

Business Strategy I Business 9770a. Winter 2022-23

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Wednesdays 1.00p.m. – 4.00p.m., Room 2120

COURSE DESCRIPTION AND OBJECTIVES

This doctoral seminar surveys core theoretical perspectives and empirical findings in the field of strategic management research. Strategic management addresses the overarching themes of firm behaviour and performance, seeking to explain why some firms systematically outperform others, and the competitive strategies that drive success in the marketplace. The strategy field is vast, so, by necessity, the seminar is an introduction to the major topics of the field, covering one topic per session. The seminar's objectives are as follows:

1. By the end of the course, students should have developed a critical understanding of a) the dominant research questions in the strategy literature, b) the major theoretical lenses and arguments used to make causal predictions, c) empirical designs and methods for assessing causality, d) contributions and limitations of existing research, and e) opportunities for extending and refining current studies.
2. Students should be able to critically assess published academic papers and provide constructive evaluations.
3. Students should be able to communicate their views and ideas on the topics of enquiry both in writing and orally.
4. Students should develop new ideas and research studies that advance the strategic management field.

EXPECTATIONS

Since the course is a discussion-based seminar, each student is required to carefully read all the assigned weekly readings (indicated by an asterisk) and to actively participate in class discussions. Students should come to class prepared with their ideas, perspectives and questions about the papers. As a start, students should think about:

- The paper's assumptions about firms, markets, individuals, and the plausibility of the assumptions
- The causal arguments and logic underpinning the paper's predictions, and how persuasive they are
- Contexts and questions for which the paper is particularly relevant
- How the paper connects theoretically with other papers in the session and in prior sessions.

Optional readings are provided for further reference if students wish to delve deeper into a particular topic. Students must attend each weekly session and complete all required assignments.

COURSE EVALUATION

Student performance in the course is evaluated based on three components:

Contribution to class discussions	25%
Weekly presentations/written synopses	45%
Term paper	30%

Weekly presentations: Every week, each of the core readings will be assigned to a student who will critically read and present the paper to the class as if it were their own work. The presentation will take the form of a 30-minute seminar, including time for class discussion. Students should prepare a complete slide deck in Powerpoint for their presentation. The slides should follow a traditional seminar presentation format, with introduction, motivation, hypothesis development, data description, models, results, conclusions and contribution sections. Presentations will be graded and must be emailed to me by midnight the day before class each week.

Weekly written synopses: students who do not have an assigned paper to present will instead write a 1-2 page (single-spaced) synopsis and critique of one of the assigned readings each week. Synopses will be graded and must be emailed to me before midnight the day before class each week. They should include the following:

- (a) The research question or problem the paper addresses
- (b) Summary of theoretical predictions, empirical methods, and main findings
- (c) Strengths and limitations
- (d) Contribution to the field, and relationship to other papers discussed in the same or earlier sessions
- (e) One idea for a research question or study that would extend the paper

Term paper: Each student will also write a term paper on a strategy topic related to the course. There are two papers options. The first option is to write an original research paper, theoretical or empirical in nature, that makes a novel contribution to the strategy literature. If data collection cannot be performed in time, the paper should clearly identify the motivation and research question, explain the logic of underlying arguments, lay out the propositions, identify the type of data needed to test them, and indicate where/how such data would be collected. Particular attention should be placed on research design and empirical identification. The second option is to write a comprehensive, critical literature review of a topic within strategic management. Students will present their paper ideas to the class in the final session of the course. Papers should be no more than 20 pages (double-spaced, excluding exhibits and references) and should be submitted by 21st April.

ATTENDANCE

Attendance in all sessions of the course is mandatory. A contribution grade of zero will be assigned to missed classes (notification requirements must be met – see below). If a student's absenteeism reaches 25 percent (3 or more classes), s/he will not be eligible to hand in the final term paper, and will fail the course. <http://www.uwo.ca/univsec/handbook/exam/attendance.pdf>. If a student must miss a class for health reasons or religious holidays, s/he must send the instructor an email in advance with the reason for absence.

ENROLLMENT RESTRICTIONS

Enrollment in this course is restricted to graduate students in the Ivey PhD Program, as well as any student that has obtained special permission to enroll in this course from the course instructor as well as the Graduate Chair (or equivalent) from the student's home program.

ACADEMIC OFFENCES: PLAGIARISM AND ACADEMIC INTEGRITY

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at <https://grad.uwo.ca/administration/regulations/13.html>

All required papers may be subject to submission for textual similarity review to the commercial plagiarism-detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (<http://www.turnitin.com>).

SUPPORT SERVICES: HEALTH AND WELLNESS

Students who are in emotional/mental distress should refer to Health and Wellness at Western University <https://www.uwo.ca/health/psych/index.html> for a complete list of options about how to obtain help. Additionally, students seeking help regarding mental health concerns are advised to speak to someone they feel comfortable confiding in, such as their faculty supervisor, their program director (graduate chair), program coordinator or other relevant administrators in their unit.

As part of a successful graduate student experience at Western, we encourage students to make their health and wellness a priority. Western provides several on campus health-related services to help you achieve optimum health and engage in healthy living while pursuing your graduate degree. See <https://www.uwo.ca/health>.

ACCESSIBLE EDUCATION WESTERN (AEW)

Western is committed to achieving barrier-free accessibility for all its members, including graduate students. As part of this commitment, Western provides a variety of services devoted to promoting, advocating, and accommodating persons with disabilities in their respective graduate program.

Graduate students with disabilities are strongly encouraged to register with Accessible Education Western (AEW), a confidential service designed to support graduate and undergraduate students through their academic program. With the appropriate documentation, the student will work with both AEW and their graduate programs (normally their Graduate Chair and/or Course instructor) to ensure that appropriate academic accommodations to program requirements are arranged. These accommodations include individual counselling, alternative formatted literature, accessible campus transportation, learning strategy instruction, writing exams and assistive technology instruction.

A FINAL WELCOME AND REQUEST OF STUDENTS

I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability, and other visible and nonvisible differences. I consider this classroom to be a place where you will be treated with respect. All members of this class are expected to contribute to a respectful, welcoming and inclusive environment for every other member of the class. If it is appropriate to our learning and you feel comfortable doing so, I ask that you share your unique point of view as we explore the course content.

SESSION 1: INTRODUCTION AND CONCEPTS

January 11

*Ghemawat, P. 2002. Competition and Business Strategy in Historical Perspective. *Business History Review*, 76

*Porter, M.E. 1996. What Is Strategy? *Harvard Business Review*, 60–78.

*Porter, M.E. 1991. Towards a Dynamic Theory of Strategy. *Strategic Management Journal*, Winter Special Issue, 95-118

*Hoskisson, R., Hitt, M., Wan, W. and D. Yiu. 1999. Theory and Research in Strategic Management: Swings of a Pendulum. *Journal of Management*, 25(3): 417-456

*Rumelt, R., D. Schendel and D. Teece. 1991. Strategic Management and Economics. *Strategic Management Journal*, 12: 5-29

Casadesus-Masanell, R. and S. Ricart. 2010. From Strategy to Business Models and on to Tactics. *Long Range Planning*, 43: 195—215.

Spulber, D. 1992. Economic Analysis and Management Strategy: A Survey. *Journal of Economics and Management Strategy*, 1(3): 535-574

SESSION 2: INDUSTRY ANALYSIS AND MARKET STRUCTURE

January 18

*Porter, M.E. 1985. Competitive Advantage, Chapter 1

*McGahan, A.M. and M.E. Porter. 1997. How Much Does Industry Matter, Really? *Strategic Management Journal*, 18:15–30.

*Wiggins, R. and T. Ruefli. 2005. Schumpeter's Ghost: Is Hypercompetition Making the Best of Times Shorter? *Strategic Management Journal*

*Adner, R. and Zemsky, P. 2006. A Demand-based Perspective on Sustainable Competitive Advantage. *Strategic Management Journal*, 27: 215-239

Khanna, T. and J. Rivkin, 2001. Estimating the Performance Effects of Business Groups in Emerging Markets. *Strategic Management Journal*

Porter, M.E. 1979. How Competitive Forces Shape Strategy. *Harvard Business Review*

Rumelt, R.P. 1991. How Much Does Industry Matter? *Strategic Management Journal*, 12 (3):167–185.

McGahan, A.M. and M.E. Porter. 2005. Comment on Ruefli and Wiggins. *Strategic Management Journal*

Wiggins, R., and T. Ruefli. 2002. Sustained Competitive Advantage: Temporal Dynamics and the Incidence and Persistence of Superior Economic Performance. *Organization Science*

SESSION 3: INDUSTRY DYNAMICS

January 25

*Schumpeter, J. 1934. The Theory of Economic Development. Chapter 4.

*Tripsas, M. 1997. Unraveling the Process of Creative Destruction: Complementary Assets and Incumbent Survival in the Typesetter Industry. *Strategic Management Journal*, 18: 119-142.

*Klepper, S. and K. Simons. 2000. The making of an oligopoly: Firm survival and technological change in the evolution of the U.S. Tire Industry. *Journal of Political Economy*.

*Mostafa, R. and S. Klepper. 2018. Industrial Development through Tacit Knowledge Seeding: Evidence from the Bangladesh Garment Industry. *Management Science*, 64(2): 613-632

de Figueiredo, J.M. and B.S. Silverman. 2007. Churn Baby Churn: Strategic Dynamics among Dominant and Fringe Firms in a Segmented Industry. *Management Science* 53: 632-650

SESSION 4: THE RESOURCE BASED VIEW OF THE FIRM

February 1

*Penrose, E. 1959. Theory of the Growth of the Firm. Chapters 1, 2, 5.

*Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17, pp. 99-120.

*Priem, R.L. and J. Butler. 2001. Is the Resource-Based "View" a Useful Perspective for Strategic Management Research? *Academy of Management Review*, 26: 22-40. (Plus response by Barney and "Further Comments" by the same authors)

*McEvily, S. and Chakravarthy, B. 2002. The Persistence of Knowledge-Based Advantage: An Empirical Test for Product Performance and Technological Knowledge. *Strategic Management Journal*, 23(4): 285-305.

*Newbert, S.L. 2007. Empirical Research on the Resource-Based View of the Firm: An Assessment and Suggestions for Future Research. *Strategic Management Journal*, 28(2): 121-146.

Dierickx, I. and K. Cool. 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*, 14: 179-191.

Miller, D. and J. Shamsie. 1996. The Resource-Based View of the Firm in Two Environments: The Hollywood Film Studios from 1936 to 1965. *Academy of Management Journal*, 39(3): 519-543

Wernerfelt, B. 1984. A Resource-based View of the Firm. *Strategic Management Journal*, pp. 171-180.

Barney, J.B. 2001. Is the Resource-Based "View" a Useful Perspective for Strategic Management Research? Yes. *Academy of Management Review*, 26(1): 41-56.

Barney, J.B., Ketchen, D.J. and M. Wright. 2011. The Future of Resource-Based Theory: Revitalization or Decline? *Journal of Management*, 37(5): 1299-1315

Schmidt, J. and T. Keil. 2013. What makes a resource valuable? Identifying the drivers of firm idiosyncratic resource value. *Academy of Management Review*, 38(2): 206-228

Barney, J.B., Ketchen, D.J. and M. Wright. 2021. Resource-Based Theory and the Value Creation Framework. *Journal of Management*, 47(7): 1936-1955

SESSION 5: DYNAMIC CAPABILITIES

February 8

*Teece, D., Pisano, G., and A. Shuen. 1997. Dynamic Capabilities and Strategic Management. *Strategic Management Journal*. 18 (7). 509-531.

*King, A.A. and C.L. Tucci. 2002. Incumbent Entry into New Market Niches: The Role of Experience and Managerial Choice in the Creation of Dynamic Capabilities. *Management Science*, 48: 171-186.

*Stadler, C., Helfat, C.E. and G. Verona. 2013. The impact of dynamic capabilities on resource access and development. *Organization Science*, 24(6): 1782-1804

*Stoelhorst, J.W. 2021. Value, Rent and Profit: A Stakeholder Resource-Based Theory. *Strategic Management Journal*

Henderson, R. and J. Cockburn. 1994. Measuring Competence? Exploring firm Effects in Pharmaceutical Research. *Strategic Management Journal*. Winter Special Issue. (15) pp 63-84.

Eisenhardt, K.M. and J. Martin. 2000. Dynamic capabilities: What are they? *Strategic Management Journal*, 21:1105-1121.

Helfat, C.E. and M.A. Peteraf. 2003. The Dynamic Resource-Based View: Capability Lifecycles. *Strategic Management Journal*, 24(10): 997-1010.

Arend, R.J. and P. Bromiley. 2009. Assessing the dynamic capabilities view: Spare change, everyone? *Strategic Organization*, 7(1): 75-90

SESSION 6: TRANSACTION COST ECONOMICS I
February 15

*Coase, R. 1937. The Nature of the Firm. *Economica*, Vol. 4, pp. 386-405.

*Williamson, O.E. 1991. Comparative Economic Organization: The Analysis of Discrete Structural Alternatives. *Administrative Science Quarterly*, 36(2): 269-296

*Leiblein, M.J. and D.J. Miller. 2003. An Empirical Examination of Transaction- and Firm-level Influences on the Vertical Boundaries of the Firm. *Strategic Management Journal*, 24(9): 839-859

*Nickerson, J. and B. Silverman. 2003. Why Firms Want to Organize Efficiently and What Keeps Them from Doing So: Inappropriate Governance, Performance, and Adaptation in a Deregulated Industry. *Administrative Science Quarterly*.

Alchian, A.A. and H. Demsetz. 1972. Production, Information Costs, and Economic Organization. *American Economic Review*, 62(5): 777-795

Klein, B., Crawford, R.G. and A.A. Alchian. 1978. Vertical Integration, Appropriable Rents, and the Competitive Contracting Process. *Journal of Law and Economics*, 21(2): 297-326

Williamson, O. E. 1981. The Economics of Organization: the Transaction Cost Approach. *American Journal of Sociology*, Vol. 87(3), pp. 548 - 577.

Hart, O.D. 1988. Incomplete Contracts and the Theory of the Firm. *Journal of Law, Economics, & Organization*, 4(1): 119-139

Hart, O.D. and J. Moore. 1990. Property Rights and the Nature of the Firm. *Journal of political economy*: 1119-1158

Masten, S.E., Meehan, J.W. and E.A. Snyder. 1991. The Costs of Organization. *Journal of Law, Economics and Organization*, 7(1): 1-25.

Ghoshal, S. and P. Moran. 1996. Bad for Practice: A Critique of the Transaction Cost Theory. *Academy of Management Review*, 21(1): 13-47

Gibbons, R. 1999. Taking Coase Seriously. *Administrative Science Quarterly*.

Williamson, O.E. 2002. The Theory of the Firm as Governance Structure: from Choice to Contract. *Journal of Economic Perspectives*, Vol. 16, No. 3, Summer 2002, pp. 171-195.

SESSION 7: TRANSACTION COST ECONOMICS II

March 1

- *Oxley, J.E. 1997. Appropriability Hazards and Governance in Strategic Alliances: A Transaction Cost Approach. *Journal of Economics, Law and Organization*, 13(2)
- *Mayer, K. and Nickerson, J. 2005. Antecedents and Performance Implications of Contracting for Knowledge Workers: Evidence from Information Technology Services. *Organization Science*
- *Argyres, N. and Zenger, T. 2012. Capabilities, Transaction Costs, and Firm Boundaries. *Organization Science*, 23(6): 1643-1557
- *Hart, O.D. 1989. An Economist's Perspective on the Theory of the Firm. *Columbia Law Review*, 89(7): 1757-1774
- Argyres, N. 1996. Evidence on the role of firm capabilities in vertical integration decisions. *Strategic Management Journal*, 17: 129-150
- Silverman, B. and Ingram, P. 2017. Asset ownership and incentives in early shareholder capitalism: Liverpool shipping in the eighteenth century, *Strategic Management Journal*, 38: 854-875

SESSION 8: EVOLUTIONARY/LEARNING PERSPECTIVE

March 8

- *Lewin, A.Y., Massini, S., Peeters, C. 2011. Microfoundations of internal and external absorptive capacity routines. *Organization Science*, 22(1): 81-98
- *Kogut, B., Zander, U. 1992. Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science*, 3(3): 383-397
- *Ahuja, G., Katila, R. 2004. Where do resources come from? The role of idiosyncratic situations. *Strategic Management Journal*, 25(8-9): 887-907
- *Sorenson, O., McEvily, S., Ren, C.R., Roy, R. 2006. Niche width revisited: Organizational scope, behavior and performance. *Strategic Management Journal*, 27(10): 915-936
- Nelson, R.R., Winter, S.G. 1982. *An evolutionary theory of economic change*. Harvard University Press: Cambridge. Chapters 1 and 2.
- Cohen, W.M., Levinthal, D.A. 1990. Absorptive capacity: a new perspective on learning and innovation. *Administrative Science Quarterly*, 35: 128-152.
- March, J.G. 1991. Exploration and exploitation in organizational learning. *Organization Science*, 2: 71-87.

Nickerson, J.A., Zenger, T.R. 2004. A knowledge-based theory of the firm - the problem-solving perspective. *Organization Science*, 15(6): 617-632.

Danneels, E. 2008. Organizational antecedents of second-order competences. *Strategic Management Journal*, 29(5): 519-543

Sutton, J. 2007. Market Share Dynamics and the “Persistence of Leadership” Debate. *American Economic Review*.

Hsu, D.H., Ziedonis, R.H. 2013. Resources as dual sources of advantage: Implications for valuing entrepreneurial-firm patents. *Strategic Management Journal*, 34(7): 761-781

SESSION 9: AGENCY THEORY AND CORPORATE GOVERNANCE

March 22

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

*Eisenhardt, K. 1989. Agency Theory: An assessment and review. *Academy of Management Review*, 14(1): 57-74.

*Wowak, A., Mannor, M. and K. Wowak. 2015. Throwing caution to the wind: The effect of CEO stock option pay on the incidence of product safety problems. *Strategic Management Journal*, 36(7): 1082-1092.

*Yermack, D. 2006. Flights of fancy: Corporate jets, CEO perquisites, and inferior shareholder returns. *Journal of Finance*, 80(1): 211-242.

Souder, D. and Shaver, M. 2010. Constraints and incentives for making long term corporate investments. *Strategic Management Journal*, 31(12): 1316-1336.

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

SESSION 10: CORPORATE DIVERSIFICATION AND SCOPE

March 29

*Montgomery, C.A. 1994. Corporate diversification. *The Journal of Economic Perspectives*, 8(3): 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), 1109- 1124.

*Rawley, E. 2010. Diversification, coordination costs, and organizational rigidity: Evidence from microdata. *Strategic Management Journal*, 31(8): 873-891

*Shaver, J.M. 2011. The benefits of geographic sales diversification: How exporting facilitates capital investment. *Strategic Management Journal*, 32(10): 1046-1060

Qian, L., Agarwal, R., Hoetker, G.P. 2012. Configuration of value chain activities: The effect of pre-entry capabilities, transaction hazard and industry evolution on the decision to internalize. *Organization Science*, 23(5): 1330-1349

Rawley, E., & Simcoe, T. S. 2010. Diversification, Diseconomies of Scope, and Vertical Contracting: Evidence From the Taxicab Industry. *Management Science*, 56 (9), 1534-1550.

Wu, B. 2013. Opportunity costs, industry dynamics, and corporate diversification: Evidence from the cardiovascular medical device industry, 1976-2004. *Strategic Management Journal*, 34(11): 1265-1287

Carroll, G. R., Bigelow, L. S., Seidel, M. D. L., and Tsai, L. B. 1996. The fates of de novo and de alio producers in the American automobile industry 1885–1981. *Strategic Management Journal*, 17(S1), 117-137.

Chen, P. L., Williams, C., and Agarwal, R. 2012. Growing pains: Pre-entry experience and the challenge of transition to incumbency. *Strategic Management Journal*, 33(3), 252-276

Teece, D. 1980. Economies of scope and the scope of the enterprise. *Journal of Economic Behavior and Organization*, 1: 223-247

Wang, H. C., and Barney, J. B. 2006. Employee incentives to make firm-specific investments: Implications for resource-based theories of corporate diversification. *Academy of Management Review*, 31(2), 466-476

Wan, W. P., Hoskisson, R. E., Short, J. C., and Yiu, D. W. 2011. Resource-based theory and corporate diversification: Accomplishments and opportunities. *Journal of Management*, 37(5), 1335-1368.

SESSION 11: RECENT COOL STUFF FROM TOP STRATEGY/MANAGEMENT JOURNALS **April 5**

SESSION 12: STUDENT PRESENTATIONS **April 12**