Journals

Manel Baucells - Antoni Bosch-Domènech - Franz Heukamp

Pascual Berrone

Abstract: This paper presents the author's personal view of some of the challenges Iberoamerican scholars face in building a successful publication record and examines the extent to which these barriers are valid. It describes some of the difficulties encountered by scholars located outside the main US/English-speaking university environment, and introduces strategies and tactics to overcome these barriers, such as finding research opportunities, building academic writing skills, co-authoring, and targeting papers to specific journals.

T. G. Drape - Javier Quintanilla - S. G. Green

Abstract: This article examines how individual pay for performance is interpreted, predominantly by non-managerial employees, within the European context, at three subsidiaries of one United States multinational corporation in Spain. This study reveals how two levels of the cognitive socialization process color the lens through which employees view pay for performance and reveals how subsidiary founding, politics of resistance, and host-country effects impact the implementation of the practice. Contrary to past studies in the literature, the study discovered a large number of nonmanagerial employees with a positive interpretation of pay for performance due the influence of pre-existing organizational cultural experiences.

Juan M. García Lara - Beatriz García Osma - Fernando Peñalva

Abstract: We empirically test the association between conditional conservatism and cost of equity capital. Conditional conservatism imposes stronger verification requirements for the recognition of economic gains than economic losses, resulting in earnings that reflect losses faster than gains. This asymmetric reporting of gains and losses is predicted to lower firm cost of equity capital by increasing bad news reporting precision, thereby reducing information uncertainty (Guay and Verrecchia, 2007) and the volatility of future stock prices (Suijs, 2008). Using standard asset-pricing tests, we find a significant negative relation between conditional conservatism and excess average stock returns over the period 1975-2003. This evidence is corroborated by further tests on the association between conditional conservatism and measures of implied cost of capital derived from analysts’ forecasts.

István Z. Kovács - Luis García - Miguel Navarro - Eduard Calvo - Javier Rodríguez

Abstract: This article presents a reconfigurable multiple-input multiple-output air interface design combined with radio resource management algorithms applicable to multi-user MIMO transmission in downlink orthogonal
temporales, tanto para el ámbito público como para el empresarial. Las estrategias públicas y privadas, que permiten diseñar estrategias en diferentes espacios (sostenibilidad laboral y gestión sectorial) con frenos e impulsos para el desarrollo desde ONG’S o empresas de negocio.

Marian Moszoro

Abstract: This book presents an analytical research study on the efficiency of public-private partnerships. Beginning with basic definitions, the author develops formal models for the subject matter, which are shown to be consistent with real data. Based on the results, specific policies for the effective organization of the public utilities sector are formulated.


Abstract: This book consists of a selection of unique case studies of Polish companies in various sectors. The cases, presenting both real business dilemmas and personal perspectives, are the result of extensive in-company research and advisory projects. They reconstruct the circumstances and constraints faced by managers and encapsulate the close relationships between strategic, marketing and financial decisions in a dynamic emerging economy. The book includes an extensive introduction to the use of the case method for students and educators. The case studies are grouped by discipline and references to supplementary literature for each case study are provided.

José R. Pin

Abstract: Los empresarios y directivos se encuentran muchas veces perplejos ante acontecimientos políticos. En este libro el lector encontrará un esquema para explicar la evolución política a medio y largo plazo. También encontrará consejos para su relación con las instituciones políticas a corto plazo y cómo manejarse en entornos complejos sin caer en la corrupción. El apéndice sobre el caso Guggenheim le permite analizar las condiciones para cooperar con éxito con las Administraciones públicas para proyectos de desarrollo desde ONG’S o empresas de negocio.

Ignacio Urrutia

Abstract: ¿A quién no le interesa saber cómo una persona o un directivo se enfrenta a los problemas de sus costes y cómo los reduce?, ¿a quién no le gustaría oír que su manera de analizar los costes es la adecuada o, por lo menos, sin serlo no es tan errónea? El objetivo de este libro es ayudar a los directivos y empresarios a mejorar detectando sus diez errores más comunes y teniendo muy claro cuáles son los objetivos y la metodología de la reducción de costes.

Abstract: The book contains a thorough investigation of the four essential parts of the social entrepreneurship process: the role of values in social entrepreneurship; the discovery and exploitation of social opportunities; the modelling of the social venturing process; and strategic perspectives in social entrepreneurship. This focus moves the debate about social entrepreneurship beyond the general discussion of definitions, emerging general theories, and first empirical insights. Four phenomena are singled out as being both insufficiently researched and critical to the understanding of social entrepreneurship.

Contributions to books

José R. Pin

Abstract: En base al “Libro Blanco de las mejores prácticas de integración del inmigrante en la empresa española” del IRCO (International Research Center on Organizations) del IESE, el capítulo expone las conclusiones de los informes estadísticos y políticas europeas y de un análisis de campo en empresas que integran inmigrantes, entre ellas VIPs, NH, Siemens, Cooperativa de Guisona, DKV, Carrefour…

IESE - Working Papers

No 857 – May 2010
Christian Seelos
THEORIZING AND STRATEGIZING WITH MODELS: GENERATIVE MODELS OF BUSINESS MODELS

Abstract: The ambiguity surrounding model-based science is exemplified by the proliferation of meanings of the term “business model”. We argue that a clearer specification of the analytical, theoretical and ontological validity of models is an opportunity to learn about and understand complex organizational phenomena more systematically. We apply this to research on social entrepreneurship and pro-poor business models that has been criticized as being overly theoretical and conceptually ambiguous. Business models are presented as narratives that integrate various actors, actions, stories, and outcomes, without a clear perspective of why these elements were selected and what we can learn from them. This paper outlines an explicit modeling process as an investigative tool that enables transparent and systematic theorizing of business models. Using an illustrative case study, we develop a generative model that accounts for the social mechanisms that explain how business models achieve multiple strategic objectives and multiple dimensions of economic and social value creation.

No 858 – May 2010
THE EMBEDDEDNESS OF SOCIAL ENTREPRENEURSHIP: UNDERSTANDING VARIATION ACROSS LOCAL COMMUNITIES

Abstract: Social enterprise organizations (SEOs) arise from entrepreneurial activities with the aim of achieving social goals. SEOs have been seen as alternative and/or complementary to the actions of governments and international organizations to address poverty and poverty-related social needs. Using a number of illustrative cases, we explore how variations in local institutional mechanisms shape the local “face of poverty” in different communities and how this relates to variations in the emergence and strategic orientations of SEOs. We develop a model of the productive opportunity space for SEOs as a basis of, and an inspiration for, further scholarly inquiry.

No 859 – May 2010
Francesc Trillas
NETWORK INDUSTRIES AND REGULATORY JURISDICTION

Abstract: This paper presents new developments in the economics of federalism to analyze the determinants of specific investments in network industries and the interaction between structural and behavioral regulation. Central or federal policy making is more focused and specialized and makes it more difficult for interest groups to organize. Under some conditions, however, central powers will be associated with more underinvestment than local powers. The latter cannot afford specific regulation due to high fixed administrative costs, but may use other policy objectives as a commitment device. When technology allows the introduction of competition in some segments, the possibilities for organizing the institutional architecture of regulation expand. Liberalization will typically require institutional cooperation, but cooperation has costs and may be inhibited by distributional concerns.

No 860 – May 2010
Francesc Trillas
INDEPENDENT REGULATORS: THEORY, EVIDENCE AND REFORM PROPOSALS

Abstract: Regulatory independence has been proposed as a mechanism to alleviate the commitment problem associated with the sunk nature of investments in network industries. This paper summarizes the author’s and others’ work in this field (to take stock of several years of research) and, in addition, includes a new exercise that uses instrumental variables to endogenize both de
juring and de facto regulatory independence. The institution of regulatory independence has costs as well as benefits; the positive, significant impact on industry performance is, however, most likely to be quantitatively modest. As a result of the empirical evidence and the assessment of the literature, a number of reform proposals are made to improve the institution’s effectiveness.

No 861 − May 2010
Francesc Trillas
ELECTRICITY AND TELECOMS REFORMS IN THE EU: INSIGHTS FROM THE ECONOMICS OF FEDERALISM

Abstract: The economics of federalism is a broad discipline with more than five decades of experience. It may shed light on how regulatory jurisdiction is allocated in EU electricity and telecommunications markets. Specifically, this paper assesses the evolution of reform up to and including the third EU packages, which continue the liberalization and integration process in these markets. Liberalization has been accompanied by gradual harmonization of national markets to overcome resistance to competitive forces. Less steps than necessary have been undertaken to promote market integration; yet, positive and normative reasons remain for the participation of national or even regional/local powers. Vertical institutional cooperation will remain a necessary condition for a sound regulatory framework, but cooperation may sometimes be inhibited by distributive considerations.

No 862 − June 2010
Christoph Zott − Raphael Amit − Lorenzo Massa
THE BUSINESS MODEL: THEORETICAL ROOTS, RECENT DEVELOPMENTS, AND FUTURE RESEARCH

Abstract: The paper provides a broad and multifaceted review of the received literature on business models, in which we attempt to explore the origin of the construct and to examine the business model concept through multiple disciplinary and subject-matter lenses. The review reveals that scholars do not agree on what a business model is, and that the literature is developing largely in silos, according to the phenomena of interest to the respective researchers. However, we also found some emerging common ground among students of business models. Specifically, i) the business model is emerging as a new unit of analysis; ii) business models emphasize a system-level, holistic approach towards explaining how firms do business; iii) organizational activities play an important role in the various conceptualizations of business models that have been proposed, and iv) business models seek not only to explain the ways in which value is captured but also how it is created. These emerging themes could serve as important catalysts towards a more unified study of business models.

No 863 − June 2010
Quy Huy − Christoph Zott
AFFECTIVE SENSEGIVING, TRUST-BUILDING, AND RESOURCE MOBILIZATION IN START-UP ORGANIZATIONS

Abstract: Based on a four-year field study of six new ventures, we investigate whether and how founders of new firms engaged in affective sensegiving with diverse stakeholders, namely investors, board members, customers and employees. Affective sensegiving refers to founders’ integrating affect in their verbal statements and actions to influence stakeholders’ understanding of aspects of their young firms (including themselves). We found a subset of affective sensegiving actions – called emotional assuring – that seeks to generate stakeholders’ understanding of the young firms or their leaders as displaying: 1) socially valued entrepreneurial characteristics; 2) personal caring, and 3) transparent or inclusive organizing. We show how stakeholders interpret these founders’ sensegiving actions and suggest that they are likely to mobilize resources when they feel emotionally assured because they perceive trustworthiness. Our study enriches the sensegiving literature – which has mainly focused on cognition – by identifying a range of sensegiving actions that include affect and build trust. It also extends the trust literature by specifying managerial actions that build, sometimes simultaneously, cognitive as well as affective trust in the challenging context of creating new firms. Lastly, it contributes to the entrepreneurship literature by unpacking the social construction of start-up organizations through founders’ use of affective sensegiving actions.

IESE − Studies and Monographs

No 118 − May 2010
Cosimo Chiesa − Ignacio Osuna − Rafael Salazar − Juanjo Tordera − Julián Villanueva
¿QUÉ ESTÁ CAMBIANDO EN LA GESTIÓN COMERCIAL?
**Abstract:** Primera encuesta realizada por el IESE sobre la gestión de redes de ventas en España. El cuestionario, elaborado en colaboración con Barna Consulting Group, se distribuyó entre directores generales, directores comerciales y directores de ventas tanto de grandes empresas como de Pymes de una gran variedad de sectores españoles. El objetivo del informe es que todos ellos reflexionen acerca de la profesionalización de nuestras fuerzas comerciales en un entorno como el actual, de fuerte recesión económica, y que dicha profesionalización redunde en una mayor productividad de las empresas españolas.

**Other publications**

**Raúl A. Ibáñez – Josep M. Rosanas**  
"Indicators: Helpers or hindrances?," *IESE Insight*, second quarter, June 2010, pages 52–58.

Abstract: “If you can’t measure it, you can’t manage it.” Many companies have turned this axiom into a dogma and forsaken the principles that should underlie good management planning and control systems. Using a company case study, the authors offer insights into who should get involved and propose a four-stage process for “selecting,” “designing,” “measuring, implementing and deploying” and, finally, “using” a system of indicators. The opportunities and risks identified at each stage serve as a useful guide, which readers can apply to their own organizational settings. The authors attempt to lift the discussion away from strictly technical aspects and present the topic more from a manager’s point of view, examining the impact of these measurement tools on an organization’s ability to function efficiently, as well as considering how they affect people’s behaviors and learning processes.

**Sophia Kusyk**  

Abstract: Is our reasoning sound when we justify using sweatshops in Asian countries, paying bribes to secure contracts, and tolerating social and environmental degradation based on the argument that everyone else is doing it, and if we don’t, a competitor will? Doing business across borders presents a minefield of ethical dilemmas that many managers are ill-equipped to deal with. This article tackles three main myths surrounding cross-cultural management: the appeal to local etiquette over moral considerations; the idea that tolerance based on relativism and subjectivism will solve cross-cultural dilemmas; and the belief that profit justifies dubious means. By weighing and analyzing the arguments from an ethical perspective, using logic and reasoning, the author reveals how decisions made even with the best of intentions can lead to unethical behavior. She points to some universally accepted values and timeless notions of the common good as the better basis for constructing an ethical framework. The article includes some dilemmas for readers to consider for themselves, all aimed at helping international managers formulate sound approaches to deal with the questionable behaviors they face across cultures.

**B. Sebastian Reiche**  
"Welcoming the value that inpatriates bring", *IESE Insight*, second quarter, June 2010, pages 38–45.

Abstract: The temporary inpatriation of foreign subsidiary managers to HQ is on the rise: it’s cheaper than expatriating staff, it’s often the best way to gain local knowledge fast, it wins over local workforces and it expands the prospects for staff development and promotion. However, the author’s various studies of subsidiary staff relocated to the headquarters of multinationals reveal that for inpatriation to work, both the individual inpatriate and the multinational need to understand the key factors that make or break these special arrangements. If the inpatriate is able to build good social capital, is mentored by HQ staff and can speak the language of the HQ country, then both sides stand to reap mutual benefits from the exchange. If there is an ethnocentric attitude among HQ staff, a large distance between the inpatriate’s home culture and the HQ country culture, and no real thought given to what happens to the inpatriate when the assignment is done, then the transfer is bound to fail flat. The author recommends that multinationals carefully manage inpatriation at every stage of the process – from selection and preparation, to relocation and reintegration – in order to minimize turnover tendencies and capitalize on the real value that these younger managers bring. Managing this process well can help MNCs to develop strong leaders who can effectively bridge different units and understand both global strategic concerns as well as local market requirements, which is so vital today.

**Carlos Sánchez-Runde – Richard M. Steers**  

Abstract: The temptation to employ managerial best practices in global organizations tends to disregard a vital component of sound management and outstanding employee productivity: the influence of culture. Research on work motivation, personal work values and job attitudes rarely takes cultural differences into account. Yet evidence exists to show that culture does play a substantial role in worker behavior and satisfaction, not to mention company success.

**Guido Stein**  

Abstract: El fracaso del (CEO) se ha estudiado abundantemente en la bibliografía. En este artículo se ha intentado ordenar y clasificar los factores que conducen al fracaso de los CEOs entre aquellos en los que puede intervenir el CEO (endógenos) y aquellos que le vienen dados (exógenos). La ausencia de unanimidad en la bibliografía
analizada nos lleva a concluir que no se ha examinado suficientemente el factor principal: las características personales de los CEO. El enfoque y la metodología de la agencia resultan insuficientes para comprender este complejo proceso en las organizaciones debido a la simplificación excesiva sobre la naturaleza humana y la fuerte dependencia de la modelización matemática.


Abstract: La mitad de los fracasos de los CEO se producen en un escenario de buenos resultados empresariales, lo que sugiere que el contexto no afecta por completo en el proceso. Un profesor de la escuela de negocio IESE Business School se ha dedicado al tema, como resultado de la investigación “Factores del fracaso de un CEO: mapa de un debate”. Este artículo propone dos factores, internos y externos, que llevan al líder a perder la confianza del consejo de administración, de los accionistas y otros miembros, provocando su salida de la empresa.

Guido Stein – Miguel López-Remiro

Abstract: Este artículo tiene como objeto entender la creatividad y plantear modelos que permitan poner en diálogo la creatividad artística y la creatividad empresarial. La idea es abordar la innovación con un enfoque singular, aportando una perspectiva nueva desde una disciplina en la cual la innovación forma parte de su propia esencia, el arte. No se pretende aportar categoría, sino enlazar dos mundos a priori tan distantes como son el de la empresa y el del arte. Se sigue un criterio plantead o por el pintor Mark Rothko que sirve para entender cómo opera un artista, pero al mismo tiempo se puede plantear como una fórmula que ayuda a establecer un modelo de creatividad para entornos no artísticos.

Guido Stein – José R. Pin

Abstract: Se trata del complejo proceso de desarrollo de las personas que ocupan la posición de vértice operativo en las compañías (CEO). Son quienes gestionan su propia responsabilidad de hacia dónde encaminan la organización y sus personas. Seleccionarlos, desarrollarlos y evaluarlos son obligaciones del máximo órgano de gobierno de las compañías: el consejo de administración. El artículo está desarrollado en cuatro puntos. En el primero se explican algunas de las características de la carrera de las personas hasta ser CEO. En el segundo se analiza cómo el ADN del CEO conforma el desarrollo y la evolución de la empresa. En el tercero se describen las tres dimensiones del talento del CEO, sus características y procesos de desarrollo. Finalmente, en el cuarto se pregunta quién debe ser el encargado de estos procesos de desarrollo.

Thorsten Wiesel – Bernd Skiera – Julián Villanueva

Abstract: Managers and investors need information about the performance and future prospects of a firm. If information is relevant in steering a business, it is also relevant for its investors' investment decisions. Recent initiatives demand information that supplements and complements a firm's financial statements to bridge the gap between financial statement capabilities and financial reporting objectives. Firms that aim to increase the value of their customer base should manage their business by future-oriented customer metrics. They should also report this information externally because it aligns customer management with corporate goals and investors' perspectives. The authors propose a means to report customer equity that enables monitoring firms' performance with respect to their customer assets. Furthermore, they develop a specific model for Netflix and apply it to quarterly reports that cover more than six years.

Conferences and Seminars

Antonio Argandoña
On June 14–16, attended the EBEN Research Conference 2010, in Tampere, on the subject "From theory to practice – How does business ethics matter?", where he presented the paper "Love in business".

Abstract: The traditional theories of the firm leave no room for love in business organizations, perhaps because it is thought that love is only an emotion or feeling, not a virtue, or because economic efficiency and profit making are considered to be incompatible with the practice of charity or love. In this paper we show, based on a theory of the firm, that love can and must be lived in companies for companies to operate efficiently, be attractive to those who take part in them and act consistently in the long run.

On June 23–25, attended the XVIII Congreso de EEN España, in Bilbao, on "Teoría superior de stakeholder", where he presented the paper "El amor en la empresa": He was also a member of the scientific committee.

Abstract: ¿Puede vivirse el amor en la empresa? La teoría tradicional sobre la empresa no deja espacio para el amor en las organizaciones económicas, quizá porque considera que el amor es sólo una emoción o un sentimiento, y no una virtud, o porque le parece que la eficiencia económica y la consecución del beneficio son incompatibles con la práctica de la caridad o del amor. En este artículo se muestra, a partir de una teoría de la empresa, que el amor puede y debe ser vivido, como condición para que una
empresa lleve a cabo su actividad con eficiencia, haciéndola atractiva para los que participan en ella, y haciendo consistente su acción a largo plazo.

Pascual Berrone
On June 23–26, attended the GRONEN 2010 Research Conference, in Milan, where he presented the paper "Do greenwashing policies pay off? The impact of symbolic actions on environmental legitimacy", co-authored with Andrea Fosfuri.

Abstract: We investigate the impact of greenwashing policies (i.e., policies or codes of conduct followed for symbolic purposes, without necessarily being applied in practice) on environmental legitimacy (i.e., the external validation of a firm's alignment with those environmental values demanded by the broader public). Drawing on institutional theory, we first argue and then empirically test the proposition that, in strong institutional fields such as polluting industries, symbolic actions increase a firm's environmental legitimacy only when they are coupled with evidence of the implementation of more substantive policies. Our findings suggest that symbolic endeavors alone might harm a firm's environmental legitimacy.

Javier Estrada
On June 9–11, attended the FMA European Meeting, in Hamburg, where he presented the paper "Geometric mean maximization: An overlooked portfolio approach?"

Abstract: Academics and practitioners usually optimize portfolios on the basis of mean and variance. They set the goal of maximizing risk-adjusted returns measured by the Sharpe ratio and thus determine their optimal exposures to the assets considered. However, there is an alternative criterion that has an equally plausible underlying idea; geometric mean maximization aims to maximize the growth of the capital invested, thus seeking to maximize terminal wealth. This criterion has several attractive properties and is easy to implement, and yet it seems to have taken a back seat to the maximization of risk-adjusted returns. The ultimate goal of this article is to compare these two criteria from an empirical perspective. The results reported and discussed leave the question posed in the title largely intact: Are academics and practitioners overlooking a useful portfolio approach?

The same paper was presented on June 18–19 at the European Quantitative Forum in London.

Roberto Galang (PhD Student)
On May 19–22, attended the 7th Annual JIBS/AIB Paper Development Workshop (PDW), in Rio de Janeiro, where he presented the paper "National, industrial and firm-level determinants of international technology diffusion: The case of electronic ticketing among airlines".

Abstract: This Paper investigates the process of international technology diffusion by analyzing the adoption of a single innovation worldwide: Electronic ticketing is arguably the most critical tool for cutting costs in the airline industry; yet, despite the myriad gains provided to individual firms, the pace at which this technology was adopted was uneven across the world. Paraphrasing the three legs of the strategy theory tripod, I determine which among the national, industrial and firm-level factors were most salient in affecting the international diffusion process. Using a unique dataset consisting of 180 airlines operating in 115 different countries, I find that firm size, business model, market size, level of economic development, shared language, internet use, culture and government institutional quality had a significant impact on the pace at which individual airlines adopted e-ticketing technology. My results also suggest that the diffusion of technology operates not on a global scale but along regional lines.

On June 17–19, attended the ISNIE Conference in Stirling, Scotland, where he presented the paper "Institutional determinants of international technological diffusion: The case of electronic ticketing among airlines".

Abstract: This paper investigates the institutional factors that affect the international diffusion of beneficial technological innovations across firms. Electronic ticketing is a critical tool for cutting costs in the airline industry; yet despite the myriad gains provided to individual firms, the pace at which this technology was adopted was uneven across the world. Using a unique dataset consisting of more than 180 airlines operating in 120 different countries, my analyses indicate that controlling for firm- and industry-specific factors, state governance characteristics – especially government effectiveness – have a significant impact on the pace at which individual airlines adapt the e-ticketing technology. I also find, however, that state ownership of firms does not significantly affect the pace of technological diffusion. Moreover, my results suggest that the diffusion of technology operates not on a global scale but along regional lines, alluding to the need to also focus supranational institutions to properly understand global processes.

Lisa Hehenberger (PhD Student)
On June 11–13, attended the 2nd International Symposium on Process Organization Studies, in Rhodes, where she presented the paper "Constructing collective identity in an emerging field: A tale from venture philanthropy", co-authored with Johanna Mair.

Abstract: In this paper we use a longitudinal, real-time and in-depth research design and apply multiple methods (discourse analysis, social network analysis, qualitative comparative analysis (QCA) and qualitative interpretation) to explore the process of collective identification with an emerging organizational field. We develop a process model to study the impact of multiplicity and convergence on collective identification, and the role of a central actor in shaping the collective identification of the venture philanthropy field in Europe. The central actor, in this case the association, plays an important role in shaping a collective conceptualization of venture philanthropy. However, we also highlight the significance of providing an environment that allows for a multiplicity of interests and identities at sub-group level in order to foment innovation and creativity. We find
We examined the role of the dopaminergic system in our paradigm to estimate delay and probabilistic outcomes, thereby quantifying the subjective value of trade-offs, time, and outcome probability in a single probabilistic time trade-off (PTT) economic model that links traditional values reached and the uncertainty associated with the outcome. The consideration both the passage of time before an outcome is experienced in metoclopramide-treated subjects.

Abstract: Decision making can be regarded as the outcome of cognitive processes leading to the selection of a course of action among several alternatives. Every decision making task produces a unique choice, even though it might come from a hesitating, and then a somehow uncertain, decision. How can the level of conflict be evaluated? Our fMRI experiment consisted of making a number of economic decisions between paired options (prospects), characterized by a trade-off between time and risk, to get a monetary reward. The collective uncertainty associated with each prospect was measured by the Shannon entropy (Shannon, 1948) of the choices. These values were employed as a neural correlate in order to identify brain areas whose activity is related to the uncertainty of the prospects, i.e., the neural substrate of the uncertainty. Finally, effective connectivity analyses were performed on the two more relevant areas that showed an increased activation.

Abstract: Economic decision making in Parkinson's disease (PD) is a neurodegenerative disease that affects movement and cognition. Previous works indicate that decision making is also altered (Rutledge et al., 2009; Kobayakawa et al., 2008). This study centers on economic decisions involving time and risk. A paradigm previously studied in a healthy younger population (Pastor et al., 2009) was used to search for behavioral and BOLD differences between PD patients and healthy controls (HC). Although both HC and PD patients behaviorally consider a trade-off between time and probability, PD patients are less prone to wait than HC to obtain a similar probability level. This is consistent with studies where PD patients preferred riskier options which led to higher incomes in the short term but losses in the long term (Kobayakawa, 2008).

"Dopamine Antagonist D2 modulation leads to economic decision changes in healthy subjects", co-authored with Maite Aznárez-Sanado, Francis Roayza, and María A. Pastor.

Abstract: Economic decision-making typically involves taking into consideration both the passage of time before an outcome is reached and the uncertainty associated with the outcome. The Probability Time Trade-off (PTT) economic model links traditional trade-offs, outcome time and outcome probability in a single measurement, thereby quantifying the subjective value of a delayed and probabilistic outcome.

We examined the role of the dopaminergic system in our paradigm and found that after administration of the dopaminergic D2-antagonist, metoclopramide, subjects showed a propensity to postpone the reward in order to increase the outcome probability. In these conditions, the basal ganglia were no longer involved in the interaction between probability and delay. Indeed, the neural activity detected that was correlated with the PTT index regressor paralleled the change in the subjective value of the reward experienced in these metoclopramide-treated subjects.


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allocations at a price in quantity-based RM), reacting either to updates in their estimates of market demand, competitor prices, or inventory levels. We first prove existence of a unique subgame-perfect equilibrium for a duopoly. In equilibrium, in each state sellers engage in Bertrand competition and the seller with the lower equilibrium reservation value sells a unit at a price equal to the competitor’s equilibrium reservation value. This structure hence extends the marginal-value concept of bid-price control, used in many RM implementations, to a competitive model. In addition, we show that the seller with the lowest capacity sells all its units first. Furthermore, we extend the results transparently to *n* firms and perform a number of numerical comparative statics exploiting the uniqueness of the subgame-perfect equilibrium.

**Domèneç Melé**

On June 24–26, attended the VII International Symposium of University Professors on the theme “Person, Society and Institutions: Towards an Economy Supporting the Human family” in Rome, where he presented the paper “Toward a new way of understanding business enterprise”.

Abstract: The presentation takes as starting point a quotation on the Encyclical Letter Caritas in veritate (n. 40): “Today’s international economic scene, marked by grave deviations and failures, requires a profoundly new way of understanding business enterprise.” Current models of the firm are reviewed and their failures, requires a profoundly new way of understanding business enterprise.

**Pinar Özcan**

On May 15–16, attended the Sumantra Ghoshal Conference on Managerially Relevant Research, in London, where she presented the paper “The market that never was: Failed market coalitions in mobile payment services”.

Abstract: In this paper we look at the emergence of new markets as an interorganizational negotiation process. Through semi-structured interviews, archival data, and observations, we followed the emergence of the “mobile payments” market for over 40 months between 2006 and 2009. We find that during the emergence of a new product or service, which requires resources residing in different markets, interfirm negotiation is a very complicated process which may lead to the abandonment of the new market due to lack of agreement. In particular, when players come from dominant positions in their distinctive markets, the development of the new market may lag significantly, as the priorities of these players clash and halt the negotiation process. When such deadlocks occur in interfirm negotiation, the new product may not be brought to market and parties may be forced to opt for inferior products.

**Minna Paunova (PhD Student)**

On May 19–22, attended the 2010 European Academy of Management Conference, in Rome, where she presented the paper “Self-monitors: The effective networkers: Individual level processes behind structural outcomes”.

Abstract: The paper identifies a gap in the research on individual-level antecedents of network structure, namely networking behaviors and practices. Analyzing process and outcome in tandem, this paper contributes to the nascent literature on the network effects of self-monitoring, an important individual relational capability, defined as the ability to observe and control one’s self-presentation in social interaction (Snyder, 1979). The paper includes several complementary propositions on how self-monitoring shapes network processes and outcomes. As little work exists on the dynamic effects of self-monitoring (e.g., effective networking behaviors) suggestions on how key concepts can be operationalized, and future directions for conceptual and empirical research are put forward.

**Fernando Peñalva**

On May 19–21, attended the Annual Meeting of the European Accounting Association, in Istanbul, where he presented the following papers:

"Accounting conservatism and the limits to earnings management", co-authored with Beatriz García Osma and Juan Manuel García Osma.

Abstract: We study the association between conservatism and both accrual and real earnings management. Conservatism facilitates the monitoring of insider decisions, potentially limiting the opportunities for within-GAAP accounting manipulation. Watts (2003) and Guay and Verrecchia (2006) argue that this monitoring role of conservatism leads to lower earnings management, while critical voices like Hermelin and Weisbach (2009) and Ewert and Wagenhofer (2005) claim that under tighter monitoring, managers have incentives to deviate from optimal decision making. To the extent that managers face constraints to manipulate accruals, we expect that they may shift to potentially more costly real earnings management practices, which they may, in fact, prefer (Graham, Harvey and Rajgopal, 2005). Using a large United States sample for the period 1990-2006 we find a negative association between conservatism and measures of accruals manipulation, and a positive association between conservatism and real earnings management. This is consistent with the arguments in Hermelin and Weisbach (2009) that tighter monitoring can lead to inefficiencies in corporate governance.

"Information effects of conditional conservatism in accounting", co-authored with Beatriz García Osma and Juan Manuel García Osma.

Abstract: We study the information consequences of conditional conservatism in accounting. We expect conditional conservatism to improve the firm information environment by ameliorating information asymmetry problems, reducing investors’ uncertainty about the firm information structure, and facilitating the assessment of future earnings and cash flows. We argue that these benefits of conditional conservatism accrue to the firm through three channels: a) limiting successful earnings management; b) improving disclosure, and c) reducing expected agency, litigation and political costs. Using
a large United States sample for the period 1976-2006, we find that an increase in firm-level conditional conservatism leads to i) a decrease in information asymmetry; ii) a decrease in stock returns volatility; iii) an improvement in analysts' forecast accuracy; iv) a decrease in credit risk, and v) a decrease in expected cost of equity capital.

**Alberto Ribera**

On June 23-26, attended the 5th European Conference on Positive Psychology, in Copenhagen, where he presented the paper "Positive leadership education: A cross-cultural perspective".

**Abstract**: This paper reports some preliminary results of a cross-cultural study of character strengths, focusing on humility, in large samples of MBA students using three different psychometric tools (VIA-IS, TCI-R, and MMP). Results suggest that self-awareness and self-acceptance among the subjects seem to be poor, whereas expectations of recognition and need to appear better than others (social comparison) are high, which may imply a risk of self-deception. Interestingly, self-assessment (VIA-IS) of humility produces lower scores than indirect measures (TCI-R and MMP), which may suggest little appreciation for this virtue rather than poor development. Some cross-cultural differences appear, although they are not statistically significant. In conclusion, the paper suggests some ideas for integrating the virtue of humility in the content and methodology of MBA programs, so to enhance positive leadership.

**Joan E. Ricart**

On May 19-22, attended the EuromAnnual Conference, in Rome, where he presented the paper "From blind spots to hotspots: How knowledge service clusters develop and attract foreign investment", co-authored with Stephan Manning, Soledad Rosatti and Arie Lewin.

**Abstract**: This paper examines the dynamics underlying the development of knowledge service clusters, which we define as geographic concentrations of science and engineering talent and specialized providers offering technical and knowledge-intensive services to regional and global clients. Taking a co-evolutionary perspective on cluster development, based on data from the Offshoring Research Network and the specific example of Latin America, we find that growing attractiveness of particular clusters is a result of intersecting trajectories: the emergence of local talent and capabilities initially serving regional demand, the search for and growing awareness of alternative pockets of talent and expertise by multinational companies, and location choices by international service providers looking to better serve global clients. Clusters thus position themselves by providing services to clients with particular service needs and location preferences, e.g. cultural and geographical proximity. Findings also suggest that international and local providers not only compete for clients, but occupy different market segments when serving from particular locations. Results may stimulate future research both on cluster emergence and development, and on location choices in the context of global sourcing.

**Juan Roure**

In April, attended the 2010 Family Enterprise Research Conference (FERC), in Cancún, where he presented the paper "From the family business to the family office: The role of entrepreneurship in sustainability", co-authored with Dianne Welsh, Juan Luis Segurado and Kirby Rosplock.

**Abstract**: This study explores the relationship of the family to their businesses and their family office and asks whether entrepreneurship plays a role in sustaining these entities. Entrepreneurship is looked at in relation to the family business, family wealth management, and how it is passed from one generation to another in terms of economic and non-economic goals. Surveys and interviews were administered to family members in the United States and Spain. Results showed that entrepreneurship plays a vital role in the sustainability of the family business and family office over time. Implications for future studies and practice are discussed. How and why do some families create and develop the family's other investments, ventures and services (FIVS) or a family office? How do families manage the business(es) in concert with FIVS or family office? What are the critical factors for a successful development of FIVS? Historically, much of family business research focuses on the family business in isolation, with a particular topic (e.g., succession, conflict resolution, management, governance, entrepreneurship). This study attempts to understand the family in business from a multi-generational perspective and as a continuum—from the business(es) to how the family manages its other investments, ventures and services (FIVS). This paper is one of the outcomes of a pilot study conducted in 2009 with 32 families who own/owned a family business in the United States, Europe and South America. Two different family members, representing different generations and/or branches of the family, were interviewed. The ultra-affluent typically owned/own the majority their family business, have an average net worth of $50+ million and a business with revenues of $100+ million. Combined, participating families' net worth is estimated at $2-3 billion. Most firms (72%) were founded in the 1930s-1960s, and 94% are in the 2nd or 3rd generation of ownership, with the average family business employing 100-250 workers. The study employed a mixed methodology involving a survey consisting of sixty qualitative and quantitative questions, followed by an in-depth, semi-structured interview. From the 32 families, 52 family members completing the survey and 40 were interviewed. A phase II of the study is scheduled for 2010-2011 and will comprise a larger, mixed method approach involving an online survey and focus groups. In phase II, 500+ families from Europe, South and Central America, United States, and possibly Asia whom meet the criteria from the pilot study will be invited to take part. This paper was awarded second place in the conference's Best Research Poster competition.

**Christian Seelos – Johanna Mair**

On June 1-4, attended the Anschub 2010 conference on "Social Entrepreneurship: Dialog zwischen Wissenschaft, Studierenden und Praxis", in Lüneburg, Germany, where they presented the paper "Organizational mechanisms of inclusive growth: A critical realist perspective on scaling".
Abstract: An emerging development paradigm that focuses on inclusive growth through the integration of the poor bases its hopes on bottom-up, entrepreneurial, innovative solutions. The hopes for this new paradigm are such that one prominent social entrepreneur was recently awarded the Nobel Peace Prize. With all the focus on innovation, we wish to draw attention to the challenge of how to take the outcomes of innovation, i.e. the novel recipes, and make them bigger or replicate them; in other words, how to achieve scale.

Yuliya Snihur (PhD Student)
On May 19-22, attended the 2010 European Academy of Management Conference, in Rome, where he presented the paper “Social capital and the theory of the firm”.

Abstract: I start with an overview of economic explanations of why firms endure to later reframe the debate showing that firms provide enhanced contexts for accumulation of collective knowledge, idea generation, and implementation through the development of networks and shared identity. Shared identity is both the consequence of people working together, and also the means by which firms survive and innovate. This perspective is an important advance on the original arguments developed by other theorists of the firm as additional phenomena can be explained with this framework while bridging two broad literatures (sociological and economic).

Josep Tàpies
On June 6-8, attended the 6th Workshop on Family Firms Management Research, organized by EIASM (European Institute for Advanced Studies in Management) in Barcelona, where he presented the following papers:

"Values and longevity in family business: Evidence from a cross-cultural analysis", co-authored with María Fernández Moya.

Abstract: The link between longevity and values has been pointed out by several authors, who underline values as an important factor to support a long-term vision and as a source of competitive advantage, based on using values as specific company resources. Nevertheless, not many empirical works have dealt with this topic. Accordingly, the present article focuses on this relatively neglected line of research by developing an empirical cross-culture analysis, contrasting samples from Spain, Italy, France and Finland. This paper tries to contribute to the body of knowledge that exists on the relationship between longevity and values in the family business field; specifically, it analyses the role of values in assuring the continuity and success of family-owned firms over time. To do this, the following research questions were formulated:

- What values influence family business longevity most?
- How are these values transmitted?
- Is longevity an asset for family businesses?

"The importance of values in family-owned firms", co-authored with Lucía Ceja and Remei Agulles.

Abstract: The goal of this research project is to define the concept of values from a philosophical perspective and critically examine the importance of values for assuring the continuity and success of family-owned firms. The research study is organized in two sections. Part I defines the term "value" from a philosophical approach. The term "value" has been used indiscriminately for describing: values, virtues, behaviors, beliefs, character strengths, etc. However, if we want family-owned firms to get in touch with their values and to commit themselves to live according to them, we must first start by defining what we mean by the term "value". This latter task is not easy, and has been done hundreds of times throughout history. Moral philosophers, theologians, psychologists, legislators and educators have all embarked on the task of understanding what the term “value” means for humanity. This section attempts to tease out a definition of “value” using several conceptions that are present in the literature.

Part II further structures the way in which values constitute the core of any family business culture: a family’s internal understanding of its values strongly determines the kind of behaviour that will be acceptable or unacceptable in its firm. The owning family's value system drives key decisions on business strategy, organizational structure, corporate culture, governance, owners' commitment and leadership style. In this section we analyze real-life cases of successful family businesses to tease out how family values can be instilled across generations. We also emphasize practical ways in which values can be communicated, discussed and put into practice, through different avenues: structures (family council/ family assembly), rules (family protocol/ family constitution) and procedures (e.g. succession). Summing up, this research project emphasizes the power of a strong value system for families in business. Every family holds strong traditional values of commitment, responsibility, and mutual support. Therefore, family firms must work with their own values to make a difference in society, viewing their business as the vehicle for having more community involvement, personal meaning and social contribution.

Uchenna Uzo (PhD Student)
On May 19-22, attended the 2010 European Academy of Management Conference, in Rome, where he presented the paper "The creation of markets in the Nigerian movie industry: Strategic engagement and collective action by ethnic communities", co-authored with Johanna Mair.

Abstract: We study how actors build the institutions supporting industries in contexts that are rich in local institutional arrangements but at the same time poor in national statutory laws typically associated with the proper functioning of industries. Through a comparative case study of English- and Yoruba-language film makers in the Nigerian film industry, we show how these groups of actors respond differently to building institutions. While one group adopts an individual agency approach, the other adopts a collective mobilization approach. Furthermore, rather than finding a convergence towards the emergence of a particular institution (the prevailing view in literature), we find a divergence such that multiple institutions become established around the same practices in the industry.
The same paper was presented on May 26–28 at the Fifth Organization Studies Workshop on Social Movements, Civil Societies and Corporations, in Margaux, France.

On June 17–19, attended the International Conference on Institutions and Work, in Vancouver, where he presented the paper “Institutional ambiguity and industry emergence: A comparative case study of the Yoruba and Hausa movie industries of Nigeria”, co-authored with Johanna Mair.

Abstract: Recent work stresses that institutional ambiguity is an important characteristic of emerging industries. However, few attempts have been made to theoretically explain the origin of institutional ambiguity and why ambiguity might be strategically sustained over time. Through a comparative case study of the evolution of institutional arrangements of film production companies of the Yoruba and Hausa film industries (within the Nigerian movie industry), we show that institutional ambiguity might emerge from the tension between imported legal institutions (laws from foreign countries) and home-grown legal institutions (customary or religious laws of local communities), thus leading actors to adopt multiple and divergent institutional arrangements for the functioning of the industry. We also find that actors might strategically maintain ambiguity over time out of a need to maintain the identities of the ethnic communities to which they belong.

Awards

Lisa Hehenberger and Johanna Mair have received an honorable mention for their paper “Not a field, not an industry... what then? Using the community as a level of analysis to study the genesis of field formation”. The Paper was one of the four best papers selected from the total set of papers of the EGOS conference in 2009. The award ceremony took place at the EGOS conference in Lisbon.

Pinar Ozcan and Kathleen Eisenhardt have been picked as finalists of the AMJ Best Paper Award 2009 for their piece “Origin of Alliance Portfolios: Entrepreneurs, Network Strategies and Firm Performance”, published by the Academy of Management Journal in April 2009. The awards will be presented during the upcoming Academy of Management Conference in August.

Doctoral theses

Lisa K. Hehenberger
FIELD FORMATION IN THE PRESENCE OF DIVERSITY: A STUDY OF THE EMERGENCE AND EVOLUTION OF VENTURE PHILANTHROPY IN EUROPE
(IESE) thesis director: Johanna Mair

Abstract: When a new industry or organizational field is formed, organizations that share certain features realize that they are interdependent and start to advance a common agenda. Field construction is an entrepreneurial project that involves many types of actors facing enormous challenges. One of the most important challenges is that of achieving legitimacy for the new field. This dissertation proposes that collective identity is a critical antecedent to the legitimation and institutionalization of an emerging organizational field. This dissertation is a study of a field, venture philanthropy, in its making, using real-time, longitudinal data. Venture philanthropy is a way of supporting nonprofit organizations and social enterprises through methods adapted from venture capital; it brings together actors and practices from previously unconnected fields, including venture capital/private equity, mainstream philanthropy, the nonprofit sector, commercial and social enterprise. In the presence of such diversity, the creation of a common identity becomes especially important, both to project a unified image to an external audience and to figure out internally who and what should be included in the field.

I build on and contribute to previous work in institutional theory and social movement theory to develop a framework to study how actors identify with an emerging field and how agents of identification shape the identification process. Consistent with social movement theory, this dissertation concludes that an
organizational field first needs to unite around defining actors and practices, rooted in pre-existing collective identities, in order to mobilize resources. It contributes to previous work by identifying the need for diversity of actors and practices in the second stage of field formation for a new and unique collective identity to form, distinct from that of adjacent fields.

IESE - Research Seminars

Business Ethics
June 3
Speaker: Bradley R. Agle, Brigham Young University
“Stakeholder identification: A typology”

Abstract: Mitchell, Agle and Wood (1997) have proposed a theory of stakeholder identification and salience. According to this theory, classes of stakeholders can be identified by their possession, or attributed possession, of one or more of three attributes: 1) their power to influence the firm; 2) the legitimacy of their relationship with the firm, and 3) the urgency of their claim on the firm. The theory produces a typology of stakeholders based on the assumption that stakeholders are “those entities to whom managers should pay attention.”

This paper focuses attention on the stakeholder attribute of legitimacy. In their work, Mitchell, Agle, and Wood refer to the concept of stakeholder legitimacy in three different ways: first, in terms of the legitimacy of the entity: “An entity may have legitimate standing in society…”; second, in terms of the legitimacy of the claim: “…it may have a legitimate claim on the firm…”; and third, in terms of the legitimacy of the stakeholder’s relationship to the firm. These three different ways of referring to legitimacy are used interchangeably in their work. Nevertheless, each of them alone can lead to very different interpretations of the concept of stakeholder legitimacy. Drawing upon various literatures and theories including institutional theory, stakeholder theory, and others, this paper develops a typology of stakeholder legitimacy based on these three different attributes of stakeholder legitimacy, and explicates the theoretical and practical implications of this typology for the theory of stakeholder identification and salience.

Managerial Decision Sciences
June 1
Speaker: Augusto Rupérez, Universitat Pompeu Fabra
“The emergence of biofuels and the co-movement between crude oil and agricultural prices”

Abstract: Biofuels are becoming an alternative to non-renewable energy sources such as oil. However, the interrelationships between oil and agricultural prices have not been extensively researched. Our study fills this gap by providing empirical evidence linking some of them through a biofuels channel. Using daily wholesale data since 1988, we identify a co-movement after 2005 that does not appear for other food-related commodities and is not due to general economic variables.
Our results suggest that the link is due to arbitrage between commodities more than to the introduction of new legislation in the United States. We also find traces of the co-movement in the prices of a large biofuel stock.

June 14
Speaker: Julian Marewski, Max Planck Institute for Human Development
“Good judgments do not require complex cognition”

Abstract: What cognitive capabilities allow Homo sapiens to successfully bet on the stock market, to catch balls in baseball games, to accurately predict the outcomes of political elections, or to correctly decide whether a patient needs to be allocated to the coronary care unit? It is a widespread belief in psychology and beyond that complex judgment tasks require complex solutions. Countering this common intuition, in this article we argue that in an uncertain world actually the opposite is true: Humans do not need complex cognitive strategies to make good inferences, estimations, and other judgments; rather, it is the very simplicity and robustness of our cognitive repertoire that makes Homo sapiens a capable decision maker.

Managing People in Organizations
May 13
Speaker: Mary Yoko Brannen, INSEAD
“Languages of strategy: Lost in translation or trapped in your own Jargon”

Abstract: While all of us would easily recognize that language matters in the obvious case of different national languages, or in formal strategic communication to employees or stakeholders, in the day-to-day emergence and dialogues around strategy, the importance of a firm’s informal language as an enabler or constraint for growth and strategic agility has not been recognized. In this paper we provide and explore a conceptual framework for diagnosing two types of strategic language traps and their origins commonly encountered by firms as they attempt to enter new business domains as well as in acquisition-driven growth and alliances.

June 16
Speaker: Emilio J. Castilla, MIT
“The paradox of meritocracy”

Abstract: The goal of this article is to examine whether certain organizational efforts to promote meritocracy at the workplace could actually undermine it. We develop and empirically test the novel theoretical argument that when an organizational culture or ideology promotes meritocracy (compared to when it does not), managers in that organization may ironically show greater bias in favor of men over equally-performing women in the translation of performance evaluations into monetary bonuses; we call this the “paradox of meritocracy”. In order to assess this effect, we conducted a set of experiments with over 340 participants with managerial experience, who were asked to assign bonuses to several employee profiles. We manipulated both the gender of the employees being rewarded and whether the company’s core values emphasized meritocracy in evaluations and compensation. Across two studies, we find that when an organization is explicitly presented as meritocratic, compared to when it is not, individuals in managerial positions favor a male employee over an equally qualified female employee by awarding him a larger bonus. This finding demonstrates that the pursuit of meritocracy at the workplace may be more difficult than it first appears. We conclude by proposing future research to investigate why merit-based practices and ideologies may fail to solve gender and race bias within organizations.

Marketing
May 14
Speaker: Roland T. Rust, Robert H. Smith School of Business, University of Maryland
“Optimizing service productivity”

Abstract: As service becomes an ever larger part of every developed economy, service productivity increasingly becomes the focus of attention. Many companies are using information technology to utilize automation more extensively, reduce the use of labor and increase service productivity. It has widely been assumed that greater service productivity is good, but a more nuanced theorization, supported by empirical research, shows that at any given time there is an optimal level of service productivity, but that the optimal level increases over time due to the advance of technology. The theory predicts conditions under which service productivity should be higher or lower, and results in testable empirical propositions. The propositions are tested using data from over 700 service companies in each of two different time periods, and the empirical analysis supports the theory. The research has important conclusions about the optimal level of service productivity: 1) for a given level of technology, firms should seek an optimal level of productivity rather than trying to maximize productivity, and 2) as technology advances and automation costs decrease over time, the optimal level of productivity increases. In addition the research supplies managerial guidance about when productivity should be higher or lower: 1) as price increases, the optimal level of productivity decreases; 2) as sales are more sensitive to the level of service, the optimal level of productivity decreases; 3) as wages rise, the optimal level of productivity increases, and 4) for firms with higher sales and market share, the optimal productivity level increases. We also find, based on our empirical results, that large service companies tend to be too productive, relative to the optimal level, and should place less emphasis on cost reduction through automation and more emphasis on providing good service.

June 29
Speaker: Jehoshua Eliashberg, Wharton School, University of Pennsylvania
“Researching the movie industry”

Abstract: Introducing new methodologies to the business world may be quite challenging. Bringing “science” to creative industries such as the motion picture, where decisions are typically made based
on intuitive judgments, may entail additional complexities. Josh Eliashberg shared with participants his experiences in implementing new methodologies in the last twenty years, having worked with movie exhibitors, distributors, and most recently with movie producers, for whom he and his colleagues have developed a scripts-based commercial viability assessment approach. The presentation began with an overview of the changing landscape in the supply chain of movies. It then reviewed a number of models supporting various decisions, developed by Josh and his colleagues.

### Strategic Management

**May 7**

**Speaker: Shameen Prashantham, University of Glasgow**

"Dancing with gorillas: Exploring SMEs’ local links with foreign MNCs"

**Abstract:** In my presentation, I seek to shed some light on a relatively under-researched phenomenon, viz. knowledge-intensive SMEs’ local network relationships with foreign MNCs. I report findings from a set of exploratory studies undertaken in the United Kingdom and India, which cumulatively created a dataset of 50 in-depth interviews and over 200 questionnaires. First, I explore antecedents of such ties. A key finding is that alliance proactiveness is a significant predictor of whether a SME establishes active links with MNCs. Second, I consider the consequences of such ties. A key finding is that a major benefit of these links can be capability learning. The results of these studies improve extant understanding of SME internationalization, given the tendency for academics – and perhaps even practitioners – to overlook local networks as a facilitator of international expansion. Recognition of SME-MNC links as an important locus of value creation has significant implications for public policy, where efforts targeted at SME development and FDI attractions typically operate in parallel.

**May 18**

**Speaker: Will Mitchell, Fuqua School of Business, Duke University**

"Business transformation in heterogeneous environments: The impact of market development and firm strength on growth and retrenchment reconfiguration"

**Abstract:** Asset reconfiguration activities (including business acquisitions, internal growth, and asset divestitures) are important mechanisms for business transformation. While studies of firms operating in developed markets have explored the incidence and performance impact of asset reconfiguration, reconfiguration remains poorly understood in the context of developing markets, in which firms formulate and implement strategy with limited market infrastructure. This study argues that weaker market infrastructure inhibits resource reconfiguration, constraining the ability of weak firms to retrench and of strong firms to grow. In turn, we argue that market development increases reconfiguration activities while enhancing the benefits of adding assets but limiting benefits from divesting assets. We examine the extent and impact of reconfiguration activity in the context of 1,256 publicly traded firms based in eight South East Asian countries (Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand) from 1990 to 1999.

**May 26**

**Speaker: José Navarro Cid, Universidad de Barcelona**

"Healthy variability: Evidence of chaos in productive organizational behaviour"

**Abstract:** Research in organizational behavior has generally stressed the stability and linearity of phenomena. For this reason, techniques derived from the general linear model (GLM) have been imposed on scientific activity in the area. However, since the ’90s there has been a flood of evidence showing that stability and linearity are the exception and not the rule in organizational behavior. In this session we present three studies using different methodological techniques based on complexity science (recurrence analysis, Lyapunov exponents and surrogate data); with different samples of employees (N = 48 and N = 60) and professional basketball players (N = 94). Our findings reveal strong evidence of nonlinear and chaotic behavior in work motivation, flow, and individual and team performance. Specifically, over 80% of the cases examined showed a chaotic dynamic pattern. An interesting finding is that chaotic dynamic behavior is associated with high levels of work motivation, flow and performance. That is, workers exhibiting high levels of motivation and flow as well as high-performance athletes are precisely those that show chaotic dynamics. This finding is in line with the “healthy chaos” thesis developed in the biological and physiological fields, and should help us to understand that the chaotic within-individual fluctuations found in work motivation, flow and individual and team performance, are not anomalous functioning that should be avoided. Instead, it should be regarded as dynamic, positive, and healthy behavior. Moreover, our findings highlight the benefits of using nonlinear analyses as opposed to techniques derived from GLM.

**May 31**

**Speaker: Abraham Carmeli, Bar-Ilan University**

"Relational leadership, team trust and learning from failure: How TMTs make high quality strategic decisions"

**Abstract:** The last two decades have witnessed growing research interest in collaborative forms of leadership, and in what factors influence the effectiveness of top management teams. In this study, we examine CEO leadership behaviors and team trust as enablers of learning from failure in top management teams (TMTs) and the extent to which learning from failures improves the quality of TMT strategic decisions, i.e. decisions that involve large commitments and substantial organizational resources. In so doing, this study contributes to these literatures by proposing and examining a sequentially mediated model of CEO relational leadership, TMT trust, learning from failures, and quality strategic decisions. SEM analyses of survey data collected from 77 TMTs indicate that 1) the relationship between CEO relational leadership and team learning from failures was mediated by trust between TMT members, and 2) team learning from failures mediated the relationship between team trust and strategic decision quality. These findings suggest that CEOs can improve the quality of the strategic decision their TMTs make by shaping a relational context of trust and facilitating learning from failures.
Abstract: A central tension in the relationship between human capital and firm performance is that firms prefer that their employees make firm-specific, rather than only general, human capital investments. At the same time, employees will generally prefer to avoid making firm-specific investments because they are often unable to appropriate much of the value they create through these specific investments. Much of this analysis of general and firm-specific human capital assumes that decisions about these investments are separable, i.e., that employees choose to invest either in general human capital or in firm-specific human capital. This paper suggests that, in some settings, these investments are not separate and that by, for example, investing in firm-specific human capital, an employee is simultaneously investing in a related form of general human capital – carried out through a co-development process. This observation has important implications for the ability of general human capital to lead to sustainable competitive advantage.

Luis Cabral
On May 19, at University of Rochester, presented the paper “Evolving technologies and standards regulation”, co-authored with David Salant.

Abstract: Spectrum regulation necessarily involves some regulation of the technology that licensees can use. One commonly stated assertion is that a mandated single standard, the solution followed by the EU for 2G wireless, is a successful model for spectrum regulation. We argue that a single standard leads to a free-riding problem, and thus to a significant decrease in marginal incentives for R&D investment. In this context, keeping two separate standards may be a necessary evil to sustain a high level of R&D expenditures. We also provide conditions such that a non-standardization equilibrium is better for consumers and for society as a whole.

Sophia Kusyk
On June 18, at Brigham Young University, in Provo, Utah, presented the paper "The intellectual structure of the Business and Society academic discipline: A bibliometric study of BS, BEQ, JBE, AMJ scientific research, 1958–2008 – preliminary findings", co-authored with D. Roche.

Abstract: The study identifies the conceptual frameworks that have had the greatest impact on Business and Society research and analyzes the changes that have taken place in the intellectual structure of this discipline. The methodology is based on the bibliometric techniques of citation and co-citation analysis, which are applied to all the articles published in the Business and Society Journal, Business Ethics Quarterly, Journal of Business Ethics and Academy of Management Journal from 1958 through 2008. The preliminary results of the bibliometric cluster on half of the data were evaluated and the paper pointed to suggestions on how to improve the bibliometric method for future research in general.

José L. Moraga-González
On May 4, at Universitat Autònoma de Barcelona, presented the paper "Do firms sell forward for strategic reasons? An application to the market for Natural Gas", co-authored with Remco van Eijkel.

Abstract: (See page 4.)

The same paper was presented on May 10 at University of Cambridge; on May 17 at Humboldt University, Berlin; and on May 31 at Universidad Pablo de Olavide, Seville.
Pinar Ozcan
On May 19, at University of Catania, presented the paper “Origin of alliance portfolios: Entrepreneurs, network strategies and firm performance”.

Abstract: Portfolios of alliances are ubiquitous and influential for firm performance. Extant research indicates the attributes of high-performing alliance portfolios, and offers a deterministic account of which ties form and with whom. But it does not address how executives originate high-performing portfolios. We address this gap with an inductive case study of how six entrepreneurial rivals in the wireless gaming industry originate high- (and low-) performing portfolios. Our emergent theoretical framework emphasizes the role of agency and strategic action – i.e., executives who visualize their portfolios in the context of the entire industry (not as a series of single ties) and form multiple, simultaneous ties are more likely to originate high-performing portfolios. In contrast, executives that follow the well-known deterministic account of dyadic interdependence and social embeddedness build mediocre portfolios. We also note insights into key concepts of resource dependence and network theories. We conclude that portfolios are grounded in the strategic choices that firms make to form ties with one another.

On May 27, at Universidad Carlos III, in Madrid, presented the paper “The market that never was: Failed market coalitions in mobile payment services”.

Abstract: (See page 9.)

Miscellaneous

Antonio Argandoña
On May 31, attended the Foro Internacional sobre Responsabilidad Social Corporativa. Hacia una nueva ética global: Innovación vs statu quo, in Barcelona, where he gave the lecture “Más allá de la eficiencia: Lecciones éticas de la crisis para la cultura empresarial”.

On June 17, attended the conference ”Código de Buenas Prácticas de FENIN”, in Madrid, where he gave the lecture “Código de Buenas Prácticas de Fenin: La dimensión ética”.

Alberto Fernández
On May 28, attended the first conference of Asociación Catalana de Contabilidad y Dirección (ACCID), in Sabadell, where he gave the lecture ”Estrategias eficaces para la reducción de costes”.

Teaching materials

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

Accounting and Control

El cuadro de mando integral en TMB
(C-748 - 0.108.030 )

Transportes Metropolitanos de Barcelona, en opinión de su consejero delegado, Constantí Serrallonga, tiene aspectos a mejorar en cuanto a la gestión de los objetivos y proyectos clave. Le falta visión de largo plazo, tiene demasiados proyectos en marcha y no realiza bien el seguimiento de estos proyectos. Cambios en la filosofía, los procesos de gestión y el uso de mapas estratégicos le pueden ayudar a solucionar esos problemas. El caso explica y presenta los mapas estratégicos elaborados por la alta dirección de TMB a finales de 2005 y plantea el problema de cómo seleccionar las iniciativas (programas) estratégicas y cómo llevar a cabo un buen seguimiento de las mismas.

Fernández A.; 16 pages.

Palau de la Música Catalana: Gestión, control y la fragilidad de la cultura
(C-751 - 0.110.011)

El caso describe los hechos que llevaron a la renovación de la cúpula directiva del Palau de la Música Catalana. El caso trata temas que van desde control interno, gobierno corporativo, entidades sin ánimo de lucro y gestión dentro de la sociedad como una fuente de recursos para la organización.

Alegre I.; Dávila A.; 20 pages.

Effective Cost-Reduction Strategies
(CN-220-E - 0.110.013)

Se presentan aspectos clave para una adecuada gestión de los costes, así como reflexiones sobre acciones a llevar a cabo para reducir eficazmente los costes en determinadas áreas, como la de gastos de viaje, impagados, compras y logística, alquileres, servicios profesionales, etc. Se incide en la idea que no es adecuado reducir los costes porque sí y hay que reflexionar cuáles aportan valor y cuáles no. También en el hecho de que se pueden reducir costes negociando con los proveedores, pero asimismo cambiando las formas de hacer cosas, sistematizando procesos y modificando hábitos. (Also available in Spanish.)

Fernández A.; Velilla M.; 8 pages.
Financial Management

Volkswagen AG: Valuation in 2009
(F-845-E - 0.210.002)

The purpose of this case is to introduce two of the most basic and widely used valuation techniques: the dividend discount model (DDM) and multiples valuation. Students are required to value Volkswagen AG in the context of its merger agreement with Porsche and a major economic crisis that strongly affected the car industry. This case is designed for use at the beginning of a standard MBA Corporate Finance course, but can also be placed in any valuation module or as a stand-alone case. Before preparing for this case the students need only be familiar with the concept of cost of capital. The case provides enough data to discuss several versions of the DDM, such as the one-stage growth model, the two-stage growth model, and growth models with terminal price. It also allows comparison of several multiples, such as P/E ratios and EV/EBITDA ratios, for valuing firms.

(Also available in Spanish.)

Saffi P.; Vergara C.; 7 pages.

Managerial Decision Sciences

Forecasting at The GAP Company
(AD-317-E - 0.110.004)

This case is used to make annual and quarterly company forecasts. It can be used in two sessions, the first focusing on the annual forecast and the other on the quarterly forecast.

(Also available in Spanish.)

Ariño M.A.; 4 pages.

RapidTent
(AD-318-E - 0.110.005)

This case study is used to discuss how to make sales projections for a recently created company with limited historical data. It may also be useful for a sales review course after the trend adjustment module.

(Also available in Spanish.)

Ariño M.A.; 6 pages.

Hausdorf Company
(AD-319-E - 0.110.006)

This case study is useful for discussing how to organize sales forecasts in a company with many products affected by seasonal fluctuations. It also illustrates how proper inventory management can substantially boost company profits.

(Also available in Spanish.)

Ariño M.A.; 6 pages.

Managing People in Organizations

Lamb or Lion
(DPO-174-E - 0.409.106)

Reflections from a young manager on his first ten months of work after graduating from an MBA course. He is employed by an international consulting firm, expatriated in Hong Kong but managing projects in Seoul. He describes the impact of these months of work on his motivation and values.

Ribera A.; 2 pages.

A G.ho.st Story: The Challenges of an Israeli-Palestinian Business
(DPO-185-E - 0.410.004)

This case is about the creation and development of a technological start-up by an Israeli entrepreneur and his Palestinian partner, with the fundamental goal of facilitating peace between the two
peoples and contributing to their economic development. It shows the geopolitical difficulties which have arisen and continue to do so in this joint venture, affecting both everyday work and financing.

Ezov A.; Ribera A.; 32 pages.

The City of Peace: 19 Years On
(DPO-186-E - 0.410.005)

An MBA student, who moved to London from his native Iraq at the age of 9 because of the war, decides to accept a summer internship in an Iraqi investment bank. The case study relates his personal and professional experiences during his stay in Baghdad, while also addressing topics such as the socioeconomic situation, personal security and business opportunities.

Al-Rikabi A.; Ribera A.; 20 pages.

Preparing for Job Interviews: A Guide to Successful Interviewing
(DPON-80-E - 0.408.089)

Job interviews are stressful, even for people who have been through countless interviews. The best way to reduce the stress is to be prepared. Take the time to review the “standard” interview questions you will most likely be asked. This technical note contains 71 typical interview questions and guidance on successful interview preparation.

Neill C.; Leggett B. O’C; 17 pages.

Pitching to Professional Investors
(DPON-81-E - 0.409.103)

This is a technical note on preparing and delivering a presentation to investors for the purpose of raising capital for your business venture. The standard pitch to professional investors is a brief, well-rehearsed Microsoft PowerPoint presentation that might include a demonstration or professionally produced prototype. Such meetings do not last more than an hour. This is not about entrepreneurship, development of business plans or how to market your product. This is about the preparation, rehearsal and delivery of a 45-minute pitch to professional investors.

(Also available in Spanish.)

Neill C.; Leggett B. O’C; 7 pages.

The City of Peace: 19 Years On - Teaching Note
(DPOT-41-E - 5.410.042)

Case DPO-186-E.

Use is restricted to Academic Institutions.

Al-Rikabi A.; Ribera A.; 7 pages.

The Solomon R. Guggenheim Foundation
(M-1226-E - 508.041)

The case recounts the history, development and expansion of the very characteristic Guggenheim model of museum management. It also covers the challenges of managing a brand that has expanded worldwide through the Guggenheim’s exhibitions and the novelties they contain. The museum’s mission is a challenge for its future.

(Also available in Spanish.)

Iniesta F.; Marco E.; 37 pages.

Google AdWords: desarrollo y crecimiento del mercado español
(M-1239 - 0.510.019)

La empresa Google es el proveedor de espacio publicitario con mayor volumen de ventas del mundo. Su producto estrella son los enlaces patrocinados en las páginas de resultados de las búsquedas, a pesar de la dificultad que tiene sacarles el máximo partido. Estos enlaces se comercializan básicamente a través del sitio web Google Adwords, con el apoyo de una fuerza de ventas. El reto que afronta esta organización comercial es complejo, ¿cómo empujar las ventas de un producto aparentemente sencillo con una clientela tan heterogénea?

Puig A.; Rocha e Oliveire P.; García Pont C.; 29 pages.

Production, Technology and Operations Management

"Can Fast" Health Pharmacy: Purchasing Decisions in a Pharmacy
(P-1094-E - 0.608.053)

Exercise on stock management in a small pharmacy, where the manager in charge can choose to buy from a distributor with a
short lead time or directly from the manufacturer at a lower price but with a longer lead time. This note is complemented with an Excel simulator.
(Also available in Spanish.)
Ribera J.; 4 pages.

Capacity Management in Operations Systems
(PN-464-E - 0.610.013)

This technical note discusses how to analyze and manage the capacity of an operations system. The main reason for analyzing capacity is to find the answer to the following question: what is the maximum amount of money an operations system can generate (via products or services)? The note presents a general methodology for capacity analysis, illustrated with a variety of examples, which present typical real-life complexities such as batch production, non-sequential production, production of mixed items, etc.
(Also available in Spanish.)

Lago A.; Moscoso P.G.; Sachon M.; 16 pages.

The Hard Discount Model in Retailing
(PN-465-E - 0.610.017)

During the 1990s and early 2000s the hard discount retail channel has seen tremendous growth. In this technical note we analyze the elements that form the strategic foundation of this business model and provide a detailed analysis of the underlying operations.

Sachon M.; 11 pages.

Strategic Management

Kantha Bopha Children’s Hospitals: Dr. Beat Richner’s Lifework
(SM-1548-E - 0.310.003)

Dr. Beat Richner, a 62-year-old Swiss pediatrician, set up a children’s hospital in 1991 at the behest of the Cambodian King, following the devastation brought about by the civil war. By 2009 he had opened and was running four of them, in Phnom Penh and Siem Reap. The hospitals are almost entirely dependent on private donations, which, collected through Dr. Richner's cello concerts and the Kantha Bopha Foundation, come largely from Europe and other parts of the world. The hospitals attend to over 90,000 Cambodian children without charging any fees, as the children’s parents would not otherwise be able to afford to send them to a hospital. The case discusses various issues related to international aid.

Olivares I.; Kase K.; 26 pages.

Kantha Bopha Children’s Hospitals: Dr. Beat Richner’s Lifework - Teaching Note
(SMT-72-E - 5.310.008)

Case SMT-1548-E.
Use is restricted to Academic Institutions.

Olivares I.; Kase K.; 15 pages.