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In this issue

Journals

Antonio Argandoña

"Corruption and companies: the use of facilitating payments", *Journal of Business Ethics*, Vol. 60, No 3, September 2005, pages 251-264.

Abstract: Facilitating payments are a very widespread form of corruption. They consist of small payments or gifts made to a person –a public official or an employee of a private company– to obtain a favor, such as expediting an administrative process, obtaining a permit, license or service, or avoiding an abuse of power.

Unlike the worst forms of corruption, facilitating payments do not usually involve an outright injustice on the part of the payer, as she is entitled to what she requests. That may be why public opinion tends to condone them; often they are assumed to be unavoidable and are excused on the grounds of low wages and lack of professionalism among public officials and disorganization in government offices. Many companies that take the fight against "grand" corruption very seriously are inclined to overlook these "petty" transgressions, which are seen as the "grease" that makes the wheels of the bureaucratic machine turn more smoothly. And yet, facilitating payments have a pernicious effect on the working of public and private administrations; all too often they are the slippery slope to more serious forms of corruption; they impose additional costs on companies and citizens; and in the long run they sap the ethical foundations of organizations.

This article focuses on facilitating payments from the point of view of the company that makes the payment, either as the active partner (when it is the company that takes the initiative) or as the passive partner (when the official or employee is the instigator).

Africa Ariño - José de la Torre - Peter S. Ring

"Relational quality and inter-personal trust in strategic alliances", *European Management Review*, Vol. 2, No 1, Spring 2005, pages 15-27.

Abstract: Management scholars have often used the concept of trust –an inter-personal phenomenon– at the inter-organizational level of analysis. We propose an alternative construct to inter-organizational trust: relational quality. We argue that relational quality is the dynamic outcome of several organizational processes, including initial conditions, negotiation and transaction processes that occur early in the relationship, and partner interactions and external events that characterize the later stages of the relationship. We advance a series of propositions about the relative influence of these elements on relational quality, and offer additional propositions that, in the context of strategic alliances, differentiate the roles of relational quality at the organizational level from those of inter-personal trust between individuals.

Juan I. Canales - Joaquim Vilà

"Sequence of thinking and acting in strategy-making", *Advances in Strategic Management*, Vol. 22, June 2005, pages 93-116.

Abstract: This paper gives an answer to the continuing emergent-deliberate debate. Thinking and acting are two outstanding features of this controversy. What is needed in the field is a framework that can explain under what circumstances each of these two features takes place along the strategy-making process. The focus of the paper is on the sequence of thinking and acting in the strategy-making process. A framework is developed to show how thinking co-evolves with action in a succession of strategic activities. Within boundaries, strategic activities are carried forward by social automatic behavior, following a set pattern. Yet, when an action crosses a certain threshold, a different condition of awareness is achieved. Similarly, thought can cross an equivalent threshold, giving rise to consciousness. Either condition enhances the organization's ability to make changes in the direction of its strategic activity.

Teresa Corzo - **Javier Gómez**

"Nonparametric estimation of convergence of interest rates: Effects on bond pricing", *Spanish Economic Review*, Vol. 7, No 3, September 2005, pages 167-190.

Abstract: We present and estimate a model of short term interest rate dynamics where we incorporate the convergent behavior of interest rates implied by the transition to EMU. We apply this model to data of two EMU countries –Spain and Italy– and compare the performance, in terms of accuracy of bond pricing, of this two-factor convergence model with alternative specifications. Nonparametric techniques are used for the estimation of the processes. The two-factor model which accounts for the convergence of the domestic economies with Europe obtains better results, especially for short-term assets, than alternative models. The results of the nonparametric specifications are shown to be significantly better than those of parametric alternatives.

Toni Dávila - George Foster

"Management accounting systems adoption decisions: Evidence and performance implications from startup companies", *Accounting Review*, Vol. 80, No 4, October 2005, pages 1039-1068.

Abstract: Adopting a management accounting system is an important event in the life of a young and growing company. Using a sample of 78 startup companies, we document cross-sectional differences in the adoption of operating budgets as well as seven other management accounting systems. We find that our proxies for agency costs, perceived benefits and costs, company scale, and top management style explain cross-sectional differences in time-to-adoption of budgets. In particular, the presence of venture capital, CEO experience, presence of a financial manager, number of employees, and the CEO's beliefs about management planning systems are associated with this adoption decision. We further investigate the effect of hiring a financial manager as an endogenous variable. In the first stage of a two-stage model, we find that CEO total experience, the presence of venture capital funds, CEO beliefs about management accounting systems, and number of employees are associated with cross-sectional variation in this hiring decision. When treating this decision as endogenous, time-to-hiring of a financial manager is unrelated to operating budget adoption. The paper also examines the association between the time-to-adoption of operating budgets and company performance. We find a significant increase in the number of employees of the company around the adoption of operating budgets; moreover, faster adoption of operating budgets is associated with faster-growing companies. We extend the findings to additional management accounting systems, including: cash budgets, variance analysis, operating expense approval policies, capital expenditure approval policies, product profitability, customer profitability, and customer acquisition costs. The influence of industry (biotechnology, information technology, or non-tech) is examined at each stage of the research.

Joey F. George - Joseph S. Valacich - **Josep Valor**

"Does information systems still matter? Lessons for a maturing discipline", *Communications of the Association for Information Systems*, Vol. 16, Article 8, July 2005, 24 pages.

Abstract: The information systems academic discipline faced a sharp reduction in student enrollments as the job market for undergraduate students softened. This article examines the recent and rapid rise and fall of university student enrollments in information systems programs and describes how these enrollment fluctuations are tied to the job opportunities of graduates. Specifically, we examine the effect that global outsourcing is having on employment opportunities, both in the United States and Europe. This analysis concludes that the demand for information systems graduates in the United States likely bottomed out and slow growth is now occurring. In Europe, general conclusions are limited, but it appears that global outsourcing is playing a much less important role in Europe than in the United States. Nevertheless, although global outsourcing is indeed a factor influencing the U.S. employment picture, it is only one of several factors that depressed the U.S. job market for information systems graduates over the past few years. After examining the future job opportunities for information systems graduates from a macro viewpoint, the paper provides recommendations for improving student recruiting to the information systems major, for attracting potential employers of graduates, and for managing the production of Ph.D. graduates to match the flow of undergraduate demand. The article concludes that, although shaken, the information systems academic discipline is strong and will continue to strengthen as it moves into a state of maturity and relative equilibrium.

Kimio Kase - Hernán Riquelme - Francisco Sáez - Katsuyoshi Kutsuwada

"Transformational CEOs", *Nanyang Business Review*, Vol. 4, No 1, September 2005, pages 47-70.

Abstract: During the 1970s and 1980s, the success of Japanese corporations meant that Western executives and business school academics looked to Japan for lessons on management. Total

quality management, quality circles, lean production, etc. were avidly learned from Japan.
By the 1990s, the appeal of the Japanese model had been severely dented by the increasingly mediocre performance of the Japanese economy. The fact that the problems were more attributable to ineffective government policies, and that the performance of many leading Japanese firms continued to be strong, scarcely impacted the shifting ground of management thought.
In support of the argument that many of the excellent firms from Japan continue to be world-class competitors and have consolidated and extended their international leadership, the authors conducted five in-depth cases and identified two different management approaches: Proto-image of the firm (PIF) and Profit arithmetic (PA) styles.
They hold that a central tension in the role of chief executive officers ought to be handled differently, depending on the business environment and the CEO's cognitive process and belief systems. Neither of the two styles can be said to be better than the other – the usefulness of each is contingent on these factors.

Paddy Miller

"Leadership education - The start of a voyage of discovery", ***International Journal of Leadership Education*****, Vol. 1, No 1, 2005, pages 3-8.**

Abstract: Ask any CEO, leadership ranks highly on any shortlist of organisational priorities. Yet it remains the elusive chimera of this decade. As a result, while "leadership" has become one of the most taught subjects in management development programmes, the number of approaches to educating leaders has proliferated, as universities, business schools, consultants and individual presenters, facilitators and coaches often adopt widely differing conceptual models. Often, success in leadership education is process rather than content-based and authors struggle to explain why certain processes work in some situations but not in others. Leadership itself is primarily a social construct –the popularity of the situational leadership models bear witness to that. However the social context of leadership goes further than just the context– we seem to assume that leadership is the same wherever one is and that, with some adaptation, we can transplant our leadership model into any environment. This introductory editorial to the *International Journal of Leadership Education* finds the whole area of leadership education rich in models, metaphors and methods that others in the field can learn from.

Rama Velamuri - Sankaran Venkataraman

"An empirical study of the transition from paid work to self-employment", ***Journal of Entrepreneurial Finance & Business Ventures*****, Vol. 10, No 1, August 2005, pages 1-16.**

Abstract: We explore the relationship between the probability of a transition from paid work to self-employment and three explanatory variables: paid income, predicted income, and income for ability. We use panel data for heads of households from the PSID SRC sample for eight pairs of years. Our results show that the relationship between paid income and self-employment is not linear. We then break up paid income into two components: a) predicted income based on human capital, demographic, and locational variables, and b) income for ability. Again, we find no linear relationship between self-employment and either predicted income or income for ability. We then test for curvilinear relationships between these three variables (i.e., paid income, predicted income, and income for ability) and the transition to self-employment. We find that individuals with low incomes are more likely to take up self-employment. Further, income for ability is a stronger predictor of the transition to self-employment than predicted income. We show that the relationship between ability and self-employment is U-shaped: very low ability and very high ability individuals are more likely to take up self-employment than medium ability individuals. We use prospect theory to explain this result.

Books

Rafael Andreu

"¡Líbranos Señor de...!", ***Ediciones Granica*****, October 2005, 94 pages.**

Abstract: A partir de una concepción de la empresa basada en las personas y su aprendizaje, este libro identifica una serie de prácticas e ideas que por demasiado rígidas y por poco respetuosas con la iniciativa y libertad personal, resultan contraproducentes para el futuro de las empresas que las aceptan y las incorporan a sus maneras de hacer.
Desafortunadamente, muchas de estas prácticas e ideas son cada vez más populares en las empresas de hoy, seguramente porque dan una falsa impresión de precisión y calidad que, parece, pueden simplificar la complicada tarea del directivo. Por el contrario, el buen directivo debe estar dispuesto a ser muy crítico con todo ello, utilizando sólo lo contrastadamente sólido y coherente con unos pocos principios fundamentales. El autor, en un tono desenfadado y riguroso a la vez, nos invita a emprender una acción positiva para contribuir profesionalmente al mejor futuro de las empresas.

Miguel A. Ariño

"Toma de decisiones y gobierno de organizaciones", ***Ediciones Deusto*****, September 2005, 238 pages.**

Abstract: Este libro analiza el proceso de toma de decisiones y el impacto que éstas tienen en las organizaciones. Se expone un modelo que puede ayudar a abordar, del mejor modo posible, problemas a los que nos enfrentamos, intentando evitar que al resolverlos generemos problemas mayores en el futuro. El desarrollo del modelo es de gran utilidad para los directivos, pues su aplicación es eminentemente práctica como muestran los numerosos ejemplos presentados a lo largo del libro.

Una decisión es buena (que no es lo mismo que óptima) cuando fruto de ella estamos en mejores condiciones de resolver nuestros problemas. Por el contrario, una decisión es incorrecta cuando resuelve el problema inmediato pero además lleva consigo unas consecuencias no previstas y no deseadas a largo plazo.

Nuria Chinchilla - Consuelo León
"Female Ambition: How to reconcile Work and Family", ***Palgrave MacMillan*****, October 2005, 182 pages.**

Abstract: Female Ambition traces the development of women in the workplace, and focuses on a host of critical issues such as current governmental legislation and the family unit, family-responsible companies, personal leadership and the management of time in the workplace and at home. In a comprehensive manner, the book addresses the challenges that women face as they seek to combine careers with a balanced and fulfilling family life. This book also provides practical tips on achieving this goal, and includes numerous real-life examples.

Javier Estrada
"Finance in a Nutshell. A no-nonsense companion to the tools and techniques of finance", ***Prentice Hall*****, September 2005, 388 pages.**

Abstract: The book explains and illustrates the working essentials of finance clearly and succinctly for anyone –student or executive, beginner or expert– who wishes to broaden the scope of his or her financial knowledge or simply needs a desktop companion. Finance in a Nutshell deliberately combines essential theory with real-world application, using short, focused chapters. And since spreadsheets have become an indispensable tool for the business of finance, the book also shows how to implement these techniques in Excel.
Topics covered include: risk and return, total risk, optimal portfolios, diversification, systematic risk, CAPM and the cost of capital, downside risk, risk-adjusted returns, valuation models, bonds, prices & yields, default and market risk, duration and convexity, NPV and IRR, real options, corporate value creation, options, futures and forwards, currencies, statistics, normality, regression analysis and many more.
Investors, business executives and finance professionals will find this book a valuable aid, and MBA students will find it a helpful companion to the core concepts of Corporate Finance or Investments courses.

Joan Enric Ricart - Miguel A. Rodríguez - Pablo Sánchez - Lara Ventoso
"The sustainable enterprise: Learning from DJSI Leaders", ***Fundación BBVA*****, September 2005, 257 pages.**

Abstract: In recent years, "sustainability", "sustainable development", "corporate responsibility" and "sustainable enterprise" have become part of the common parlance of business and academia. However, there remains some confusion and divergence of opinion about the exact meaning of these terms. This study aims to shed light on the "sustainable enterprise" concept, addressing questions such as what a sustainable enterprise is, what its main characteristics are, and how it differs from the traditional enterprise model. It explores these issues with reference to the eighteen market sector leaders of the Dow Jones Sustainability World Indexes (DJSI).

Contributions to books

Rafael Andreu - Sandra Sieber
"External and internal knowledge in organizations", in the book "Encyclopedia of Knowledge Management", edited by David Schwartz, ***Idea Group Publishing*****, 2005, pages 173-179.**

Abstract: The chapter discusses how knowledge and learning contribute to developing sustainable competitive advantage in firms. We introduce the concept of individual and group learning trajectories in this context, and propose a framework to think about how Knowledge Management initiatives should support organizational learning.

Antonio Argandoña
"La corrupción y las empresas: el caso de los pagos de facilitación", in the book "Anales de la Real Academia de Ciencias Económicas y Financieras", ***Real Academia de Ciencias Económicas y Financieras*****, Anales de los cursos académicos 2002-2003, 2003-2004, Vol. XXVII, 2005, pages 109-132.**

Abstract: Los "pagos de facilitación" *(facilitating payments)* son una forma de corrupción muy extendida. Consisten en pagos o regalos de pequeña cuantía que se hacen a una persona –un funcionario público o un empleado de una empresa privada– para conseguir un favor, como acelerar un trámite administrativo, obtener un permiso, una licencia o un servicio, o evitar un abuso de poder.
A diferencia de las peores formas de corrupción, los pagos de facilitación no suelen implicar una injusticia directa por parte del que paga, porque tiene derecho a aquello que solicita. Quizá por ello, la actitud popular hacia este tipo de pagos suele ser permisiva; a menudo se consideran inevitables y se justifican por los bajos sueldos y la escasa profesionalidad de los funcionarios, y por el desorden en las oficinas públicas. Y muchas empresas que se toman muy en serio la lucha contra la gran corrupción no siempre prestan atención a esos pequeños pagos, considerados como la "grasa" que hace funcionar la maquinaria burocrática. Y, sin embargo, los pagos de facilitación tienen efectos muy perniciosos para el funcionamiento de las administraciones pública y privada; son, a menudo, la antesala de casos mayores de corrupción; aumentan los costes a los que tienen que hacer frente las empresas y los ciudadanos, y acaban minando la solidez ética de las organizaciones.

"Massimizzazione del valore, proprietà e gestione dell'impresa", in the book "Etica e finanza", edited by Silvana Signori, Gianfranco Rusconi and Michele Dorigatti, *Franco Angeli*, Milan, October 2005, pages 161-175.

Abstract: La necesidad de coordinar la propiedad de la empresa con su control –el problema del gobierno corporativo– ocupa un lugar central en la vida de las empresas. La solución tradicional que la ciencia económica ofrece al problema del gobierno de las empresas consiste en que los propietarios nombran unos directivos con el encargo de que gestionen la empresa de acuerdo con el interés de los propietarios (que se supone que es la maximización del valor de sus participaciones), estableciendo unos incentivos ligados a los resultados y ejerciendo el control, sea directamente, sea a través de un consejo de administración. Pero esta solución ha sido objeto de frecuentes críticas, sobre todo en los últimos años.
En este capítulo se discuten algunos de los problemas éticos que se presentan en las finanzas y en el gobierno de las empresas, a partir del problema teórico de la maximización del valor para el accionista. Se presenta una rápida visión de los problemas que han desembocado en los escándalos financieros de finales de los noventa y principios del siglo XXI, se discute el problema teórico y sus consecuencias para la racionalidad del sistema, para acabar con la presentación de otra manera de enfocar la cuestión del gobierno de la empresa.

Ricard Huguet - **Ramón O'Callaghan - Sandra Sieber**

"Fostering networking in Barcelona's innovation ecosystem", in the book "Innovation and the Knowledge Economy. Issues, applications, case studies", Vol. 2, edited by P. Cunningham and M. Cunningham, *IOS Press*, Amsterdam, October 2005, pages. 638-644.

Abstract: The paper discusses a field experiment on social-network stimulation to foster innovation in Barcelona. The initiative revolves around the City Council's decision to deploy and use IGIS, a Geographic Information System that generates an "Innovation Asset Map", i.e. a spatial representation and directory of the city's innovation assets and actors. The initiative is viewed as an important step for turning the uncoordinated innovation system of the past into a coordinated ecosystem. The City expects IGIS to be used as a platform to foster networking among all innovation actors. The paper provides an analysis of the situation before and after the deployment of the system. It discusses the different uses, the results obtained, the obstacles encountered, and the solutions provided. The paper also incorporates two mini case studies to illustrate the benefits to business users. Lastly, it assesses the effectiveness and limitations of the initiative as a policy measure.

Ramón O'Callaghan - Rafael Andreu

"Knowledge management, learning trajectories and ICT in innovation clusters: Future research challenges", in the book "Innovation and the Knowledge Economy. Issues, applications, case studies", Vol. 2, edited by P. Cunningham and M. Cunningham, *IOS Press*, Amsterdam, October 2005, pages 813-821.

Abstract: This paper addresses research challenges associated with the dynamics of knowledge in clusters and regional networks. It develops a conceptual framework, a methodology, and a future research agenda. The focus is on mapping and analysing clustered firms and their linkages. Network analysis is used to find patterns of learning that differ according to firms' absorptive capacities and the nature of the involved knowledge flows. System Dynamics are used to model cluster interactions as a series of knowledge stocks and flows. The goal is to assess the sustainability and stability of the cluster from a knowledge perspective (e.g. virtuous learning patterns), the effects of ICT on knowledge flows, and overall cluster performance. Ultimately, the objective is to provide a new perspective and a methodological approach to understand the dynamics of innovation in clusters and regional economies, and derive policy implications.

José R. Pin - Esperanza Suárez

"Una vez más: ¿Nos motiva realmente el sueldo?", in the book "Pagar bien y no sólo con dinero. Guía para acertar en la remuneración", edited by Gabriel Ginebra et al., Editorial Ariel, October 2005, pages 39-57.

Abstract: El capítulo analiza las relaciones entre retribución y motivación de los empleados. Describe esta relación con base a los tres tipos de motivos: extrínsecos, intrínsecos y trascendentes. Establece las leyes de la motivación humana y cómo influyen en los sistemas de compensación económica: la teoría de la equidad da consistencia a los procesos retributivos. EL capítulo también indica la influencia de las expectativas en la valoración de la retribución por parte de los empleados y cómo el modelo de Vroom ayuda a la conceptualización para comprender cómo funciona. Para los autores, la retribución "se lleva tanto en el bolsillo como en la cabeza". El trabajo finaliza con una referencia a los posibles cambios en la retribución en los "tiempos posmodernos".

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No 607 - September 2005

Pedro Mendi

CONTRACTING FOR THE TRANSFER OF TECHNOLOGY WITHIN MULTINATIONAL CORPORATIONS: EMPIRICAL EVIDENCE FROM SPAIN

Abstract: This article analyzes a sample of contracts that includes technology transfers to Spanish subsidiaries in 1991. First, know-how is more likely transmitted within multinationals than between

unrelated firms, highlighting the key role of multinationals in the diffusion of tacit knowledge. The determinants of scheduled payments are also studied to find, among other things, that multinationals adjust scheduled payments depending on differences in taxes between the source and host countries.

No 608 - September 2005
Joan Jané - Alejandro Lago - Africa Ariño
MEASURING THE PERFORMANCE OF INTERNATIONAL LOGISTICS OUTSOURCING PARTNERSHIPS: A DYADIC PERSPECTIVE ANALYSIS

Abstract: We analyze the validity of five performance measures of international logistics outsourcing partnerships, using information from both partners. Each partner's assessment of performance is captured by a single construct, which underlies four of the measures. This construct, however, is different for each party. Consequently, we examine a focal partner's perceptions of the other partner's performance assessment, and show that these inter-party perceptions are a poor measure of the latter's actual performance assessment.

No 609 - September 2005
José M. Campa - Linda S. Goldberg - José M. González
EXCHANGE-RATE PASS-THROUGH TO IMPORT PRICES IN THE EURO AREA

Abstract: This paper presents an empirical analysis of transmission rates from exchange rate movements to import prices, across countries and product categories, in the euro area over the last fifteen years. Our results show that the transmission of exchange rate changes to import prices in the short run is high, although incomplete, and that it differs across industries and countries; in the long run, exchange rate pass-through is higher and close to one. We find no strong statistical evidence that the introduction of the euro caused a structural change in this transmission. Although estimated point elasticities seem to have declined since the introduction of the euro, we find little evidence of a structural break in the transmission of exchange rate movements except in the case of some manufacturing industries. And since the euro was introduced, industries producing differentiated goods have been more likely to experience reduced rates of exchange rate pass-through to import prices. Exchange rate changes continue to lead to large changes in import prices across euro-area countries.

No 610 - October 2005
Johanna Mair - Oliver Schoen
SOCIAL ENTREPRENEURIAL BUSINESS MODELS: AN EXPLORATORY STUDY

Abstract: Although social entrepreneurial organizations have begun to receive more scholarly attention, we still know relatively little about how they are able to create both social and economic value. This paper presents a comparative case analysis of three social entrepreneurial organizations, based in Bangladesh, Egypt and Spain, whose success has been widely recognized. Analysis of these organizations' business models reveals common patterns: in their use of strategic resources, in their value networks, and in their customer interface. The findings suggest that successful social entrepreneurial organizations pro-actively create their own value network of companies that share their social vision; develop resource strategies as an integral part of the business model; and integrate the target group into the social value network. Propositions are advanced regarding the business models of successful social entrepreneurial organizations.

No 611 - October 2005
Christian Seelos - Johanna Mair
SUSTAINABLE DEVELOPMENT: HOW SOCIAL ENTREPRENEURS MAKE IT HAPPEN

Abstract: This paper demonstrates that entrepreneurs who have created innovative organizations and service provision models are contributing to sustainable development. The processes, structures and outcomes of their initiatives are contrasted with more traditional efforts. World leaders have recently renewed the momentum for 'buying' sustainable development through massive allocation of development funds. The authors argue that such traditional approaches have repeatedly failed in the past and are unlikely to overcome the more fundamental hurdles to create development. Building on the findings of a three-year research project, the paper presents case studies which demonstrate how so-called 'social entrepreneurs' succeed in creating social and economic development in a poor country context. The process of discovery and creation from the ground up, in contrast to traditional design-driven development processes and strategies, is illustrated. The cases show how social entrepreneurs cater to various levels of needs: the basic needs of individuals, the institutional needs of communities, and the needs of future generations. The impact of social entrepreneurial activity on sustainable development measures such as the Millennium Development Goals is demonstrated. The findings suggest that social innovation may change the very structures and systems that recreate the circumstances for poverty and that development processes need to consider the link between social and economic development.

No 612 - October 2005
Pablo Fernández
THE VALUE OF TAX SHIELDS WITH A FIXED BOOK-VALUE LEVERAGE RATIO

Abstract: The value of tax shields depends only on the nature of the stochastic process of the net increases of debt. The value of tax shields in a world with no leverage cost is the tax rate times the current debt plus the present value of the net increases of debt. We develop valuation formulae for a company that maintains a fixed book-value leverage ratio and show that it is more realistic than to assume, as Miles-Ezzell (1980) do, a fixed market-value

leverage ratio. We also show that Miles-Ezzell assume that the increase of debt is proportional to the increase of the free cash flows.

No 613 - October 2005
Pablo Fernández
THE VALUE OF TAX SHIELDS DEPENDS ONLY ON THE NET INCREASES OF DEBT

Abstract: The value of tax shields depends only on the nature of the stochastic process of the net increases of debt. The value of tax shields in a world with no leverage cost is the tax rate times the current debt plus the present value of the net increases of debt. By applying this formula to specific situations, we show that Modigliani-Miller (1963) should be used when the company has a preset amount of debt, Fernández (2004) when the company maintains a fixed book-value leverage ratio, and Miles-Ezzell (1980) when the company maintains a fixed market-value leverage ratio.

IESE - Studies and Monographs

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No 28 - September 2005
Ahmad Rahnema - Heinrich von Liechtenstein - Florian Mueck
COMO PREVENIR LA CRISIS EN LAS PEQUEÑAS Y MEDIANAS EMPRESAS EN CATALUÑA

Abstract: La incorporación en 2004 de nuevos miembros a la Unión Europa con menores costes laborales, favorecerá la deslocalización industrial en Cataluña. – La incorporación de China a la Organización Mundial del Comercio en 2005 facilita las exportaciones de este país. – Las nuevas normas de Basilea II posiblemente aumentarán el coste de capital en diferentes sectores.
Estos son algunos de los aspectos que están afectando o afectarán al tejido empresarial catalán. Es previsible que las pequeñas y medianas empresas sufran cambios y no todas se encuentran preparadas para adecuarse al nuevo entorno socioeconómico de manera satisfactoria.
En este contexto, los autores han elaborado el primer estudio sobre la prevención de crisis en las pequeñas y medianas empresas en Cataluña.

No 29 - September 2005
José R. Pin
LA GESTION EMPRESARIAL EN EL AÑO 2004. OPINIONES DE LOS DIRECTIVOS DE LAS PRIMERAS EMPRESAS ESPAÑOLAS

Abstract: Este estudio recoge las valoraciones y opiniones de los directivos españoles de las principales empresas del país. El informe se presenta como una herramienta imprescindible para conocer el rumbo de la gestión empresarial en España durante los primeros años del siglo XXI, tan repletos de cambios.
Los asuntos básicos que afectan al ámbito económico, empresarial, social y político, y su influencia en el desarrollo y crecimiento del país, están recogidos en este informe, que es definido por los profesionales como "el barómetro de la opinión de uno de los sectores más influyentes del país, los directivos de las primeras empresas nacionales y multinacionales". El análisis hace referencia a cuatro temas fundamentales: la situación económica y política actual; el posicionamiento del CEO; la competitividad y el éxito empresarial; y los sectores de futuro y en regresión.

No 30 - September 2005
Sandalio Gómez - Lourdes Fernández
POLITICAS DE EXPATRIACION Y REPATRIACION EN MULTINACIONALES: VISION DE LAS EMPRESAS Y DE LAS PERSONAS

Abstract: La globalización de la economía plantea unos retos a las empresas que obliga a introducir cambios importantes en la gestión de los recursos humanos. Uno de ellos se concreta en la necesaria movilidad geográfica de la plantilla a nivel internacional, que se conoce generalmente con el nombre de "expatriación".
En este estudio se describen las fases que componen un proceso de expatriación completo, para a continuación realizar un análisis de las mismas bajo un modelo conceptual que contiene cuatro grandes apartados: el empresarial, el económico, el profesional y el familiar.
Las principales reflexiones del estudio nos permiten afirmar que mientras la empresa se centra básicamente en conseguir que el proyecto empresarial tenga éxito, subordinando los demás aspectos a este objetivo, el profesional pone casi toda su atención en el ámbito profesional, en la superación de un reto, en avanzar en su carrera y en adquirir más experiencia y conocimientos.
Por otra parte, al analizar las causas de rechazo o de fracaso posterior se observa, tanto en opinión de las empresas como de los profesionales, la dimensión familiar, que de manera sorprendente no se considera en absoluto a la hora de desarrollar las fases del proceso de expatriación.
Se hace necesario profesionalizar y normalizar lo más posible, con una visión global, las distintas fases del proceso y la importancia de considerar los distintos planos en los que produce un impacto importante e influyen de manera decisiva en el éxito de la expatriación.

No 31 - October 2005
José R. Pin - José M. Alcaraz
INFORMACION DE NOMINA Y ADMINISTRACION DE PERSONAL: NUEVAS OPORTUNIDADES ESTRATEGICAS PARA RECURSOS HUMANOS

Abstract: El trabajo analiza las mejores prácticas en la explotación de la información contenida en la nómina. La nómina constituye en muchos casos el mayor rubro en la "cuenta de pérdidas y ganancias" de las empresas. En las empresas de servicios llega hasta el 70%. Realizar una gestión eficiente es, por consiguiente, importante. La información que se puede extraer de la nómina de manera automática, gracias a las nuevas tecnologías, puede arrojar datos e indicadores básicos para la gestión de las personas. Mediante un análisis bibliográfico y entrevistas en profundidad a los responsables de recursos humanos en las empresas se han detectado "buenas prácticas" en la explotación de esta información. En el estudio han participado empresas industriales, de servicio y ONG. La utilidad de esta información para la alta dirección, los directivos de línea y los empleados es manifiesta. Pero también para otros *stakeholders*, como los accionistas, los clientes o los aportadores de fondos (importantes para las ONG). El estudio descubre las principales utilizaciones de esta información cuando está disponible. Entre otras cosas: ayuda a la descentralización de las decisiones sobre dirección de personas, mejora la labor de "consultor" de la dirección de recursos humanos, reduce los trámites burocráticos y las consultas administrativas; da imagen de confianza y modernidad, y ayuda a la sensación de un mayor control de su nómina por parte de los empleados. El estudio aporta recomendaciones para la distribución de esta información, comenzando por la definición de su objetivo y la formación necesaria para la interpretación de la misma. Este estudio se ha realizado gracias a la colaboración de la empresa ADP.

Studies and Monographs

Juan Roure - Pere Condom - Màrius Rubiralta - Montserrat Vendrell

"Benchmarkings sobre Parques Científicos", *Genoma*, September 2005, 109 pages.

Abstract: Este trabajo analiza el fenómeno de los parques científicos y tecnológicos. El objetivo es realizar un análisis comparativo de cuatro parques científicos distintos con la finalidad última de identificar buenas prácticas en la gestión y definición de estrategias en este tipo de estructuras de transferencia de tecnología, y de aportar elementos de reflexión que faciliten la definición de políticas de innovación en nuestro entorno. Por otra parte, el proyecto pretendía también establecer una base de reflexión y de contraste útil para los responsables del Parque Científico de Barcelona.

Other publications

Robert Shelton - **Toni Dávila**

"The seven rules of innovation", *Optimize Magazine*, No 46, August 2005.

Abstract: It's a good bet that most CEOs have at one time or another not been satisfied with the results they've gotten from their investments in technology and business model innovation. Looking back over the last hundred years, successful innovations were not only about great technologies but also about great business models. Ford's production line with a standardized product was as much a story of process technology as a story of a great business model insight. Ebay's auction site is great technology coupled with the ability to leverage network economics. Each particular case will have a different combination of technology and business model change. And each type of innovation will need to have tailored management practices. What can a CIO do about that? The answer is, a lot – provided the CIO understands the process of innovation and the role that information technologies play. Innovation, like many business functions, is a management process that requires tailor-made tools and management systems to be effective. And when a company's innovation engine is running properly, innovation becomes a steady source of value, rather than a series of isolated, random events.

Kimio Kase - Jaume Ribera - Rama Velamuri - Pedro Videla

"El poder económico", *La Vanguardia*, monograph "Asia, ¿el poder del siglo XXI", No 16, July-September 2005, pages 56-63.

Abstract: Tras el proceso encabezado por Japón y seguido por Corea del Sur, Taiwán, Hong Kong y Singapur, China lidera ahora el dinamismo económico de Asia tras haber roto con los modelos tradicionales. A partir de los años noventa, India se ha configurado como el segundo polo de crecimiento asiático. El acelerado desarrollo chino está siendo considerado como una amenaza, pero también como una oportunidad entre los empresarios occidentales.

Johanna Mair - Ernesto Noboa

"Emprendedores sociales: cómo se forma la intención para crear una iniciativa de carácter social", *Iniciativa Emprendedora*, No 48, July-September 2005, pages 23-39.

Abstract: El estudio del caso de María Elena Ordóñez, fundadora de Arcandina, nos ayuda a cuestionar, corroborar y extender lo que sabemos sobre el proceso que conduce a la creación y desarrollo de una iniciativa emprendedora social.

Philip Moscoso - Alejandro Lago

"Design of integrated management systems for the extended shop-floor", proceedings of the 18th International Conference of Production Research, *International Foundation for Production Research*, pages 231-241.

Abstract: In today's globalized and dynamic business environment, production management systems (PMS) have become a critical success factor for manufacturing companies. In practice, however, designed PMS are often unsatisfactory, especially for shop-floors that are part of larger supply chains. The paper postulates that this is fundamentally the result of using very technocratic models for the PMS design. A dual modeling framework is introduced in order to achieve a more integrated and holistic PMS design. A holistic design acknowledges that social and technical sub-systems can achieve better management performance if they interact than they can individually. An integrated design does not artificially separate the PMS from the shop-floor it manages, but rather considers the two as intertwined and complementary parts of an organizational whole. Finally, a case study helps to illustrate the practical application of the framework.

Ahmad Rahnema

"El plan de expansión de DOGI en Asia", *Estrategia Financiera*, No 220, September 2005, pages 20-27.

Abstract: En 1998, después de dos años de estudios de mercado, la dirección de DOGI estaba considerando la expansión de la compañía en Asia y la zona del Pacífico. DOGI era líder europeo en la producción y comercialización de tejido elástico para confeccionar prendas de moda íntima y deportiva. El mercado asiático de DOGI estaba suministrado por la planta principal de la empresa en Barcelona, España. El éxito de la compañía en Asia, debido básicamente a su alta tecnología, calidad del producto y su pronto envío, condujo a la alta dirección de la firma a proponer la expansión que las actividades asiáticas de DOGI necesitaban.
Corea del Sur fue seleccionada para instalar la filial de DOGI, en parte por su situación logística, que era muy favorable, pues facilitaba la exportación de productos, y, por otra parte, por su estabilidad política. La filial coreana propuesta por DOGI sería una empresa totalmente propia, que produciría tejido elástico para el mercado doméstico coreano, y también para la exportación a otros países asiáticos y del Pacífico.

Lluís G. Renart - Carlos Cabré

"Claves del marketing relacional bien hecho", *Harvard Deusto Marketing & Ventas*, No 70, September-October 2005, pages 6-19.

Abstract: La nueva definición de marketing de la American Marketing Association es una señal de consolidación de las actividades de marketing relacional, pero la estrategia perfecta y permanente no existe. Las empresas deben estar permanentemente dispuestas a añadir o eliminar actividades relacionadas a lo largo del tiempo y según cambien las circunstancias y el grado de aceptación y participación de los clientes.

Joan E. Ricart - Daxue Wang

"Now everyone can fly AirAsia", *Asian Journal of Management Cases*, Vol. 2, No 2, September 2005, pages 231-255.

Abstract: The case details how AirAsia, a Malaysian airline, was transformed into a successful low-cost airline through its well-defined business model. The emergence of low-cost airlines in Asia led to increasingly intense competition in the industry. By forming joint ventures across Asia, AirAsia is trying to gain advantages with its Pan-Asia plan. With such a plan, the low-cost carrier would obviously face the risk of over-expansion. This case study explores AirAsia's business model, competitive advantages, and expansion strategy.

Christian Seelos - **Johanna Mair**

"Crear espirales de desarrollo", *Iniciativa Emprendedora*, No 48, July-September 2005, pages 99-108.

Abstract: Crecer de forma sostenible al tiempo que se beneficia al conjunto de la sociedad. Este parece ser el nuevo reto al que se enfrentan los directivos –hasta ahora centrados básicamente en el precio de las acciones– para impulsar el crecimiento de las empresas que dirigen.

Conferences and Seminars

Tunji A. Adegbesan - **Joan E. Ricart**

On October 22-26, attended, in Orlando, the *Annual Meeting* of the Strategic Management Society, where they presented the paper "Resource complementarity and the determinants of the distribution of value created by technological innovation".

Abstract: Technological innovation does not always improve performance. Individual innovations may be commercial failures, or value may be asymmetrically appropriated by parties that contribute to its creation.
This study uses cooperative game theory, combined with the resource-based view, to isolate three determinants of value appropriated from technological innovation based on externally sourced technology: relative scarcity, relative complementarity, and bargaining ability. It then identifies a number of drivers of these three factors and offers propositions on how they affect value appropriation. Thus, it highlights the underemphasized role of superior complementarity in appropriating value created with resources obtained from competitive factor markets.

Africa Ariño

On October 22-26, attended, in Orlando, the *Annual Meeting* of the Strategic Management Society, where she presented the paper "Research on alliance contractual design: achievements and opportunities".

Abstract: We offer an overview of management research on strategic alliance contracts, which remains scarce due to the difficulty of accessing this kind of data. We distinguish alliance contractual form and governance form, as these are often confused in the literature, although they serve different purposes.

We trace the distinction between two related constructs frequently mixed in the literature: contractual complexity and contractual completeness. Finally, we examine the conditions that may warrant the design of more or less complex alliance contracts depending on the effect of those conditions on environmental and behavioral uncertainties, and thus on the costs and benefits of contracting.

She also participated as a panelist in the panel discussion on "Strategic alliances and organizational governance" and chaired the panel on "Global strategy: Achievements and opportunities".

Adrian Caldart - Joan E. Ricart

On October 22-26, attended, in Orlando, the *Annual Meeting* of the Strategic Management Society, where they presented the paper "Corporate postures for strategic change: Insights from complexity theory".

Abstract: In the field of Strategic Change, there is intense debate around the issue of continuity. Should strategic changes gradually evolve out of the firm's current situation, or should they mark a revolutionary new departure? This paper contributes to the ongoing debate by exploring how the different approaches to strategic change can affect the performance of firms exposed to a competitive shock. We began our exploration by studying two Spanish firms which suffered a competitive shock when Spain joined EU and responded by adopting radically different strategies. Second, we formally analyzed the strategies observed in the two cases through a simulation. Results highlight the non-linear relationship between strategic change and performance and how results are contingent on the time horizon considered.

José M. Campa

On October 12-15, attended, in Chicago, the *2005 Annual Meeting* of the Financial Management Association, where he presented the paper "Sources of gains from international portfolio diversification".

Abstract: This paper looks at the determinants of country and industry-specific factors in international portfolio returns using a sample of thirty-six countries and thirty-nine industries over the last three decades. Country factors have remained relatively stable over the sample period, while industry factors have significantly increased during the last decade. The importance of industry and country factors is correlated with measures of economic and financial international integration and development. 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 October 21, attended, in Granada, the Fall Workshop of Economis, where he presented the paper "M&A 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 brought positive excess returns to shareholders of the target companies around the date of the announcement, with a slight positive excess return on the 3-month period prior to announcement. Returns to shareholders of the 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. M&As usually involved targets with below industry-average operating performance. The transactions resulted in significant improvements in the target banks' performance, beginning on average two years after the transaction was completed. Return on equity of the target companies increased by an average of 7%, and these firms also experienced efficiency improvements.

Juan Ignacio Canales - Joaquim Vilà

On October 22-26, attended, in Orlando, the *Annual Meeting* of the Strategic Management Society, where they presented the paper "Middle managers as strategy workers: The role of legitimation in making strategy happen".

Abstract: This paper studies the interplay between top and middle managers as a key driver of effective completion of strategy-making. It focuses on the resolution mechanism between bottom-up and top-down stimuli for what the company should do versus what it can do. It digs into how the five modes proposed by Hart (1992) interact functionally. It uses a multiple case design of six companies (multiple round interviews, company cases, interactive discussion groups with all key informants). The interplay between managerial levels is solved through a mechanism to reconciliate different views. Findings suggest that a focus on legitimation of strategic objectives by middle managers helps to explain the extent to which modes combine functionally and successfully in firms with different approaches to strategy-making.

Toni Dávila

On September 22-23, attended, in Nice, the 3rd Conference on "Performance Measurement and Management Control", organized by EIASM, where he presented the paper "Startup firms growth, management control systems adoption, and performance", co-authored by George Foster.

Abstract: Startup firms face a significant managerial challenge when they grow beyond the boundaries of informal interactions. This transition point has often been identified with a significant crisis in the growth path of these firms. An important aspect of this transition is the adoption of management control systems. Using a multi-method, multi-case field research design in a sample of 78 startup firms, we examine: 1) the speed of the adoption of financial systems vis-à-vis other management control systems. We find that financial planning –including cash budget, operating budget, and sales projections– is the earliest set of systems adopted. 2) Variables associated with the rate of management control systems adoption. Our results indicate that number of employees, presence of venture capital, and time to revenue are positively associated with the rate of adoption. Furthermore, the rate of adoption simultaneously affects firm size. 3) The sequencing of adoption of financial systems vis-à-vis the adoption of strategic and human resource planning systems. 4) Performance implications of the rate of adoption of management control systems. In support of the often argued differences between entrepreneurs and managers leading to CEO replacement at this transition point, we find that CEOs that have adopted fewer systems have shorter tenures. We also find evidence consistent with the association between company valuation and the adoption of management control systems. This result takes advantage of venture capital investors' intimate knowledge of management processes within startup firms.

Javier Estrada

On October 12-15, attended, in Chicago, the *2005 Annual Meeting* of the Financial Management Association, where he presented the paper "Countries versus industries in Europe: A normative portfolio approach".

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.

Fabrizio Ferraro

On October 22-26, attended, in Orlando, the *Annual Meeting* of the Strategic Management Society, where he presented the paper "Building social capital in Silicon Valley entrepreneurship: Local action and engineered sociability".

Abstract: This paper investigates how entrepreneurs in Silicon Valley created, maintained and mobilized social capital, in the process of raising financial resources for their start-ups. I identify three stages in the process: initiation, cultivation and transformation. Even when entrepreneurs did not receive funding as a result of their networking activity, they enjoyed additional unexpected advantages in terms of idea refinement, referrals and role development. What emerged from the analysis of entrepreneurial narratives is a form of entrepreneurial action focused on the development of relationships, embedded in what I call engineered sociability, a social form that emphasizes expressive action in a context of instrumentality. Local action and engineered sociability provide a perspective for understanding how social capital can be built and how entrepreneurship works in Silicon Valley.

Javier Gómez

On September 30-October 1, attended, in Pamplona, the *2nd conference* on "Advances in economic research - Emerging markets: Present issues and future challenges", organized by Universidad de Navarra, where he presented the paper "Exchange rate and inflation dynamics in dollarized economies", co-authored by José E. Galdón (Universidad Pública de Navarra) and Luis Carranza (Banco de la Reserva de Perú).

Abstract: In this paper we analyze exchange-rate pass-through coefficients and qualify the common view that countries with higher dollarization exhibit higher pass-through. We build a simple model of a dollarized economy with imperfect financial markets. We show that the classic inflationary effects of a real depreciation –higher internal demand and imported inflation– can be offset or diminished in a dollarized economy by higher financial costs and by a balance-sheet effect. Thus, pass-through coefficients could be smaller or even negative in economies with a high degree of dollarization. We test the implications of the model using a panel of one hundred-plus countries with differing degrees of dollarization. The results confirm that pass-through coefficients are higher in more dollarized economies, but they also show that large depreciations tend to generate a negative impact on the pass-through coefficient, this impact being higher the higher the level of dollarization of the economy.

On October 27-29, attended, in Paris, the 10th Annual Meeting of LACEA (Latin American and Caribbean Economic Association), organized by LACEA and the American University in Paris, where he presented the paper "Exchange rate and inflation dynamics in dollarized economies", co-authored by José E. Galdón (Universidad Pública de Navarra) and Luis Carranza (Banco de la Reserva de Perú).

Abstract: (see above).

Franz Heukamp

On September 21, attended, in Barcelona, the Conference on "Law and Liberty: Ethics and Politics for the 21st Century",

within the Saint Thomas Education Project, organized by Collegio Universitario ARCES (Italy) and Peter Pazmany Catholic University of Budapest (Hungary), where he presented the paper "Neuroeconomics – a new Science?".

Abstract: Neuroeconomics is a rising discipline which seeks to enrich our understanding of economic behavior with neurological information, in particular functional imaging of the brain. I present a brief overview of the most important functional imaging techniques and present the current progress in neuroeconomic research with respect to the theory of mind, decisions under risk and intertemporal decisions.

Domènec Melé

On September 22-24, attended in Bonn, the *18th Annual Conference* of EBEN, where he presented the paper "Managerial responsibility in transfer pricing".

Abstract: This paper is intended to contribute to a better understanding of justice in international transfer pricing, and managers' responsibility to make the right decisions in this respect. After presenting an overview of transfer pricing, the author considers the welfare economics perspective, which includes a utilitarian sense of justice. Next, the author reviews the application of Rawls' theory of justice and points out its limitations, which can be overcome by following Aristotelian moral philosophy. The author argues that managerial responsibility in international transfer pricing policy must consider business as a part of society and must ensure that business contributes to the common good. Managerial responsibility further requires an appropriate evaluation of relevant circumstances, using practical wisdom. The paper concludes with some recommendations for those who manage international transfers.

Philip Moscoso

On October 14-15, attended, in Malta, the *II HOPS Conference*, organized by the European Science Foundation, where he presented the paper "Mitigating the vertical bullwhip: the role of humans in the planning process".

Abstract: In industrial practice, hierarchical structures have traditionally been found to be a suitable and satisfactory solution for production planning and control systems. However, due to both the planning environment and the nature of the planning and control task itself, an interesting effect may occur, which has recently been dubbed the planning bullwhip. A typical example of this effect would be lead-time inflation, resulting from over-frequent lead-time updates, leading ultimately to uncontrolled production with long and erratic lead times. To avoid suboptimal results, or even amplification of the disturbances, some key rules should be followed in designing a hierarchical planning system. In terms of organization, for example, one should aim at creating organizational structures which are able to regulate disturbances as locally as possible. Or in terms of IT systems, planning and control software should not be black boxes for human planners, but should be designed to complement their strengths and weaknesses.

Ramón O'Callaghan

On October 19-21, attended, in Ljubljana, the *e-Challenges 2005 Conference*, organized by the "ICT for business" unit of the European Commission, where he presented the following papers:

"Fostering networking in Barcelona's innovation ecosystem", co-authored by Ricard Huguet and Sandra Sieber.

Abstract: (see page 5).

"Knowledge management, learning trajectories and ICT in innovation clusters: Future research challenges", co-authored by Rafael Andreu.

Abstract: (see page 5).

Fernando Peñalva

On September 22-24, attended, in Oviedo, the *XIII Congreso AECA* (Asociación Española de Contabilidad y Administración), where he presented the paper "Evidencia española de la relación entre gobierno corporativo y conservadurismo contable", co-authored by Juan M. García Lara and Beatriz García Osma.

Abstract: En este trabajo se investiga si las empresas con baja implicación del consejero delegado en la toma de decisiones del consejo de administración (gobierno corporativo fuerte) son más conservadoras contablemente –el resultado contable capta antes las malas noticias que las buenas noticias– que las empresas con gran implicación del consejero delegado en la toma de decisiones del consejo (gobierno corporativo débil). Se define la calidad del gobierno corporativo empleando medidas agregadas que incorporan características del consejo de administración. En base a una muestra de empresas españolas, se demuestra que las empresas mejor gobernadas son más conservadoras que las clasificadas como débilmente gobernadas.

Este *paper* ha sido seleccionado para el número extraordinario de la REFC *(Revista Española de Financiación y Contabilidad).*

José Ramón Pin

On October 20-23, attended, in Santiago de Chile, the 40ª Asamblea de CLADEA (Consejo Latino-Americano de Escuelas de Administración), where he presented the paper "Las mejores prácticas para la integración del trabajador inmigrante", co-authored by Angela Gallifa and Lourdes Susaeta.

Abstract: La ponencia describe la situación de la inmigración en España durante los últimos años. Asimismo, expone los procesos legislativos en los que se mueve y, mediante entrevistas en profundidad, cuáles son las mejores prácticas que empresas como VIPs, la Cooperativa de Guisona, las ETT… realizan para la mejor integración de los trabajadores extranjeros. Entre otras, el reclutamiento en el país de origen, su formación previa, los procesos de acogida y reagrupamiento familiar, etc."

Alejo J. Sison

On September 21-25, attended, in Bonn, the EBEN Annual Conference, where he presented the paper "The nature of the firm, agency theory and shareholder theory", co-authored by Joan Fontrodona.

Abstract: Standard accounts of the nature of the firm are, at present, highly dependent on explanations by Coase, coupled with inputs from agency and shareholder theory. Despite claims to objectivity and value-neutrality, it has been difficult to find room for a kind of business ethics that recognizes the personal nature of the human being and the contribution of firms to the common good, based on such premises. This paper begins by presenting the assumptions made by Coase and implicit in agency theory and then critiques them in light of personalist and common good postulates. It endeavors to show how personalist and common good principles create a framework that not only accommodates business ethics better but also affords a more compelling understanding of business as a whole.

Lourdes Susaeta

On October 20-23, attended, in Santiago de Chile, the 40ª Asamblea de CLADEA (Consejo Latino-Americano de Escuelas de Administración), where she presented the paper "La dirección de la diversidad y su transferencia entre las multinacionales norteamericanas y subsidiarias españolas", co-authored by José Ramón Pin.

Abstract: La ponencia recoge el marco teórico, de acuerdo con las teorías del profesor **Javier Quintanilla**, sobre cuáles son los factores que influyen en la transferencia de políticas de recursos humanos en las filiales españolas de las multinacionales estadounidenses. Después aplica estas teorías al traslado concreto de las políticas de diversidad, donde se concluye que son difíciles de trasladar y que esta traslación depende, en parte, de las relaciones de poder entre matriz y subsidiaria."

Josep Tàpies

On September 14-16, attended, in Brussels, the FBN16 summit –Family Business Network– IFERA Conference, where he presented the following papers:

"Family business evaluation practices: Evidence from an empirical analysis in Spain", co-authored by Donata Mussolino.

Abstract: The topic of this research is the economic valuation of family businesses, which has hardly been tackled in the international literature.
The study has an empirical base aimed at understanding: a) the value orientation of family business owners; b) the frequency with which an economic valuation of the firm is performed, and c) the valuation techniques and adjustments applied.
Results reported in this research, drawn from analysis of responses to questionnaires emailed to a sample of Spanish family firms, show that 55% of family firms have never been valued and more than the 36% of family entrepreneurs are not interested in knowing their firm's value.

"Do family firms have a competitive advantage in M&A and post integration processes?", co-authored by Rosa Nelly Trevinyo-Rodríguez (PhD Student).

Abstract: This research paper analyzes the patterns of behavior of Family Businesses (FBs) when dealing with M&A processes and post-integration procedures. Its main purpose is to discover whether there are any differences in the way FBs conduct these kinds of operations compared with non-family businesses (NFBs), and if so, describe them. The study highlights the critical success factors and the main difficulties FBs face when acquiring and/or merging companies. In addition, a new perspective on Organizational Integrity as a key factor in successful post-integration processes is introduced.
The research data were gathered from a study of 135 M&A operations carried out between 1992 and 2001 in Spain by family and non-family firms. The sample firms belong to six industries: Food and Drink, Distribution (food retailers), Pharmaceuticals-Chemicals, Automobile Components, Catering, and Cement (and other building materials). Along with online and database information search, in-depth interviews were conducted.
The results suggest that there are significant differences in the M&A behavior of family and non-family businesses. The main explanation for these differences is the intrinsic nature of family business. And yet, although the differences are significant and may have a marked effect on the outcome of the M&A processes, and although family firms are found to have a competitive advantage over NFBs in post-integration procedures, it is not clear whether family firms are aware of their advantage.

Ignacio Urrutia

On September 7-10, attended, in Newcastle, the *13th Annual Conference* organized by the European Association of Sport Management, where he presented the paper "The Real Madrid way: A case of the proto-image of the firm approach".

Abstract: This study analyzes a successful sports team, Real Madrid Football Club, and attempts to give a coherent explanation of how its strategy works. The author's interest centers on answering such question as: Is Real Madrid's success or scheme replicable in other places or clubs? Can it be explained by the framework of business administration, that is, can it be generalized? The starting point of the study is the cognitive perspective (Kiesler and Sproull 1982; Schwenk 1988). One of the two schemata identified by Kase et al. (forthcoming) is used as a construct. The PIF (proto-image of the firm) approach, referring to decision-making on the basis of the firm's belief system and shared values, is the keystone of the study. Based on the PIF, Real Madrid management defined the club's business as being "an exciting challenge to build a story of value on simple concepts: brand and content" (Quelch & Nueno, 2004). For Real Madrid's president, the action plan was "to equip the club with professional management, so that it can position itself as a universal brand (marque)." Thus, the PIF and the brand (based on the PIF) are the two pillars of Real Madrid's strategy. Revolving around these two core strategic elements are: 1) marketing; 2) manning; 3) maneuver, and 4) money. The author explains how these two elements work, analyzing the role of the PIF and the brand in Real Madrid's strategy, and then the role of the other four elements.

On September 22-24, attended, in Oviedo, the *XIII Congreso AECA* on the theme "Armonización y gobierno de la autoridad", where he presented the paper "Los paralelismos del caso Enron y el caso Parmalat: Del escándalo americano al escándalo europeo".

Abstract: Las teorías de John K. Galbraith sobre el fraude inocente de las corporaciones nos han dispuesto para preguntarnos si existen paralelismos entre los escándalos de las multinacionales americanas y europeas a través de los casos de Enron y Parmalat. Según Galbraith, los grandes problemas de las corporaciones americanas pasan por la separación entre el accionista y la alta dirección: "esta última ostenta el poder en la gran corporación moderna y el rol de los accionistas pasa a ser ceremonial, la alternativa a su poder es la supervisión eficaz que debería partir del conocimiento de los agentes intervinientes en el marco empresarial de las multinacionales. En el caso Enron se pudo observar y confirmar que dadas las circunstancias del momento en las empresas mecanicistas con sistemas de control por resultados, se generan una serie de puntos críticos o bucles de riesgo como la codicia demostrada por los directivos, la desaparición del control por parte de los propietarios, la dejadez de funciones por parte de los auditores, o la cultura empresarial que desembocó en la trampa contable, que pueden provocar la corrupción. En el caso Parmalat no se pueden confirmar las teorías de Galbraith porque se observa que no hay una separación entre el propietario y la alta dirección. En este caso, el corazón del fraude se encuentra en la codicia demostrada por los directivos, la dejadez de funciones por parte de los auditores y la aparición de una trama oculta en paraísos fiscales.

Awards

Carlos Cavallé
On October 25, was appointed Inaugural Member of the Fellow Association of the Strategic Management Society in recognition of distinguished and scholarly contribution to the profession.

The IESE Alumni Association has announced the Fourth Edition of the Research Excellence Awards. This year, awards have been granted to the following professors:

Toni Dávila
His research has centered mainly on control systems in innovation processes. He initiated his work within the context of product development, later focusing on two complementary areas. The first area is systems of control and innovation in large companies, a topic that he has addressed in several important articles and a recent book, "Innovation that Works," published by Wharton Business School Publishing (2006), together with Professors Robert Shelton and Marc Epstein. His second research area focuses on control systems for young innovative high-growth companies, which has led to his exploration of topics related to entrepreneurship. Finally, he has opened another line of research on the remuneration of executives and corporate governance.

Fabrizio Ferraro
He has centered his research on the key determinants of governance and the organizational processes of large companies. He has explored this wide subject on different levels, with a clear focus on the role of ideas and social networks in shaping governance mechanisms. More specifically, he has developed four lines of research: 1) the influence of social science in management practices; 2) governance mechanisms and social networks that emerge from communities of free software development; 3) the cultural bases of social capital in entrepreneurship, and 4) the evolution of governance systems and the role of the CEO and the Board of Directors in the strategic process.

Johanna Mair
She has centered her research activity over the last few years on the study of entrepreneurship in uncommon contexts. One of her lines of research has focused on business initiatives inside established companies, with an emphasis on how to maintain these initiatives within mature environments and companies that are resistant to radical change. Currently, she is examining the role of mid-level managers and the relationship between business initiatives and corporate divestment. Prof. Mair's second line of research is the study of social entrepreneurship, with the objective of integrating the creation of economic and social value. Her studies in this field have broken new ground and are beginning to have significant impact globally.

Rama Velamuri
He has developed three lines of research in recent years. The first lies at the intersection of entrepreneurship and ethics, and in particular in how previously-made agreements for the distribution of value among distinct stakeholders impact the probability and the quantity of value created subsequently. His second research line examines the resistance of entrepreneurs to corruption in contexts where it is widespread, and the manner in which this

resistance impacts the agreement between the stakeholders and the company. Finally, Prof. Velamuri has launched a study on mechanisms for the generation of high growth in a sustainable manner over time, through means such as innovative business models, the incorporation of ethical values in organizational processes and successive acquisitions.

Doctoral theses

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

Lori Rockett

THE CIO WHO WOULD NOT SURRENDER: THE STRUCTURING OF CULTURE THROUGH INFLUENCE AT SUPPLYCO
(IESE), thesis director: ***Josep Valor***

Abstract: Research on CIOs and the management of Information Systems functions has focused on a top down approach, as well as on upwards relationships with CEOs. Little reflection has been done on the relationships with other key IT stakeholders, such as CIOs' executive peers or the subordinates of those peers. What's more, the research that does exist has looked at issues relating to IT structures and projects, or at generic issues such as partnerships. Little has been published regarding the actual behaviors of CIOs as they interact and attempt to influence these stakeholder groups. In this thesis, I use data from an ethnographic field study of a CIO and the associated IT stakeholders during the implementation of a major change effort.
The study reveals an influence tactic new to the influence literature, and focuses on the CIO's successful use of this behavior in conjunction with other influence tactics. Using the theory of structuration as a framework, the interaction of these influence behaviors with cultural elements of the organization is explored. The study provides evidence that the selective use of influence with stakeholders over which there is no positional power can lead to significant and lasting results. It also reinforces the importance of information systems leaders' understanding and respecting the context in which they work.

Giovanni Valentini

DYNAMIC COMPETITIVE ADVANTAGE THROUGH INNOVATION: M&A, COOPERATION, CONTRACTING AND TECHNOLOGICAL PERFORMANCE
(IESE), thesis director: ***Bruno Cassiman***

Abstract: While the short-term effects of M&A on shareholders' wealth have been studied extensively, long-term effects have received considerably less attention. In this paper, I examine the effect of M&A on the technological performance of the firms involved in the deal. Applying a matching estimator to data from the U.S. "Medical devices and photographic equipment" from 1988 to 1996, I find that M&A have a positive effect on patenting output, but decrease patents' importance, originality and generality.

IESE - Research Seminars

General Management

September 21
Keynote speaker: Michael G. Jacobides, London Business School
"Entrepreneurship and firm boundaries: The theory of a firm"

Abstract: In this paper, we consider how a better understanding of entrepreneurial activities explains how firm and industry boundaries change over time; and how a more thorough understanding of boundary setting (which goes beyond TCE) can help us understand where entrepreneurial activities are directed. First, we consider how entrepreneurs shape industry boundaries: It is entrepreneurial activities that lead previously integrated sectors to break up in a number of different co-specialized segments; or, conversely, which help create new, all-in-one markets that change the nature of a sector. Thus entrepreneurship may well be the unstudied engine of institutional transformation. Second, we consider how a more thorough understanding of what drives firm boundaries can help us understand where entrepreneurs focus. To do so, we construct a simple model that explains how entrepreneurs choose the boundaries of their own venture: We argue that while entrepreneurs have superior ideas in one or multiple parts of the value chain, they often are short of cash – or of the ability to convince others to provide them cash/capital, a fact also true for internal ventures struggling for financial support from corporate HQ.
On the basis of this simple observation, and drawing on production economics, we construct a simple model whereby the entrepreneur has a value-adding set of ideas for both parts of a value chain (e.g. hotel property management and hotel service provision), as well as for the ways to make these two parts of the value chain work together even better. Assuming that the entrepreneur's objective is profit, we observe that even in the presence of transactional risks or other factors that would, on the margin, make integration preferable to specialization, scope depends on some critical factors that theory has not explored, and in particular: a) how much demand there is for the entrepreneur's ideas at each part of the value chain; b) how severe the entrepreneur's cash constraint is, and c) what are the relative economies of scale in either of the two vertical segments, and also of the integrated production.

Managing People in Organizations

October 20
Keynote speaker: Yih-teen Lee, University of Lausanne
"Satisfaction and individual preference for structuring: What is fit depends on where you are from"

October 20
Keynote speaker: Johannes Rank, Justus Liebig University
"Leadership predictors of proactive organizational behavior: Investigating relationships between supervisory behaviors and subordinates' voice and initiative"

Abstract: The major objective of this field study was to investigate relationships between supervisors' transformational, transactional, and participative leadership and their subordinates' proactive behavior. Specifically, we examined associations of leadership with personal initiative and voice behavior as compared to prescribed task performance. Furthermore, we integrated propositions derived from several leadership theories to hypothesize certain interactions between the leadership variables. Field survey data were collected in a large financial services organization from 214 supervisor-subordinate dyads working in nine US states. Confirmatory factor analyses supported the anticipated leadership and performance factor structures. Both initiative and voice related positively to participative leadership and negatively to active-corrective transactional leadership. Moderated hierarchical regressions revealed several significant interaction effects.
For example, the transformational leadership factor intellectual stimulation related more positively to voice and initiative when participation was high. These findings are consistent with the assumption that specific combinations of leadership behaviors may best facilitate proactivity.

Marketing
October 27
Keynote speaker: Thorsten Wiesel, Johann Wolfgang Goethe-University
"Linking customer metrics to shareholder value for firms with contractual relationships"

Abstract: We develop a model for firms with contractual customer relationships to link customer metrics (such as customer cash flow, number of customers, and customer retention) to customer equity and shareholder value. This model allows to predict a firm's shareholder value and to evaluate the effect of changes in customer metrics on shareholder value. Our two empirical studies, our analytical solutions and our simulation study show that the value of the customer base is not a good proxy for shareholder value and that customer retention has by far the greatest impact on shareholder value. Furthermore, our results show that the effect of changes in retention rates is even stronger in situations where retention rates are already high. We propose a ratio of customer equity to shareholder value to identify firms in which changes in customer metrics have a particularly strong impact on shareholder value. Our findings allow other researchers who analyze the impact of marketing investments on customer metrics to evaluate their results in terms of shareholder value.

Research Seminars

Manel Baucells
On September 28, at the Max Planck Institute for Human Development, in Berlin, presented the paper "Cumulative dominance and heuristic performance in binary multi-attribute choice".

Abstract: Several studies have reported high performance of simple decision heuristics in multi-attribute decision making. In this paper, we focus on situations where attributes are binary and analyze the performance of Deterministic-Elimination-By-Aspects (DEBA) and similar decision heuristics. We consider non-increasing weights and two probabilistic models for the attribute values: one where attribute values are independent Bernouilli random variables; and one where they are binary random variables with inter-attribute positive correlations. Using these models, we show that good performance of DEBA is explained by the presence of cumulative as opposed to simple dominance. We therefore introduce the concepts of cumulative dominance compliance and fully cumulative dominance compliance and show that DEBA satisfies those properties.
We derive a lower bound with which cumulative dominance compliant heuristics will choose a best alternative and show that, even with many attributes, this is not small. We also derive an upper bound for the expected loss of fully cumulative compliance heuristics and show that this is moderate even when the number of attributes is large. Both bounds are independent of the values of the weights.

Miscellaneous

Antonio Argandoña
On September 27, gave the inaugural lecture for academic year 2005-2006 at Societat Catalana d'Economia de Barcelona, on the theme "El model espanyol de creixement econòmic".
On October 19, attended, in Barcelona, the Jornada on "Empresa responsable: un factor de competitivitat", organized by the United Nations Association, where he participated in the roundtable on "Eines per a la responsabilitat" and gave the lecture "El 10è principi del Pacte Mundial: La corrupció".

Africa Ariño
On September 28-30, attended, in Rotterdam, the 3rd Annual JIBS/AIB/CIBER Invitational Conference on Emerging Research Frontiers in International Business, organized by RSM Erasmus University, where she acted as panelist in the Opening Plenary Session "Making IB matter more: Extending new bridges".

Carlos García Pont
On October 22-26, attended, in Orlando, the Annual Meeting of the Strategic Management Society, where he acted as panelist in the panel "Global strategy: Achievements and opportunities".

Johanna Mair
On September 13-15, attended, in Oxford, the BAM 2005 Conference, organized by the Saïd Business School, where she acted as discussant in the panel "New models of effective social action: the European perspective".

Núria Mas
On September 8, attended, in Bilbao, the XXI Jornadas de Economía Industrial, organized by the Facultad de Ciencias Económicas y Empresariales, Universidad del País Vasco, where she acted as discussant in the panel "Can we measure hospital quality from physicians' choices?".

Domènec Melé
On September 24, attended, in Dublin, the international conference on "Ethics and Leadership for Business", organized by the Miltown Institute, where he gave the lecture "Business Ethics: Europe vs. America".

Philip Moscoso
On October 13-15, attended, in Attard (Malta), the Workshop on Human and Organizational Factors in Industrial Planning and Scheduling, organized by COST A29 (European Science Foundation), where he gave the lecture "How human planners can mitigate the planning bullwhip".

José R. Pin
On October 10, attended, in Soria, the III Congreso de Directores de Recursos Humanos, organized by Red de Directores de Recursos Humanos de Castilla y León, where he gave the lecture "La nueva dirección de personas. El desarrollo del potencial de las personas".

Joan E. Ricart
On October 7, attended, in Brussels, the 2nd Foresight Conference on the subject "Accountability in research", organized by EIASM, where he chaired the panel "The accountability of research in industry and academia".

Juan Roure
On October 24, attended, in Tenerife, the VIII Congreso de la Empresa Familiar, organized by the Instituto de Empresa Familiar, where he gave the lecture "Crecimientos y nuevos negocios en la familia empresaria", and organized a panel of owners of high-growth firms.

Guido Stein
On October 8, attended, in Madrid, the ISEM Fashion Management School, where he gave the lecture "Cómo desarrollar las competencias de liderazgo".

José L. Suárez
On October 26-27, attended, in Barcelona, Barcelona Meeting Point 2005, where he prepared and moderated the panels "La pyme inmobiliaria vista por sus interlocutores" and "Polonia como destino de la inversión inmobiliaria española".

Josep Tàpies
On September 23-24, attended, in Nowy Sacz, Poland, the First Conference on Family Businesses in Poland, organized by the Nowy Sacz School of Business (Wyzsza Skola Biznezu, National-Louis University), where he gave the lecture "Family businesses. Challenges and prospects".

Rama Velamuri
On October 6, attended, in Madrid, the Conference on "Oportunidades de negocio en China e India", organized by IFC (World Bank Group) and the Senior Council of Chambers of Commerce, where he gave the lecture "India outlook".

Book reviews

José R. Pin
Reviewed the book "La inteligencia reformulada. Las inteligencias del siglo XXI", by H. Gadner, Ediciones Paidos, 2001, *Capital Humano*, No 191, September 2005, pages 148-149.

Reviewed the book "Erase una vez… Jefes, jefazos y jefecillos", by J.J. Almagro, *Pearson Educación*, 2005, *Capital Humano*, No 192, October 2005, pages 134-135.

Reviewed the book "The H. R. value proposition", by David Ulrich and Wayne BrookbanK, Harvard Business School Press, 2005, *Capital Humano*, No 193, November 2005, pages 97-98.

Teaching materials

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

Decision Analysis

Real Estate Business
(AD-296-E - 0.105.026)

The case explains the financial risks of a company that buys apartments through futures. The case gives guidance on how to construct a spreadsheet risk model, the aim being to quantify the risks associated with different strategies.

Beusmans G.; Borrell D.; Baucells M.; 9 pages.

Real Estate Business - Teaching Note
(ADT-21-E - 5.105.027)

Case AD-296-E.
Use is restricted to Academic Institutions.

Beusmans G.; Baucells M.; 6 pages.

Green Fee: The use of data analysis to develop a business plan
(AD-297-E - 0.105.033)

This case examines the background to a decision as to which of two possible locations to use for a new golf course. The case includes the data used to assess how the location influences the green fees that could be charged at each course. The influence of other variables on the green fees further helps to gain a better understanding of the business.

Pujol C.; Galán D.; García-Marquina J.; Baucells M.; Gómez J.; Heukamp F.H.; 8 pages.

Introduction to optimization
(ADN-265-E - 0.105.007)

This note introduces the available procedures to tackle three common types of optimization problems: Non-linear, linear, and integer optimization. In each case, we provide examples of real applications, and introduce the corresponding optimization procedures to solve them. It also reviews heuristic procedures to tackle more general problems. Three appendices explain: 1) the graphical intuition of LP in the case of 2 decision variables; 2) the use of sensitivity analysis using Solver Table, and 3) The Branch and Bound method to Solve Integer problems.

Cabot J.; Baucells M.; 30 pages.

Entrepreneurship

Vivace Logística, S.A.
(E-59-E - 0.603.032)

An experienced manager decides to set up a new logistics company. He gets financial support from some friends. One of his problems is deciding whether to focus the business on growth, or to consider it as an attractive activity in a business portfolio.
(Also available in Spanish.)

De la Huerta J.; Nueno P.; 15 pages.

GeneRisk.com
(E-67-E - 0.604.023)

In mid-2000 the investors in Medical Sciences Limited (MSL) set up a new company, GeneRisk.com, to capitalize on a proprietary software tool owned by MSL. The immediate issue facing MSL's investors was how to value this new company for the upcoming round of financing.

Johnson R.; 4 pages.

Nova Capital
(E-68-E - 0.604.024)

André Payard, a new hire at Dutch venture capital firm Nova Capital, has to develop an approach for making initial assessments of the large number of business plans received. He knows that his team cannot meet with the management teams of all of the businesses, so it is crucial to select the plans with the greatest potential before scheduling management presentations.

Johnson R.; 5 pages.

An Approach to Structuring Venture Investments
(EN-7-E - 0.605.006)

The note describes a specific structure for financings for early-stage private companies.

Claflin T.M.; Johnson R.; 9 pages.

Financial Management

Monquimic, S.A.
(F-743-E - 0.203.019)

This case allows a class examination of the cashflow of a company with sales offices all over the country. The company receives a percentage of its payments at the sales offices, and the method

used to transfer these funds to the central office implies losses in its float. From the accounting perspective, Monquimic, S.A. should receive these payments in a centralized account, thereby optimizing management, but the sales department resists any change, as it is satisfied with the current system, as well as with the banks used by each sales office.
(Also available in Spanish.)

García A.; Prat Ll.; Faus J.; 3 pages.

D y C, S.A.
(F-749 - 0.203.029)

Se estudia el caso de una empresa en vías de desarrollo que analiza las diferentes estrategias de crecimiento mediante la deuda bancaria.

García A.; Faus J.; 6 pages.

Rent-a-bike (A)
(F-770-E - 0.204.059)

Rent-a-bike is a company that offers a network of publicly available bikes in a city. Customers can call a special phone number to receive a numerical code to open the bike's electronic lock and use it for a certain time. They can leave the bike at any place in town. For the service they pay 6 cents per minute, with a maximum of 15 EUR per day. Rent-a-bike was first launched in Munich in April 2000. Christian Hogl, the founder, realized that it would be very convenient to combine the public transport system in Munich with the comfort of bikes. Rent-a-bike had 35,000 customers in its first year, a fleet of 1,800 bikes and a call center with 50 full-time employees. However, the company ran into serious cash problems because the business was underfunded. By the end of 2000, CALL A BIKE AG had to file for bankruptcy. Deutsche Bahn, the public railway company in Germany, bought the CALL A BIKE AG's assets in 2001. Today, Rent-a-bike (now a Deutsche Bahn business) operates with a total of 4,200 bikes and more than 50,000 customers. Christian Hogl is not involved in the company anymore.

Fuhrmann T.; Johnson R.; Liechtenstein H.; 18 pages.

Rent-a-bike (B)
(F-771-E - 0.204.060)

(See case A).

Fuhrmann T.; Johnson R.; Liechtenstein H.; 4 pages.

Rent-a-bike (C)
(F-772-E - 0.204.061)

(See case A).

Fuhrmann T.; Johnson R.; Liechtenstein H.; 2 pages.

Rent a bike (A), (B) and (C) - Teaching Note
(FT-63-E - 5.204.062)

(Cases F-770-E, F-771-E and F-772-E).
Use is restricted to Academic Institutions.

Fuhrmann T.; Johnson R.; Liechtenstein H.; 11 pages.

Electrodealer Logistic Center: Buy or Lease?
(F-775-E - 0.205.001)

Electrodealer Logistic Center wants to expand its activity with a new 20 m. warehouse. The question is whether to buy or lease? The company has an excess of cash and no debt. Decisions to take: Buy or lease? With debt or without debt? Strategy implications of these alternatives. Risk and returns of both alternatives.
(Also available in Spanish.)

Martínez Abascal E.; 7 pages.

PressClipping (A): Relations with Suppliers
(F-780-E - 0.205.008)

A news treatment agency with financial liquidity problems is thinking about reorganizing its banking relations. In order to analyze the value of its commercial relations with the banks it operates with, it uses a company-bank balance sheet. On the basis of this instrument, as well as other analytical instruments such as the bank map, it has to decide how to renegotiate its financial needs with the banks.
(Also available in Spanish.)

Santomá J.; 9 pages.

PressClipping (B): Negotiations with the Banks
(F-781-E - 0.205.010)

The PressClipping (B), (C) and (D) cases demonstrate how to prepare bank negotiations between a company and two different banks. In case (B), the company's directors explain their financial requirements, and their intended objectives in the negotiation. Cases (C) and (D) present the negotiation from the perspective of two competing banks, which have different corporate objectives.
(Also available in Spanish.)

Santomá J.; 8 pages.

PressClipping (C): Banking Conditions Survey
(F-782-E - 0.205.011)

(See case B).
(Also available in Spanish.)

Santomá J.; 5 pages.

PressClipping (D): The Negotiation
(F-783-E - 0.205.012)

(See case B).
(Also available in Spanish.)

Santomá J.; 6 pages.

Bank Negotiation. Firm-Bank Balance Sheet and Profitability Measures
(FN-527-E - 0.205.009)

In order to evaluate firm-bank relations, it is first necessary to evaluate the firm's financial needs, then its priorities and finally the profitability of the firm's business for the bank. This note examines four evaluative instruments: 1) the bank conditions card; 2) the banking business map; 3) the firm-bank balance sheet; and 4) the firm-bank income statement.
(Also available in Spanish.)

Pié I.; Santomá J.; 8 pages.

7-Eleven - Teaching Note
(FT-66-E - 5.205.034)

Case F-755-E.
(Also available in Spanish.)
Use is restricted to Academic Institutions.

Santomá J.; 10 pages.

General Management

Sony Corporation: "The innovation wonders"
(DG-1463-E - 0.304.051)

Describes the evolution of Sony's business and the challenges faced in managing its extensive worldwide operations, particularly with its recent acquisition of entertainment software companies. While issues are treated in a worldwide context, emphasis is placed on managing US operations and the role they play in Sony's global strategy.

Bucksch R.; Vilà J.; 15 pages.

Project Impact: The Affordable Hearing Aid Project
(DG-1472-E - 0.305.026)

This case introduces David Green, a social entrepreneur with the mission of making advanced medical technology affordable and available to those in the third world. It describes the growth and success of projects to develop, manufacture and distribute low-cost hearing aids and other basic medical technology in India, and presents a direct contrast to the traditional maximum profit model of the medical industry. After achieving success with Aurolab, established in 1992 to provide intra-ocular lenses to eye care facilities such as the Aravind Eye Hospital, Green directed his energies toward the problem of hearing loss in the third world, another area with the potential to make a big impact. By producing a hearing aid available at US $51 instead of the industry average of US $1,600, Green could open up an entirely new market, turning the usual low volume, high margin model of the hearing aid industry on its head. Project Impact is the non-profit organization founded by Green in 2000 to manage and raise funds for his Affordable Hearing Aid Project (AHAP) in India. The case analyzes challenges such as scaling and financial sustainability faced by the AHAP, and Project Impact's strategic options for the future in a changing competitive landscape.

Cordes E.; Mair J.; 24 pages.

Managing People in Organizations

The Ghislenghien Disaster: Crisis Communications at Fluxys
(DPO-50-E - 0.405.005)

On Friday morning, July 30, a huge fire blast in Ghislenghien, Belgium killed 10 people and seriously injured 100. The explosion burned two factories and left a large crater between them. Everything within a 400-yard radius of the blast site was either melted or incinerated. The cause of the disaster seemed to be a gas line belonging to Fluxys, an independent natural gas transport company. The gas line had been damaged by construction workers operating on site. Griet Heyvaert, Fluxsys' communications manager, was on her way to the head office in Brussels when she heard the news on the radio. She knew that Fluxys' worst nightmare had come true. As she had learned during crisis trainings, Griet immediately called all the people on her crisis communications team, and ordered them to activate the crisis communications cell. She knew she would face some difficult questions from journalists from Belgium and abroad. What exactly had happened? How could it have happened? What had Fluxys done to avoid it? What would Fluxys do to avoid a second catastrophe? What about the victims? Did Fluxys feel any responsibility for their loss? So many questions, so little information to give.

Marynissen H.; Poelmans S.; 5 pages.

La expatriación, ¿un viaje sin retorno?
(DPO-58 - 0.405.028)

Los protagonistas del caso aceptan con entusiasmo la oferta de expatriación a Marruecos, impulsados por la curiosidad de conocer una nueva cultura y por el salto cualitativo que puede suponer para sus respectivas carreras profesionales. Sin embargo, al ser repatriados, los acontecimientos no se desarrollan como esperaban, e incluso se plantean la posibilidad de abandonar la empresa. El alumno deberá situarse en la posición tanto de los protagonistas como de la compañía para analizar las distintas variables que influyen en el problema planteado y elaborar unas alternativas de acción.

Fernández Prieto L.; Gómez S.; 10 pages.

Gestión de la diversidad e inclusión
(DPON-17 - 0.405.007)

Introducción a las claves estratégicas, legales, éticas y de dirección de personas, para la gestión de la diversidad en las empresas, con particular referencia a los dos grandes ámbitos de diversidad de culturas y diversidad de sexos.

Ribera A.; 20 pages.

Marketing

Rituals: Enrich Your Life
(M-1176-E - 0.504.020)

Rituals, an innovative concept in the area of home and body cosmetics, was born within the European Home and Personal Care (HPC) division of Unilever. In 2003 the company faced several challenges as it prepared to roll out its brand to other European nations, including the need to reconsider its distribution channels or find financial resources or partners to boost growth. The case first describes the creative process behind the build-up of the Rituals brand and the concepts supporting the company's business model. Next, it focuses on Rituals' operations in the Netherlands. Finally, the case concludes with some of the questions and challenges that Rituals faced in 2003.
(Also available in Spanish.)

Nueno J.L.; del Castillo J.I.; 36 pages.

Steps in value pricing
(MN-340-E - 0.503.008)

The note deals with the basic criteria for setting prices in competitive environments. It underlines three key kinds of data that are needed to set a price: financial data, customer data and competitive data. It explains how each of these dimensions affects price.

García Pont C.; Iniesta F.; 4 pages.

La profesionalización de nuestra organización comercial: treinta claves para lograr la excelencia
(MN-343 - 0.504.032)

Se ha intentado sintetizar en treinta claves una serie de recomendaciones para lograr una mayor profesionalización de una organización comercial, abordando las mismas en recomendaciones de: a) estructura; b) diseño del modelo comercial; c) dirección de la red de ventas; d) motivación de la red de ventas, y e) marketing relacional.

Chiesa C.; 15 pages.

Elección. Segmentación del mercado
(MN-345 - 0.505.005)

Plantea alternativas para elegir un mercado, destacando la posibilidad en ciertas ocasiones de segmentarlo, es decir, de trabajar sólo en una parte de ese mercado.

Font V.; 17 pages.

Introducción a las decisiones comerciales
(MN-346 - 0.505.006)

Esta nota técnica establece con gran detalle el marco en el que tomar las diferentes decisiones comerciales, poniendo de manifiesto las ventajas y dificultades que se pueden presentar en su implantación.

Font V.; 14 pages.

Research Newsletter
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