

MOR 603 (FALL 2009)
Seminar in Strategic Management

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“However beautiful the strategy, you should occasionally look at the results.”
— Winston Churchill

Course Description

Purpose. This seminar gets students into using, extending or engaging ideas in the strategic management literature in their own original research aimed at academic journals.

Topic. In academic research, strategy is the study of superior performance in competitive interactions. In business, it is the collection, organization and conduct of activities that guide or explain *what* an organization does and *how* well it does it. Within this very broad topic, strategy researchers study situations that range from competition among states to organizations to individuals. While this seminar focuses on competition among organizations, it includes discussion of mechanisms that apply at all of these levels.

Objectives. Over the course of a busy semester, students in this course will ...

1. Read a large and diverse collection of papers that survey the major issues and perspectives in strategy;
2. Approach contemporary issues in strategy from several disciplinary perspectives;
3. Critique academic research (without losing touch with appropriate humility);
4. Identify and develop an original testable research idea into a paper;
5. Build skill at developing and presenting analyses of empirical data;
6. Develop skill at presenting and responding to oral presentations of research; and
7. Relate research topics to problems in practice and practitioner-oriented publications.

Perspectives and Themes. Because strategic management is an interdisciplinary field that draws on work from basic social disciplines—especially economics, sociology and psychology—and from business fields such organization behavior, organization theory and finance, this seminar offers a broad survey of contemporary strategy research.

Although strategy is a very broad field, most scholars would agree that its unifying theme is the use of various performance measures and outcomes as dependent variables. From firm survival to sales to accounting measures and ratios, strategy research explanatory focuses on a particular kind of competitive interaction a mechanism that could explain performance. At the risk of oversimplifying, strategy research generally asks at least one of the following questions: “Can we identify the winning strategy in this game?” and “Can we explain why winning strategies work?”

Another unifying theme of strategy research is that competitors have at least some freedom to choose among different strategies. Generally, this freedom is limited to choices among options limited by the rules that define what’s possible or permissible, so strategy researchers also ask questions about where these rules come from and how they change. Although some researchers emphasize rules as constraints rather than decision opportunities, most strategy research treats competitive outcomes as the result of crucial decisions.

Within these very general themes, there are many ways to identify winning strategies and explain why they work, especially in work that attempts to explain better-performing organizations. After a brief introduction (session 1), we'll spend each week examining a different perspective, as follows:

From economics, we will explore how competitive interactions are affected by ...

- Session 2: organizations and their boundaries;
- Session 3: industries and barriers to competition;
- Session 4: competing interests and incentives that more or less align them;
- Session 5: important information, who has it, and whether it is kept or shared;
- Session 6: signaling and other strategies for using information to shape competitive interactions;
- Session 7: resources and knowledge and whether or how they can be imitated or appropriated.

From psychology and organization behavior, we will consider how competitive interactions are affected by ...

- Session 9: management teams and diversity;
- Session 10: decision making and competence,

From sociology and organization theory, we will consider how competitive interactions are affected by ...

- Session 11: new technologies and standards;
- Session 12: environments and selection mechanisms;
- Session 13: institutions and what people see as legitimate or appropriate;
- Session 14: categories, identities and networks and what people see as real.

Session 8 is a practicum on what makes interesting papers, and session 15 will be presentations of your seminar papers.

Course Prerequisites

This course is open to Ph.D. students from all departments in the University. Master's students who desire to take the course must obtain the instructor's permission.

Materials & Course Web Site

We will use the course web site on Blackboard for the following:

- Announcements.
- Syllabus.
- Distribution of readings.

Assignments and Grading

Grades will be determined by performance on the following course components:

Weekly Participation	Includes 2 "session openers"	40%
Research paper	Proposal	10
	First submission	10
	2 Reviews + Letter of Response	15
	Presentation	10
	Second submission	15
Total		<u>100%</u>

The following sections explain requirements for seminar participation, several short practice-oriented sessions we'll do on the craft of writing research papers, and the details of the term paper assignment.

The Seminar Format

Weekly Preparation. The bulk of this course is devoted to in-depth discussion of the articles or chapters assigned for each week's reading. Of course, you could not have reached this point in your education without knowing how to read complex material, but our limited seminar time will be most rewarding if you approach the reading with preparation disciplines that will serve you well for reading and using academic papers in your own original research.

For each reading, we aim to answer a simple question, "What is at stake?" That is, we want to have a point of view about whether it changes anything about what we know or do and, if so, what that is and for whom it is either a win or a loss.

Toward that end, consider the following as you read each paper:

Motivations

- What **question** (relationship) is the paper addressing? How clear is it?
- What **mechanism** is proposed to explain key relationships? Is there one?
- What **framing** is used to position the work with respect to other research?

Argumentation

- What **style** of persuasion is used to make the work convincing?
- What **assumptions** underlie the work? How valid are they?
- What **"hook"** does the paper use to get you into it?
- What **data and methods** are used? Do they fit the question?

Implications

- What **new findings** does the paper offer?
- What **next steps** does this work suggest or require?
- What **problems**, if any, did you find with the paper's findings or conclusions?
- What **implications** for theory or practice arise from this research?

Student Discussants. Each week, we will have a student discussant. That role entails opening the seminar with a 15-minute overview of the session themes and posing questions that draw out the motivations, argumentation, and implications of the assigned readings. The best papers we read will be strong in all three dimensions and, in so doing, teach us about their topics while also teaching about the craft of doing great research. You should know, however, that not all assigned papers meet this standard equally well, by design. In fact, there are some that are quite a bit weaker than others. I expect you to make and share your own judgments about differences in importance and quality of our readings, so be prepared to offer and explain your assessments! ***Update** Discussant roles have been assigned for each week; see schedule.*

Here are the guidelines for these session "opener" talks:

1. 15 minutes
2. No article summaries
3. No Powerpoint
4. Diagrams, frameworks, or summarizing tables are helpful
5. Bring a handout for everyone – 1 or 2 pages is plenty
6. Analytical narrative is permitted, but keep it short
7. Conclude with a set of questions we will discuss and debate

The best "openers" lead to discussions that cover the papers thoroughly because we are asking hard questions about what they mean to say, whether they succeed, the significance of their contributions, and follow-up research that seems promising or warranted. We won't get to this if we spend all our time reviewing what is in the papers.

"Instructor" role. I will participate actively in each session, but I will generally avoid answering questions too quickly. Instead, my goal is to facilitate a conversation that produces discovery of the strategy field's major themes in terms of research questions, methodological approaches, fundamental assumptions and stylistic preferences. I will conclude each session with a short overview of where we are, where we've been, and how the next week will either fit with or depart from that. During the heart of our weekly conversations, my role will be to question and challenge rather than answer or explain. When things go well, I will be learning *with* and *from* you through your reactions to the material. If that isn't happening, either I'm not doing my job, you're not doing yours, or both!

Tips: Identifying a mechanism gets easier with practice. In a paper investigating the relationship between size and survival, for example, size is *not* a mechanism. It is an explanatory factor. If a factor matters, the mechanism is what explains *why*.

Seminar Paper Assignment

On top of doing each week's reading and leading or participating in our discussions, the major assignment for this course is a seminar paper. This should be a strong start on a project you hope to submit to a scholarly conference such as the Academy of Management Conference.

Paper Format. There are three approaches you can take to this paper:

- 1) *Empirical Project Proposal:* abstract, theory, hypotheses, research design, and discussion of anticipated contributions. Note that this does not include any requirement for data collection or analysis—that will come later after the completion of the course. In previous years, students get an idea of what they'll do during the semester and then work on it over the summer.
- 2) *Theory Paper:* following the format of the theory papers you will see in our readings (especially AMR), this will require a clear statement of the problem; review of the prior literature; development of a new perspective, approach, theory, framework, etc. (perhaps but not necessarily including clear propositions); and conclusion with discussion of potential strategies for empirical research.
- 3) *Complete Empirical Paper:* same as (1) but with data collection, analysis, and discussion of results. This is much tougher (!), so you probably only want to take this route if you already have data, a faculty member who has data you can use (many of us do), or a strong lead on data that you can get quickly (i.e., by Feb. 1). Because of the additional burdens of data collection and analysis, we do not require you to perform all the analyses a full paper would include; that can come later.

Paper Practicum. At the semester mid-point (Oct. 13), we will a break from our normal routine to help you prepare for your seminar paper by devoting one whole session to a practicum on what makes a great paper. This session is described in detail in the calendar, below.

Review exercise. Academic reviewing is a craft in its own right, and being good at it will make you a better researcher. To begin or continue your socialization into that craft, you will provide and receive blind reviews on each other's seminar papers. To make this work, there are several interim deliverables with the final product due during the exam period. The dates are noted in the calendar, but here is a summary of the deliverables and due dates:

- | | |
|-------------------|---|
| 1) Oct. 1-16 | Email or meet me to discuss your seminar paper idea |
| 2) Oct. 20 | Submit Research Proposal (hardcopy) |
| 3) Nov. 10 | Submit your paper to <i>New Frontiers</i> , our seminar journal (email <i>and</i> hardcopy) |
| 4) Nov. 17 | Submit 2 Reviews (email) |
| 5) Nov. 20-Dec. 8 | Revise your paper for re-submission |
| 6) Dec. 1 | Present at <i>New Frontiers</i> "conference" (our seminar!) |
| | Submit "Letter to Editor" and Responses to Reviewers (hardcopy) |
| 7) Dec. 8 | Re-submit your revised manuscript (hardcopy) |

Instructions for the review process will be given as we approach that time.

Calendar of Sessions and Readings

Session	Date	Topic / Readings
(1)	Aug. 25	<p>Introduction</p> <p>What is strategy? It depends who you ask, of course, and answers academics give can be pretty different from what you might get from experts among the ranks of business executives or management consultants. Our task for this first session is to work our way toward a better understanding of the themes that link the academic research that makes up the field we call strategy.</p> <p>In addition to reading the assigned papers below (not the background readings—those are for you to get to later if you are curious to know more), please bring one copy of a popular book or article that speaks to strategy in some way.</p> <p>Edwards, Corwin D. 1933. Review: [untitled]. <i>The American Economic Review</i>, 23(4): 683-685.</p> <p>Penrose, Edith. 1960. "The Growth of the Firm - A Case Study: The Hercules Powder Company." <i>The Business History Review</i> 34:1-23.</p> <p>Cyert, Richard M. & March, James G. 1963. "A Summary of Basic Concepts in the Behavioral Theory of the Firm" Chapter 7 (pp. 161-176.) in <i>A Behavioral Theory of the Firm</i>. Englewood Cliffs, N.J., Prentice-Hall.</p> <p>Mintzberg, Henry, & Waters, J.A. 1985. Of Strategies, Deliberate and Emergent. <i>Strategic Management Journal</i> 6:257-272.</p> <p>Porter, Michael E. 1996. "What Is Strategy?" <i>Harvard Business Review</i>, November-December: 61-78.</p> <p><i>Background for future reference:</i></p> <p>Chamberlain, Edward. 1933. <i>The Theory of Monopolistic Competition</i>. Cambridge: Harvard University Press.</p> <p>Robinson, Joan. 1933. <i>The Economics of Imperfect Competition</i>. New York: MacMillan.</p> <p>Barnard, Chester. 1938. <i>Functions of the Executive</i>. Cambridge: Harvard University Press.</p> <p>Selznick, Philip. 1957. <i>Leadership in Administration: A Sociological Interpretation</i>. Berkeley: University of California Press.</p>
(2)	Sep. 1	<p>Organize a Firm</p> <p>Allie</p> <p>This week's readings relate business competition to the boundaries of organizations—that is, what's done inside a firm versus left to suppliers or supply markets that remain outside it. To understand this, we will discuss the "theory of the firm" question and explore both descriptive and prescriptive aspects of answers given by transaction cost economics. Our counterpoint article suggests firms might organize to reflect social identity considerations, not just the activities that optimize transaction costs. Can you think of reasons why social identity considerations might or might not influence transaction costs?</p> <p><i>Point:</i></p> <p>Coase, Ronald H. 1937. "The Nature of the Firm." <i>Econometrica</i>:18-33.</p> <p>Williamson, Oliver. 1973. "Markets and hierarchies: some elementary consideration." <i>American Economic Review</i> 563:316-325.</p> <p>Mayer, Kyle J., and Nicholas Argyres. 2004. "Learning to Contract: Evidence From the Personal Computer Industry." <i>Organization Science</i> 15:394-410.</p> <p>Nickerson, Jackson and Todd Zenger. 2003. "Why Firms Want to Organize Efficiently and What Keeps Them from Doing So: Inappropriate Governance, Performance, and Adaptation in a Deregulated Industry." <i>Administrative Science Quarterly</i> 48:433-65.</p> <p>Leiblein, Michael J. and Douglas J. Miller. 2003. <i>Strategic Management Journal</i>, 24:839-59.</p> <p><i>Counterpoint:</i></p> <p>Malhotra, D. & Lumineau, F. 2009. In Pursuit of Coordination and Control: Revisiting the Effects of Contracts on Trust, Working Paper: Harvard University.</p>
(3)	Sep. 8	<p>Pick an industry (or market) and take a defensible position</p> <p>Vern</p> <p>This week's readings relate firm performance to the organization of industries—what makes one different from another, and how firms are positioned within industries. This work fits within the sub-field of economics called industrial organization (IO) economics, so as you read the articles, think about how these papers depart from the assumptions of the neoclassical economics. (Unless we have a good idea what these articles are reacting to, we are likely to miss the point.) Our counterpoint articles feature alternative views of the managerial decision-making process that is implicitly assumed in IO economics.</p> <p><i>Point:</i></p> <p>Porter, M.E. 1998. <i>Competitive Strategy</i> (2nd Ed.), Chs. 1 & 2. New York: Free Press. (Read 1; skim 2.)</p> <p>Wernerfelt, B. & Montgomery, C.A. 1986. What is an attractive industry? <i>Management Science</i>. 32(10): 1223-1230.</p> <p>Peteraf, Margaret and Mark Shanley. 1997. "Getting to know you: A theory of strategic group identity." <i>Strategic Management Journal</i> 18:165-186.</p>

- Gimeno J. 1999. Reciprocal threats in multimarket rivalry: Staking out spheres of influence in the U.S. airline industry. *Strategic Management Journal*, 20(2): 101-128.
- McGahan, A. & Porter, M.E. 1997. How much does industry matter, really? *Strategic Management Journal*, 18 (Special Issue Supplement): 15-30. (Skim)

Counterpoint:

- Zajac E.J. & Bazerman M.H. 1991. Blind spots in industry and competitor analysis: Implications of interfirm (mis)perceptions for strategic decisions. *Academy of Management Review*, 16: 37-56.
- Cohen, Michael D., James G. March, and Johan P. Olsen. 1972. "A Garbage Can Model of Organizational Choice." *Administrative Science Quarterly* 17:1-25.

(4) Sep. 15 **Exploit special access to valuable information**

Courtney

This week's readings relate advantage to information that is not widely available or freely shared. As you read these articles, think about when having unique information presents a 'moral hazard'—a temptation—to abuse it for private gain at the expense of the collective good. What incentives, institutional arrangements or behavioral assumptions explain abuses of private information? When does trust and cooperation emerge in spite of these problems? How do these issues relate to competitive markets? What, if any, are the public policy implications of these issues?

Point:

- Saloner, Garth. 1991. Modeling, Game Theory, and Strategic Management. *Strategic Management Journal*, 12: 119-136.
- Akerlof, George. 1970. The Market for "Lemons" Quality Uncertainty and the Market Mechanism. *Quarterly Journal of Economics* 84:488-500.
- Cyert, R. M., Kumar, P., & Williams, J. R. 1993. Information, Market Imperfections and Strategy. *Strategic Management Journal*, 14: 47-58.
- Faulhaber, G. R. & Yao, D. A. 1989. Fly-by-Night" Firms and the Market for Product Reviews. *Journal of Industrial Economics*, 38(1): 65-77.
- Lippman, S. A. & Rumelt, R. P. 1982. Uncertain Imitability: An Analysis of Interfirm Differences in Efficiency under Competition. *The Bell Journal of Economics*, 13(2): 418-438.

Counterpoint:

- Pillutla, Madan, Deepak Malhotra, and J. Keith Murnighan. 2003. Attributions of trust and the calculus of reciprocity. *Journal of Experimental Social Psychology* 39:448-455.

(5) Sep. 22 **Put your own story out there, too—it's not just cheap talk!**

Vivian

The flip side of using information is, of course, providing it. Putting your own story out there can affect competitive outcomes, particularly if done in such a way that makes the story credible.

Point:

- Spence, Michael 2002. Signaling in Retrospect and the Informational Structure of Markets. *The American Economic Review*, 92(3): 434-459.
- Axelrod, Robert, and William D. Hamilton. 1981. The Evolution of Cooperation. *Science*, 211:1390-1396.
- Cooper, Russell, Douglas V. DeJong, Robert Forsythe, and Thomas W. Ross. 1992. Communication in Coordination Games. *The Quarterly Journal of Economics*, 107:739-771.
- Farrell, Joseph. 1995. Talk is Cheap. *The American Economic Review*, 85(2): 186-190.

Counterpoint:

- Kennedy, Mark Thomas., Robert Salomon, and Edward J. Zajac. 2008. The Publicity Game: Social Exchange and Signaling in Market News and Analysis. *Working Paper*.

Background:

- Spence, Michael. 1973. Job Market Signaling. *The Quarterly Journal of Economics*, 87(3): 355-374.

(6) Sep. 29 **Employ effective incentives**

Youngmi

Be thinking about your paper topic ... come see me if you

As this week's readings argue, hired managers do not automatically take their employers' interests seriously, so incentives that discourage self-serving behavior and align interests can have a big impact on firm performance. As you read these papers, ask yourself about the pros and cons of reducing agency costs (see first paper) via the various programs used over the last decade or two, things like employee stock option programs (ESOPs) or long-term incentive programs (LTIPs) for senior managers. To what extent have these practices contributed to the excesses that the Sarbanes-Oxley legislation was enacted to curb? What does all that mean for incentives and corporate governance in the coming years?

Point:

like

- Jensen, Michael C., and William N. Meckling. 1976. "Theory of the firm: managerial behavior, agency costs, and ownership structures." *Journal of Financial Economics* 3:305-360.
- Fama, E.F. & Jensen, M. 1983. The separation of ownership and control. *Journal of Law and Economics*, 26: 301-325.
- Murphy, Kevin J. 1986. "Incentives, Learning, and Compensation: A Theoretical and Empirical Investigation of Managerial Labor Contracts." *Rand Journal of Economics* 17:59-76.
- Rajagopalan, N. 1997. "Strategic orientations, incentive plan adoptions, and firm performance: Evidence from electric utility firms." *Strategic Management Journal* 18:761-785.

Counterpoint:

- Fiss, Peer and Edward J. Zajac. 2004. "The Diffusion of Ideas over Contested Terrain: The (Non)Adoption of a Shareholder Value Orientation among German Firms." *Administrative Science Quarterly* 49:501-34.
- Fiss, Kennedy and Davis. "How Golden Parachutes Unfolded: Institutionalization and Variation of a Controversial Practice." Working Paper, University of Southern California.

(7) Oct. 6

Marshal valuable resources and knowledge

Erica

This week's papers urge us to view strategy as grounded in the resources, knowledge and capabilities we find inside firms, not just the positions in markets and industries that they might want to take or (Session 2) or the cost reasons for doing some things versus hiring out others (Session 3). As you read these articles, remember to ask yourself the syllabus questions given as guides to really understanding each piece. In addition, come ready to talk about the links between capabilities, market positions, and firm boundaries, and think about what 'causal ambiguity' means to understanding and critiquing each of these ideas.

Point:

- Barney, J. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.
- Kogut, B. & Zander, U. 1992. Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science*, 3(3): 383-397.
- Eisenhardt, K.M. & Martin, J.A. 2000. Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10-11): 1105-1121.
- Helfat, Constance E. and Margaret A. Peteraf. 2003. The Dynamic Resource-Based View: Capability Lifecycles. *Strategic Management Journal* 24:997-1010.
- Nickerson, Jack A. and Todd R. Zenger. 2004. A Knowledge-Based Theory of the Firm: The Problem-Solving Perspective. *Organization Science*, 15:617-632.

Counterpoint:

- Ocasio, W. 1997. Towards an attention-based view of the firm. *Strategic Management Journal* 18:187-206.

Background (not required):

- Dierickx, I. & Cool, K. 1989a. Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35(12): 1504-1511.
- Barney, J.B. 1989. Asset stocks and sustained competitive advantage: A comment. *Management Science*, 35(12): 1511-1513 (with Dierickx & Cool, 1989a).
- Dierickx, I. & Cool, K. 1989b. Asset stock accumulation and sustainability of competitive advantage: Reply. *Management Science*, 35(12): 1514 (with Dierickx & Cool, 1989a).

(8) Oct. 13

Paper Practicum: What makes a great paper?

► 2 Papers,
2 Narrative
Skeletons

As we hit the mid-point of the semester, we'll take stock this week of what makes a great paper by using what Murray Davis has to say about what's interesting and then using and testing those ideas against papers of your choosing and two lively "exchanges"—in other words, ugly debates. First, everyone must bring two papers about strategy that you find especially interesting—one academic paper, and one non-academic paper. (The academic paper does not have to be from this syllabus.)

Briefly, we will all share two things about each of our two papers: what makes them interesting and how their narrative structure highlights that. Then, we will discuss two different lively exchanges that provide us with different perspectives about good scholarship. This will make a nice backdrop against which to assess not only what we've seen so far, but also what you're thinking about doing for your seminar paper.

Assignment: Pick two papers

Pick one academic paper and one non-academic paper that you either really like or really dislike. After you've done the readings (Davis plus one of the two exchanges), reduce each of your two papers to its narrative skeleton—the meta-contents, so to speak. For example, introductions often say, "Here are some things we know about X, but what we don't know about X is Y." You might really carry about X and Y, but what we are going to focus on in this class is *how* to tell an interesting story about them, not *what* the story is exactly. So don't clutter up your summary of the paper's narrative with all that detail. Understanding how this works will save you a lot of time when it comes to writing your paper because you will walk away from today's session with a number of templates that you can use as guidelines for your own interesting story.

Point:

Davis, Murray S. 1971. "That's Interesting! Towards a Phenomenology of Sociology and a Sociology of Phenomenology." *Philosophy of Social Science* 1:309-344.

Exchanges (pick and read one):

1. Rigor and Relevance:

DeAngelo, Harry, DeAngelo, L., and Zimmerman, J.L. "What's Really Wrong With U.S. Business Schools?" Working Paper, USC and University of Rochester.

Bennis, W.G. and J. O'Toole, 2005. "How Business Schools Lost Their Way." *Harvard Business Review* (May): 96-104.

2. Goal Setting:

Ordóñez, L. D., Schweitzer, M. E., Galinsky, A. D., & Bazerman, M. H. 2009. Goals Gone Wild: The Systematic Side Effects of Overprescribing Goal Setting. *Academy of Management Perspectives*, 23(1): 6-16.

Latham, G. P. & Locke, E. A. 2009. Science and Ethics: What Should Count as Evidence Against the Use of Goal Setting? *Academy of Management Perspectives*, 23(4): 88-91.

Ordóñez, L. D., Schweitzer, M. E., Galinsky, A. D., & Bazerman, M. H. 2009. On Good Scholarship, Goal Setting and Scholars Gone Wild. *Academy of Management Perspectives*, 23(4): 82-87.

(9) Oct. 20

Build a strong executive team

Ahlaemi

► Seminar
Paper
Proposal

This week's readings shift focus to management teams, explicitly linking them to firm performance. In this 'top management team' (TMT) perspective, executives are theorized to have an impact of firms by what they know, how diverse or homogenous their backgrounds are, how well they work together, who they might know outside the company, etc. As you read these papers, think about examples that either confirm or challenge the TMT argument. As you do that, think hard about the boundary conditions that you could use to explain why the framework holds up or breaks down.

Point:

Hambrick, D.C. & Mason, P.A. 1984. Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9: 193-206.

Hambrick, D.C., Cho, T.S. & Chen. M. 1996. The influence of top management team heterogeneity on firms' competitive moves. *Administrative Science Quarterly*, 41(4): 659-684.

Higgins, M.C. & Gulati, R. 2003. Getting off to a good start: The effects of upper echelon affiliations on underwriter prestige. *Organization Science*, 14: 244-263.

Collins, Christopher and Kevin D. Clark. 2003. "Strategic Human Resource Practices, Top Management Team Social Networks, and Firm Performance: the Role of Human Resource Practices in Creating Organizational Competitive Advantage." *Academy of Management Journal* 46:740-751.

Counterpoint:

Useem, M. 1982. Classwide rationality in the politics of managers and directors of large corporations in the United States and Great Britain. *Administrative Science Quarterly*, 27: 199-226.

Chatterjee, Arijit, and Donald C. Hambrick. 2007. It's all about me: Narcissistic CEOs and their effects on company strategy and performance. *Administrative Science Quarterly*, 52:351-386.

(10) Oct. 2

Make good decisions

Wonsang

On top of all the other things we've discussed, what good is it having a management team with the right blend of skills if they struggle to make timely, good decisions? To the extent decision-making shapes strategy, we should understand something about how individual and social cognition combine with team dynamics to shape organizational decision-making. Finally, there is intuitive appeal to the idea that good strategy should depend on good analysis and decision-making, but does it really? That is, to what extent is it reasonable to view organizational action as the outcome of a 'decision' versus some other collection of factors? When might this be more or less reasonable? On what evidence or assumptions does your answer depend?

Point:

Mintzberg, H. 1978. Patterns of strategy formation. *Management Science*, 24: 934-948.

Fox, Craig R. & Amos Tversky. 1995. Ambiguity Aversion and Comparative Ignorance. *Quarterly Journal of Economics*, 110: 585-603.

Fox, C. R. & Weber, M. 2002. Ambiguity Aversion, Comparative Ignorance, and Decision Context. *Organizational Behavior and Human Decision Processes*, 88(1): 476-498.

Heath, Chip, and Amos Tversky. 1991. "Preference and Belief: Ambiguity and Competence in Choice under Uncertainty." *Journal of Risk and Uncertainty* 4:5-28.

Knight, D., Pearce, C.L., Smith, K.G., Olian, J.D., Sims, H.P., Smith, K.A. & Flood, P. 1999. Top management team diversity, group process, and strategic consensus. *Strategic Management Journal*, 20(5): 445-465.

Counterpoint:

Weick, Karl E. 1993. "The Collapse of Sensemaking in Organizations: The Mann Gulch Disasters." *Administrative Science Quarterly*, 38:628-652.

(11) Nov. 3

Develop and appropriate new technologies and standards

Allie &
Courtney

In both academic research and popular management books, competitive advantage is often attributed to technological breakthroughs that firms are able to appropriate successfully. What enables these breakthroughs? Is there a recipe? Why do some firms make money off them while others seem frustratingly incapable of doing so? When do breakthrough get locked in as industry standards? As a counterpoint to the idea that firms can manage this process, consider the ideas that it is a more (if not completely) random outcome of evolutionary processes (variation, selection, retention) or, at least when it comes to management, that a reflection of fads and fashions in business.

Point:

Tushman, Michael L., and Philip Anderson. 1986. Technological Discontinuities and Organizational Environments. *Administrative Science Quarterly* 31:439-465.

Suarez, Fernando F. and James M. Utterback. 1995. "Dominant Designs and the Survival of Firms." *Strategic Management Journal*, 16:415-430.

March, James G. 1991. "Exploration and Exploitation in Organizational Learning." *Organization Science* 2:71-87.

Jacobides, Michael, T. Knudsen, and M. Augier. 2006. "Benefiting from Innovation: Value Creation, Value Appropriation and the Role of Industry Architectures." *Research Policy* 35:1200-1221.

Counterpoint:

Abrahamson, Eric. 1991. Managerial Fads and Fashions: The Diffusion and Rejection of Innovations. *Academy of Management Review* 16:586-612.

(12) Nov. 10

Fit the environment

Vern &
Wonsang

► NF First
Submission
(hardcopy +
softcopy)

Obviously, competitive interactions and organizational performance are also shaped by the environment. In particular, organizations and activities that fit a given environment best will generally fare better than others, all else equal. Where do organizational environments come from? Do firms have a say in how they are defined? If it were possible for firms to meaningfully participate in the creation of new environments, "first movers" should reap lasting advantages. Are there mechanisms that allow firms to alter environmental selection pressures? Looking behind the actions of field founders, what sort of community is needed to support them? When it comes to creating new environments or fields, what kind of institutions help or hinder the process? Does community-level recognition of fields matter? How does it occur? When might it not occur?

Point:

Hannan, Michael T. and John Freeman. 1977. The Population Ecology of Organizations. *American Journal of Sociology*, 82:929-964.

Carroll, Glenn R. and Michael T. Hannan. 1989. Density Dependence in the Evolution of Populations of Newspaper Organizations. *American Sociological Review*, 54:524-541.

Haveman, Heather A. 1992. Between a Rock and a Hard Place: Organizational Change and Performance under Conditions of Fundamental Environmental Transformation. *Administrative Science Quarterly*, 37:48-75.

Hsu, Greta. 2006. Jacks of All Trades and Masters of None: Audiences' Reactions to Spanning Genres in Feature Film Production. *Administrative Science Quarterly*, 51:420-450.

Counterpoint (pick one-split up):

Lieberman, Marvin B. and David B. Montgomery. 1998. First-mover (dis)advantages: Retrospective and link with the resource-based view. *Strategic Management Journal*, 19:1111-1125.

Fligstein, Neil. 1996. Markets as politics: a political-cultural approach to market institutions. *American Sociological Review* 61:656-673.

Reviewing Practicum: Writing good reviews and responding to reviewers—even rough ones!

We'll introduce the peer review process by looking at some examples and handouts on do's and don'ts. Also, we'll discuss the process and set some norms for the tone and content of your reviews (due next week).

(13) Nov. 17

Respect key institutions

Vivian &
Youngmi

From another perspective, the performance (and persistence) of organizations depends on how well they conform to standards of appropriateness that become institutionalized in their fields. As these standards shape what managers and investors see as legitimate, they also shape how firms are valued in the marketplace. When ideas and standards change, therefore, so do market values. To maximize firm value, then, the neoinstitutional perspective suggests looking at how firms fit with the institutions in their

► Reviews
(electronic)

environment. As you read this week's papers, use them to define "institution" for yourself, and relate that noun to the verb "to institutionalize." Think about when the sanctions of not fitting in outweigh the costs of doing so, and vice versa. Also, since even the most taken-for-granted institutions sometimes come under fire, how do we explain that?

Point:

- DiMaggio, P. & Powell, W. W. 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48: 147-160.
- Baum, Joel A. C. and Christine Oliver. 1992. "Institutional Embeddedness and the Dynamics of Organizational Populations." *American Sociological Review* 57:540-559.
- Davis, Gerald F., Kristina A. Diekmann, and Catherine H. Tinsley. 1994. "The Decline and Fall of the Conglomerate Form in the 1980s: The Deinstitutionalization of an Organizational Form." *American Sociological Review* 59:547-70.
- Zuckerman, Ezra W. 1999. "The categorical imperative: securities analysts and the illegitimacy discount." *American Journal of Sociology* 104:1398-438.
- Lounsbury, Michael and Mary Ann Glynn. 2001. Cultural Entrepreneurship: Stories, legitimacy and the acquisition of resources. *Strategic Management Journal*, 22:545-564.

Counterpoint (pick one):

- Kennedy, Mark Thomas. 2008. "Getting Counted: Markets, Media, and Reality." *American Sociological Review*, 73:270-295.

(14) Nov. 24

Shape categories, identities, networks—and markets

Erica &
Ahlaemi

Why do we perceive some products as belonging to distinct product market categories while other differentiated products don't warrant that kind of separation from the pack? What effect does that have on their ability to find demand? Whether we look to markets and industries, organizational forms or institutional environments, these are all examples of what sociologists and organization theorists call "social structures"—that is, particular social spheres defined by widely agreed upon interpretations of related categories, identities and networks. To what extent are these structures (and their underlying categories) received products of culture and history? When can commercial or social entrepreneurs shape how society categorizes and views what they do?

Point:

- Weick, Karl E. 1995. "Introduction." Chapter 1 in *Sensemaking in Organizations*. Thousand Oaks: Sage Publications.
- Podolny, Joel M., Toby E. Stuart, and Michael T. Hannan. 1996. "Networks, Knowledge, and Niches: Competition in the Worldwide Semiconductor Industry, 1984-1991." *American Journal of Sociology* 102:659-689.
- Rosa, Jose Antonio, Joseph F. Porac, Jelena Runser-Spanjol, and Michael S. Saxon. 1999. "Sociocognitive dynamics in a product market." *Journal of Marketing* 63:64-77.
- Hannan, Michael T., László Pólos, and Glenn R. Carroll. 2007. "Language Matters." Chapter 1 (pp. 1-26) in *Logics of Organization Theory: Audiences, Codes, and Ecologies*. Princeton: Princeton University Press.
- Lounsbury, Michael and Mary Ann Glynn. 2001. Cultural Entrepreneurship: Stories, legitimacy and the acquisition of resources. *Strategic Management Journal*, 22:545-564.

Counterpoint (pick one):

- Kennedy, Mark Thomas. 2009. "Constructing Counts: Media Coverage and Market Dynamics." in USC Marshall School of Business Working Papers: Department of Management and Organization. University of Southern California.

Presentation Practicum: Presenting your research

I'll give you a template and we'll look at some examples of slides for academic talks. From this session, you will walk away with a basic template and a sense of how you could tailor it to work for your style.

(15) Dec. 1

Paper Presentations & Wrap-up

► Slides

No new readings! You will each give a 15-minute presentation of your final paper. There will be time for discussion and a wrap-up on the semester's readings.

► "Letter to
Editor"
(hardcopy)

Dec. 8

Finals Week – No Class

► NF Re-
submission

Please re-submit your revised seminar paper by email in hardcopy to my box in the MOR department office no later than noon on Tuesday, Dec. 8.