Journals

Anabella Davila – Marta Elvira
“Humanistic leadership: Lessons from Latin America”, Journal of World Business, February 2012 (online).

Abstract: We review the psychological, sociological and historical explanations underlying leadership styles in Latin America. A fundamentally paternalistic style relies on social bonds based on reciprocity and stresses workers’ expectations. Transformations in leadership styles in Latin America require consideration of alternative theoretical approaches such as stakeholder management and cultural hybridism, beyond cross-cultural frameworks. Viewing employees as key stakeholders implies a legitimate concern for workers beyond the employment relationship. From a hybridism perspective, diversity is a critical concept that applies to organizational ownership arrangements, management practices, cultural backgrounds, and socio-economic contextual changes surrounding leadership styles.

Domènec Melé – Michael Naughton

Antonino Vaccaro – Alejo Sison

Abstract: Transparency in business and society is one of the challenges raised in the encyclical Caritas in veritate by Benedict XVI. This paper focuses on the issue by extending the literature on business ethics, corporate social responsibility, and corporate transparency in two dimensions. First, it reviews the understanding and framing of the transparency issue in Caritas in veritate and in a selection of relevant Catholic Social Teaching (CST) publications. Second, this paper provides normative indications for corporate transparency decisions which reflect four permanent principles of CST, namely, the common good, solidarity, subsidiarity, and respect for the human being. Inasmuch as human beings are worthy of love for their own sakes, the dimension of gift should always be present in relationships among them. This paper also provides insights for further studies on corporate transparency and the impact of religion on business ethics and corporate social responsibility.
Books

Domènec Melé

Abstract: The recent financial crisis has awakened a renewed sensibility to ethics in business and management, and an increasing interest in a better understanding of how ethics and economics are intertwined. Managers and executives must understand not just the moral value of ethical behavior, but also how this can strengthen and benefit the organization.

Contributions to books

Marta Elvira – Anabella Dávila

Abstract: The purpose of this chapter is to understand the strategic role that performance management systems play in organizations, and to identify the evolution process and the organizational factors involved in the implementation of such systems in Mexico. The authors identify the best-known appraisal tools in Mexico, the issues related to organizational performance, and those linked to the superior-subordinate relationship. They discuss these topics in terms of macro-organizational and micro-organizational levels and draw lessons for developing best practices for performance management systems in Mexico.

UTECA (Unión de Televisión Comerciales Asociadas) have published “La Televisión en España. Informe 2011”, edited by Juan M. de Toro and Ignacio Bel, November 2011, 342 pages.

Abstract: Informe correspondiente al año 2011, sobre la situación de la televisión en España, principalmente en lo referente al sector privado. El estudio hace un análisis en profundidad de diversos aspectos: la evolución del mercado de la televisión, desde el punto de vista de la oferta y la demanda; el mercado publicitario en general y orientado al medio de la televisión en particular; los contenidos ofrecidos por las distintas cadenas; las novedades legislativas surgidas en este último año; y la situación económica del sector televisivo. Se añade, a su vez, un informe sobre la eficacia de los formatos publicitarios en televisión, y una última parte que incluye una serie de artículos sobre temas de actualidad en el medio televisivo.

AEDE (Asociación de Editores de Diarios Españoles), has published “Libro Blanco de la Prensa Diaria 2012”, coordinated by Ignacio Bel and Juan M. de Toro, among others, December 2011, 447 pages.

Abstract: La AEDE auspicia de nuevo el Libro Blanco de la Prensa Diaria, donde se incluye un profundo análisis sobre la evolución y la situación actual de la prensa diaria en España y en otros países de su entorno. Este análisis comienza por los datos de difusión y audiencia de los distintos segmentos que componen el sector, la evolución de los suplementos y de los diarios digitales, la actividad comercial desarrollada por las distintas cabeceras, y un análisis económico-financiero agregado del conjunto de diarios. A su vez, se incluye también un informe y una sección con artículos especializados sobre temas de actualidad.

IESE – Working Papers

No 944 – January 2012
Antonio Argandoña
Three ethical dimensions of the financial crisis

Abstract: It has often been said that the financial crisis which has been hitting the world economy since mid-2007 is an ethical crisis. By studying the behaviors of the agents who made the decisions that led to the crisis, we do find evidence of many unethical mistakes. But bad conduct was also present before the crisis and in countries unaffected by it: that the crisis has an ethical dimension does not mean that this is its only cause. In this paper we argue that this is a crisis of leadership or governance of a wide range of institutions, which, in turn, reflects the failure of an economic and social model supported by certain anthropological and ethical assumptions, and these are what failed.

(Also available in Spanish)

No 945 – January 2012
Antonio Argandoña
What is different in a christian manager?

Abstract: A Christian is a person who, beyond any way of life or moral or spiritual practices, follows Christ. Catholic theology shows how this influences the life of the Christian. Even in today’s secularized society, the Christian is seen
as a person with a distinctive view of life and goals. Yet when we see the Christian as an entrepreneur or manager – i.e., engaged in the task of creating and managing companies – his outward activity seems no different from that of other, non-Christian entrepreneurs. The purpose of this paper is to understand what makes the Christian who works as an entrepreneur different, in order to try to answer the questions we may ask ourselves about the advantages and disadvantages of being a Christian.  
(Also available in Spanish)

No 946 – January 2012
Guido Stein – Javier Capapé – Manuel Gallego
Corporate governance in Spanish banks: 2011

Abstract: Spanish laws and regulations on corporate governance operate within the framework of European laws and regulations and are based on the circulars issued by the Banco de España and the Recommendations of the Unified Code (2006).

In this study we situate Spanish banks within the overall domain of corporate governance. Taking the ten largest banks by market capitalization, we draw a map, on which we situate the banks according to their ownership and governance. Although general models of governance based on geographic criteria (U.S., British and European models) do exist, they are not exactly applicable to Spanish banks. On the one hand, Banco Santander and BBVA are closer in some respects to the U.S. or British conception of governance, with low shareholder concentration, high free float and a large presence of institutional investors. The boards of these banks have more independent directors than the average and the proportion of proprietary directors is small. As regards total directors’ remuneration, it is worth noting that the figures for Santander and BBVA exceed the average for Ibex 35 companies by 400% and 180%, respectively.

A historical exception is Banco Popular, where a high percentage of the owners are represented directly on the board, and which has recently acquired Banco Pastor. Also, the salary of the chairman and two senior managers account for 80% of the total directors’ remuneration, amounting to 1.8 million euros.

No 947 – February 2012
Pablo Fernández – Javier Aguirreamalloa – Luis Corres
Rentabilidad de los fondos de pensiones en España. 2001-2011

Abstract: En el periodo comprendido entre diciembre del 2001 y diciembre de 2011, la rentabilidad del IBEX 35 fue del 4,3%, y la de los bonos del Estado a diez años, del 5,13%. De entre los 532 fondos de pensiones con diez años de historia, solo 2 superaron la rentabilidad de los bonos del Estado a diez años; solo 3 superaron el 4% de rentabilidad; y 191 tuvieron una rentabilidad promedio negativa. A su vez, los 191 fondos con rentabilidad negativa tenían, en diciembre de 2011, 1,7 millones de participes y un patrimonio de 6.246 millones de euros. El decepcionante resultado global de los fondos se debe a las elevadas comisiones, a la composición de la cartera, y a la gestión activa.

Este documento también incluye una clasificación de las gestoras de fondos y realiza un análisis de por qué no es razonable la discriminación fiscal a favor de los fondos. En muchos casos, los inversores perdieron la desgravación fiscal con la que el Estado les indujo a invertir en fondos de pensiones en menos de cinco años. Obviamente, el Estado tiene alguna responsabilidad en las pérdidas que millones de contribuyentes han sufrido y siguen sufriendo.

No 948 – February 2012
Stefano Corradin – José L. Fillat – Carles Vergara
Optimal portfolio choice with predictability in house prices and transaction costs

Abstract: Are housing returns predictable? If so, do households take them into account when making their housing consumption and portfolio decisions? We document the existence of housing return predictability in the U.S. at the aggregate, census region, and state level. We study a portfolio choice model in which housing returns are predictable and adjustment costs must be paid when a house is purchased or sold. We show that two state variables affect the agent’s decisions: 1) her wealth-to-housing ratio; and 2) the time-varying expected growth rate of house prices. The agent buys (sells) her housing assets only when the wealth-to-housing ratio reaches an optimal upper (lower) bound. These bounds are time-varying and depend on the expected growth rate of house prices. Finally, we use household level data from the PSID and SIPP surveys to test and support the model’s main implications.

Other publications

Alfonso Chiner

Abstract: La empresa familiar, además de un buen gobierno corporativo, necesita que la familia propietaria disponga de un buen gobierno familiar. De esta manera, puede asegurar
sus ventajas competitivas fundamentales: la estabilidad accionarial, mediante la unidad de los accionistas familiares y su compromiso con la empresa; y la visión a largo plazo, para lograr traspasar el legado de la empresa familiar a las siguientes generaciones. El artículo introduce conceptos básicos y reflexiones prácticas para ayudar a implantar un adecuado sistema de gobierno familiar.


Abstract: Prior empirical research has found positive, negative and neutral relationships between family involvement in business and firm performance. These inconsistent findings may be partly explained by the different levels of family involvement. Family firms are not homogeneous entities; there are family-owned, family-governed and family-managed firms. These variations lead to different configurations based on the components of family involvement, which can be captured by using set-theoretic methods. Applying this method to an international sample of 6,611 firms, we identify seven configurations in firms that lead to superior financial performance.


Abstract: En este artículo se aborda la importancia del espíritu emprendedor, entendido como la capacidad para renovar la empresa, en el caso concreto de las empresas familiares. Para sostener la empresa a largo plazo y para impulsar su crecimiento, es necesario que la compañía afronte un proceso sostenido de renovación. En las empresas familiares, el elemento clave para promover esa capacidad de renovación es el buen diseño de las estructuras de gobierno, puesto que un buen gobierno permitirá que el espíritu emprendedor se mantenga a través de generaciones.


Abstract: El artículo recoge el trabajo del Centro Internacional de Investigación de Organizaciones (IRCO), en colaboración con el despacho de abogados Sagardoy, titulado “Desafíos en la dirección de personas en la cultura 2.0”. En él, se muestra cómo Internet está llevando a cabo el nacimiento de la era de la colaboración, sustituyendo la jerarquía por la redarquía, y modificando procesos como la captación de talentos. Uno de los capítulos se dedica a los aspectos legales de las nuevas estructuras. El informe fue publicado en el año 2011.


Abstract: Management has to do with people and getting people together as the first priority. Unfortunately, mechanistic models which assume that behavior has to do only with incentives, profits or value seem to have been the dominating force over the last few years. This article presents an alternative way of looking at organizational decision-making, one based on 1) effectiveness, which means obtaining specific results; 2) attractiveness, which means satisfying the intrinsic motives of individuals; and 3) unity, which means satisfying transcendent or altruistic motives.


Abstract: Companies statistically dismiss twice as many CEOs in bad economic times as in good. Certainly, many senior executives have lost their jobs lately. Yet this new wave of dismissals masks a deeper trend: in the past two decades, the average tenure of a CEO has halved, and yet in less than a third of cases was the reason for their departure solely their poor performance. Why the increased turnover at the top? In the past, nine times out of 10 the answer was simple: companies hire a new CEO because the old one retired, fell ill or died. Nowadays the proportion has almost reversed: just over 10% is due to natural reasons, the rest is due to decisions taken at the top.


Abstract: El artículo sirve de introducción al número especial de Universia Business Review dedicado a la empresa familiar. En él, se explica qué entendemos por empresa familiar, cuáles son las particularidades de este modelo de propiedad.
the most active filers of resolutions and as innovators who primary role has been attributed to religious investors as issues these actors focus on for shareholder advocacy. A activists use, and (iii) what are the main actors and what and its determinants, (ii) what strategies shareholder engagement over Responsible Investing’s first 40 years of existence has focused on the “what?” question. Studies on shareholder engagement have investigated: (i) what are the effects of engagement on corporate behavior and its determinants, (ii) what strategies shareholder activists use, and (iii) what are the main actors and what issues these actors focus on for shareholder advocacy. A primary role has been attributed to religious investors as the most active filers of resolutions and as innovators who first bring into the RI field what become issues for shareholder advocacy. The present study therefore aims to answer the very fundamental “why?” question: Why do certain social problems become an issue that religious investors address through shareholder advocacy? Although moral concerns have been assumed to be the reason for the prominent role played by religious investors in the emergence and consolidation of issues for shareholder advocacy, I question this assumption. By taking a social movement perspective, I argue that religious coalitions, as social movement organizations, strive for field-level change, rather than isolated changes of firms’ practices. To this end, by standing on solid recognized moral legitimacy, religious coalitions purposefully and consciously try to gain bargaining power against companies. In their efforts to identify issues for shareholder advocacy on which to focus at the coalition level, I therefore predict that investors will show an explicit strategic orientation, informed by their appealing to reasons that refer to their efforts to increase their chances of having an impact and their reputation as means to their ultimate end, i.e. bringing about social change. The appealing to value-rational rather than strategic reasons will depend on their moral stands, on the role each of them plays in the coalition in terms of membership, and on the innovativeness of the issue that is proposed for shareholder advocacy.

Conferences and Seminars

Irene Beccarini (PhD Student)
On February 5-10, attended the Oikos PRI Young Scholars Finance Annual Conference in Gais (Switzerland), where she presented the paper “From ‘what investors do’ to ‘why investors do’: Back to the roots of shareholder engagement”.

Abstract: Academic and practitioner literature on shareholder engagement over Responsible Investing’s first 40 years of existence has focused on the “what?” question. Studies on shareholder engagement have investigated: (i) what are the effects of engagement on corporate behavior and its determinants, (ii) what strategies shareholder activists use, and (iii) what are the main actors and what issues these actors focus on for shareholder advocacy. A primary role has been attributed to religious investors as the most active filers of resolutions and as innovators who first bring into the RI field what become issues for shareholder advocacy. The present study therefore aims to answer the very fundamental “why?” question: Why do certain social problems become an issue that religious investors address through shareholder advocacy? Although moral concerns have been assumed to be the reason for the prominent role played by religious investors in the emergence and consolidation of issues for shareholder advocacy, I question this assumption. By taking a social movement perspective, I argue that religious coalitions, as social movement organizations, strive for field-level change, rather than isolated changes of firms’ practices. To this end, by standing on solid recognized moral legitimacy, religious coalitions purposefully and consciously try to gain bargaining power against companies. In their efforts to identify issues for shareholder advocacy on which to focus at the coalition level, I therefore predict that investors will show an explicit strategic orientation, informed by their appealing to reasons that refer to their efforts to increase their chances of having an impact and their reputation as means to their ultimate end, i.e. bringing about social change. The appealing to value-rational rather than strategic reasons will depend on their moral stands, on the role each of them plays in the coalition in terms of membership, and on the innovativeness of the issue that is proposed for shareholder advocacy.

Javier Estrada
On February 9-10, attended the 7th Quantitative Asset & Risk Management Conference in Venice, where he presented the paper “Geometric mean maximization: Expected, observed, and simulated performance”, co-authored with Rafael de Santiago.

Abstract: Portfolios can be optimized in a wide variety of ways, depending on the definition of risk and the goal stated. Although the traditional criterion of maximizing a portfolio’s Sharpe ratio remains the standard, many other alternatives exist and are currently used by practitioners. One of those alternatives is to maximize a portfolio’s geometric mean return, which amounts to maximizing the expected growth of the capital invested, or, similarly, the capital expected at the end of a holding period. In this article we assess the expected, observed, and simulated performance of this criterion and we compare it to that of the traditional criterion. We find that geometric mean maximization outperforms Sharpe ratio maximization in more than one dimension, ultimately providing investors with higher growth, much higher upside potential, and rather limited downside potential.

Javier Quintanilla
On January 6-8, attended the 64th Annual Conference of the Labor & Employment Relations Association (LERA) in Chicago, where he presented the paper “Multinationals and sub-national governance actors in the autonomous communities of Spain”, co-authored with María González and Phil Almond.

Abstract: As multinational corporations (MNCs) coordinate activities across geographically dispersed sites, their decisions are shaped by local and regional labour markets and skills profiles. Competition for foreign investment between and within developed economies increasingly depends on the ability to assume higher positions in global value chains, with the result that the role of sub-national governance in fostering high quality labour market infrastructures which can respond flexibly to change becomes decisive to embedding potentially footloose MNC operations within their geography, and to reducing the risks of zero-sum competition between regions. This paper therefore explores the relations between foreign-owned MNCs and governance actors present in sub-national regions, including economic development agencies, local and regional government, employers’ associations, trade unions and skills sector actors. The work is based on a cross-national comparative project, which examines these relationships in eight regions across four developed countries – Canada, Ireland, Spain and the UK – with different national industrial relations settlements and different levels of sub-national autonomy of governance actors.
Awards

The IESE Alumni Association has announced the 2011 Research Excellence Awards. This year, awards have been granted to the following professors:

Marta Elvira and Carlos Rodríguez Lluesma for the course “Capstone - Executive Career Leadership”.


Doctoral Theses

José Ignacio Abó
La formacion de actitudes sobre la marca: un modelo explicativo utilizando la teoría de la acción razonada (IESE) thesis director: Vicente Font

Abstract: El branding o gestión de la marca se ha trasformado en una de las principales prioridades de los ejecutivos de organizaciones empresariales de diversas ramas de actividad. Muchas compañías han entendido que uno de los activos intangibles más valiosos que poseen son sus marcas. Entender los antecedentes por los cuales una marca es preferida por los consumidores es crucial para llevar a cabo una buena gerencia de la misma. Este trabajo constituye una importante contribución en el campo de la investigación académica. En él se analizan las dos vertientes de investigación en marketing que han examinado las posesiones materiales en general, y el uso y consumo de marcas en particular. Una de ellas interpreta estas posesiones como parte de la creación de un sentimiento de identidad. La otra lo hace desde el aspecto sociológico de pertenencia a un determinado grupo social. A pesar de que ninguna de las dos ramas descarta la influencia de la otra, no existe todavía un modelo integral que conjugue ambas y estudie en qué circunstancias una de las visiones tiene mayor incidencia que la otra. Basada en investigaciones previas de dos fuentes principales, el Marketing y la psicología social, esta tesis desarrolla y aboga por un primer modelo integrador entre las dos vertientes de estudio, utilizando el modelo de la Teoría de la acción razonada, propuesta por Fishbein y Ajzen (1975). Se trata de un modelo psicológico-social probado, maduro y ampliamente aceptado, sobre el comportamiento humano, y aplicado específicamente a los efectos de la preferencia hacia la marca. Los hallazgos de este estudio indican que este modelo explica que, tanto la personalidad como los roles sociales, son determinantes en las preferencias e intenciones hacia las marcas. Al mismo tiempo, se han levantado los obstáculos antes mencionados en torno a la ausencia de una teoría que aunase las dos tendencias principales.

IESE – Research Seminars

Accounting and Control
January 24
Speaker: Rodney Sullivan, Financial Analysts Journal at CFA Institute
“How index trading increases market vulnerability”

Abstract: Assets invested in passively managed equity mutual funds and exchange-traded funds (ETFs) have grown steadily in recent years, reaching more than $1 trillion at the end of 2010. We establish that the rise in popularity of index trading contributes to higher systematic market risk. More indexed equity trading corresponds to increased cross-sectional trading commonality, in turn precipitating higher return correlations among stocks. Consistent with the accelerating growth of passive trading, we discover that equity betas have not only risen but converged in recent years.

January 31
Speaker: Laurence van Lent, Tilburg University
“Ethics, performance measure choice, and accounting manipulation”

Abstract: We examine whether embedding ethical values within the “fiber” of the firm influences performance measure choices and whether accounting manipulation is more or less severe depending on these ethical values. Based on a sample of 550 managers our findings show that ethical values prevalent in a work unit affect performance measure choice, namely ethical values that “focus on self” increase the use of costly aggregated performance measures that capture the joint performance of multiple work units to promote between-unit cooperation. We estimate that the effect of ethical values on the use of aggregate measures is almost twice as large as the effect of within-firm interdependencies, which have been
considered the main determinant of their use in prior literature. We also demonstrate that an ethical work climate with a lower “focus on self” reduces the incidence of accounting manipulation.

January 31
Speaker: Antonio Dávila, IESE Business School
“Ratcheting and the role of relative target setting”

Abstract: Managers use a variety of information sources to set performance targets. This paper examines the performance of comparable responsibility centers associated with relative target setting (RTS) to set targets. Using data from 376 branches from 2002 to 2006 of a large travel retailer, we find that the performance relative to comparable responsibility centers is associated with target setting after controlling for ratcheting. Moreover, the magnitude of RTS is comparable to that of past performance. Our findings indicate that RTS has information about the quality of past performance to assess future performance. The findings also indicate that managers use the flexibility associated with the subjectivity of the target setting process (in contrast to the stickiness of contracting and the use of relative performance evaluation) to weight RTS and past performance differently across centers.

February 20
Speaker: Gianfranco Siciliano, Duke University
“The effect of IFRS on the usefulness of earnings announcements”

Abstract: Based on prior researchers’ finding that the usefulness of earnings announcements increases after IFRS adoption, I investigate the mechanisms through which IFRS affects market price responses to annual earnings announcements. Using a sample of 140 firms listed on Euronext over 2000–2010, I confirm that the market response increased after IFRS adoption. I find that the change was more pronounced in Euronext countries, where local GAAP was further from IFRS. Using the Francis, Schipper and Vincent (2002) research design, I also find that the absolute amount of unexpected earnings and investors’ average response to unexpected earnings does not explain the increased usefulness of earnings announcements after IFRS adoption. I provide evidence that the increase in the magnitude of market reactions to earnings announcements is attributable to the increase in concurrently released information in press releases – specifically, the inclusion of detailed statement of cash flow information. This trend is more pronounced in countries where local GAAP was further from IFRS.

Business Ethics
February 23
Speaker: Christopher Wickert, University of St. Gallen
“From symbolic to substantial adoption: The dynamics of competing organizational identity orientations”

Abstract: Multinational corporations (MNCs) are increasingly urged by various actors in society to integrate socially responsible products and business practices into core business operations. As a strategic response to these pressures, an increasing number of large MNCs have been acquiring smaller socially innovative enterprises. However, our understanding of the intra-organizational dynamics that happen after an acquisition remains theoretically underdeveloped. In particular, little is known about the factors that influence why and to what extent MNCs actually adopt socially innovative practices from the acquired “social icon”. In this study, we argue that conflicting organizational identity orientations and resulting configurations of identity orientation are a critical factor that explains adoption patterns of socially innovative practices. We propose a typology of organizational identity configurations that explains why MNCs substantially, selectively, or symbolically adopt socially innovative practices.

Economics
January 17
Speaker: Felipe S. Iachan, Massachusetts Institute of Technology (MIT)
“Liquidity scarcity, project selection and volatility”

Abstract: The severe contraction that followed the recent financial crisis highlighted the exposure of the real sector to financial markets and the volatility in credit conditions. Unreliability of future funding influences the way in which firms balance risks when choosing investment projects and designing financial arrangements. The present paper studies project choice behavior in an environment with financial frictions and its consequences for the aggregate behavior of the economy. I focus on responses to fluctuations in the external supply of liquidity and in the liquidity created by the entrepreneurial projects themselves. When shocks occur to external liquidity sources, such as changes in the cash-flows that support mortgage-backed securities or other non-corporate assets, these are transmitted through financial arrangements towards the real sector. Anticipation of these shocks and its reflection in asset prices influence project selection and change the pattern of fluctuations, creating additional co-movement. Likewise, the anticipation of variations in the internal liquidity of firms, resulting from shocks to their productivity, changes firms’ choice of projects. For moderate liquidity scarcity, the effect through project choice is shown to lead to the dampening of these underlying productivity shocks; while for
more severe shortages, amplification emerges. Despite the possibility of excess exposure to risk being generated endogenously, allocations are constrained efficient. Policy implications are then discussed in light of this result.

January 19
Speaker: Tomaz Cajner, Universitat Pompeu Fabra
“Human capital and unemployment dynamics: Why more educated workers enjoy greater employment stability”

Abstract: Why do more educated workers experience lower unemployment rates and lower employment volatility? A closer look at the data reveals that these workers have similar job finding rates, but much lower and less volatile separation rates than their less educated colleagues. We argue that on-the-job training, being complementary to formal education, is the reason for this pattern. Using a search and matching model with endogenous separations and initial on-the-job training, we show that investments in match-specific human capital reduce the outside option of workers, implying less incentives to separate and thus longer job spells. The model is calibrated by taking advantage of detailed micro evidence on training by education group. The simulation results reveal that, given the observed differences in training, the model is able to explain the empirical regularities across education groups on job finding rates, separation rates and unemployment rates, both in their first and second moments. We also quantitatively evaluate alternative explanations for differences in unemployment dynamics by education and use empirical evidence in order to discriminate among them. According to our findings, none of the economic mechanisms behind the competing explanations is likely to generate unemployment dynamics by education that we observe in the data.

January 25
Speaker: Effrosyni Adamopoulou, Universidad Carlos III de Madrid
“Peer effects in young adults' marital decisions”

Abstract: This paper studies peer group effects on marital decisions. We use data from Waves I and III of the National Longitudinal Study of Adolescent Health (Add Health). This database contains detailed information on adolescents’ high school friends as well as their marital behavior later in life. We construct a balanced panel for the years 1995-2002 using the calendar of all past and current relationships of the respondents, which allows us to recover the marital status of each individual and of her friends at any given year. Hence, we are able to analyze how the marital transitions of individuals depend on the marital status of their friends. We use panel data, instrumental variables techniques, and exploit the timing of friendship formation to identify the effect of peers on marital decisions. Our results after controlling for various observable characteristics of individuals and their friends show that peer effects in marital decisions are significant, especially among females. Robustness checks using former and placebo friends support our results, and indicate that actual peers do matter.

February 7
Speaker: Angel López, Public - Private Sector Research Center, IESE Business School
“Mobile termination, network externalities, and consumer expectations”

Abstract: We re-examine the literature on mobile termination in the presence of network externalities. Externalities arise when firms discriminate between on- and off-net calls or when subscription demand is elastic. This literature predicts that profit decreases and consumer surplus increases in termination charge. This is puzzling since in reality regulators are pushing termination rates down, while network operators oppose these efforts. This puzzle is resolved when consumers’ expectations are assumed passive but required to be fulfilled in equilibrium (as defined by Katz and Shapiro, AER 1985), instead of being rationally responsive to non-equilibrium prices, as assumed until now.
Entrepreneurship

January 18
Speaker: Xu Han (Henry), The Wharton School, University of Pennsylvania
“Privatization and business portfolio restructuring strategy: Evidence from privatization in China”

Abstract: We address the relationship between the ownership and the scope of firms in transition economies to highlight the roles of the owners’ incentives and capabilities in the restructuring process. Specifically, we investigate theoretically and empirically the business portfolio restructuring strategies of government-controlled firms that were sold to private acquirers with different identities. Drawing on a newly compiled sample of privatized firms in mainland China, we find that ownership change induces the restructuring of the business scope of privatized firms. Both the incentives and capabilities of the new owners shape the direction, scope, and efficiency of their restructuring.

Finance

February 10
Speaker: Kristle Romero, Boston College
“Did local lenders forecast the bust? Evidence from the real estate market”

Abstract: This paper shows that mortgage lenders with a physical branch near the property being financed have better information about home-price fundamentals than non-local lenders. During the real estate run-up from 2002-06, home price growth negatively correlates with the share of loans made by local lenders, namely lenders with a branch in the respective county. Moreover, home prices fell less from 2006-09 in areas where more of the loans were made by local lenders. California foreclosure rates during the crisis are negatively correlated with local lending during the run-up. A 1 standard deviation increase in local loans is associated with 5 fewer foreclosures for every one thousand houses. When local lenders retain loans for their portfolio rather than securitizing, the results for both home price growth and foreclosures are even stronger.

February 13
Speaker: Martin C. Schmalz, Princeton University
“Managing human capital risk”

Abstract: Adjustment costs make it optimal for firms to retain employees in bad times. Firms thus assume risk from fluctuations in the value of their employees’ human capital. That risk is best managed with equity-financed cash, as employees cannot be collateralized and risky debt leads to inefficient firing. I distinguish my model from existing theories on the interaction of corporate finance and labor by identifying the corporate finance response to unionization with a regression discontinuity design. Increased adjustment costs due to unionization cause higher cash-to-asset ratios and lower net leverage in financially unconstrained firms. In firms that face financing constraints, unionization leads to lower cash-to-assets and higher net leverage.

Finance

February 15
Speaker: Carlos Bellon, Wharton School, University of Pennsylvania
“Industrial competition as a limit to banking market power”

Abstract: In this paper, I propose a new characterization of the relevant economic market for commercial lending. This definition takes into account an often-overlooked characteristic of the credit markets: the competitive nature of the borrowers’ own business. As a result, I submit that the limit to how much rent can concentrated financiers extract from a particular borrower is determined by the strength of competition on both banking and industrial markets. Using data from the Survey of Small Business Finances in a difference-in-differences test design, I find that in areas where banks are concentrated, firms that compete mostly within the banks’ area of influence (and only those firms) face systematically higher interest rates than their peers. This effect is strong (60-70 basis points), but is restricted to a subset of the firm population. I interpret this empirical result as support for the claim that banks can only successfully exercise market (pricing) power over entire marketplaces, and not geographical areas or individual firms per se.

Information Systems

January 18
Speaker: Wietske van Osch, Michigan State University
“Generative collectives”

Abstract: Analyzing generative group activities against the backdrop of an increasingly connected world, this study introduces the concept of “generative collectives” as a novel theoretical lens for describing why some internet-based collectives are more generative than others.

February 6
Speaker: Camille Grange, The University of British Columbia
“Shop where you connect and connect where you shop: The nature and value of online social shopping network”

Abstract: Online social networks have become pervasive. Americans spend nearly a quarter of their time online on
social networking sites and blogs, and Facebook, the leading social networking site, has now more than 800 million active users. In the meantime, online shopping remains a fast growing trend. When merged together, online social networks and online shopping create hybrid contexts, and with them, a fascinating unexplored domain of practice and investigation.

In this context, this paper focuses on the nature and the value of online social shopping networks (OSSNs), i.e., digital platforms used by consumers to engage with each other as well as with products. It develops a middle-range theory aimed at explaining the key underlying motivational, cognitive, and behavioural mechanisms occurring when individuals participate in such a digitally-embedded network of products and shoppers.

The proposed theory augments current knowledge of social media networks at the user level and in the context of e-commerce. It offers practitioners insights into the design choices that could yield value to online shoppers, informing in turn their subsequent decisions for designing incentives and capturing business value. The theory also provides useful foundations for future empirical research. I illustrate this aspect by discussing my current plans to assess and enhance the proposed theory.

February 17
Speaker: Burcu Bulgurcu, Sauder School of Business, University of British Columbia
“Understanding the effects of privacy controls and information requests on users’ privacy related trade-off and use intentions: An empirical study on Facebook applications”

Abstract: Despite the significance of the topics, there have been very few theoretical and empirical attempts to understand the nature of privacy controls and privacy related coping behaviors in the literature. To fill this gap, I explore the role of privacy calculus (i.e. expected benefits, expected privacy risks, and expected costs of adopting privacy controls) in a user’s intention to use a social application and his privacy coping behaviors under two main conditions (i.e. information requests and privacy controls). Results based on data collected from 747 Facebook users through a scenario-based online experiment indicate that while the extent of an application’s information requests negatively affects a user’s intention to use an application, this effect can be partly eliminated by the privacy controls provided. This study also demonstrates that even in situations where privacy risk can be objectively eliminated by given privacy controls, users avoid using applications that request a lot of permissions for their information. Results also indicate that —independent of the extent of information requests of an application— the most influential factor that affects a user’s intention is his benefit expectations. In this talk, based on the results of this study, I will shed light on users’ vulnerabilities to privacy invasions; thus, discuss important managerial and practitioner implications for application developers in the design and development of social applications and privacy protection tools, as well as for policy makers in the development of effective information privacy policies.

February 23
Speaker: Abhishek Kathuria, Emory University
“IT-enabled organizational ambidexterity: An emergent competitive possibility”

Abstract: Information Technology (IT) permits new organizational possibilities – tolerating and thriving in complex organizational settings that result from the election of conflicting strategic objectives. As a critical resource in today’s knowledge-driven, hypercompetitive environment, IT accrues several indirect benefits through intermediate value-creating organizational processes. Tolerating strategic tensions generated by competing demands on organizational attention and resources is one such process. The quest to attain competitive advantage through the concurrent pursuit of seemingly conflicting strategies is a major source of these tensions.

Many paradoxical challenges and strategic tensions arise from the conflicting requirements of exploration and exploitation. While prior research in information systems has considered exploitation and exploration strategies as mutually exclusive, recent work in the field of strategic management has established the simultaneous pursuit of exploration and exploitation strategies as a means of attaining competitive advantage. By nature, exploration and exploitation are fundamentally different, inconsistent and contradictory, thus reflecting an instance of organizational ambidexterity. In this paper, we seek to showcase the intangible business value of IT by asserting the role of IT-enabled organizational ambidexterity in attaining superior competitive performance. We propose a theory to explain how IT software, technical and infrastructure resources facilitate ambidexterity. To test our model, we gathered data from 352 manufacturing firms in high-growth sectors in India — a novel empirical setting. India is undergoing a period of accelerated growth, with rapidly evolving organizational challenges and opportunities. This provides an exemplar for the world’s enterprises undergoing rapid structural changes in the 21st century. India’s manufacturing sector, in particular, is characterized by high turbulence and hyper-competition. Firms in this environment concurrently pursue seemingly paradoxical strategies of exploitative and explorative innovation, an approach which simultaneously addresses needs of existing and emerging customers. While such ambidextrous behavior is theorized to grant a competitive advantage in stable, low growth markets, it
is essential for the very survival of organizations in faster growing markets.

Through OLS analysis of our primary data, we find strong support for our assertion that an organization’s IT resources facilitate organizational ambidexterity, hitherto a challenging competitive possibility. We find that IT software resources enable simultaneous exploration and exploitation, and this relationship is positively influenced by IT infrastructure resources. Surprisingly, we find a negative relationship between IT technical resources and organizational ambidexterity. Overall, we show that IT resources enable the management of seemingly paradoxical challenges that arise in the tolerance of the complexity inherent in effectively resolving strategic tensions. We are thus able to account for the previously unexplained variance in IT payoffs in the emerging economy and small and medium enterprise contexts. Our results from this and complimentary studies contribute towards a theory of IT-enabled ambidexterity and inform our understanding of the complex relationships and theoretical pathways from IT to competitive advantage. We validate the viability of IT-enabled organizational ambidexterity as a competitive possibility emergent in the 21st century.

Managerial Decisions Science
January 31
Speaker: Steffen Keck, INSEAD
“Group polarization in reactions to dishonesty”

Abstract: This paper compares groups and individuals in terms of their willingness to incur financial costs in order to punish dishonest behavior. Study 1 shows that the use of dishonest bargaining tactics is punished more often by groups than by individuals. At the same time groups are also more willing than individuals to use dishonest tactics themselves, when it serves their financial self-interest. The results of Study 2 demonstrate that groups’ increased willingness to punish dishonesty is mediated by their stronger negative affect directed toward dishonest parties. Overall, these results suggest that being part of a group increases group members’ self-serving tendency to evaluate dishonesty differently depending on whether its use is beneficial or harmful to them.

Managing People in Organizations
February 13
Speaker: Isaac Waisberg, Stanford University
“Counterbalancing the forces of habit: A study of advice giving”

Abstract: The concerted action of advisers may lead to unexpected outcomes. Even though certain professional habits severely constrain the space of solutions advisers will be likely to consider when faced with a problem, a team of advisers may succeed in generating diverse solutions to its clients’ problems. My findings suggest that the forces of habit may be counterbalanced by the fact that a team of advisers is organized according to the leverage model, that there is a high rate of turnover among junior advisers, and that advisers use a generic problem solving method in their interaction with clients. The research reported here is based on a four-month ethnography of a leading management consulting firm, as well as 100 interviews, 60 with management consultants and 40 with clients.

I contribute to a better understanding of advice giving, particularly in an organizational context.

February 15
Speaker: Philippe Jacquart, The Wharton School, University of Pennsylvania
“It’s CEOs for good: Effect on financial and corporate social performance”

Abstract: We investigated whether CEO leadership predicted corporate financial performance and corporate social performance. Using longitudinal data on 258 CEOs from 117 firms across 19 countries and 10 industry sectors, we found that determinants of CEO leadership (i.e., implicit motives) significantly predicted both financial and corporate social performance. As expected, the most consistent positive predictor was Responsibility Disposition when interacting with n (need for) Power. n Achievement and n Affiliation were generally negatively related or unrelated to outcomes. Corporate social performance was positively related to accounting measures of financial performance. Our findings suggest that executive leader characteristics have important consequences for corporate level outcomes.

February 13
Speaker: Sara Banki, Rotman School of Management, University of Toronto
“The criterion-related validities and perceived fairness of the situational interview and the situational judgment test in an Iranian organisation”

Abstract: The criterion-related validity coefficients of a situational interview (SI) and a situational judgment test (SJT) were investigated in a sales department of a government-owned automobile company in Iran. Both the SI and SJT had concurrent validity with job performance (n = 101, r = .28, r = .23, p < .05, respectively). Only the SI, however, had incremental validity over and above the SJT in predicting job performance. Furthermore, the SI fully mediated the relationship between SJT and job performance. The two methods did not differ significantly
February 30
Speaker: Bar Ifrach, Columbia University
“Monopoly pricing in the presence of social learning”

Abstract: A monopolist offers a product to a market of consumers with heterogeneous quality preferences. Although initially uninformed about the product quality, they learn by observing past purchase decisions and reviews of other consumers. Our goal is to analyze the social learning mechanism and its effect on the seller’s pricing decision. This analysis borrows from the literature on social learning and on pricing and revenue management.

Consumers follow a naive decision rule and, under some conditions, eventually learn the product’s quality. Using mean-field approximation, the dynamics of this learning process are characterized for markets with high demand intensity. The relationship between the price and the speed of learning depends on the heterogeneity of quality preferences. Two pricing strategies are studied: a static price and a single price change. Properties of the optimal prices are derived. Numerical experiments suggest that pricing strategies that account for social learning may increase revenues considerably relative to strategies that do not.
behave as if they had long-term sourcing commitments from buying firms. In the face of changing buyer needs, an intermediary that sources on behalf of multiple buyers can responsively change the composition of future business committed to a supplier such that a sufficient level of business comes from the buyer(s) that most prefer this supplier. On the other hand, direct buyers that source only for themselves must provide all their committed business to a supplier from their own sourcing needs, even if they no longer prefer this supplier. Unlike existing theories of intermediation, our theory better explains the observed phenomenon that while transactional barriers and information asymmetries have steadily decreased, the use of intermediaries has soared, even among large companies such as Walmart.

Strategic Management
January 17
Speaker: Luiz Ricardo Kabbach de Castro, University of the Balearic Islands
“Corporate ownership and uncertainty: Evidence from emerging markets”

Abstract: Understanding the patterns of corporate ownership in different countries is essential when analyzing specific firm behavior and strategies. This paper examines the determinants of corporate ownership concentration across emerging countries. Drawing upon agency and institutional theory perspectives, we develop a multi-dimensional framework to predict the effect of different sources of uncertainty on ownership concentration. We propose that there is a direct relationship between different levels of uncertainty and the percentage of shares held by the largest owner in a given firm. We apply our conceptual framework to a unique dataset of 4,952 firm-year observations from seven emerging markets in Latin America. Controlling for firm, industry and country characteristics, we find that ownership concentration is a mitigation mechanism for different sources of uncertainties that investors face in emerging markets. Our study contributes to understanding differences and similarities in corporate ownership behavior in emerging markets, where both agency and institutional perspectives are vital for corporate governance policies.

January 23
Speaker: Julien Jourdan, Imperial College London
“Institutional capital revisited: Firm’s position in the logics space and survival”

Abstract: Is there such a thing as firm-level institutional capital? Despite its theoretical appeal, the concept has not proved influential in the strategic management literature. I revisit the concept in the light of recent theoretical advances, and explore why the position of a firm in the institutional logics’ space may contribute to its chances of survival. I test the proposed theoretical model using a unique dataset on the population of firms involved in film production in France from 1994 to 2008. Contributions to strategic management and organization theory are discussed in conclusion.

February 1
Speaker: Andreea Gorbatai, Harvard University
“Aligning collective production with demand: Evidence from Wikipedia”

Abstract: Economic markets align supply and demand through prices. However, many social phenomena lack pricing to inform producers about consumer demand. This can lead to the over- or under-production of certain goods and services. In this paper, I propose a social mechanism that aligns collective production with demand. I argue that this will occur as long as three conditions are met: first, that consumers attempt to become occasional producers; second, that these attempts are observed by producers who interpret them as signs of unmet demand; and lastly, that producers are willing and able to provide these goods. I test this theory using a large dataset of English-language Wikipedia articles, created by merging information from 185 million records of article contributions with data on article views, quality, and knowledge type. The results are consistent with my theory, suggesting that this social mechanism can take the role of prices in certain markets. This study has implications for the sociology of markets, as it highlights a largely ignored collective action-demand alignment mechanism, and for collective production in organizational and nonorganizational settings such as collective creativity, scientific collaboration, and community production of collective goods, as it identifies an unexpected benefit from consumer contributions.

February 17
Speaker: Ruth Aguilera, University of Illinois at Urbana-Champaign
“Bundles of corporate governance mechanisms: A fuzzy set analysis”

Abstract: In this paper, we seek to uncover whether there exist alternative configurations of corporate governance (CG) mechanisms leading to high performance. Previous literature argues that different CG mechanisms observed in firms are closely interrelated and that in turn they may affect firm performance in a causally complex and complementary way. We empirically investigate this relationship at the firm level using fuzzy set Qualitative Comparative Analysis (fs/QCA) in
a sample of 946 firms from 31 different countries. Fuzzy sets methodology allows a more fine-grained exploration of the necessary and sufficient conditions triggering high firm performance based on set-theoretic connections rather than linear relationships. We provide evidence of CG complementarities at the firm level and we show that there is more than one path to achieve high financial performance. This paper contributes to comparative corporate governance research as well as corporate strategy.

February 24
Speaker: Isabel Fernández-Mateo, London Business School
“Coming with baggage: Past rejections and relationship evolution in executive search”

Abstract: We study the effect of failed exchange attempts on the type and likelihood of future transactions between two market actors. Transactions that were considered but never materialized represent rejections from one party to the other. We claim that these leave an imprint in the relationship, through the opposing mechanisms of learning and negative reciprocity. The former allows the parties to acquire information about each other and engage in more mutually beneficial exchanges, thus increasing the likelihood of future transactions. The latter, in contrast, triggers reciprocal rejections and makes future transactions less likely. We examine these arguments using a proprietary dataset of candidates considered for high-end managerial jobs by an executive search firm over a 5-year period. The findings highlight a theoretical tension between actors’ aversion to being rejected and the informational benefits of failed exchange attempts. We discuss implications for the literature on dyadic relationship evolution, both in labor markets and in other settings where repeated mutual rejections are possible.

Research Seminars

Fabrizio Ferraro
On January 11, at the London School of Economics, presented the “The voice of the market: Conformity and deviance among securities analysts”.

Abstract: Sociological approaches to the market posit that market actors solve evaluative uncertainty by following the opinions of others. These approaches assume that the “voice of the market”, formed by these opinions, always provides clear, unambiguous guidance to focal actors. This paper starts from the premise that the voice of the market is not always univocal, and asks how the distribution of opinions on an issue affects the propensity to conform or deviate. We represent the voice of the market as the full topology of opinions focal actors observe, and represent it with two dimensions: loudness (the number of opinions expressed) and accord (the degree of agreement across the opinions expressed). We hypothesize that up to a certain level of loudness, accord increases actors’ propensity to conform. But as conformity plants the seeds of deviance we expect that beyond a certain threshold of loudness, accord increases actors’ propensity to deviate. We test our theory with a dataset of all US securities analysts from November 1995–September 2006.

Marian Moszoro
On January 12, at the Economic Institute of the National Bank of Poland, presented the paper “Third-party opportunism and the (in)efficiency of public contracts”, co-authored with Pablo T. Spiller.

Abstract: Public contracts feature higher specificity and rigidity than analogous pure private contracts. The lack of flexibility in ex ante design and ex post implementation translates into contract inefficiencies and higher prices. However, specificity and rigidity are an efficient political risk adaptation by which public agents endogenize the likelihood of contract protest and limit political hazards from opportunistic third parties – political opponents, competitors, interest groups – externalizing the associated costs to the public at large. We present a comprehensible and testable theory of third-party opportunism and its effects on public contracts. We show that in the presence of opportunistic third parties there exists a Bayesian Nash equilibrium in which public contracts are more specific and rigid, and thus more expensive in their design, implementation, and control than the theoretical first-best in a non-opportunistic setup. Furthermore, we show conditions under which third-party scrutiny increases contracting efficiency. We use case examples to illustrate the theory in practical settings and derive empirical implications. Finally, we extend the model to embrace governmental opportunism and corporate governance with minority shareholders and external stakeholders.

The same paper was presented on February 3 at Heriot-Watt University, Edinburgh.
**Miscellaneous**

The Spanish government has awarded grants, within the framework of the National R&D&I Plan 2008-2011, for research being done by Africa Ariño, Bruno Cassiman, Marta Elvira, Pinar Ozcan, Jaume Ribera and Joan Enric Ricart.

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**Antonio Argandoña**

On February 16, gave the lecture “Ética y crisis económica” in Foro de Opinión in Madrid.

On February 17-18, attended the XVII Seminario del capítulo de economía de AEDOS in Madrid, where he gave the lecture “Estado y economía”.

On February 20, in Barcelona, gave the lecture “L’intervenció de l’Estat en l’economia” at SEDASE, Facultat de Teologia de Catalunya.

On February 28, attended the XXVIII Jornada Corresponsables in Barcelona, where he moderated a roundtable on “La empresa ante los retos de la sociedad: experiencias y buenas prácticas”.

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**Joan Fontrodona**

On February 28, attended the XXVIII Jornada Corresponsables in Barcelona, where he moderated a roundtable on “El papel de la empresa ante los retos de la sociedad y la posición del Gobierno ante la materia: Necesidades y expectativas de los grupos de interés”.

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**Jaume Llopis**

On February 9, attended the APD Asociación para el Progreso de la Dirección in Barcelona, where he gave the lecture “Qué hacen los buenos directivos”.

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**Pedro Nueno**

On January 17, attended the official opening ceremony of the 50th anniversary celebrations of the Escola Politècnica Superior d’Edificació de Barcelona, where he gave the lecture “Retos profesionales del próximo futuro”.

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**Teaching Materials**

### Entrepreneurship

**Euroleague Basketball: The Challenges of Growing a New League**

(E-144-E - 0.612.002)

The case describes the evolution of Euroleague Basketball since its creation as an alternative to the federal structure of FIBA Europe to the present. The case study deals with issues of governance and how the governance structure evolves as the Euroleague product gains more prestige. It also addresses the business structure of a league marked by its triumphs and also for putting national leagues in an awkward situation. And in closing it addresses future growth challenges. The case study may be used to discuss governance and compare the federal structure with a team-owned league, and to discuss business models in the world of sports and also globalization issues.


### Considerations for Entrepreneurial Acquisitions

(EN-16-E - 0.612.005)

This note synthesizes interviews with entrepreneurial acquirers and financiers from across the globe. The discussion and recommendations that follow reflect the varied experiences of entrepreneurial acquisitions practitioners and attempts to encapsulate the considerations any would-be entrepreneurs should bear in mind as they embark on the journey of acquiring an entrepreneurial opportunity.

(Also available in Spanish.)

Nieboer, I.; Carenzo, M.; Dávila, A.; 30 pages.

### Financial Management

**Derivatives at Controladora Comercial Mexicana (CCM)**

(F-859-E - 0.212.017)

The main pedagogical objective of Comercial Mexicana is to show the use and abuse of derivatives. Comercial Mexicana – Mexico’s third largest retailer of food and other items – faced the possibility of bankruptcy in 2008 after speculating on foreign currency, which exposed the company to US$1.9 billion of debt. The case explains the derivative type (TARN or Target Accrual Redemption Note) and goes into detail on the perils of trying to make money on financial instruments instead of focusing on core businesses (in this case, retailing).

Mitchell, J.; Rahnema A.; 15 pages.
Islamic Banking: Dawn of a New Era  
(FN-588-E - 0.211.017)

Islamic banking institutions are experiencing remarkable development, not only in countries with a majority Muslim population. The case describes the doctrines that govern Islamic financing, the specific instruments it uses and the products it has developed. It also introduces some perspectives regarding the future of this sector.

Etzold, V. M.; Wackerbeck, P.; Ribera, A.; 20 pages.

Information Systems

crowdSPRING: “Design the Future” Competition  
(SI-180-E - 0.112.001)

The co-founders and managing partners of crowdSPRING, a global marketplace for crowdsourced creative services located in Chicago, IL, were discussing the pipeline of ongoing projects. The development team was working at full capacity, on track for an on-time release of a set of new features and upgrades for the site. This was business as usual. There was, however, a non-trivial decision that Kimbarovsky and Samson needed to make. LG Electronics, the multinational South Korean company, had recently approached crowdSPRING with a proposition to help them run a global mobile phone design competition. The project seemed like an excellent opportunity and surely a good PR move. Yet, it would require crowdSPRING to commit additional resources to develop a suite of custom features requested by LG. Should crowdSPRING make custom features for LG? Are industrial projects suitable for crowdsourcing platforms?  
(Also available in Spanish.)


Managerial Decision Sciences

Grenarello Gardens Preservation Foundation  
(AD-327-E - 0.111.019)

The case describes the recent creation of an Italian foundation whose mission is to foster and promote the preservation of historic gardens and parks. When the manager is asked to brief the City Council about the foundation’s financial situation, he creates a tool to generate the financial reports, simplifying the accounting process to a minimum. The case is meant to exploit the power of Microsoft Excel PivotTables and advanced Excel functions.

De Santiago, R.; 15 pages.

ASCII Electronics  
(AD-328-E - 0.111.021)

The case describes a small electronics company whose manager needs to analyze the financial information available at the end of the year in order to improve operations and determine his employees’ bonuses. With so many records in the spreadsheet, he needs to summarize the information in such a way that his analysis is meaningful. The case is meant to use some advanced Excel functions (like VLOOKUP, MATCH and OFFSET), and to introduce Pivot Tables, a powerful alternative when you need to analyze, sort, count, summarize, and organize large amounts of data.

De Santiago, R.; 6 pages.

Macros in Excel 2010  
(ADN-276-E - 0.111.017)

This technical note provides an introduction to using macros in Microsoft Excel 2010. It explains how to create, edit, save and call a macro, as well as how to use Solver with macros. Macros allow the automation of repetitive tasks like formatting, charting and other often-used spreadsheet tasks. The note gives an introduction to Visual Basic for Applications (VBA) programming language.

De Santiago, R.; Al Bekai, Imad; 19 pages.

PivotTables in Excel 2010  
(ADN-277-E - 0.111.018)

This technical note provides an introduction to using PivotTables in Microsoft Excel 2010. A PivotTable is a powerful tool that allows the user to analyze, sort, count, summarize, and organize data from a spreadsheet. A PivotTable is especially useful when you have a long list of figures to sum, and aggregated data or subtotals would help you look at the data from different perspectives and compare figures of similar data.

De Santiago, R.; 20 pages.

Managing People in Organizations

Reiner Meinhold in Kölner Bank (A)  
(DPO-227-E - 0.411.024)

In late July 2010 Reiner Meinhold is in Beijing at an internal meeting of the group of which Kölner Bank is a subsidiary.
Reiner is resources director at Köln, the market leader in retail and SME banking in the Rhineland. Following a crisis brought on by currency and commodity exposures, Köln Bank has been taken over by Deutsche Handelsbank (DHB) and has completely reformulated its business plan. Now it is profitable and is growing in the gaps left by DHB. Reiner’s boss has just been transferred to group headquarters and wants to take Reiner with him. However, difficulties emerge with the management of Köln Bank. *(Also available in Spanish.)*

Stein, G.; 10 pages.

**Levante UD**

(DPO-243 - 0.411.048)

El Levante Unión Deportiva es un club -una sociedad anónima deportiva (S.A.D.)- que ha tenido que enfrentarse a una compleja situación, tanto económica (un concurso de acreedores) como deportiva (su descenso a la segunda división). Esta situación constituye claramente un paradigma de lo que viven muchos otros clubes. Por esta razón, la realidad experimentada en el Levante U.D. puede servir como reflexión, ya que permite estudiar la necesidad de un equilibrio y una coherencia aplicados a una estrategia económica y deportiva, que tienen una filosofía y unos valores propios.


**SAP’s Transformation from a Product to a Service Provider: The Business Transformation Academy - Teaching Note**

(DPOT-44-E - 5.411.012)

Case DPO-215-E

Use is restricted to Academic Institutions.

Reiche, S.; Cardona, P.; 10 pages.

**Styles of Oratory**

(DPON-96-E - 0.411.013)

“The orator should use the plain style to instruct, the grand style to move, the intermediate style to charm.” Although this quote from Quintilian gives us three distinct styles, most commentators have rolled them into two: the “forensic” and the “grand” styles. The forensic style gives much of its attention to directness and the particular. Such personalities as Margaret Thatcher, Helmut Schmidt, and Al Gore are modern examples of “forensic” speakers, while Ronald Reagan, Bill Clinton and Barack Obama represent the more “grand” and engaging style, with attention given to the global picture. Both styles can be persuasive, according to what the circumstances demand. However, although our personality may direct us towards one style, we, like Cicero, should master both. We shall look briefly at these two approaches to public discourse, firstly as they emerged in ancient Rome.

Leggett, B. O’C.; 5 pages.

**Style: the Use of Language to Persuade**

(DPON-97-E - 0.411.014)

Style, meaning how we use language, was emphasized by the Roman rhetor Cicero as one of the key dimension of classical rhetoric. Cicero saw “Style of Language” in terms not only of the words we use, but also in the order that we use them. If invention addresses what is to be said; style addresses how this will be said. This connection between style and invention essentially links style and content. But not everyone agrees with Cicero on this point. The famous 16th century rhetor, Petrus Ramus, was the main proponent of dividing language (style) from argumentation and this has resulted in rhetoric becoming associated with flowery language in people’s minds today. However, from a classical rhetorical perspective, style is not incidental, superficial, or supplementary: style names how ideas are embodied in language and customized to communicative contexts. In this note we shall look at five language devices which Barack Obama, as the current master of the “grand” style, used during his first election campaign, with a view to illustrating the importance of the connection between language and content to the communication process.

Leggett, B. O’C.; 7 pages.

**Marketing**

**There Be Dragons**

(M-1265 - 0.512.002)

Los amigos Ignacio Gómez-Sancha e Ignacio Núñez, jóvenes ejecutivos de Madrid, decidieron convertirse en productores de cine tras una cena celebrada en la capital de España con motivo de la búsqueda de financiación para la última película de Roland Joffé. Una conversación larga y distendida entre el director y los dos Ignacios hizo que estos decidieran embarcarse en el proyecto y se comprometieran a encontrar los recursos económicos necesarios para la realización de su nueva película. Hasta ese momento, no habían tenido experiencia profesional en la industria cinematográfica y, para Gómez-Sancha, el proyecto implicaba, entre otras cosas, abandonar su trabajo de entonces y dedicarse por entero a la aventura de dar a luz el proyecto de Joffé. **There Be Dragons** es una historia de dos amigos de la infancia, basada
parcialmente en hechos reales, que se desarrolla en medio de un ambiente de gran violencia, de celos y de odio desenfrenado; un drama desgarrador que muestra cómo el perdón es el único acto humano con la capacidad suficiente para obviar el pasado.


Production, Technology and Operations Management

Metro Bank: The British Banking Revolution Begins (P-1112-E - 0.612.006)

Vernon W. Hill has created quite a unique bank, fully focused on delivering great customer service. Previously, in the United States, his approach has been highly successful. The question is: will he be able to replicate the success in the U.K. and bring about a banking revolution? To answer this question, one first has to fully understand what the business model is all about.

Lago, A.; Moscoso, P. G.; 25 pages.


Case PN-442-E.

Use is restricted to Academic Institutions.


Decisiones sobre inversión y localización de plantas (PN-434 - 0.604.028)

Este documento describe el proceso de decisión de inversión y localización de plantas por etapas, desde su inicio, cuando la compañía se plantea dicha decisión, hasta que la nueva inversión/planta está plenamente operativa. El texto pone énfasis en los aspectos que mejor determinan la elección y se detallan, especialmente, los aspectos intangibles de estas decisiones, ya que su peso es determinante y son los peor comprendidos. Para completar la visión del problema, se incorpora a la discusión el papel de los otros protagonistas en este tipo de decisiones: el del directivo local de la empresa que promueve o el candidato para recibir la posible expansión, y el de la Administración que quiere captar la inversión.

Grasas, A.; Blasi, A.; Ribera J.; 18 pages.

Gestión del riesgo: comunicación en tiempos de crisis (PN-435 - 0.605.031)

La nota técnica revisa una serie de elementos clave en la comunicación de riesgos, en concreto en las comunicaciones realizadas en periodos de crisis. Presenta las características que pueden hacer aumentar la indignación de la población, los dilemas a los que se enfrenta el comunicador y, finalmente, describe una simple herramienta, el mapa de mensajes, que resulta muy útil en la preparación de comunicaciones a las distintas poblaciones implicadas en una crisis.

Ribera J.; Rosenmöller, M.; 9 pages.

Manufacturing Management Fundamentals: Concepts and Exercises (PN-442-E - 0.607.001)

The purpose of this note is to review some terminology of manufacturing/operations management and present some exercises intended to help students develop a better understanding of some of the issues that are critical to the field. Through the discussion of the concepts and their application to the exercises, the student will have an opportunity to develop an intuition of common important manufacturing situations and the impact that management variables have on their performance.

Ribera, J.; 25 pages.

After “The Goal”: Some Comments on Bottlenecks (PN-452-E - 0.608.046)

This technical note expands on the ideas presented in E. Goldratt’s book, The Goal about the process of ongoing improvement. The note describes in detail how to perform the four steps of the process: Identify the bottleneck, Exploit the bottleneck, Subordinate to the bottleneck, and Elevate and break the bottleneck. It provides examples and suggestions on how to apply the concepts and some of their limitations. The note is a good complement to reading The Goal or watching the video, but it can be used independently.

Ribera, J.; 15 pages.
Strategic Management

Babé y Cía (A): adaptación al entorno de una empresa centenaria
(SM-1570 - 0.311.037)

Los casos A y B de la empresa Babé y Cía. relatan la historia de una empresa familiar centenaria que se enfrenta en la actualidad a un desafío estratégico. El caso nos permite analizar la capacidad de adaptación de una empresa familiar a los fortísimos cambios ocurridos en la industria del petróleo durante el siglo XX (Caso A). Además, el caso ilustra cómo se gestionan las relaciones entre empresa y familia para evitar conflictos de interés entre las dos esferas (Caso B).


Driving Motors Company
(SM-1572 - 0.311.041)

Ricardo pertenece a la segunda generación de una familia que tuvo negocios en la primera generación, de la que tuvo que liquidar o transformar la mayor parte, cuando se hizo cargo de ellos. Sin embargo, Ricardo acertó impulsando desde joven y desde cero un negocio de concesionario de automóviles y vehículos industriales, llegando a convertirse en un referente en primeras marcas. Cuando sus dos hijos, Luis y Antonio, se incorporaron a la empresa familiar, elaboraron un protocolo familiar que creaba el Consejo de Administración y el consejo de familia, además de una serie de normas que regulaban el trabajo de las siguientes generaciones en la empresa familiar.

Chiner, A.; Tàpies, J.; 6 pages.

Eurofragance: Tapping into the Halal Market
(SM-1575-E - 0.311.047)

Eurofragance is a family-owned company specializing in fragrances and flavors for perfumery, personal hygiene and food. About 80% of its production is exported, reaching customers in over 40 countries and leading to the opening of subsidiaries in seven emerging markets. This case study focuses on the flavors division. At the start of its activity in Indonesia and Malaysia, the company met with strict regulations on product certification requirements in relation to Islamic law regarding food: that is, making sure that products did not contain any food considered forbidden (haram) under the Islamic religion. From there, the case study describes the so-called “halal market” in different regions of the world and the operations of entities that certify the validity of “halal” products. This case study aims to open up a discussion of the strategic dilemma that Eurofragance faces regarding these markets and certification entities.

Samad, W. A.; Ribera, A.; 19 pages.

Babé y Cía (B): continuidad y cambio en una empresa centenaria
(SM-1576 - 0.312.003)

See case (A).
