

MOR 603: Seminar in Strategic Management
Marshall School of Business
University of Southern California
Fall 2019
Thursday 1:00 – 17:50
Hoffman 706

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Course Description

The literature in strategic management attempts to explain the differences in the performance of organizations. This is a very high level objective and the strategy literature has many branches that explore different aspects of internal organizational design and decision making as well as the role of external factors such as industry and the institutional environment. Understanding factors that make organizations more or less successful requires an examination of different levels of analysis, from individuals (as the ultimate decision makers) to teams (or groups/divisions) to entire organizations to industries and then to countries.

The intent of this seminar is to provide an introduction to work in the field of strategic management to enable doctoral students to build upon it and publish either in the field of strategy or in related fields (marketing, accounting, economics, etc.). Many research questions examined in the field of strategy are also explored in other fields (vertical integration, the role of alliances/networks, organizational decision-making, etc.), but strategy tends to have a slightly different focus that effectively complements work in related fields.

The seminar begins by exploring the key theories that form the foundation of the field of strategy including transaction cost economics, agency theory, the resource-based view of the firm, knowledge-based views, industrial organization economics and evolutionary theories. We then move on to explore areas of strategy research in which these theories are applied, including (but not limited to) corporate governance, entrepreneurship, global strategy, alliances, mergers & acquisitions, non-market strategy (dealing with the institutional environment), and organizational design.

Over the course of the semester, you will:

- Read and critique a selected number of articles published in the leading journals of the field carefully chosen to reflect diverse theoretical and empirical traditions;
- Evaluate strategic management questions from different theoretical perspectives;
- Constructively critique empirical research;
- Formulate novel research ideas that advance the field of strategic management;
- Develop ideas into a research paper (conceptual or empirical) that will meet the standards for inclusion in a competitive academic conference.

Grading:

Participation in weekly discussions	20%
Session roles (primary and secondary)	35%
Paper	35%
Critique of classmate’s paper	10%

Student Discussants. Most weeks, we will have three student discussants: a primary discussant and two secondary discussants. Each seminar attendee will get a chance to perform both these roles.

The job of the primary discussant is to open the seminar with a (roughly) 10 minute session opener talk and then use that to drive our discussion of the themes that emerge from considering each paper’s motivations, argumentation, and implications. 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. Make and share your own judgments about differences in importance and quality of the assigned papers, and be prepared to debate your conclusions with others!

The primary discussant should use the following guidelines in preparing for the session.

1. Time allotted: approximately 10 minutes of the session
2. Brings a handout for everyone: 2-4 pages (single-spaced, including diagrams and figures/tables)
3. No PowerPoint slides
4. No summaries of the readings
5. Diagrams or tables are helpful
6. Analytical narrative is permitted, but please keep it focused and short
7. Conclude with a set of questions that we will debate and discuss

These questions should address the overall research area and include, but not be limited to, additional research questions that need to be addressed to help move research in this area forward.

The best openers will lead to discussions that cover the papers thoroughly because we are asking hard questions about the value of the paper, whether it succeeds in conveying its main message/conclusion, and what we might do next. All this goes well beyond just figuring out what is in the papers.

In sum, good primary discussants will deliver an opener that does the following:

- Integrates the readings using an analytical framework
- Identifies and makes explicit the commonalities and differences in implicit assumptions that underlie the various readings
- Where possible, exposes theoretical gaps with suggest avenues for development beyond the readings
- Engages the other seminar participants in a discussion of the readings by taking a clear and perhaps provocative position!
- AVOID questions such as —What do you think of the authors' arguments? or — Do you agree with that point? Your job is to have a *position* on these issues.

The secondary discussants will focus their attention on specific papers. Their responsibility is to highlight key strengths and weaknesses of each paper, theoretical as well as methodological. They should also, wherever possible, identify ways in which these weaknesses could be addressed in future research.

For each paper, you should identify at least one substantive research question that was sparked by the paper. This could be something to address a weakness in the paper or to follow up on idea that the results in the paper may generate. You can be creative here; the idea is to think about what kinds of things you would want to study if you were to do a paper targeted to the literature/scholars the author of this paper is addressing.

Depending on the number/complexity of the papers allotted to a secondary discussant, s/he can expect to spend 10+ minutes critiquing the papers. Please bring a handout summarizing observations on each paper (no more than one page per assigned paper – can be even shorter).

Research Paper. The goal for this assignment is that you develop a paper that you will submit to the Academy of Management conference (or the appropriate professional conference for your field). You have three options for this:

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 developed an idea of what they'll do during the semester and then work on it during the spring and over the summer.

2) *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 or know a faculty member who has data you can use (many of us do), or a strong lead on data that you can get quickly. Because of the additional burdens of data collection and analysis, we do not require you to perform all of the analyses a full paper would require. Again, that will come later.

3) *Theory Paper*: following the format of the theory papers you will see in our readings (especially papers published in the Academy of Management Review), 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.

An interim version of your research paper is due on **Monday September 24th** (Week 6). I will provide feedback to you in the following week.

Please email a draft of your paper on the last day of class (Week 15) on **Monday November 26th**, and provide comments on a designated peer student's paper on **Monday December 3rd**. The final paper is due on **Monday December 10th**.

WEEK 1 August 28 (NJ): Introduction to the field of strategic management

Nag, R., D.C. Hambrick & M.J. Chen. 2007. "What is strategic management, really? Inductive derivation of a consensus definition of the field". Strategic Management Journal, 28: 935-955.

Mahoney, J.T. & A.M. McGahan. 2007. "The field of strategic management within the evolving science of strategic organization". Strategic Organization, 5: 79-99.

March, J.G., & R. I. Sutton. 1997. "Organizational performance as a dependent variable". Organization Science, 8(6): 698-706.

Rumelt, R., D. Schendel & D. Teece. 1991. "Strategic management and economics". Strategic Management Journal, 12 (Winter Special Issue): 5-29.

Bloom, N., B. Eifert, A. Mahajan, D. McKenzie, J. Roberts. 2013 "Does Management Matter? Evidence from India". Quarterly Journal of Economics, 128(1): 1-51

Tellis, Gerald. 2017 "Interesting and Impactful Research: On Phenomena, Theory, and Writing." Journal of the Academy of Marketing Science. Also available at <http://gtellis.net/publications>

WEEK 2 September 5 (NJ): Economic theories of strategy—Industrial organization, Agency Theory, and Behavioral Perspectives

Primary Discussant:

Secondary Discussant (first three papers):

(Industrial Organization)

McGahan, A.M. & M.E. Porter (1997), "How much does industry matter, really?" *Strategic Management Journal* 18(Summer): 15-30

(Agency theory)

Fama, Eugene, and Michael Jensen. "Agency Problems and Residual Claims." Journal of Law and Economic, 26 (1983), 327-349

Jensen, M.C., W.H. Meckling. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3 305-360.

Secondary Discussant (second three papers):

Holmstrom, B. and P. Milgrom (1991), "Multitask Principal-Agent Analyses: Incentive Contracts, Asset Ownership, and Job Design" *Journal of Law, Economics, and Organization*, 7: 24-52

(Behavioral perspectives of economic incentives)

Gneezy U, Meier S, Rey-Biel P (2011) When and why incentives (don't) work to modify behavior. *J. Econom. Perspectives* 25(4):191–209.

Ederer, Florian, Gustavo Manso, (2013) Is Pay for Performance Detrimental to Innovation? *Management Science* 59(7):1496-1513

ADDITIONAL READING:

Porter ME. 1981. The contributions of industrial organization to strategic management. *Academy of Management Review* 6(4): 609–620.

Porter M.E., “The Five Competitive Forces that Shape Strategy.” *Harvard Business Review*

Caves, R.E. & M.E. Porter. 1977. “From entry barriers to mobility barriers”. *Quarterly Journal of Economics*.

Holmstrom, B. and P. Milgrom (1994), “The firm as an incentive system,” *American Economic Review* 84(4): 972-991.

Cremer, J. (1995), “Arm’s Length Relationships”, *Quarterly Journal of Economics*, 110, pp. 275-96.

(Read more on agency theory online:

<http://www.referenceforbusiness.com/encyclopedia/A-Ar/Agency-Theory.html>)

Gibbons, R. 2005. Incentives between Firms (and within). *Management Science* 51(1) 2-17.

Frey, B., Felix Oberholzer-Gee, (1997) The Cost of Price Incentives: An Empirical Analysis of Motivation Crowding- Out, *American Economic Review* 87(4):746-755

WEEK 3 September 12 (NJ): Property Rights Theory & Transaction Cost Economics

Primary Discussant:

Secondary Discussants (first three papers):

Alchian, A. & H. Demsetz (1972), “Production, information costs, and economic organization,” *American Economic Review* 62(December): 777-795.

Grossman, S. and O. Hart (1986), “The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration”, *Journal of Political Economy*, 94(4), pp.691-719.

Secondary Discussants (first three papers):

Hart, O. and J. Moore (1990), “Property Rights and the Nature of the Firm”, *Journal of Political Economy*, 98(6), pp.1119-1158.

(*Transaction Cost Economics*)

Coase, Ronald 1937, “The Nature of the Firm,” *Economica*, Available in JSTOR

Secondary Discussant (last three papers):

Williamson, O.E. 1979. “Transaction Cost Economics: The Governance of Contractual Relations”. *Journal of Law and Economics*, 22 (October): 233-261.

Williamson, O.E. 1991. “Comparative Economic Organization: The Analysis of Discrete Structural Alternatives”. *Administrative Science Quarterly*, 36: 269-296.

(*Read Last: a non-academic summary paper*)

“Coase’s theory of the firm,” *Economist* July 29th, 2017

(<https://www.economist.com/news/economics-brief/21725542-if-markets-are-so-good-directing-resources-why-do-companies-exist-first-our>)

ADDITIONAL READINGS:

Holmstrom, B. and P. Milgrom (1998), "The Boundaries of the Firm Revisited", *Journal of Economic Perspectives*, 12(4), pp. 73-94.

Hart, O. (1994), *Firms, Contract and Financial Structure*, Oxford, UK: Clarendon Press. Introduction and Chapters 1-3.

Gibbons, Robert. 2005. Four Formal(izable) Theories of the Firm? *Journal of Economic Behavior and Organization*, 58(2): 2005.

Bolton, Patrick, and David S. Scharfstein. 1998. "Corporate Finance, the Theory of the Firm, and Organizations." *Journal of Economic Perspectives*, 12(4): 95-114.

Holmstrom, Bengt, and John Roberts. 1998. "The Boundaries of the Firm Revisited." *Journal of Economic Perspectives*, 12(4): 73-94.

Mayer, K.J. & J.A. Nickerson. 2005. "Antecedents and Performance Consequences of Contracting for Knowledge Workers: Evidence from Information Technology Services". *Organization Science*, 16: 225-242.

(Theoretical debates and empirical evidence of TCE)

Ghoshal, S. & P. Moran. 1996. "Bad for practice: A critique of the transaction cost theory". *Academy of Management Review*. 21: 13-47

Williamson, O.E. 1996. "Economic organization: The case for candor". *Academy of Management Review*. 21: 48-57

Ghoshal, S. & P. Moran. 1996. "Theories of economic organization: The case for realism and balance". *Academy of Management Review*, 21: 58-72

Macher, J.T. & B.D. Richman 2008. "Transaction cost economics: An assessment of research in the social sciences". *Business & Politics*, 10 (1): Article 1.

Williamson, O.E. 1999. "Strategy Research: Governance and Competence Perspectives". *Strategic Management Journal*, 20: 1087-1108.

WEEK 4 September 19 (Yanhui Wu & NJ): Economics of Organization

Secondary Discussant (first three papers):

(Facts)

Rajan, Raghuram G. and Julie Wulf. "The Flattening Firm: From Panel Data On The Changing Nature Of Corporate Hierarchies," *Review of Economics and Statistics*, 2006, v88 (4,Nov), 759-773. (The first paper that documents some stylized facts about corporate hierarchies based on micro-data.)

Bloom, N. R. Sadun, and J. Van Reenen. "The Organization of Firms across Countries," *Quarterly Journal of Economics*, 2012, September. (An updated version of Rajan and Wulf in a richer setting. The research methodology is more rigorous. But it is a money-burning project.)

Secondary Discussant (first three papers):

(Incentive View of Organizational Structure)

Aghion, Philippe and Jean Tirole, 1997, "Formal and Real Authority in Organizations." *Journal of Political Economy*, 105(1), pp1-29 (A fundamental theory paper in organizational

economics. It provides a theoretical framework to formalize the long-standing idea of how authority affects organizational design.)

Wu, Yanhui. "Authority, Incentives and Performance: Evidence from a Chinese Newspaper Online Appendix." Forthcoming, *Review of Economics and Statistics* (Provide a rigorous test of the Aghion and Tirole theory of authority and organization in an interesting setting.)

Secondary Discussant (latter three papers):

(Coordination View of Organizational Structure)

Garicano, Luis and Yanhui Wu, 2012, "Knowledge, Communication, and Organizational Capabilities." *Organization Science*, 2012:23(5), 78(2), pp. 1382-97

(Provide an economic perspective to discuss several issues relating to the role of knowledge and communication in management. For readers with a good quantitative background, the circulated technical version of the paper may be more valuable as it offers a formal framework to build models.)

Garicano, Luis and Esteban Rossi-Hansberg, 2015, "Knowledge-Based Hierarchies: Using Organizations to Understand the Economy." *Annu. Rev. Econ.* 2015. 7:1–30

(One advantage of the coordination model of organizational structure is that it can be embedded in market equilibrium models. This paper skillfully shows how this can be done to address big picture questions.)

Timothy F. Bresnahan, Erik Brynjolfsson and Lorin M. Hitt, 2002, "Information Technology, Workplace Organization, and the Demand for Skilled Labor: Firm-Level Evidence." *Quarterly Journal of Economics*, Vol. 117, No. 1 (Feb., 2002), pp. 339-376

(One of the first rigorous papers that examine the impact of IT on firm organization. An example of excellent empirical work even without being able to identify causal effects.)

ADDITIONAL READINGS:

Gibbons, Robert S., "Four Formal(izable) Theories of the Firm?" *Journal of Economic Behavior & Organization*

Gibbons, R. and J. Roberts, 2012, "Handbook of Organizational Economics" Princeton University Press, Chapters 1-4

Garicano, Luis. 2000. "Hierarchies and the Organization of Knowledge in Production." *Journal of Political Economy* 108: 874-904

Maskin, Eric, Yingyi Qian, and Chenggang Xu. 2000. "Incentives, Information, and Organizational Form." *Review of Economic Studies* 67: 359-78

Forbes, Silke and Lederman, Mara. "Adaptation and Vertical Integration in the Airline Industry", *American Economic Review*, 99(5): 1831–49

Gibbons, R. "Why Organizations Are Such a Mess (and What an Economist Might Do About It)" Section 1, unpublished

Bloom, Nicholas, Luis Garicano, Raffaella Sadun, John Van Reenen, 2014, "The Distinct Effects of Information Technology and Communication Technology on Firm Organization," *Management Science* 60(12): 2859-2885

WEEK 5 September 26 (NJ): Resource-based view, Knowledge-based view, & Dynamic Capabilities

Primary Discussant:

Secondary Discussant (first four papers):

(Foundations)

Wernerfelt, B., 1984. "A resource-based view of the firm." Strategic Management Journal, 171-180.

Dierickx, I. & Cool, K. 1989. "Asset stock accumulation and sustainability of competitive advantage". Management Science, 35(12): 1504-1511.

Peteraf, M.A., 1993. "The cornerstones of competitive advantage: A resource-based view". Strategic Management Journal, 179-191.

Barney, J. 1991. "Firm resources and sustained competitive advantage". Journal of Management, 17: 99-120.

Secondary Discussant (last three papers):

(Dynamic capabilities)

Teece, D., A. Shuen & G. Pisano. 1997. "Dynamic capabilities and strategic management". Strategic Management Journal, 18: 509-533.

(Knowledge-based view)

Grant, R.M. "Toward a Knowledge-Based Theory of the Firm," Strategic Management Journal (17), Winter Special Issue, 1996, pp. 109-122.

Kogut, B. & U. Zander. 1992. "Knowledge of the firm, combinative capabilities, and the replication of technology". Organization Science, 7: 502-518.

ADDITIONAL READINGS

(Challenging RBV)

Priem & Butler. 2001. "Is the Resource-based "View" a Useful Perspective for Strategic Management Research?" Academy of Management Review, 26: 22-40.

Barney 2001. "Is the Resource-based "View" a Useful Perspective for Strategic Management Research? Yes." Academy of Management Review, 26: 41-56. (Response to Priem & Butler)

Priem & Butler. 2001. "Tautology in the Resource-Based View and the Implications of Externally Determined Resource Value: Further Comments" Academy of Management Review, 26: 57-66. (Rebuttal to Barney's response)

(More on dynamic capabilities)

Eisenhardt, K.M. & J.A. Martin. 2000. "Dynamic capabilities: What are they?" Strategic Management Journal, 21(10-11): 1105-1121.

Teece, David J. 2007. "Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance". Strategic Management Journal, Dec 2007, Vol. 28 Issue 13, p1319-1350.

(More on KBV)

Liesbeskind, J. 1996. "Knowledge, Strategy and the Theory of the Firm". Strategic Management Journal, 17: 93-107.

Foss, N. J. "More Critical Comments on Knowledge-Based Theories of the Firm", Organization Science, (7:5), 1996, pp. 519-523.

(Integrating capability and governance perspectives)

Mayer, K.J. & R. Salomon. 2006. "Capabilities, Contractual Hazard and Governance: Integrating Resource-Based and Transaction Cost Perspectives". Academy of Management Journal, 49: 942-959.

Argyres, N. & Zenger. T. 2012. "Capabilities, Transaction Costs and Firm Boundaries." Organization Science, 23: 1643-1667.

WEEK 6 October 3 (NJ): Diversification; Alliances and Interfirm Relationships; Merges and Acquisitions

Primary Discussant:

Secondary Discussant:

(Diversification and Divestiture)

Montgomery, Cynthia A., 1994, Corporate diversification, Journal of Economic Perspectives 8, 163–178.

Silverman, B.S. (1999), "Technological Resources and the Direction of Corporate Diversification: Toward an Integration of the Resource-Based View and Transaction Cost Economics," Management Science, 45(8), pp. 1109-1124.

(Alliance)

Dyer, Jeffrey & Harbir Singh. 1998. "The Relational View: Cooperative Strategy And Sources Of Interorganizational Competitive Advantage". Academy of Management Review, 23: 660-679

Secondary Discussant (second three papers):

Gulati, R. 1995. "Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances". Academy of Management Journal, 38: 85-112.

(M&A)

Harford, J., 2005, What drives merger waves?, Journal of Financial Economics 77, 529–560.

Graebner, M.E. 2009. "Caveat Venditor: Trust Asymmetries in Acquisitions of Entrepreneurial Firms". Academy of Management Journal, 52, 435-472.

[ADDITIONAL READINGS]

Haleblian, J., Devers, C., McNamara, G., Carpenter, M., & R. Davison. 2009. Taking stock of what we know about mergers and acquisitions: A review and research agenda. Journal of Management. 35: 469-502

Garmaise, Mark J., and Tobias J. Moskowitz, 2006, Bank mergers and crime: The real and social effects of bank competition, Journal of Finance 61, 496–538.

*to assign discussants later

WEEK 7 October 10 (Joe Raffiee & NJ): Strategic Human Capital

Primary discussant:

Secondary discussant:

Becker GS. 1962. Investment in Human Capital: A Theoretical Perspective. *Journal of Political Economy* **70**(5): 9-49

Coff R. 1997. Human Assets and Management Dilemmas: Coping with Hazards on the Road to Resource-based Theory. *Academy of Management Review* **22**(2): 374-402

Coff, R. 1999. When Competitive Advantage Doesn't Lead to Performance: The Resource-Based View and Stakeholder Bargaining Power. *Organization Science*, 10(2): 119-133.

Secondary discussant:

Marx M, Strumsky D, Fleming L. 2009. Mobility, Skills, and the Michigan Non-Compete Experiment. *Management Science* **55**(6): 875-889

Raffiee J. 2017. Employee mobility and interfirm relationship transfer: Evidence from the mobility and client attachments of United States federal lobbyists, 1998–2014. *Strategic Management Journal* **Early View** DOI: [10.1002/smj.2634](https://doi.org/10.1002/smj.2634)

Byun, H., Raffiee, J., & Ganco, M. Forthcoming. Employee capability discontinuities and firm knowledge space. *Organization Science*

[ADDITIONAL READINGS]

Agarwal R, Echambadi R, Franco A, Sarkar M. 2004. Knowledge Transfer Through Inheritance: Spin-out Generation, Development, and Survival. *Academy of Management Journal* **47**(4): 501-522

Agarwal R, Ganco M, Ziedonis RH. 2009. Reputations for toughness in patent enforcement: Implications for knowledge spillovers via inventor mobility. *Strategic Management Journal* **30**(13): 1349-1374. Aime F, Johnson S, Ridge JW, Hill AD. 2010. The routine may be stable but the advantage is not: Competitive implications of key employee mobility. *Strategic Management Journal* **31**(1): 75-87.

Broschak JP. 2004. Managers' mobility and market interface: The effect of managers' career mobility on the dissolution of market ties. *Administrative Science Quarterly* **49**(4): 608-640.

Campbell B, Coff RW, Kryscynski D. 2012a. Re-thinking competitive advantage from human capital. *Academy of Management Review* **37**(3): 376-395.

Campbell BA, Ganco M, Franco AM, Agarwal R. 2012b. Who leaves, where to, and why worry? employee mobility, entrepreneurship and effects on source firm performance. *Strategic Management Journal* **33**(2): 65–87.

Carnahan S, Somaya D. 2013. Alumni effects and relational advantage: The impact on outsourcing when a buyer hires employees from a supplier's competitors. *Academy of Management Journal* **56**(6): 1578-1600.

Ganco M. 2013. Cutting the Gordian knot: The effect of knowledge complexity on employee mobility and entrepreneurship. *Strategic Management Journal* **34**(6): 666-686.

Grant RM. 1996. Toward a knowledge-based theory of the firm. *Strategic Management Journal* **17**: 109-122.

Hatch NW, Dyer JH. 2004. Human capital and learning as a source of sustainable competitive advantage. *Strategic Management Journal* **25**(12): 1155.

Kor YY, Leblebici H. 2005. How do interdependencies among human-capital deployment, development, and diversification strategies affect firms' financial performance? *Strategic Management Journal* **26**(10): 967-985.

Mahoney JT, Kor Y. 2015. Advancing the human capital perspective on value creation by joining capabilities and governance approaches. *Academy of Management Perspectives* **29**(3): 296-308.

Mayer K, Somaya D, Williamson I. 2012. Firm-specific, industry-specific and occupational human capital, and the sourcing of knowledge work. *Organization Science* **23**: 1311-1329.

Ployhart RE. 2015. Strategic Organizational Behavior (STROBE): The Missing Voice in the Strategic Human Capital Conversation. *The Academy of Management Perspectives* **29**(3): 342-356.

Ployhart RE, Moliterno TP. 2011. Emergence of the Human Capital Resource: A Multilevel Model. *Academy of Management Review* **36**(1): 127-150.

Ployhart RE, Nyberg AJ, Reilly G, Maltarich MA. 2014. Human capital is dead; long live human capital resources! *Journal of Management* **40**(2): 371-398.

Raffiee J, Coff R. 2016. Micro-foundations of firm-specific human capital: When do employees perceive their skills to be firm-specific? *Academy of Management Journal* **59**(3): 766-790.

Rogan M. 2014. Executive departures without client losses: The role of multiplex ties in exchange partner retention. *Academy of Management Journal* **57**(2): 563-584.

Somaya D, Williamson I, Lorinkova N. 2008. Gone but not Lost: The different performance impacts of employee mobility between cooperators versus competitors. *Academy of Management Journal* **51**(5): 936-953.

Sorenson O, Rogan M. 2014. (When) do organizations have social capital? *Annual Review of Sociology*

WEEK 8 October 17: USC Fall Recess, no class

WEEK 9 October 24 (NJ): Non-market strategy

Primary Discussant:

Second Discussant (First three papers):

Zingales, L., 2017. Towards a political theory of the firm. *Journal of Economic Perspectives*, **31**(3): 113-130

Blanes i Vidal, J., Draca, M., & Fons-Rosen, C. 2012. Revolving Door Lobbyists. *American Economic Review*, **102**(7): 3731-3748.

Bertrand, M., Bombardini, M., & Trebbi, F. 2014. Is it whom you know or what you know? An empirical assessment of the lobbying process. *American Economic Review*, **104**(12): 3885-3920.

Secondary Discussant (Last three papers):

- Haveman H., Jia N., Shi J., Wang Y., 2016. The Dynamics of Political Embeddedness in China. Accepted by the *Administrative Science Quarterly*, OnlineFirst June 23, 2016, doi: 10.1177/0001839216657311
- Baron, D. 2004. Private Politics, Corporate Social Responsibility, and Integrated Strategy. *Journal of Economics and Management Strategy*. 10(1): Page 7-45
- Mary-Hunter McDonnell & Timothy Werner, 2016. "Blacklisted Businesses: Social Activist Challenges and the Disruption of Corporate Political Activity." *Administrative Science Quarterly* 61(4): 584-620.

ADDITIONAL READINGS

- Jia N., Mayer K. 2016. Political Hazards and Firms' Geographic Concentration. *Strategic Management Journal*, doi: 10.1002/smj.2474

WEEK 10 October 31 (NJ): Corporate Governance: Boards of Directors, Top Management Teams, and Shareholder relationships in Emerging Markets

Primary Discussant:

Secondary Discussant (first three papers):

- Davis, G.F. 1991. "Agents without principles? The spread of the poison pill through the intercorporate network". *Administrative Science Quarterly*, 36, 583-613.
- Hillman, A.J. & T. Dalziel. 2003. "Boards of directors and firm performance: Integrating agency and resource dependence perspectives". *Academy of Management Review*, 28(3), 383-396.
- McDonald, M., P. Khanna, & J.D. Westphal. 2008. "Getting them to think outside the circle: Corporate governance, CEOs' external advice networks, and firm performance". *Academy of Management Journal*, 51(3), 453-475.

Secondary Discussant (last three papers):

(Corporate governance in emerging market firms)

- Bertrand, M., P. Mehto, S. Mullainathan. 2002. Ferreting out Tunneling: An Application to Indian Business Groups. *Quarterly Journal of Economics* 117(1) 121-148.
- Khanna, T. & Krishna Palepu, "The Future of Business Groups in Emerging Markets: Long-Run Evidence from Chile," *The Academy of Management Journal* 43(3) 2000, 268-285.
- Jia N, Shi J, Wang Y. 2013. Coinsurance Within Business Groups: Evidence from Related Party Transactions in an Emerging Market. *Management Science* 59(10): 2295–2313

ADDITIONAL READING ON CORPORATE GOVERNANCE:

- Fama, E.F. & M.C. Jensen. 1983. "Separation of ownership and control". *Journal of Law & Economics*, 26: 301-325.

- Forbes, D.P. & F.J. Milliken. 1999. "Cognition and corporate governance: Understanding boards of directors as strategic decision making groups". *Academy of Management Review*, 24 (3), 489-505.
- Carpenter, M.A., M.A. Geletkanycz & W.G. Sanders. 2004. "The Upper Echelons Revisited: Antecedents, Elements, and Consequences of Top Management Team Composition". *Journal of Management*, 60(6): 749-778.
- Hambrick, D.C. & P. Mason. 1984. "Upper echelons: The organization as a reflection of its top managers". *Academy of Management Review*, 9, 193-206.
- Smith, K.G., K.A. Smith, J.D. Olian, H.P. Sims Jr., D.P. O'Bannon & J.A. Scully. 1994. "Top management team demography and process: The role of social integration and communication". *Administrative Science Quarterly*, 39(3), 412-438.
- Ocasio, W. 1999. "Institutionalized action and corporate governance: The reliance on rules of CEO succession". *Administrative Science Quarterly*, 44(2), 384-416.
- Chatterjee, A. & D.C. Hambrick. 2007. "It is all about me: Narcissistic CEOs and their effects on company strategy and performance". *Administrative Science Quarterly*, 52: 351-386.
- Diestre, L., N. Rajagopalan, & S. Dutta. 2014. "Acquiring and utilizing directors' experience: an empirical study of new market entry in the pharmaceutical industry" (A shorter version of this paper is titled "Constraints in acquiring and utilizing directors' experience: An empirical study of new-market entry in the pharmaceutical industry" and forthcoming at the *Strategic Management Journal*)

WEEK 11 November 7 (Kyle Mayer & NJ): Behavioral Strategy

Primary Discussant:

Secondary Discussant (first three papers):

- Barr, Pamela S., John L. Stimpert, and Anne S. Huff. "Cognitive change, strategic action, and organizational renewal." *Strategic management journal* 13.S1 (1992): 15-36.
- Porac, Joseph F., Howard Thomas, and Charles Baden-Fuller. "Competitive groups as cognitive communities: The case of scottish knitwear manufacturers*." *Journal of Management studies* 26.4 (1989): 397-416.
- Martins, Luis L., Violina P. Rindova, and Bruce E. Greenbaum. "Unlocking the hidden value of concepts: a cognitive approach to business model innovation." *Strategic Entrepreneurship Journal* 9.1 (2015): 99-117.

Secondary Discussant (last three papers):

- Kaplan, Sarah. "Framing contests: Strategy making under uncertainty." *Organization Science* 19.5 (2008): 729-752.
- Weber, Libby, and Kyle J. Mayer. "Designing effective contracts: Exploring the influence of framing and expectations." *Academy of Management Review* 36.1 (2011): 53-75.
- Weber, Libby, and Kyle Mayer. "Transaction cost economics and the cognitive perspective: Investigating the sources and governance of interpretive uncertainty." *Academy of Management Review* 39.3 (2014): 344-363.

ADDITIONAL READINGS

- Zardkoobi, Asghar, and Bierman, Leonard. "Transaction Cost Economics and the Cognitive Perspective: Investigating the Sources and Governance of Interpretive Uncertainty--A Comment." *Academy of Management Review* (2015): 466-470.
- Mayer, Kyle, and Libby Weber. "Transaction Cost Economics and the Cognitive Perspective: Investigating the Sources and Governance of Interpretive Uncertainty--A Response." *Academy of Management Review* (2015): 470-473.

WEEK 12 November 14 (Milan Miric & NJ): Technology, innovation, and information systems

Primary Discussant:

Secondary Discussant (first three papers):

- Stokes, D. E. (1997) "Pasteur's Quadrant: Basic Science and Technological Innovation" (Chapters 1 and 3), Brookings Institution Press, Washington D.C. pp. 1-89.
- Griliches, Zvi (1998) "The search for R&D spillovers" (Chapter 11) in R&D and Productivity: The Econometric Evidence, University of Chicago Press, pp. 251-268.
- Tushman, M.L. and Anderson, P. 1986. Technological Discontinuities and Organizational Environments. *Administrative Science Quarterly*, 1: 439-465.

Secondary Discussant (last three papers):

- Gans, J.S. and Stern, S. 2003. The product market and the market for "ideas": Commercialization strategies for technology entrepreneurs. *Research Policy*, 32: 333-350.
- Brynjolfsson, E., & Hitt, L. (1996). Paradox lost? Firm-level evidence on the returns to information systems spending. *Management science*, 42(4), 541-558.
- Boudreau, K., Jeppesen LB., and Miric. M. 2018. "Digital 'Mash-ups,' Patents, and Copyright." *Working paper*.

ADDITIONAL READINGS

- Arrow, K.J. 1962. Economic Welfare and the Allocation of Resources for Invention. The Rand Corporation.
- Audretsch, David B., Feldman, Maryann P. (1996) "R&D spillovers and the geography of innovation and production", *American Economic Review*, 86(3), pp. 630-640
- Azoulay, Pierre, Joshua Graff Zivin, Jialan Wang (2010) "Superstar Extinction", *Quarterly Journal of Economics*, 125 (2), pp. 549-589
- Baldwin, Carliss Y. and Von Hippel, Eric A. (2011). "Modeling a Paradigm Shift: From Producer Innovation to User and Open Collaborative Innovation" *Organization Science*, 22(6): 1399-1417.
- Boudreau, K., Lacetera, N., & Lakhani, K. 2011. Incentives and problem uncertainty in innovation contests. *Management Science*, 57: 843-863.
- Cohen, W.M. and Levinthal, D.A. 1990. Absorptive Capacity: A New Perspective on Learning and Innovation. *Administrative Science Quarterly*, 35 (1): 128-152.

Forman, C., Goldfarb, A., & Greenstein, S. (2005). How did location affect adoption of the commercial Internet? Global village vs. urban leadership. *Journal of urban Economics*, 58(3), 389-420.

Furman, Jeff and Stern, Scott (2011) "Climbing atop the shoulders of giants: The impact of institutions on cumulative research", *American Economic Review*, 101(5), pp. 1933-1963

Katz, M. L. & Shapiro, C. (1986). Technology adoption in the presence of network externalities. *The Journal of Political Economy*, 94(4).

Romer, P. M. (1990). Endogenous technological change. *Journal of Political Economy*, 98(S5).

Singh, J., Fleming, L. (2010) "Lone inventors as sources of technological breakthroughs: Myth or reality?" *Management Science*, 56(1), pp. 41-56.

WEEK 13 November 21 (Dan Fehder & NJ): Entrepreneurship: An Economic Perspective

Note the change of time: Start at 10am [TBA]

Primary Discussant:

Secondary Discussant (first three papers):

Astebro, Thomas, Holger Herz, Ramana Nanda, and Roberto A. Weber. "Seeking the Roots of Entrepreneurship: Insights from Behavioral Economics." *The Journal of Economic Perspectives* 28, no. 3 (2014): 49–69.

Shane, Scott, and S. Venkataraman. "The Promise of Entrepreneurship as a Field of Research." *Academy of Management Review*, 2000, 217–226.

Lerner, J, and Ulrike Malmendier. "With a Little Help from My (Random) Friends: Success and Failure in Post-Business School Entrepreneurship." *Review of Financial Studies*, June 17, 2013, hht024. <https://doi.org/10.1093/rfs/hht024>.

Secondary Discussant (first three papers):

Harrison, Glenn W., and John A. List. "Field Experiments." *Journal of Economic Literature* 42, no. 4 (2004): 1009–1055.

Fehder and Hochberg, 2017. Accelerator Programs and the Regional Supply of Venture Capital

Hallen, B.L. 2008. The causes and consequences of the initial network positions of new organizations: From whom do entrepreneurs receive investments? *Administrative Science Quarterly* 53 685-718.

WEEK 14 November 28: Thanksgiving Holiday, no class

WEEK 15 December 5 (NJ): Final presentations

ADDITIONAL READINGS ON STRATEGIC MANAGEMENT TOPICS

Competitive Dynamics

- Smith, K.G., Ferrier, W.J., & Ndofor, H. "Competitive Dynamics Research: Critique and Future Directions," in Handbook of Strategic Management, M. A. Hitt, R. E. Freeman and Jeffrey S. Harrison (eds.), Blackwell Publishers, Malden, MA, 2001, pp. 315-361.
- Gimeno, J., & Woo, C. 1996. "Hypercompetition in a Multimarket Environment: The Role of Strategic Similarity and Multimarket Contact in Competitive De-Escalation." Organization Science 7(3): 322-341.
- Zhu, F. & Iansiti, M. "Entry into Platform-Based Markets." Strategic Management Journal. Forthcoming.
- Joel A. C. Baum & Helaine J. Korn. 1996. "Competitive Dynamics of Interfirm Rivalry." Academy of Management Journal. 39(2): 255-291.
- Adner, R. & Zemsky, P. 2005. "Disruptive Technology and the Emergence of Competition." Rand Journal of Economics. 36(2): 229-254.
- Gawer, Annabelle & Rebecca Henderson. 2007. "Platform Owner Entry and Innovation in Complementary Markets: Evidence from Intel." Journal of Economics Management Strategy 16(1): 1-34.

Innovation

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- Cohen & Levinthal. 1990. "Absorptive capacity: A new perspective on learning and innovation". Administrative Science Quarterly, 35: 128-152.
- Teece, D.J. 1986. "Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy". Research Policy, 15: 285-305.
- Rosenkopf, L. & A. Nerkar. 2001. "Beyond local search: Boundary spanning, exploration and impact in the optical disk industry". Strategic Management Journal, 22: 287-306.
- Rothermael, F. & D.L. Deeds. 2004. "Exploration and exploitation in alliances in biotechnology: A system of new product development". Strategic Management Journal, 25:201-221.
- Tushman, M.L. & P. Anderson. 1986. "Technological discontinuities and organizational environments". Administrative Science Quarterly, 31: 439-465.

Strategic decision process

- Bourgeois, L. Jay III & K.M. Eisenhardt. 1988. "Strategic decision processes in high velocity environments: Four cases in the microcomputer industry". Management Science, 34(7), 816-835.
- Bromiley, P. 1991. "Testing a causal model of corporate risk taking and performance". Academy of Management Journal, 34, 37-54.
- Burgelman, R.A. 1983. "A process model of internal corporate venturing in the diversified major firm". Administrative Science Quarterly, 28(2), 223-244.

- Fredrickson, J.W. & A.L. Iaquinto 1989. "Inertia and creeping rationality in strategic decision processes". Academy of Management Journal, 32(3), 516-542.
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- Rajagopalan, N., A.M.A. Rasheed & D.K. Datta. 1993. "Strategic decision processes: Critical review and future directions". Journal of Management, 19(2), 349-384.

Strategic Change & Adaptation

- Cattani, G. 2005. "Preadaptation, firm heterogeneity, and technological performance: A study of the evolution of fiber optics, 1970-1995". Organization Science, 16, 563-580.
- Hannan, M.T. & J. Freeman. 1984. "Structural inertia and organizational change". American Sociological Review, 49, 149-164.
- Haveman, H.A. 1992. "Between a rock and a hard place: Organizational change and performance under conditions of fundamental environmental transformation". Administrative Science Quarterly, 37(1), 48-75.
- Gioia, D.A. & J.B. Thomas. 1996. "Identity, image, and issue interpretation: Sensemaking during strategic change in academia". Administrative Science Quarterly, 41(3), 370-403.
- Rajagopalan, N. & G.M. Spreitzer. 1997. "Toward a theory of strategic change: A multi-lens perspective and integrative framework". Academy of Management Review, 22(1), 48-79.
- Kaplan, S. 2008. "Cognition, capabilities and incentives: Assessing firm response to the fiber-optic revolution". Academy of Management Journal, 51(4), 672-695.

Organizational learning and behavioral theory of the firm

- Argote, L, S.L. Beckman & D. Epple. 1990. "The persistence and transfer of learning in industrial settings". Management Science, 36: 140-154.
- Walsh, J.P. 1995. "Managerial and organizational cognition: Notes from a trip down memory lane". Organization Science, 6(3), 280-321.
- Greve, H. "Performance, Aspirations, and Risky Organizational Change". Administrative Science Quarterly, March 1998.
- Virany, B., M.L. Tushman & E. Romanelli. 1992. "Executive succession and organization outcomes in turbulent environments: An organizational learning approach". Organization Science, 3: 72-91.
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Alliances/Vertical Integration

- Dyer, Jeffrey & Harbir Singh. 1998. "The Relational View: Cooperative Strategy And Sources Of Interorganizational Competitive Advantage". Academy of Management Review, 23: 660-679
- Gulati, R. 1995. "Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances". Academy of Management Journal, 38: 85-112.

- Mayer, K.J. & N. Argyres. 2004. "Learning to Contract: Evidence from the Personal Computer Industry". Organization Science, 15: 394-410.
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- Sampson, R. 2007. "R&D alliances and firm performance. The impact of technological diversity and alliance organization on innovation". Academy of Management Journal, 50: 364-386.
- Wang, Y. & N. Rajagopalan. Forthcoming. "Alliance capabilities: review and research agenda." Journal of Management

Mergers & Acquisitions, Diversification, Divestiture

- Graebner, M.E. 2009. "Caveat Venditor: Trust Asymmetries in Acquisitions of Entrepreneurial Firms". Academy of Management Journal, 52, 435-472.
- Haleblian, J., Devers, C., McNamara, G., Carpenter, M., & R. Davison. 2009. Taking stock of what we know about mergers and acquisitions: A review and research agenda. Journal of Management. 35: 469-502
- Villalonga, B. & A.M. McGahan. 2005. "The choice among acquisitions, alliances, and divestitures." Strategic Management Journal, 1183-1208.
- Silverman, B.S. (1999), "Technological Resources and the Direction of Corporate Diversification: Toward an Integration of the Resource-Based View and Transaction Cost Economics," Management Science, 45(8), pp. 1109-1124.
- Diestre, Luis & N. Rajagopalan. 2010. "An environmental perspective on diversification: The effects of chemical relatedness and regulatory sanctions". Academy of Management Journal.
- Feldman, Emilie R., Stuart C. Gilson, and Belén Villalonga. 2014. "Do Analysts Add Value When They Most Can? Evidence from Corporate Spinoffs." Strategic Management Journal 35(10): 1446-1463.
- Rumelt, R.P., 1982. "Diversification strategy and profitability". Strategic Management Journal, 359-369.
- Villalonga, Belen. "Diversification Discount or Premium? New Evidence from the Business Information Tracking Series." Art. 1. Journal of Finance 59, no. 2 (April 2004): 475–502.
- McNamara, Gerry, Jerayr Haleblian & Bernadine Dykes. 2008. "The performance implications of participating in an acquisition wave: Early mover advantages, bandwagon effects, and the moderating influence of industry characteristics and acquirer tactics". Academy of Management Journal, 51, 113-130.

Cognitive Perspectives of Technology Management and Corporate Governance

- Porac, JF, Thomas, H. and Baden-Fuller, C. 1989. Competitive Groups As Cognitive Communities: The Case Of Scottish Knitwear Manufacturers, *Journal of Management Studies*.
- Barr, Stimpert, and Huff, 1992. Cognitive change, strategic action, and organizational renewal. *Strategic Management Journal*.

Rindova, VP. 1999. What corporate boards have to do with strategy: A cognitive perspective *Journal of management studies* 36 (7), 953-975

Rindova and Fombrun, C. 1999. Constructing Competitive Advantage: The Role of Firm-Constituent Interactions, *Strategic Management Journal*, Vol. 20, No. 8 (Aug., 1999), pp. 691-710.

Rindova, VP, AP Petkova. 2007. When is a new thing a good thing? Technological change, product form design, and perceptions of value for product innovations, *Organization Science* 18 (2), 217-232

Rindova, Dalpiaz, and Ravasi. 2011. A Cultural Quest: A Study of Organizational Use of New Cultural Resources in Strategy Formation, *Organization Science*

Entrepreneurship: An Institutional Perspective

Institutions and Entrepreneurship

Sine, W. D., Haveman, H. A., & Tolbert, P. S. 2005. Risky Business? Entrepreneurship in the New Independent-Power Sector. *Administrative Science Quarterly*, 50(2): 200-232.

Hiatt, S.R., W.D. Sine, P.S. Tolbert. 2009. From Pabst to Pepsi: The deinstitutionalization of social practices and the creation of entrepreneurial opportunities. *Administrative Science Quarterly* 54:635-667.

Hiatt, S. R. & Carlos, W. C. 2018. From farms to fuel tanks: Stakeholder framing contests and entrepreneurship in the emergent U.S. biodiesel market. *Strategic Management Journal*, forthcoming.

Legitimacy & Entrepreneurial Efforts

Lounsbury, M. & Glynn, M. A. 2001. Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. *Strategic Management Journal*, 22(6/7): 545-564.

Lee, B. H., Hiatt, S. R., & Lounsbury, M. 2017. Market Mediators and the Tradeoffs of Legitimacy-Seeking Behaviors in a Nascent Category. *Organization Science*, 28: 447-470.

Lee, B. H., Struben, J., & Bingham, C. B. 2018. Collective action and market formation: An integrative framework. *Strategic Management Journal*, 39(1): 242-266.