

BUSINESS STRATEGY II
BUSINESS 9771
Winter 2022
Monday 2:00-5:00, 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 Friday evening (5:00 pm) ten days before our Monday seminar. We will review the questions and suggest changes or additional questions as appropriate. The questions will be distributed to seminar members Monday (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 Sunday 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 2-page ‘reaction memos’ every other week. (We will divide the class into two groups for this purpose.) Hardcopies of your response papers are due by noon the Tuesday after class. 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. The content of this will be centered on a topic in strategy related to what we have covered in the course. 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.

The term paper must contain: Part 1, theory (12-15 pages); and, Part 2, a research study design (3-5 pages).

Part 1: The paper should be theoretical or conceptual (e.g., no data), based on a specialized 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. Most likely this part of the paper would, (1) develop a particular topic linked to one of the schools of thought we consider in the seminar; (2) integrate the perspectives from two or more schools of thought that might offer a unique conceptualization of a strategy issue; or (3) use the various schools of thought discussed in the seminar to explain a current phenomenon in strategy. You should identify the problem or issue of interest and convince the reader of the importance of examining the issue further. That involves identifying a question, problem, or tension in the literature, arguing why the question is important and interesting, and then discussing how you intend to address the question, problem, or tension. You should review the appropriate literature and then use that literature to develop original

theoretical arguments. Those arguments might lead to the specification of testable hypotheses or to a theoretical framework or model that could guide future research.

Part 2: An important part of your comprehensive exam is the ability to explain how you are going to design a study to test, explore, or investigate the ‘gap’ identified in the literature. This part of the paper should focus on how you would actually design a study to investigate the line of argument developed in part 1. These reflections should as a minimum focus on choices around: (1) the empirical context (if it is a field study), (2) data collection, including data sources (survey, interview etc.), (3) data analysis and method, (4) theory testing vs. theory development—basically, what type of study are you designing? Overall, you need to argue why this design is appropriate for answering your research question, and investigating the line of thinking developed in part 1.

EVALUATION

Your grade will be based on the following:

Discussion Questions/Moderator	20%
Weekly Seminar Contribution/9 Response Points	20%
Reaction Memos (4)	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).

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. Such documentation must 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 17, 2022: INTRODUCTION TO STRATEGY (LEE & MARK)

1. Porter, M. E. (1996). What Is Strategy? Harvard Business Review, Nov-Dec, 1–20.
2. 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* (pp. 310–339). Prentice Hall.
3. Powell, T. C., Lovallo, D., & Fox, C. R. (2011). Behavioral Strategy. *Strategic Management Journal*, 32(October), 1369–1386.
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(3), 665–695.

JANUARY 24, 2022: AMBIGUITY AND STRATEGIC CHOICE (LEE)

1. Tripsas, M., & Gavetti, G. (2000). Capabilities, Cognition, and Inertia: Evidence From Digital Imaging. *Strategic Management Journal*, 21, 1147–1161.
2. Gavetti, G., & Levinthal, D. (2000). Looking Forward and Looking Backward: Cognitive and Experiential Search. *Administrative Science Quarterly*, 45, 113–137.
3. Kaplan, S., & Orlikowski, W. J. (2013). Temporal Work in Strategy Making. *Organization Science*, 24, 965–995.
4. Glynn, M. A., & Watkiss, L. (2020). Of Organizing and Sensemaking: From Action to Meaning and Back Again in a Half-Century of Weick's Theorizing. *Journal of Management Studies*, 57, 1331–1354.

JANUARY 31, 2022: STRATEGIC FRAMING (LEE)

1. Gurses, K., & Ozcan, P. (2015). Entrepreneurship in Regulated Markets: Framing Contests and Collective Action to Introduce Pay TV in the U.S. *Academy of Management Journal*, 58, 1709–1739.
2. Kaplan, S. (2008). Framing Contests: Strategy Making Under Uncertainty. *Organization Science*, 19, 729–752.
3. Rindova, V., 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.

FEBRUARY 7, 2022: IDENTITY AND STRATEGY (LEE)

1. Ravasi, D., & Phillips, N. (2011). Strategies of Alignment: Organizational Identity Management and Strategic Change at Bang & Olufsen. *Strategic Organization*, 9(2), 103–135.
2. Tripsas, M. (2009). Technology, Identity, and Inertia Through the Lens of “The Digital Photography Company.” *Organization Science*, 20, 441–460.
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.

FEBRUARY 14, 2022: ECOLOGICAL AND INSTITUTIONAL APPROACHES TO CATEGORIES (LEE)

1. Zuckerman, E. W. (1999). The Categorical Imperative: Securities Analysts and the Illegitimacy Discount. *American Journal of Sociology*, 104, 1398–1438.
2. 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.
3. Pontikes, E. G. (2012). Two Sides of the Same Coin: How Ambiguous Classification Affects Multiple Audiences' Evaluations. *Administrative Science Quarterly*, 57, 81–118.
4. Hsu, G., & Grodal, S. (2015). Category Taken-for-Grantedness as a Strategic Opportunity: The Case of Light Cigarettes, 1964 to 1993. *American Sociological Review*, 80, 28–62.

FEBRUARY 28, 2022: COGNITIVE AND CULTURAL APPROACHES TO CATEGORIES (LEE)

1. Granqvist, N., Grodal, S., & Woolley, J. L. (2013). Hedging Your Bets: Explaining Executives' Market Labeling Strategies in Nanotechnology. *Organization Science*, 24, 395–413.
2. Navis, C., & Glynn, M. A. (2011). Legitimate Distinctiveness and the Entrepreneurial Identity: Influence on Investor Judgments of New Venture Plausibility. *Academy of Management Review*, 36, 479–499.
3. Navis, C., & Glynn, M. A. (2010). How New Market Categories Emerge: Temporal Dynamics of Legitimacy, Identity, and Entrepreneurship in Satellite Radio, 1990-2005. *Administrative Science Quarterly*, 55, 439–471.
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 7, 2022: CARNEGIE SCHOOL APPROACHES TO STRATEGY (MARK)

1. March, J. G. (1991). Exploration And Exploitation in Organizational Learning. *Organization Science*, 2, 71–87.
2. Zbaracki, M. J., & Bergen, M. (2010). When Truces Collapse: A Longitudinal Study of Price-Adjustment Routines. *Organization Science*, 21, 955–972.
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. Baumann, O., Egggers, J. P., & Stieglitz, N. (2019). Colleagues and Competitors: How Internal Social Comparisons Shape Organizational Search and Adaptation. *Administrative Science Quarterly*, 64, 275–309.

MARCH 14, 2022: ADAPTATION AND INTENTION (MARK)

1. Stinchcombe, A. L. (1965). Chapter 4: Social Structure and Organizations. In J. G. March (Ed.), *Handbook of Organizations* (pp. 142–193). Rand McNally.
2. [Csaszar, F. A., & Levinthal, D. A. (2016). Mental Representation and The Discovery of New Strategies. *Strategic Management Journal*, 37, 2031–2049.
3. Suarez, F. F., Grodal, S., & Gotsopoulos, A. (2015). Perfect Timing? Dominant Category, Dominant Design, and the Window of Opportunity for Firm Entry. *Strategic Management Journal*, 36, 437–448.

MARCH 21, 2022: INSTITUTIONS AND STRATEGY (MARK)

1. Oliver, C. (1991). Strategic Responses to Institutional Processes. *Academy of Management Review*, 16, 145–179.
2. Greenwood, R., Diaz, A. M., Li, S. X., & Lorente, J. C. (2010). The Multiplicity of Institutional Logics and The Heterogeneity of Organizational Responses. *Organization Science*, 21, 521–539.
3. Strang, D., & Macy, M. W. (2001). In Search of Excellence: Fads, Success Stories, and Adaptive Emulation. *American Journal of Sociology*, 10, 147–182.

MARCH 28, 2022: NETWORKS (MARK)

1. Fernandez, R. M., & Gould, R. V. (1994). A Dilemma of State Power: Brokerage and Influence in the National Health Policy Domain. *American Journal of Sociology*, 99, 1455–1491.
2. Reagans, R. E., & Zuckerman, E. W. (2008). Why Knowledge Does Not Equal Power: The Network Redundancy Trade-off. *Industrial and Corporate Change*, 17, 903–944.
3. Azoulay, P., Repenning, N. P., & Zuckerman, E. W. (2010). Nasty, Brutish, and Short: Embeddedness Failure in the Pharmaceutical Industry. *Administrative Science Quarterly*, 55, 472–507.
4. 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.

APRIL 4, 2022: STATUS (MARK)

1. Rao, H. (1994). The Social Construction of Reputation: Certification Contests, Legitimation, and the Survival of Organizations in the American Automobile Industry: 1895-1912. *Strategic Management Journal*, 15(Special Issue: Competitive Organizational Behavior), 29–44.
2. Benjamin, B. A., & Podolny, J. M. (1999). Status, Quality, and Social Order in the California Wine Industry. *Administrative Science Quarterly*, 44, 563–589.
3. Phillips, D. J., & Zuckerman, E. W. (2001). Middle-Status Conformity: Theoretical Restatement and Empirical Demonstration in Two Markets. *American Journal of Sociology*, 107, 379–429.
4. *Optional Reading:* Goldfarb, B., Zavyalova, A., & Pillai, S. (2018). Did Victories in Certification Contests Affect the Survival of Organizations in the American Automobile Industry during 1895–1912? A Replication Study. *Strategic Management Journal*, 39, 2335–2361.

APRIL 11, 2022: ROLES AND IDENTITY (LEE & MARK)

1. Anthony, C., & Zbaracki M. J. (Working paper). [Competition at Sea: The Emergence and Evolution of the Ro-Ro Ferry, 1957-1994].
2. Zuckerman, E. W., Kim, T.-Y. 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. Leifer, E. M. (1988). Interaction Preludes to Role Setting: Exploratory Local Action. *American Sociological Review*, 53, 865–878.

APRIL 25, 2022: FINAL PAPER DUE AT 5PM.