

**BUSINESS STRATEGY II**  
**BUSINESS 9771**  
Winter 2024  
Tuesday 13:00-16:00, Room 0102A

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**COURSE OVERVIEW & OBJECTIVES**

Business Strategy II is an introduction to the major theoretical approaches and ongoing debates within the field of business strategy. It complements Business Strategy I (Bus 9770) and Organizational Behaviour: Special Field Seminar in Organizational Theory (Bus 9826). This course draws on disciplinary roots in (alphabetically) political science, psychology, and sociology to explain the nature of competition and relative performance. Questions to be covered include:

1. Why do competitors sometimes conform to prevailing models and sometimes seek to differentiate?
2. What factors explain when ideas and practices spread across competitors?
3. How and under what circumstances do competitors achieving lasting competitive advantage?
4. What are the cognitive factors that explain firm behavior and performance?
5. To what extent can a firm's "identity," "categorization" and/or "status" serve as a basis for competitive advantage, and affect its behavior?
6. What is the role of social networks in structuring firm behavior and competitive outcomes?
7. What are the structural, cultural and institutional factors that influence firm practices and performance?
8. What are the boundaries of the firm or its practices?
9. What is the role of intentionality in firm practices and performance?

We will read some of the classic statements of the major approaches and trace the history of ideas as the field has developed up to the present. Disparate roots imply disparate approaches to explanation, and thus there are many lively debates within the field that provide some of the frisson of current research.

The aim of the course will be to examine a number of perspectives, consider the strengths and weaknesses of each, and to look at the comparative ability of these models to explain a variety of organizational phenomena. Given that we only have one semester together, the course is necessarily limited, so we will touch lightly on some topics and neglect others completely. We are happy to suggest other readings if you would like.

The course objective is to develop your ability to assess strategic theory and research both critically and comprehensively. By the conclusion of the course, you should (a) be familiar with important sources and references on fundamental issues in strategy, (b) have a grasp of advanced theory and research on a breadth of topics, (c) have a better understanding of the process of developing theoretical articles, and (d) develop your ability to evaluate the contributions of various research streams to the field of strategy. With this roadmap in hand, you should be well prepared to generate original research ideas that advance the discourse in your chosen area.

## **COURSE REQUIREMENTS**

### ***DISCUSSION QUESTIONS/OVERVIEW/MODERATOR***

Because this course is a seminar, most of the action takes place during class discussion. Each class member is responsible for leading the discussion on several topics (the actual number is a function of the number of people enrolled). This involves preparation of discussion questions in advance, providing the class with a written integration of the readings, and leading the class discussion.

#### ***Discussion Questions***

Each discussion leader (or discussion team) must prepare a set of discussion questions for my review before distribution to the class. These must be submitted via email to us by Monday evening (5:00 pm) eight days before our Tuesday seminar. We will review the questions and suggest changes or additional questions as appropriate. The questions will be distributed to seminar members on Tuesday (a week before the actual meeting). These questions should provide guidance to your classmates in preparing for each session.

#### ***Presentation/Moderating the Discussion***

Each discussion leader (or discussion team) is also responsible for moderating the discussion. While there will be differences in how everyone approaches the role of moderator, providing the following information would be a good starting point:

1. Review the assigned material collectively, identifying (as appropriate) key theoretical arguments, research questions, and methodologies.
2. Constructively critique the material that you read (on both sides of the issue, as appropriate) by considering
  - a. What the material tells us;
  - b. What questions remain to be answered; and
  - c. Where the particular area or theory might go from here.
3. To the extent possible, it would be helpful to let us know how you view the relationships between your topic and previous topics discussed in the seminar.

We may intervene to consolidate arguments, point out missing links, and guide the conversation.

### **PAPER EXPERT**

Doctoral courses help us establish an overview of different arguments in a field. In service of that goal, we have assigned 3-5 articles per session. One student will be assigned to each paper in each session as a paper expert. As paper expert, you should plan to invest more time in reading a particular paper. You should be prepared to describe major issues in the manuscript for the class. You should not just summarize the paper in class. In addition, you should prepare a one (1) page synopsis of the paper and post this to LEARN by 9 am the day of the class. You will find these synopses useful later on in your education and academic life.

*Some suggestions for outlines:* The objective is to produce a critical analysis of the reading. You should expect that we have all read the paper so you should not just recapitulate what is argued.

- For theoretical papers:
  - How are the arguments presented, justified and developed?
  - Do you find the implications logical and consistent with the premises or assumptions;
  - What are the boundary conditions (stated or implied);
  - Is the theory novel or is the theory “just so”? Do other (established) theories yield similar predictions using different jargon or assumptions?
  - What do you think is missing from the theory? Does this constitute a major flaw undermining the internal coherence of the theory?
- For empirical papers:
  - What is the aim of the research? Specifically, what “big picture” question is highlighted and what more focused research question is addressed?
  - Are the hypotheses plausible in light of the theory or theories the papers draw from? How about the conclusions?
  - Are there major problems in terms of measurement, construct validity, estimation techniques, or interpretation of the results?

### **PARTICIPATION**

Each class member is expected to participate ACTIVELY in every class. You are expected to be prepared to discuss and comment on all of the required readings for each session. Pre-class preparation involves reading the material as well as reflecting upon the discussion questions assigned for that session.

As you do the readings, consider not only what the author did wrong—the usual stock-in-trade of graduate seminars—but what the author did right. What are the interesting ideas in the paper? If you disagree with an argument, what would it take to convince you? What are the scope conditions—under what circumstances is the argument meant to apply (e.g., only to U.S. non-profits; only to family businesses in Canada; etc.)? What modifications would be necessary to extend the argument? Are there critical differences between this author's arguments and those of others we have read? Can these differences be resolved through empirical test? What would a study look like that did this?

*Your enthusiastic involvement is essential to the course. We want to develop an open, inviting, inclusive, but penetrating culture of discourse. That is what makes for a great seminar!*

### **RESPONSE POINTS**

We will do a considerable amount of writing in this class. Starting with week 2, each student will write a weekly half-page “response point” based on one of the assigned readings. The response point is to be shared with the class by 5:00 p.m. on the day, i.e., Monday, before the session. The response point is simply a nagging thought, idea, argument, or question that you might want to pose during class discussion. (This means that you should plan to bring a copy to class as well!) You are allowed to miss two response points over the course of the semester. However, you should still plan to read the material and contribute to class discussion!

*The response points help ensure that we will all come with something interesting to contribute to the class discussion.*

### **REACTION MEMOS**

In addition to the weekly response points, you will also write five 2-page ‘reaction memos.’ You can choose the five class discussions for which you wish to write a reaction memo. Each memo is due by 11:59 pm the day after, i.e., Wednesday, the class discussion. This will allow you to further develop your response paper based on insights from our class discussion of the readings. You might choose to elaborate on your response point or, based on the discussion, you might choose to go in another direction. Regardless of what you choose to do, your reaction memo should include some kind of thought, criticism, argument, idea or application in response to the readings. It should not be a summary of the readings and it should go beyond what we discussed in class.

*Regular writing is a fundamental means of intellectual growth! You should treat both your response points and your reaction memos as a grounding for your future research.*

### **TERM PAPER**

You are required to submit a term paper that focuses on the content of this course. The orienting theme of the course is the future of strategy as seen from the standpoint of political science, psychology, and sociology. Your term paper should follow that theme by considering a topic that would shape the direction of strategy. Your task is to develop that topic by considering the state of the literature and where the literature needs to go in order to establish a better direction for future research. To aid you in this quest, we offer below a few examples of the kinds of questions you could ask (note that there is a strong correlation between these potential questions and past or possible future comprehensive exam questions):

1. Suppose you were given the authority to determine the theories people could use in publishing a strategy article. Pick one theoretical point of view that you think people should NEVER be allowed to publish on again and explain why.
2. Strategy has historically focused on the competitive advantage of the firm as an orienting principle. However, recent events have blurred the boundaries between citizens and employees and between corporate interests and the common good. This has created causal interdependences that cut across social, technical, political as well as disciplinary boundaries. What would be the implications of dropping competitive advantage as the orienting principle of strategic management?

3. After decades of research in stakeholder theory, strategy scholars have turned to arguments about how firms can strategically engage stakeholders—which has been termed the “new stakeholder theory.” The central argument is that firm strategy must explain both how value is created and how that value is appropriated by the various stakeholders. Advocates argue that the new stakeholder theory allows for a stakeholder theory built strictly on efficiency arguments and economic value: for firms to generate sustained economic profits they must share rents with stakeholders. Enthusiasts claim that the idea neatly sustains the economic turn in strategy while allowing for recent attention to stakeholders instead of shareholders. Based on what you know about firm strategy, assess how effective the new stakeholder theory is in addressing the concerns of stakeholders?

The paper should be theoretical or conceptual (i.e., no data), based on a topic within the domain of the course. It should incorporate ideas from readings in the course but also draw on additional work from pertinent literatures. The paper will provide you with the opportunity to integrate and utilize the knowledge you have gained from the seminar by applying them to a substantive issue, core question, or long-standing debate related to the field of strategy. You should pay particular attention to reimagining the social relationships and structures in which a firm’s strategy is embedded. We want you to demonstrate your knowledge of the literature and the potential for future research directions rather than to construct a study in which you create and test hypotheses.

This paper must be original work. You should not submit a paper used to satisfy the requirements of another course or a research relationship with another faculty. These papers should be 15 to 20 pages, double-spaced, excluding references and any appendices, tables, and/or figures.

## EVALUATION

Your grade will be based on the following:

|   |      |
|---|------|
| Discussion Questions/Moderator                | 20%  |
| Weekly Seminar Contribution/9 Response Points | 20%  |
| Reaction Memos (5)                            | 20%  |
| Term Paper                                    | 40%  |
| Total   | 100% |

## ATTENDANCE

Attendance in all sessions of this course is mandatory. If you miss a class, you will not receive any contribution credit for that class; there is no way to “make up” for a missed day. A grade of zero will be assigned to those classes (the notification requirements must be met: see below). If absenteeism has reached 25 percent (3 or more classes), you will not be eligible to write the final exam, and you will fail the course ([https://www.uwo.ca/univsec/pdf/academic\\_policies/exam/attendance.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/exam/attendance.pdf)).

Missed classes, with the exception of religious holidays with advance notice or extended absences approved by the program office, will be included in the overall calculation for contribution.

## **NOTICE OF ABSENCE**

We recognize that circumstances may arise that make it impossible for you to attend. For example, if you are unable to attend class for health reasons or religious holidays, we expect you to send me an email in advance with the reason for your absence. As a rule, there will be no way to make up your contributions for a missed class, even though you may be asked to complete an additional assignment to ensure you are keeping up with the assigned work.

We will accommodate medical illness for work worth less than 10% of the total course grade by assigning additional course work. Medical documentation for such accommodation will be required to be submitted by the student directly to the appropriate PhD program office and not to the instructor. The PhD program office that will determine if accommodation is warranted.

## **ACADEMIC OFFENSES**

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**

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 (for example, chronic illnesses, mental health conditions, mobility impairments) 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.



## **COURSE OUTLINE: REQUIRED READINGS**

### ***JANUARY 9, 2024: STRATEGY AT A CROSSROADS (LEE & MARK)***

1. Barney, J. B., Mackie, T. B. & Mackie, A. (2023). Why Has It Been So Hard to Define Competitive Advantage? *Strategic Management Review*, 4: 1-13.
2. Powell, T. C., Lovallo, D. & Fox, C. R. (2011). Behavioral Strategy. *Strategic Management Journal*, 32: 1369-1386.
3. Felin, T. & Zenger, T. R. (2017). The Theory-based View: Economic Actors as Theorists. *Strategy Science*, 2: 258-271.
4. Scott, W. R. & Davis, G. F. (2007). Chapter 12: Strategy, Structure, and Performance: The Sociology of Organizational Strategy. In *Organizations and Organizing: Rational, Natural, and Open Systems* (p.310-339). Prentice Hall.

### ***JANUARY 16, 2024: STRATEGIC DECISION-MAKING (LEE)***

1. Eisenhardt, K. & Zbaracki, M. (1992). Strategic Decision Making. *Strategic Management Journal*, 13(S2): 17-37.
2. Cattani, G., Sands, D., Porac, J. & Greenberg, J. (2018). Competitive sensemaking in value creation and capture. *Strategy Science*, 3: 632-657.
3. Leiblein, M. J., Reuer, J. J. & Zenger, T. (2018). What Makes A Decision Strategic? *Strategy Science*, 3: 558-573.
4. Cohen, M. D. (2007). Perspective—Administrative Behavior: Laying The Foundations for Cyert and March. *Organization Science*, 18, 503-506.

### ***JANUARY 23, 2024: COGNITION & STRATEGY (LEE)***

1. Tripsas, M. & Gavetti, G. (2000). Capabilities, Cognition, and Inertia: Evidence From Digital Imaging. *Strategic Management Journal*, 21: 1147-1161.
2. Porac, J., Thomas, H., Wilson, F., Paton, D. & Kanfer, A. (1995). Rivalry and the Industry Model of Scottish Knitwear Producers. *Administrative Science Quarterly*, 40: 203-227.
3. Joseph, J. & Ocasio, W. (2012). Architecture, Attention, and Adaptation in the Multibusiness Firm: General Electric from 1951 to 2001. *Strategic Management Journal*, 33: 633-660.
4. Kaplan, S. (2011). Research in Cognition and Strategy: Reflections on Two Decades of Progress and a Look to the Future. *Journal of Management Studies*, 48: 665-695.

### ***JANUARY 30, 2024: PROBLEMS & SOLUTIONS (MARK)***

1. March, J. G. (1991). Exploration and Exploitation in Organizational Learning. *Organization Science*, 2: 71-87.
2. Baer, M., Dirks, K. T. & Nickerson, J. A. (2013). Microfoundations of Strategic Problem Formulation. *Strategic Management Journal*, 34: 197-214.
3. Posen, H. E., Keil, T., Kim, S. & Meissner, F. D. (2018). Renewing Research on Problemistic Search—A Review and Research Agenda. *Academy of Management Annals*, 12: 208-251.
4. Joseph, J. & Gaba, V. (2020). Organizational Structure, Information Processing and Decision Making: A Retrospective and Roadmap for Research. *Academy of Management Annals*, 14: 267-302.



***FEBRUARY 6, 2024: CATEGORIES & MARKET POSITION (LEE)***

1. Hsu, G., Hannan, M. T. & Koçak, Ö. (2009). Multiple Category Memberships in Markets: An Integrative Theory and Two Empirical Tests. *American Sociological Review*, 74: 150-169.
2. Zuckerman, E. W., Kim, T. Y., Ukanwa, K. & Von Rittmann, J. (2003). Robust Identities or Nonentities? Typecasting in The Feature-film Labor Market. *American Journal of Sociology*, 108: 1018-1074.
3. Granqvist, N., Grodal, S. & Woolley, J. L. (2013). Hedging Your Bets: Explaining Executives' Market Labeling Strategies in Nanotechnology. *Organization Science*, 24: 395-413.

***FEBRUARY 13, 2024: AGENCY IN STRATEGY (MARK)***

1. Emirbayer, M. & Mische, A. (1998). What Is Agency? *American Journal of Sociology*, 103: 962-1023.
2. Gavetti, G. & Levinthal, D. (2000). Looking Forward and Looking Backward: Cognitive and Experiential Search. *Administrative Science Quarterly*, 45: 113-137.
3. Nicolini, D. (2011). Practice as The Site of Knowing: Insights from The Field of Telemedicine. *Organization Science*, 22: 602-620.

***FEBRUARY 27, 2024: LEARNING & ITS LIMITS (MARK)***

1. Crossan, M. M., Lane, H. W. & White, R. E. (1999). An Organizational Learning Framework: From Intuition to Institution. *Academy of Management Review*, 24: 522-537.
2. O'Reilly III, C. A. & Tushman, M. L. (2013). Organizational Ambidexterity: Past, Present, and Future. *Academy of Management Perspectives*, 27: 324-338.
3. Joseph, J. Rhee, L. & Wilson, A. (2023). Corporate Hierarchy and Organizational Learning: Member Turnover, Code Change, and Innovation in the Multiunit Firm. *Organization Science*, 34: 1332-1352.
4. Levinthal, D. A. & March, J. G. (1993) The Myopia of Learning. *Strategic Management Journal*, Vol. 14, Special Issue: Organizations, Decision Making and Strategy: 95-112.

***MARCH 5, 2024: IDENTITY & PRACTICE (LEE)***

1. Ravasi, D. & Phillips, N. (2011). Strategies of Alignment: Organizational Identity Management and Strategic Change at Bang & Olufsen. *Strategic Organization*, 9: 103-135.
2. Rindova, V. P., Dalpiaz, E. & Ravasi, D. (2011). A Cultural Quest: A Study of Organizational Use of New Cultural Resources in Strategy Formation. *Organization Science*, 22: 413-431.
3. Jarzabkowski, P., Lê, J. & Balogun, J. (2019). The Social Practice of Coevolving Strategy and Structure to Realize Mandated Radical Change. *Academy of Management Journal*, 62: 850-882.
4. Pettit, K. L. & Crossan, M. M. (2020). Strategic Renewal: Beyond The Functional Resource Role of Occupational Members. *Strategic Management Journal*, 41: 1112-1138.

***MARCH 12, 2024: STRATEGIC FRAMING (LEE)***

1. Suddaby, R., Coriaola, D., Harvey, C. & Foster, W. (2020) History and The Micro-foundations of Dynamic Capabilities. *Strategic Management Journal*, 41: 530-556.
2. Dalpiaz, E., Rindova, V. P. & Ravasi, D. (2016). Combining Logics to Transform Organizational Agency: Blending Industry and Art at Alessi. *Administrative Science Quarterly*, 61: 347-392.

3. Rao, H., Monin, P. & Durand, R. (2003). Institutional Change in Toque Ville: Nouvelle Cuisine as an Identity Movement in French Gastronomy. *American Journal of Sociology*, 108: 795-843.
4. Weber, K., Heinze, K. L. & DeSoucey, M. (2008). Forage for Thought: Mobilizing Codes in the Movement for Grass-fed Meat and Dairy Products. *Administrative Science Quarterly*, 53: 529-567.

***MARCH 26, 2024: IMPLEMENTING STRATEGY (MARK)***

1. Kaplan, S. (2008). Framing Contests: Strategy Making Under Uncertainty. *Organization Science*, 19: 729-752.
2. Kleinbaum, A. M. & Stuart, T. E. (2014). Inside the Black Box of The Corporate Staff: Social Networks and The Implementation of Corporate Strategy. *Strategic Management Journal*, 35: 24-47.
3. Farjoun, M. & Fiss, P. C. (2022). Thriving on Contradiction: Toward a Dialectical Alternative to Fit-based Models in Strategy (and Beyond). *Strategic Management Journal*, 43: 340-369.
4. Anthony, C. (2021). When Knowledge Work and Analytical Technologies Collide: The Practices and Consequences of Black Boxing Algorithmic Technologies. *Administrative Science Quarterly*, 66: 1173-1212.

***APRIL 2, 2024: JUSTICE & STRATEGY (MARK)***

1. Freeman, R. E. (1994). The Politics of Stakeholder Theory: Some Future Directions. *Business Ethics Quarterly*, 4: 409-421.
2. McGahan, A. M. (2023). The New Stakeholder Theory on Organizational Purpose. *Strategy Science*, 8: 245-255.
3. Donaldson, T. (2021). How Values Ground Value Creation: The Practical Inference Framework. *Organization Theory*, 2: 1-27.
4. Reinecke, J. & Ansari, S. (2015). What Is a “Fair” Price? Ethics as Sensemaking. *Organization Science*, 26: 867-888.
5. Bergen, M., Dutta, S., & Zbaracki, M. (2024). Artificial Intelligence, Pricing, and Justice. Working Paper.

***APRIL 9, 2024: WHAT IS STRATEGY? (LEE & MARK)***

1. March, J. G. (2010). Chapter 2: Learning through Replicating Success & Chapter 3: Learning through Stories and Models. In *The Ambiguities of Experience* (p.14-73). Cornell University Press.
2. Granovetter, M. (1985). Economic Action and Social Structure: The Problem of Embeddedness. *American Journal of Sociology*, 91: 481-510.
3. Rindova, V. P. & Martins, L. L. (2023). Moral imagination, the collective desirable, and strategic purpose. *Strategy Science*, 8: 170-181.

***APRIL 23, 2023: FINAL PAPER DUE AT 5PM.***