

**BALAS 2019 ANNUAL CONFERENCE- PAPER PARALLEL SESSION 4**

**Thursday, April 11, 2019**

<b>Session (time)</b>	<b>Track</b>	<b>Title</b>	<b>Author(s)</b>	<b>Abstract</b>
<b>PAPER PARALLEL SESSION 4 16:00 - 17:30</b>	<b>Lighting the Future in Latin America in Times of Uncertainty: Fostering Innovation and Employability</b>	Optimal financing of highly innovative projects under double moral hazard	Yolanda Portilla	We model the investor-entrepreneur relationship involved in the financing of highly innovative projects under a double moral hazard setup. We show that a wide family of financing contracts are optimal, which fits well with mixed security structures observed in real-world such as convertible preferred equity, warrants and call options. Schemes that reward risk (and failure) are also desirable, as extreme returns can be good indicators of highly innovative investment projects. Numerical simulations show conditions for credit rationing to emerge when straight debt is used, stressing the welfare-improving role played by hybrid securities. As our results replicate several stylized facts of innovative firms, we argue that the proposed setup is a suitable starting point to model venture capital financing.
		Virtual Education and Internships: New Forms for New Landscapes	Francisco Javier Montoya-Ríos, Business School /CEIPA/ Management; Berenice Huertas, Business School /CEIPA/ Management; Mónica Marcela Moreno, Facultad de Estudios Empresariales y de Mercadeo/Esumer/internships	University internships appear as a requirement to obtain their degree, seeking students to gain work experience before leaving the training institution. This has generated as a great challenge in the Institutions that offer programs in virtuality the realization of the practices, challenge that every time becomes more imperative to solve by the necessities of the students. The specific challenge lies in the way of combining virtuality with university internships, that is, a virtual program with a internship that can be virtual or on-site. In order to respond to all the challenges that this implied, the Institution focused on two fronts, one the improvement of the technological infrastructure and two a pedagogical model that allows a different education that trains integral professionals.
		Regional Indigenous Entrepreneurship: A South-to-South Exploratory Comparison	Christian Felzensztein, Massey University, New Zealand; Wayne Gordon Macpherson, School of Management, Massey Business School, Massey University, New Zealand; Jason Paul Mika, School of Management, Massey Business School, Massey	Indigenous entrepreneurial activity can promote economic prosperity and political stability in both indigenous communities and non-indigenous societies. Such activities can also contribute to the maintenance of indigenous culture and form an essential part of a country's and region's identity. The Pacific Rim region is characterised by large populations of indigenous peoples, many of which operate businesses at subsistence levels. While research on indigenous entrepreneurs' experiences and business models continues, studies are often conducted in isolation resulting in a paucity of comparative analysis. Superior knowledge of indigenous entrepreneurship practice would assist indigenous entrepreneurs to select appropriate and effective business models, and in

			University, New Zealand; Alexei Tretiakov, School of Management, Massey Business School, Massey University, New Zealand	extension, assist policy makers to identify effective policies to promote and support indigenous entrepreneurship in mainstream economies. This study contributes to indigenous entrepreneurship knowledge by presenting the preliminary results of an exploratory comparative study of the entrepreneurship practices of indigenous entrepreneurial groups in two countries with differing levels of economic development – Mapuche people in the Araucanía region of Chile, a developing economy, and Māori in the Rotorua region of New Zealand as the developed economy. Most significantly, Mapuche entrepreneurs were found to exclusively depend on their indigenous culture and family connections in their enterprises, whereas Māori entrepreneurs ranged from individuals for whom the maintenance of indigenous culture was the principal aim of their venture to individuals who rarely relied on their indigenous culture and family ties.
		The internationalization of young and small service firms: Views from the southern hemisphere	Christian Felzensztein, Massey University, New Zealand; Soledad Etchebarne, Universidad de Chile; Maria Alejandra Gonzalez-Perez, EAFIT Medellin; Tanya Jurado, Massey University, New Zealand	<p>This study provides an understanding of the dynamics and micro-foundations of international entrepreneurship in a sample of young and small southern hemisphere service companies. A case study methodology was employed for this study. 31 in situ semi-structured interviews were conducted to document young and small services companies in three different countries: Chile, Colombia and New Zealand. Content analysis was performed.</p> <p>Findings show that these young service companies manage to operate successfully outside their countries of origin, regardless of the liabilities of foreignness or liabilities of emerginess, because they have a strong capabilities and vision of expansion beyond the national borders. This allows small firms, regardless of their national origin, to design and implement an internationalisation strategy, to go out to these markets responding to perceived opportunities, and serve those target markets with their unique capabilities and their own superior strengths. The study contributes to both theory and practice, providing new insights of the reasons affecting the internationalization of these companies from developed versus emerging economies of the south.</p>
	<b>Management and Strategy</b>	How Cognitive Institutional Dimension affects Leadership Structures of Corporate Boards:	Nestor U. Salcedo, ESAN; Miguel A. García-Cestona, Universitat Autònoma de Barcelona	<p>The current research project aims to identify whether cognitive institutional perspectives affect the leadership structures of boards of directors due to their strategic and control roles. This study focuses on the Ibero-American context of firms listed on stock exchanges after the global financial crisis of 2009 and the creation of the Integrated Markets of Latin America (MILA) as part of the Pacific Alliance.</p> <p>The literature review considers the neo-institutional theory and its potential</p>

		A Post-Crisis Ibero-American Study		effects on corporate governance structures. We see an interesting connection between the cognitive institutional dimension, within the external institutional context, and both theories of resource dependence and agency to explain the possible changes in the strategic and control roles of corporate boards.
		The extension as an opportunity for the construction of an innovative university	YURI BORBA VEFAGO, UFSC; Andrea Cristina Trierweiller, UFSC; Maurício Jose Ribeiro Rotta, UFSC	This research has the objective of analyzing, from the literature perspective, UFSC institutional repository, university extension programs to be offered to the market. Method: qualitative study, with a bibliographical approach and use of Systematic Search Flow systematic review method. Results: the main contributions of the literature are presented, as well as the systematization of the research construction process. Conclusion: the emergence of the innovative university is essential within this constantly changing environment, since research, teaching and extension triad represents the fundamental pillars for the explanation and scope of the university's role in the market.
		How Can Inherent Cross Border M&A Integration Risks Be Addressed And Mitigated? A Case Study	Thiago Brandão, Coppead/UFRJ; Renato Dourado Cotta de Mello, Coppead/UFRJ; Clarice Secches kogut, Coppead/ UFRJ	Cross-border merger and acquisition (M&A) has gained popularity over the recent decades. Most of the attention given to the theme has focused on the reasons that lead to the decision of companies merging. Despite the high importance of these reasons for the success of the operation, the present study aims to explore the post-acquisition integration period of cross-border M&As and the risks involved in order to understand how it can influence the success of the operation. Based on a qualitative single-case study research, this study contrasts cross-border post-acquisition integration concepts in existent literature with the case of a Brazilian cachaça company's acquisition by an international group. Findings show how main integration challenges—internal resources' and external integration risk, cultural differences, and information system integration—were mitigated to guarantee a successful acquisition, contributing academically with an empirical case to the deficient post-acquisition internationalization literature notwithstanding some theoretical propositions to be further tested; and managerially, by exposing and openly discussing the challenges and benefits of a cross-border post-acquisition integration, with a so-far unique case of an incubator inside a large multinational organization, that can guide and inspire managers in their endeavors.
		Women on Boards and Corporate Financial Performance in	Nestor U. Salcedo, ESAN; Katherina Kuschel, Universidad Tecnológica Metropolitana, Chile;	The research examines how women's participation in boards influences firm performance outcomes (EBIT and ROE) among firms listed on Iberoamerican stock markets after the 2008 crisis. This article reports a longitudinal non-experimental design based on annual panel

	Iberoamerica: Exploratory study on MILA and IBEX	Miguel A. García-Cestona, Universitat Autònoma de Barcelona	data of 2093 companies from MILA and IBEX in the period 2009 - 2016. The findings reveal differences within the region and industries analyzed. By country, the presence of women in Peruvian boards reduces the negative operational results. This also occurs in the Energy and Mining industry. Our results on EBIT by year, country and industry found evidence of “glass cliff” effect, with a short-term effect and appointment of women on boards. The more women proportion the better ROE in Mexico and the Banking industry, supporting the hypothesis of women as equity-keeper.
<b>Management Education and Teaching Cases II</b>	Case: The Competitive Advantage of Panama	Jose Torres, INCAE; Niels Ketelhohn, INCAE Business School	This case describes the situation that the government of Panama confronted in the aftermath of the so-called “Panama Papers”. The country had to respond to the Organization for Economic Cooperation and Development (OECD), the European Union, the Financial Action Task Force (FATF) and the US Department of the Treasury. All of these institutions had, in one way or another, expressed concern about Panama’s lack of transparency in international finances. The case describes the competitive advantages of the country for its main industries. Students can determine how increased transparency will affect different industries, and can define a future economic strategy for Panama.
	Barbarians at Smithfield's Gate. A Teaching Case	J Ernesto Gallo, PAD Business School UDEP	Larry Pope CEO of Smithfield the biggest world hog producer, an American Agribusiness Flagship; proposed to Shuanghui the biggest Chinese pork firm, to exchange 20% of both companies’ shares at par value, in spite Shuanghui was half the size of Smithfield. That might had helped to solve many Smithfield problems accessing the world’s biggest market. But Shuanghui wanted to buy the whole US firm, offering to the shareholders US\$ 34 per share when the current market price was 29 in the NYSE. The proposal raised many nationalistic, political, environmental, trade, etc. concerns. If the operation was announced and not approved by the US Senate Committee, Smithfield shares might plummet.
<b>Financial Markets, Investment and Risk II</b>	Commodity Prices Uncertainty and the Peruvian Stock Market: A GARCH- in-mean VAR analysis	Jose Luis Ruiz Vergara, Universidad de Chile; Yessenia Portal, Universidad de Chile	We analyze the effect of commodity prices uncertainty (copper, gold and silver) on the performance of General Index of the Lima Stock Exchange (S&P/BVL) using a GARCH-in-mean VAR model for the period September 2003 - April 2017. We find a positive (negative) and statistically significant evidence of the effect of the uncertainty in the gold and silver (copper) prices. These results are useful for investors who can use

				<p>these commodities as a refuge against volatility in times of instability or financial collapse in order to preserve capital. In addition, the persistence of the effects disappears after six weeks. Finally, uncertainty in the copper prices generates a greater effect on S&amp;P/BVL performance in comparison with uncertainty in gold or silver.</p>
		The out-sample predictive power of convenience yields	Viviana Fernandez, Universidad Adolfo Ibañez	<p>This article explores the predictive power of convenience yields with respect to future spot prices of five industrial metals: aluminum, copper, lead, and zinc. To that end, alternative measures of convenience yields are considered. The estimation results show that convenience yields may have predictive power but within short-time horizons of 1, 3, and 6 months. Furthermore, the methodology utilized to compute the convenience yield may play a role in such findings. For longer prediction horizons (e.g., 12 months), however, interest rates and nominal exchange rates may be more relevant to explaining the evolution of future spot prices of mineral commodities.</p>
		Firm profitability and expected stock returns: Evidence from Latin America	Edmundo Lizaraburu, ESAN University; Luis Berggrun, Universidad Icesi; Emilio Cardona, Universidad de los Andes	<p>Despite their higher valuation ratios, larger size, and higher investment needs, profitable firms outperform, in both raw and risk-adjusted returns, unprofitable firms in Latin America. The positive effect of firm profitability on stock returns is pervasive in univariate and bivariate sorts, panel regressions, across sub-regional markets, and among small and large stocks. A five-factor model that includes market, size, distress, profitability, and investment factors prices profitability portfolios better than other popular factor models. Five-factor alphas of profitability portfolios tend to be lower and less statistically significant, both individually and collectively, than alphas from other three widely-used pricing models.</p>