right combination.

Macció R.; Baucells M.; 4 pages.

## Entrepreneurship

### Nuevecitas.com (E-75-E - 0.605.013)

In September 2004, Enrique Quemada and Juan Luis Somolinos had agreed to discuss the future of Nuevecitas, which had closed its first year's trading with more than 5,000 clients and profits of 9,875 euros. Nuevecitas used the Internet to sell golf balls recovered from lakes and other golfing articles. The young business had achieved renown right from the start, thanks to its innovative marketing campaigns and low prices, and had become the largest European importer of golf balls. Recently, the company had extended its catalogue with a real estate line, selling houses near golf courses—one of the largest Internet-based offers specializing in this market. Nuevecitas' success had led its founders to think about an international expansion. They had to find a sustainable and sufficiently differentiating competitive element to act as an entry barrier. Their product was undifferentiated, and although the price



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and brand were important, they did not seem to be sufficient. So far, they had followed a strategy of broadening the brand's range to gain a broader participation in the golf-related market.

(Also available in Spanish.)

Fité R.; Nueno P.; 18 pages.

## Financial Management

### **FITASA (A). Gestión urbanística (F-778 - 0.205.006)**

Es un caso basado en un desarrollo inmobiliario real que abarca todos los aspectos de gestión del negocio inmobiliario, desde la obtención del suelo mediante el desarrollo de todos los instrumentos de planificación y gestión necesarios para su recalificación de rústico a urbano, hasta la comercialización y venta de la promoción inmobiliaria resultante, pasando por la constitución y gestión de la sociedad promotora y por la ejecución de las obras de urbanización y edificación. Se parte de la constitución de una pequeña sociedad cuyo objetivo inicial es sondear hasta qué punto puede aprovechar una oportunidad surgida de la revisión del Plan General de Ordenación de una pequeña ciudad.

Gil Flores P.; Suárez J.L.; 16 pages.

### **FITASA (B). Gestión empresa promotora (F-779 - 0.205.007)**

Se parte de la constitución de una pequeña sociedad cuyo objetivo inicial es sondear hasta qué punto puede aprovechar una oportunidad surgida de la revisión del Plan General de Ordenación de una pequeña ciudad. Los socios efectúan una serie de gestiones preliminares para analizar el negocio y formalizar una propuesta necesaria para concurrir a la licitación pública para la adjudicación del sector. Tras la adjudicación, se ponen de manifiesto diversos problemas derivados de la permanente confrontación de intereses entre los socios y, finalmente, el caso nos deja en la situación en la que el consejo debe de adoptar acuerdos trascendentes sobre una serie de cuestiones que revisten cierta gravedad.

Gil Flores P.; Suárez J.L.; 21 pages.

### **Valoración de empresas. Un resumen (FN-519 - 0.204.036)**

Descuento de flujo de caja. Flujo de caja relevante en la tasación. Retorno de capital exigido. Valor terminal. Problemas de la tasación. Riesgos. Recomendaciones prácticas.

Martínez Abascal E.; 25 pages.

## General Management

### **Zurich Financial Services (UKISA) India Programme (DG-1447-E - 0.304.027)**

This case describes the evolution of a community affairs initiative called the India Programme, run by the Zurich Financial Services (UKISA) Community Trust. ZFS (UKISA) is UK-based and specialises in general insurance and life assurance. It is part of the Zurich Financial Services group of companies, headquartered in Switzerland, and was formed in 2000 after the completion of the merger between Zurich Insurance of Switzerland and the UK-based insurance operations of BAT Industries – Allied Dunbar and Eagle Star. The case explores how an initiative with a social objective (the India Programme) comes into being within a large organization and is subsequently developed. It describes how external events such as the merger affect the development of the programme, and offers the potential to explore how the mechanics of the initiative can be changed to fit with company strategy. The case also examines how a company can create economic value through a social initiative and how to manage the twin objectives of social value creation and economic value creation over the longer term. As an example of an initiative that combines social and economic value creation, the case can be used to illustrate a range of issues within the fields of corporate social responsibility, social entrepreneurship and community affairs management. It also deals with interesting HR and talent development issues.

Farmer M.; Mair J.; 26 pages.

### **Zurich Financial Services (UKISA) India Programme - Teaching Note (DGT-32-E - 5.304.054)**

Case DG-1447-E.

**Use is restricted to Academic Institutions.**

Farmer M.; Mair J.; 17 pages.

### **Entropy International. Enabling businesses to make a contribution to sustainable development (DG-1454-E - 0.304.034)**

This case documents the circumstances of managing the growth phase of a start-up company. Entropy International faces the unique challenges and opportunities of social entrepreneurship, and also of entrepreneurship in general. Founded by a visionary environmental activist in 1996 as an environmental consulting boutique in the United Kingdom, Entropy grew with the emerging needs of large multinational corporations to publicly report on and minimize the environmental and social impacts of their operations. Entropy started out as a two-person consultancy to become the market leader in Europe, selling an integrated environmental, health and safety, quality control and reporting suite. At the time of the case (March 2003), Entropy employed 30 people and expected revenues of 1.6 million pounds for fiscal year 2003.

Seelos C.; Mair J.; 21 pages.

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## **Entropy International. Enabling Businesses to Make a Contribution to Sustainable Development – Teaching Note (DGT-33-E – 5.305.006)**

Case DG-1454-E.

**Use is restricted to Academic Institutions.**

Seelos C.; Mair J.; 9 pages.

## **Unions and the Automotive Cluster in Catalonia (DG-1465-E – 0.304.066)**

This case presents the situation of the automotive cluster in Catalonia in 2003, and analyzes the role played by each of the cluster's agents, with special emphasis on the unions. It describes how the unions evolved from a historical position of confrontation to much higher levels of cooperation. The case also analyzes how the automotive industry operates, how the basis of competition in the industry has changed, and the challenges the Catalonian cluster faces in areas such as productivity, flexibility and innovation.

Blázquez M.L.; Ballarín E.; Subirà A.; 30 pages.

## **The Freeplay Energy Group and Foundation (DG-1467-E – 0.305.005)**

The Freeplay Energy Group was founded in 1995 to produce wind-up radios. The company produced its first radios in 1996. It took its social responsibilities seriously from the outset and in 1998 founded the Freeplay Foundation to enable the sustained delivery of radio information and education to the most vulnerable populations via self-powered radios. The company has transformed itself from a vertically integrated organization with internal responsibility for all business areas into a business-to-business energy company, using outsourcing where appropriate and focusing on the core areas of design, development and marketing. The Freeplay Foundation funded the development of the Lifeline radio, the first radio developed specifically for the humanitarian sector, which was successfully launched in April 2003. At the beginning of 2004 The Freeplay Energy Group and the Freeplay Foundation faced important decisions about their future to ensure the future growth and sustainability of both organizations.

Coles E.; Mair J.; 22 pages.

## **FreeMove: Creating Value Through Strategic Alliances in the Mobile Telecommunications Industry (DG-1469-E – 0.305.013)**

The case describes the changing competitive landscape in the European mobile industry in 2003/2004. In April 2003, four of the leading mobile operators in Europe, Telefónica Móviles of Spain, T-Mobile of Germany, Telecom Italia Mobile and Orange of France, formed the "FreeMove" alliance to counter the growing market presence of Vodafone plc. Only six months later, in October 2003, nine smaller European operators formed a

similar alliance, named "Starmap", under the leadership of mmO2, the former mobile subsidiary of British Telecom.

Riehl F.; Ariño A.; 28 pages.

## **FreeMove: Creating Value Through Strategic Alliances in the Mobile Telecommunications Industry – Teaching Note (DGT-36-E – 5.305.014)**

Case DG-1469-E.

**Use is restricted to Academic Institutions.**

Riehl F.; Ariño A.; 16 pages.

## **Airline Industry Alliances in 2004: Improving Performance in the Beleaguered Airline Industry (DG-1470-E – 0.305.015)**

The airline industry in 2004 provides an ideal field of analysis for students of alliances. As airlines struggled to cope with the challenges imposed on them by terrorism, SARS (Severe Acute Respiratory Syndrome), the Iraq war, a slow growing economy and fast rising oil prices, alliances became more and more a "safe haven" that would mitigate the detrimental effects of the environment. It remained an open issue whether alliances were the first step towards "real" industry consolidation, which had not been possible until then, due to regulatory obstacles and national idiosyncrasies, or whether they were ends in themselves, the final stage of a process of "gentle consolidation" whereby airlines achieved 80% of the results with 20% of the hassle. Industry performance offered no conclusive evidence. On the one hand, the merger between AirFrance and KLM, finalized in June 2004, had been the first cross-national merger between flag carriers in the industry and was likely to set a precedent for the industry, as the protagonists hoped. On the other hand, alliances kept on growing through the admission of new members and ever closer integration.

Riehl F.; Ariño A.; 27 pages.

## **Airline Industry Alliances in 2004: Improving Performance in the Beleaguered Airline Industry – Teaching Note (DGT-37-E – 5.305.016)**

Case DG-1470-E.

**Use is restricted to Academic Institutions.**

Riehl F.; Ariño A.; 19 pages.

## **Social Entrepreneurial Initiatives within the Sustainable Development Landscape (DGN-638-E – 0.304.043)**

In 1987, the need for a more sustainable form of development and growth was proposed by Gro Harlem Brundtland in her landmark



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report titled "Our Common Future", prepared for the United Nation's World Commission on Environment and Development. The term "Sustainable Development" has since then permeated public policy to address social, environmental and economic development in ways that "meet the needs of the present without compromising the ability of future generations to meet their own needs". Various institutions are engaged in addressing sustainability-related issues and have taken different approaches towards them. In this technical note we focus on how social entrepreneurs and corporates, through their initiatives, help address the issues surrounding sustainable development. We highlight the impact they have had in the social, economic and environmental dimensions and draw out commonalities from the examples given.

Borwankar A.; Mair J.; Seelos C.; 19 pages.

## **Tareas, retos y responsabilidades del alto directivo (DGN-645 - 0.305.024)**

El objetivo del gobierno corporativo debe ser la supervivencia a largo plazo de la empresa. Resulta evidente que dicha supervivencia no puede ser únicamente tarea del consejo de administración. Estas responsabilidades deben descansar sobre el primer ejecutivo y su equipo de dirección. En esta nota pretendemos estudiar y definir algunas de las tareas propias del primer ejecutivo e, indirectamente, de los miembros de un comité de dirección, sus relaciones con el consejo de administración y su funcionamiento práctico en la vida de la empresa.

Canals J.; 18 pages.

## **Information Systems**

### **Knowledge Management at Cap Gemini Ernst & Young (SI-147-E - 0.104.030)**

Cap Gemini (CG) purchased the consulting unit of Ernst & Young (E&Y) on May 2000 to complete geographical presence, since CG was mainly European and E&Y was well located in the American market. The resulting firm, renamed Cap Gemini Ernst & Young (CGE&Y), was heavily based on knowledge not only to run the business but also to successfully complete the integration process. The knowledge management (KM) model and experiences each firm followed, before the purchase took place, were substantially different in terms of organizational structure, technological platforms and contribution mechanisms. CG was more technological and decentralized than its partner, E&Y, which was more centralized, had higher contribution rates and a stronger teamwork culture. However, these differences seemed to be compatible and even to complement each other. Nevertheless, putting the two KM initiatives together was not an easy task and deciding the KM approach that CGE&Y should follow was a necessity as well as a challenge that needed to be accomplished.

Lara E.; Andreu R.; Sieber S.; 30 pages.

### **Knowledge Management at Cap Gemini Ernst & Young - Teaching Note (SIT-8-E - 5.104.029)**

Case SI-147-E.

**Use is restricted to Academic Institutions.**

Andreu R.; Sieber S.; 17 pages.

### **Competing for the Free Newspaper Industry in Spain: Metro vs Què (SI-149-E - 0.105.006)**

In the last few years, Metro News has successfully built a position as one of the largest newspapers in Spain, at the same time enjoying an expansion into 16 countries all over the world. A new business model, sustained entirely by advertising revenues and rapid expansion, can, at least partially, explain this success. Now, however, Metro has to defend its positioning against the traditional press groups and other new entrants in the free press. The case focuses on Spain, where Recoletos, one of the biggest Spanish media groups, is planning to launch a free newspaper. Recoletos' plan is to launch Què, a free newspaper, in 15 cities, which could represent a big threat to Metro's further expansion and positioning in Spain.  
(Also available in Spanish.)

Vives L.; Valor J.; 32 pages.

### **Competing for the Free Newspaper Industry in Spain: Metro vs Què - Teaching Note (SIT-10-E - 5.105.034)**

Case SI-149-E.

**Use is restricted to Academic Institutions.**

Valor J.; 10 pages.

## **Managing People in Organizations**

### **Barloworld. Action Learning in Argentina, Brazil and Chile: The ABC Programme (A) (DPO-36-E - 0.404.027)**

The case deals with CEO Tony Phillips' attempts to achieve several objectives at once through a fact-finding country analysis, using an action learning programme. For Phillips, the programme not only gives his executives exposure to the ABC countries (Argentina, Brazil and Chile), but also allows him to get them together with their potential successors.

Mitchell J.; Miller P.; 23 pages.

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## **Barloworld. Action Learning in Argentina, Brazil and Chile: The ABC Programme (B)** (DPO-37-E - 0.404.028)

The case deals with the CEO Tony Phillips' attempts to achieve several objectives at once through a fact-finding country analysis, using an action learning programme. Part (B) deals with the executive team's meeting in Sao Paulo and the subsequent reflections on the whole action learning process.

Mitchell J.; Miller P.; 8 pages.

## **Barloworld. Action Learning in Argentina, Brazil and Chile: The ABC Programme (A) and (B) - Teaching Note** (DPOT-6-E - 5.404.029)

Cases DPO-36-E and DPO-37-E.

**Use is restricted to Academic Institutions.**

Mitchell J.; Miller P.; 14 pages.

## **Greg Dyke: Hero or Villain? The Hutton Report and the BBC** (DPO-43-E - 0.404.040)

When Greg Dyke took over at the BBC in April 2000, he was known as a charismatic leader with an impressive track record in television. His critics expressed concern about his outsider status and his lack of experience in producing the kind of high-quality service programming that had been cherished at the BBC. This case outlines the steps that Dyke took to change the BBC, and the events that brought about his downfall. Students are asked to determine if he could have managed the situation any better.

Daniels A.; Miller P.; 15 pages.

## **Greg Dyke: Hero or Villain? The Hutton Report and the BBC - Teaching Note** (DPOT-9-E - 5.404.041)

Case DPO-43-E.

**Use is restricted to Academic Institutions.**

Daniels A.; Miller P.; 7 pages.

## **Self-Management, Self-Knowledge, Self-Control and Self-Esteem** (DPON-16-E - 0.405.006)

This note addresses the growing interest in self-management training. It argues that the foundation on which self-management is built is self-knowledge; the tool used to acquire it is self-control; and the lever used to promote it (which must be used with caution) is self-esteem. The note concludes by suggesting that courses at business schools should include the study of philosophical anthropology in their curriculums.

(Also available in Spanish.)

Ribera A.; 7 pages.

## **Marketing**

### **Philips Bets on Recordable DVD: Conflicting Technologies** (M-1179-E - 0.504.030)

DVDs were the biggest success ever in consumer electronics, but it seemed that many consumers missed being able to record on DVD, as they did with their VCR. Moreover, research showed that they were willing to pay a premium for recording. Was this the right moment to launch the first DVD Recorder in Europe? Early in August 2001, Clare Bayes, Marketing Manager for Digital Video Recording Europe at Philips, had to decide whether to launch the DVD recorder now or to wait until the standard was set.

Mora C.; Ripley W.; Nueno J.L.; Villanueva J.; 43 pages.

### **Brands and Brand Communication** (MN-344-E - 0.505.002)

What is a brand –describing and defining brands. Developing brands and understanding brand-customer relationships. Understanding customer choice from the perspective of brand personalities. (Also available in Spanish.)

Pratt K.; Oliver X.; 25 pages.

## **Production, Technology and Operations Management**

### **Universal Forum of Cultures - Barcelona 2004** (P-1069-E - 0.605.011)

This document describes the setting up of the Universal Forum of Cultures - Barcelona 2004, from its beginnings in late 1996, when it was only a vague idea, to 2004, when the event finally took place, running continuously for 141 days, from 9 May to 26 September. The case outlines the main activities involved in organizing a mayor event: finding sponsors; financing and structuring the governance bodies; preparing a business plan; preparing a master plan; defining contents and leisure activities; planning and implementation; and defining all the processes involved in managing a large-scale event so as to guarantee a quality service. (Also available in Spanish.)

Lluch M.; Ribera J.; Ricart J.E.; 32 pages.



## Occasional Papers

**NOTE: Occasional papers may be consulted on the Internet at [http://wwwapp.iese.edu/research/res\\_search\\_adv.asp?lang=en](http://wwwapp.iese.edu/research/res_search_adv.asp?lang=en)**

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**José R. Pin - Jesús Espinosa - Luis López**

**APLICACION DE LA DIRECCION POR VALORES EN EMPRESAS ESPAÑOLAS. UN SONDEO EMPIRICO**

*Abstract:* Se trata de averiguar la situación actual de la dirección por valores en algunas empresas españolas (concretamente 175, que son las respuestas obtenidas). En congruencia con lo anteriormente escrito, buscamos conocer:

- Si estas empresas son conscientes de los valores que tienen. Porque valores siempre hay, aunque no siempre sean reconocidos explícitamente.
- Qué valores son los reconocidos por las empresas que los tienen conscientes.
- Si estos valores influyen, están recogidos o determinan los sistemas de gestión de la empresa.

- Qué objetivos están relacionados con los valores de la empresa.
- Si existe algún modo de medir el grado de integración de los empleados en los valores de la empresa y los sistemas utilizados para ello.
- Cómo se crearon los valores de la empresa y hasta qué punto se tuvo en cuenta para ello los diferentes intereses de: empleados, clientes, proveedores, accionistas, la sociedad o comunidad donde se realiza la actividad.
- Si los empleados de la empresa conocen, comparten, actúan en consonancia con estos valores y los transmiten.
- Qué medidas serían necesarias para mejorar la congruencia entre valores y organización en la estrategia, la estructura, las políticas y los sistemas de gestión.

Las respuestas a estas preguntas permiten establecer cómo está el proceso de implantación de la dirección por valores en las empresas que han respondido al cuestionario que figura en el Anexo 1. También permite avanzar algunas conclusiones de mejora. Estas son conclusiones que podrán ser estudiadas con mayor profundidad en sucesivas investigaciones.

### Research Newsletter

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