IV CEFAGE Workshop

24 October 2014
Room 131-CES

Program

Abstracts Book
Program

9:30 – Registration
10:00 – Opening Session
10:15 – 11:15 – Session I, chair Carlos Vieira
  *Innovation and exit modes* Vanessa Duarte, Cesaltina Pires

  *Industry Dynamics: what are the determinants of new firm entry?* Georgette Andraz, Soumodip Sarkar, Cesaltina Pires

11:15 – 11:45 – Coffee-Break

11:45 – 12:45 – Session II, chair Cesaltina Pires

  *Intrapreneurial behaviour: what are its determinants and does it matter for firm performance?* Maria de Lurdes Calixto, Soumodip Sarkar

  *A Chameleon in its true colors- a systematic analysis of the CSR concept* Soumodip Sarkar

12:45 – 14:30 - Lunch – Cozinha do Cardeal

14:30 – 15:45 – Session III, chair Andreia Dionísio

  *Income Inequality, TFP, and Human Capital* Tiago Sequeira, Marcelo Santos, Alexandra Lopes

  *The main determinants of banking crises and the fragility of regulation: evidence from OECD countries* Cristina Pereira, Joaquim Ramalho, Jacinto Vidigal da Silva

  *Does final energy consumption in Portugal exhibit long memory?* José Belbute

15:45 – 16:15 – Coffee-Break

16:15 – 17:30 - Session IV, chair Aurora Galego

  *Corporate governance and its influence on performance* Ricardo Rodrigues, Joaquim Ramalho, J. Augusto Felício

  *Port labor and container terminal performance* Pedro Galveia, J. Augusto Felício, Vitor Caldeirinha

  *Differences in intra-regional development in Portugal? A multivariate approach* Conceição Rego; Isabel Joaquina Ramos; Maria Manuela Oliveira; Maria Raquel Lucas; Maria da Saudade Baltazar
**Title:** Innovation and exit modes  

**Authors:** Vanessa Duarte, Cesaltina Pires

**Abstract:**
How does the adoption of innovations affect the fate of firms in a mature industry? In this article it is proposed that two answers can be found to this question, depending on the type of analysis done. While traditionally industry dynamics has been considering the fate of firms as a choice between permanence as success and exit as failure, we suggest that exit should be studied as a heterogeneous event, distinguishing bankruptcy and liquidation from mergers and acquisitions.

We investigate the relationship between firm survival and innovation in the American motion picture industry. We collect a unique dataset of 175 firms involved in production in the last three decades, a period of profound change and restructuring of the industry. Then, these data are studied using survival analysis methods to understand the determinants of different forms of exit. A subsequent robustness check to our results is done using the same dataset of firms with 2659 yearly observations, analysed with a multinomial logistic model.

We find that the determinants of different exit forms are not the same. Exit by liquidation or bankruptcy is determined by entry conditions such as age and industry density of firms that do not affect mergers and acquisitions. Firm size has opposite effects on determining the form of exit. Different backgrounds of founders predict different outcomes.

Finally we find that early adopters of innovations are more likely to avoid failure and that the early adoption of a process innovation can delay exit through M&A.

**Keywords:** Firm exit, merger and acquisition, liquidation, product and process innovation, competing risks model.

**JEL codes:** L82, O33
**Title:** Industry Dynamics: what are the determinants of new firm entry?

**Authors:** Georgette Andraz, Soumodip Sarkar, Cesaltina Pires

**Abstract:**
The entry of new firm can have a great impact on existing firms as well as on industry efficiency through competitive pressure. New entry can displace inefficient firms from the market and the dynamic process of entry is a vital source of economic growth. Using panel data models we examine the determinants of new firm entry in 240 industries in the Portuguese manufacturing sector between 1996-2007. This research indicates that market size and past macroeconomic conditions are important determinants of entry rates. Results also reveal a significant positive effect of past exit on actual entry. Results also reveal evidence of an inversed “U” shaped relationship between industry profit and entry. The result of this study opens up new line of research in the empirical literature on industry dynamics.

**Keywords:** firm dynamics, entry, exit, manufacturing industry, barriers to entry and exit.

**Session II:** 11:45h. – 12:45h.

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**Title:** Intrapreneurial behaviour: what are its determinants and does it matter for firm performance?

**Authors:** Maria de Lurdes Calixto, Soumodip Sarkar

**Abstract:**
Till date most strategic entrepreneurship scholars have addressed the question of employee entrepreneurial behaviour as one of the components of other firm-level entrepreneurship constructs, such as entrepreneurial orientation. This approach does not permit the study of specific influences on intrapreneurial behaviour nor reveal its standalone importance in firm innovation outcomes and overall performance. Using data from 127 firms, this research confirms that specific input variables are associated with intrapreneurial behaviour, which in turn is positively related to innovation and firm performance. This study further makes suggestions for future research, presenting strong implications for managerial practice, namely strategic human resources management.

**Keywords:** corporate entrepreneurship, employee entrepreneurial behaviour; entrepreneurial proclivity, innovation, intrapreneurial behaviour, intrapreneurship
Title: A Chameleon in its true colors- a systematic analysis of the CSR concept

Author: Soumodip Sarkar

Abstract:
While corporate social responsibility is widely being used in the lexicon of businesses and the wider civil society discourse, thought is being spurred into action as policy makers increasingly urge businesses to act responsibly to and for the society. CSR has been variously charged as being chameleon, vacuous and an utterly meaningless concept. A major problem in CSR discourse has been the lack of an agreed normative basis underpinning CSR practice which is turn is derived from the concept being accused as fuzzy, changing over time and lacking a universally accepted definition. This paper explores how the definition and consensus of family business have evolved over time. Drawing from the largest definitional database to date, from CSRs academic origins in the 1950s to 2014, this research analyzes the changes in the structure of the concept over time by employing a combination of content and network analysis. The paper uncovers the key terms underpinning the phenomenon, as well as identifying the emergence of new concepts. We believe that other than its value to researchers of the domain, the study should help managers to understand what really is understood by being socially responsible, as they strive to frame meaningful strategies to implement CSR.

Session III: 14:30h. – 15:45h.

Title: Income Inequality, TFP, and Human Capital

Authors: Tiago Sequeira, Marcelo Santos, Alexandra Lopes

Abstract:
A fruitful recent theoretical literature has related human capital and technological development with income (and wages) inequality. However, empirical assessments on the relationship are still scarce. We relate human capital and total factor productivity (TFP) with inequality and discover that, when countries are assumed as heterogeneous and dependent cross-sections, human capital is the most robust determinant of inequality, contributing to increase inequality, as predicted by theory. There is evidence of great heterogeneity on the effects of TFP and Openness across countries. These new empirical results open a wide avenue for theoretical research on the country-specific features conditioning the causal relationship from human capital, technology and trade to inequality.

Keywords: income inequality, human capital, technology.
**Title:** The main determinants of banking crises and the fragility of regulation: evidence from OECD countries

**Authors:** Cristina Pereira, Joaquim Ramalho, Jacinto Vidigal da Silva

**Abstract:**
Banking regulation and supervision were designed to protect banks from failure, but this did not avoid the large number of banking crises recently experienced by OECD countries. Using binary response models for panel data and centering on OECD countries, this paper emphasizes the poor influence of regulation and supervision on banks' soundness and presents the main determinants of banking crises over a long period (19 years). A regulation and supervision index is proposed, different contagion levels across countries are analyzed and a comparison between banks operating in countries with bank-based and market-based financial systems is made.

**Keywords:** Banking crises, regulation and supervision, financial systems orientation.

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**Title:** Does final energy consumption in Portugal exhibit long memory?

**Authors:** José Belbute

**Abstract:**
In this paper we measure the degree of fractional integration in final energy demand in Portugal using an ARFIMA model.

Our findings suggest the presence of long memory in the energy demand in Portugal. All fractional-difference parameters are positive and lower than 0.5 indicating that the series are stationary, although the mean reversion process will be slower than in the typical short run processes. In addition, our findings also indicate that there is clear seasonal long memory evidence for all the Portuguese components of final energy demand.

These results have important implication for the design and the effectiveness of environmental policies. First, the effects of a policy shock on energy consumption are temporary but will tend to disappear slowly. Second, long lasting effects will be achieved by means of a more permanent policy stance. This is good news for the success of the Portuguese green tax reform since fiscal neutrality may be achieved earlier and cause temporary budget imbalances for a smaller period.
Third, all components of aggregate final energy demand have long range dependency so that switching between types of energy will be easier.

Finally, given the strong connection of the energy sector with the rest of the economy, energy policies may be transmitted to other sectors of the economy and may also have impacts on the real economy. In particular, positive shocks associated with permanent energy policies stimulating the switch to renewable energy sources may contribute to changing the energy consumption mix and to the reduction of carbon dioxide emissions.

**Keywords**: Long memory, final energy demand, environmental policy, ARFIMA model, Portugal.

**JEL codes**: C22, O13, Q41

**Session IV**: 16:15h. – 17:30h.

**Title**: Corporate governance and its influence on performance

**Authors**: Ricardo Rodrigues, Joaquim Ramalho, J. Augusto Felício

**Abstract:**
Despite the number of studies covering the influence of corporate governance on performance, there is still a lack of consensus on the direction of this relationship (Ho, 2005; Larcker et al., 2007; Renders & Gaeremynck, 2012), opening room for further research. Several authors have presented contributions to explain this lack of consensus, such as the existence of non-linear relationships (Guedri & Hollandts, 2008; Hu & Izumida, 2008), the importance of context (Schmidt & Brauer, 2006) and considering other functions of the board besides monitoring (Schmidt & Brauer, 2006). Assuming these contributions and recognizing the importance of agency theory in the context of corporate governance (Finegold et al., 2007; Renders & Gaeremynck, 2012), the present study aims to extend the scope of analysis, as proposed by Kim et al. (2009) and examine how important the perspective of resource dependency – to the extent that access to external resources such as skilled resources, raw materials or capital is central to businesses – to understand the implications of the governance mechanisms, especially those centered on the boards, in business performance.

The purpose of this research work is studying the influence of corporate governance mechanisms on performance and risk, introducing in the analysis the perspective of resource dependency, on the assumption that certain mechanisms focused on the boards, for example the inclusion of outside directors, may have consequences in terms of access to external resources that can be critical to the company's performance. The introduction of the resource dependency perspective in the analysis is intended to contribute to the formulation of models of corporate governance increasingly based on maximizing performance and less on mere compliance with codes of practice that don't take into account the specificities of companies, which is in line with the criticisms of, among others, Renders & Gaeremynck (2012). The importance of expanding the understanding of the importance of boards besides the functions of monitoring and integrating other activities is evidenced by Finegold et al. (2007).
The objectives of the study are to characterize the governance structures adopted in the studied companies, test the existence of nonlinear relationships between corporate governance and performance and risk, find what is the direct influence of corporate governance on performance and risk, and indirect through the implications of corporate governance at the strategic level and verify whether the governance structures differ according to the context, namely the country where companies have headquarters and the business sector, and identify the implications of the different governance structures that companies have at the strategic level.

Following the introduction the literature review is presented, followed by the research model and hypotheses and also the universe and sample. It also made an identification of the main instruments for the analysis of the data and determination of results.

Title: Port labor and container terminal performance

Authors: Pedro Galveia, J. Augusto Felício, Vítor Caldeirinha

Abstract:
The purpose of this research is to understand to what extent the characteristics of port workers, the conditions for the exercise of their profession and port conditions influence the performance of container terminals. The objectives are to evaluate the effect of the characteristics of dockers and conditions for the exercise of their profession in terminal performance and to evaluate the effect of infrastructure and port organizational conditions on the performance of the container terminal, and analyze the effect on the model derived from size of the container terminal, the terminal age and port community performance. The sample data are being collected through a questionnaire sent to organizations of port workers operating in European ports. The factor analysis and Structural Equation Modeling (SEM) methodology are the statistical techniques used in data processing. This work provide important contributions to the theory and practical knowledge of the role of port workers and professional conditions in the performance of container terminal.

Keywords: Port Labor, Container Terminal, Performance,
Title: Differences in intra-regional development in Portugal? A multivariate approach

Authors: Conceição Rego; Isabel Joaquina Ramos; Maria Manuela Oliveira; Maria Raquel Lucas; Maria da Saudade Baltazar

Abstract:
In Portugal, distribution of population and economic activity is strongly asymmetrical, creating significant development differences. Traditionally, a distinction is made, among others, between coastal and inland areas - the first is young, urban, dynamic and economically vibrant, and the second is aged, rural, declined and economically depressed. However, a detailed analysis shows that several inland and coastal areas are similar in their levels of development - territorial capital, meaning economic, social and environmental capital.

The proposal of this study is to analyse the differences of development in Portuguese regions. The aim is to identify homogeneous areas, by differentiating and measuring the differences between areas more and less developed, be it in the coast or inland.

The analysis of relevant variables will be made at the NUTS III level, with data from the last Portuguese CENSUS (2011). The statistical analysis is primarily based on descriptive statistics followed by multivariate data analysis.

Keywords: Development; Multivariate approach; Regional Development Composite Index; Territorial asymmetry

JEL codes: C38, O18, R12