Overview and Objectives

This course is a doctoral level seminar on the major theoretical approaches to the field of business policy / strategic management (hereafter strategy). The main objective of the course is to familiarize students with the basic assumptions, concepts and theories underlying the field. Because strategy is an evolving subject area and undergoing continual change, be forewarned: the boundaries of the field are fuzzy, subjective, and open to interpretation and reinterpretation. In addition, students should realize that in 15 weeks the topics and readings chosen are inevitably a subset of those with which doctoral students need to be familiar. The idea of the course, then, is to provide you with an exposure to some of the major theoretical 'lenses' underpinning the field. Further exploration on the part of the student is not just a good idea; it is essential. In this sense, the course is an important building block for the major milestones ahead in the Ph.D. program at ASU: comprehensive examinations, dissertation proposal, and, ultimately, the dissertation itself. In addition, the seminar will emphasize the following objectives:

1. Each student should develop a mental model of the literature in Strategic Management and show an understanding of and appreciation for the key concepts and theories in Strategy.
2. Each student should be able to critically review academic, practitioner, and peer research and develop constructive reviews of such literature.
3. Each student should develop new ideas and/or approaches that advance some portion of the theory/research in Strategic Management.
4. Each student should be able to communicate both verbally and in writing, current knowledge, critical evaluations and new ideas in strategic management topics developed in this seminar.

Course structure

This seminar is intended to develop you as a contributor to the scholarly community. As such, you are expected to be an active participant in not only your learning, but also that of your peers. The class is discussion-oriented. My role is not to lecture, but rather to guide and facilitate the discussion. Obviously, this only works if we are all well prepared for thoughtful discussion.
Since this is a foundations course, we need to balance depth and breadth. Depth requires that are able to discuss a common set of papers, which works against breadth.

Structure of each session

These factors drive the design of this course. Each session will include

- Discussion of the class readings
- Discussion of the individual papers. See below for details.
- Reviewing and publishing.

Discussion of class readings

One or more students will be assigned as the lead discussant for each session. To perform the responsibility of the lead discussant, you will need to become completely familiar with the subject matter (be sure to read the material more than once!) and think through the issues critically. If the content seems difficult, the lead discussant should work to at least be clear on what the problems are, even if the answer does not seem evident. The lead discussant role is to make sure that the discussions proceed in a meaningful manner along well-informed ideas.

To assist in your preparation of this role, the lead discussant is responsible for preparing a written summary of the assigned material. These can be in the form of Word or PowerPoint documents. Please post your summary on the course’s Blackboard page by Wed 9 a.m. in your assigned week. You should plan on no more than a 10 minute introduction of the overall topic, and no more than a 5 minute introduction of each assigned article (you may assume that everyone is familiar with the work, having read the assigned material at least once). The summary can be in outline form, but the content should focus on not merely regurgitating the material, but on abstracting the main points, and conducting a critical evaluation. In particular, your written summary should include:

1. Complete citation of book/paper
2. Definition of key concepts
3. Assumptions, theoretical arguments, and their justification
4. Conclusions, and theoretical/empirical significance of results
5. Your evaluation of the papers strengths and weaknesses
6. Identified linkages to other concepts and models

These papers are our common base for the session, so every student is expected to have read them thoughtfully and be prepared to contribute insights and, especially, questions.

Discussion of individual papers

Each student not leading the discussion of class readings is responsible for preparing and delivering a summary/analysis of one paper from this section. Most weeks this means will only discuss a subset of the papers listed. You are not expected to read the other papers in the individual papers section, but are certainly welcome to!

For your paper, you will prepare a 1-3 page summary/analysis. Each write-up will be distributed to all class participants, meaning that at the end of the semester students will

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1 Thanks to Rajshree Agarwal of the University of Maryland for much of this wording!
have a large collection of article summaries – an excellent way to prepare for comprehensive exams. These summaries will be from one to three pages (typed, single spaced) in length, and will have the following format:

1. Complete citation of reading
2. Summarized by: student’s name
3. The research question
4. The theoretical basis for the argument
5. The principal hypotheses
6. Empirical approach
7. Key findings
8. Theoretical and empirical significance
9. Your brief evaluation of the papers strengths and weaknesses

The purpose of this segment is to combine our efforts in order to acquaint each of us with a broad swath of research. In order to do that, it is necessary for each of us to provide a careful, concise write-up. Long sloppy “summaries” of a paper are easier to produce, but are not useful and will be evaluated accordingly.

Please post your summary on the course’s Blackboard page by Wed 9 a.m. in your assigned week

Be prepared to introduce your paper in under 10 minutes, as well as answer questions regarding it. Remember that your classmates have probably not read the paper. You are expected to be an active participant when your fellow students are presenting. In particular, help us explore questions like:

✓ What is missing?
✓ What relevant questions aren’t answered?
✓ What are the article’s broader implications?
✓ What assumptions does this perspective make about people? Firms? Markets?
✓ How tenable are those assumptions?
✓ You might also want to compare and contrast the articles on the questions above: How are these articles similar or different?
✓ What studies should be done to develop theory in the area under discussion?

We will conclude this part of each session by outlining new research questions that are raised by the research -- you will be able to define extensions of the research, unanswered questions, and avenues for future research.

Reviewing and publishing

Our long-term success in the professions depends on our ability to navigate the publication process as authors. To a degree many do not appreciate, our ability to contribute to that process as referees also influences our success. In sessions 2-7, we will discuss deciding where to publish, responding to referees and editors, and writing a good referee report. I will expect you to prepare thoughtfully for each session, although the only written assignment is the referee report you will prepare for session 7. In sessions 8-13, we will
focus on the scholarly writing process, working towards the research paper you will turn in at the end of the semester.

**Research Paper**

Your goal for the research paper is to prepare a draft of (at least the front end of) a publication-quality article. The focus of the paper is up to you. You may choose, for example, to develop an in-depth critique of a particular point of view; expose critical and non-obvious inconsistencies between the approaches; pursue in-depth development of testable hypotheses concerning a theory or confluence of theories; develop an empirical research design aimed at theory development or testing; or conduct empirical research using real data. In evaluating your paper, my central criterion will be that of significance: how important are the ideas or empirical results that you generate for advancing the state of the art in strategic management research? The work must advance well beyond a simple literature review. You must use this paper as an opportunity to push the thinking within the field forward in a significant way. In general, a paper of 15-25 pages is sufficient to accomplish this purpose.

The paper will be due during our final class meeting, at which time you will also briefly present the work (see below)

**Course Evaluation**

Grading reflects the primary ‘outcome objective’ of the class, namely to prepare students with a foundation of knowledge needed to succeed as scholars in the strategy field. Final grades will be based on

- Classroom contribution, including discussion and weekly article summaries (35%)
- Reviewing and publishing activities (15%)
- Pseudo-comp exam in session 6 (10%)
- Research paper and presentation (40%)
## Overview of Class Topics

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Session 1: What is Strategic Management?

Background and key questions

This week’s readings introduce the field of strategic management. There is actually not a clear consensus on what strategy even is, which raises interesting questions about how to study it. I would start with Porter (1996) and Mitzenberg & Waters as views on what strategy is as a phenomenon. Then read Nag et al and Hoskinsson et al for views of what strategic management is as a scholarly field. Lastly, Barney and Porter (1981) introduce two significant approaches to strategy. We’ll discuss each paper as a class. In particular, we’ll try to develop answers to the following questions. Also, please be prepared to briefly introduce yourself and your research interests.

1. How would you define strategy?
2. How would you define strategy as a scholarly field?

Class readings


Reviewing and publishing

Trust me on this one. Before class, please watch Adam Savage’s TED/EG 2009 talk (http://www.ted.com/talks/adam_savage_s_obsessions.html). While putatively about “His fascination with the dodo bird, and how it led him on a strange and surprising double quest,” I think there are some worthwhile insights we can apply to our work as academics. What ideas, positive or negative, do you think we can take from his talk and apply to our work as academics?

A few reference points you might find helpful.

- Savage hosts the TV show, *Mythbusters*, which involves testing the validity of urban myths—often in ways that involve mayhem and explosions. You can find his bio at http://dsc.discovery.com/fansites/mythbusters/meet/adam-savage.html.
- The dodo was a flightless bird driven to extinction by European settlers and their pets.
- The Maltese Falcon was the valuable statue at the heart of the famous detective novel and movie of the same name.
Session 2: Being a Strategy Researcher in a Business School

Background and key questions

Having focused on what strategic management is, we turn this week to what it means (or should mean) to research strategic management. Most fields of the physical and social sciences have fairly clear paradigms, which delineate assumptions, methods, and even legitimate areas of inquiry. There is debate, however, over (a) whether strategy has an underlying paradigm, (b) whether an underlying paradigm would be a good or bad thing, and (c) how strategy should appropriately relate to strongly paradigmatic disciplines such as sociology and economics. We’re not going to settle these debates, but we do need to think about their affect on the research we read, review and conduct.

I’ve selected 7 papers that will help us do so. Each has something to offer, but a coherent discussion will require us to focus our reading. Please start by reading Montgomery et al and Hambrick, focusing on their different views on the appropriate role of theory in strategy research. Moving from what should be to what is and why it matters, then read Glick et al and Boyd et al. For Boyd, focus the definitions and research question (pages 841-843) and the discussion of findings and implications (pages 851-853). Next, read Agarwal & Hoetker, which examines the relationship of management research to related disciplines, focusing on the questions and background (pages 1304-1308) and findings (1317-1320). The final two papers, Mahoney & McGahan and Davis, speak primarily to what makes a research question interesting and important. Davis merits repeated readings, but for today, read Part 1, especially sections 3-5; skim part 2, reading the twelve logical categories that constitute an ‘Index of the Interesting’ without getting hung up on the details of his comments; and read just the first three sections of part 3, stopping on page 334.

Class readings


Reviewing and publishing

Perceived journal quality is one obvious consideration in deciding where to publish your work. Read the BPS survey of strategy journals and Podsakoff, Mackenzie,Bachrach and Podsakoff (2005). Focus on the take-aways, not the details. Note that the BPS survey is now 8 years old—we’ll discuss in class what has (and hasn’t) changed since then.

1. What do these two readings suggest to you about the best place to publish your work?
2. What other considerations should come into play when deciding where to publish?
Session 3: Industrial Organization Economics:

Background and key questions

Economics is a significant contributor to strategy research. While we could focus on many aspects of economics, I/O has clearly shaped strategy research most directly.

Class readings


Individual readings


Stigler GJ. 1951. The division of labor is limited by the extent of the market. *Journal of Political Economy* 59(3): 185-193

Reviewing and publishing

I have included the reviews I received from AMJ on a paper with Will Mitchell and Anand Swaminathan. Please read through them. Since you’ve not read the paper, I don’t expect you to have any comments on the accuracy of the comments, but please think about the following issues:
1. Are the comments substantive?
2. Are the comments actionable?
3. Any thoughts about tone?
4. Do any comments seem inappropriate to you?
5. Before sending the article off to another journal, how much would you revise it? In your mind, what determines what you should revise?
Session 4: Vertical scope and Transaction Costs

Background and key questions

Few paradigms attract quite as much fervor as transaction costs economics (TCE). For its believers, it is an elegant, logically coherent and empirically supported approach to understanding diverse aspects of firm behavior and policy making. Others view it as misguided and misanthropic. Start with Williamson and Hart for background, Oxley for application, and David & Han and Ghoshal & Moran for counterpoint.

1. What is bounded rationality and why does it matter?
2. What is asset specificity and why does it matter?
3. What is opportunism and why does it matter?
4. Are these the appropriate base concepts for a theory of strategy?

Class readings


Individual readings


**Reviewing and publishing**

After the paper was rejected at AMJ, we sent it to Management Science with certain revisions. I have included the reviews we received from Mgt. Science. In light of the questions from the prior session, be ready to compare and contrast the reviews from Management Science and AMJ. [I should note that I've received reviews of varying quality from each journal.]

1. What makes a review “good”?

2. How can you increase your chances of receiving a useful review?
Session 5: The resource-based view of the firm (RBV) and other “capabilities" approaches

Background and key questions

Somewhat less contentious than TCE, the capabilities literature focuses on the value of a firm’s resources and capabilities. There are several related formulations within this literature, RBV being a dominant one. Start with Barney, Dierickx & Cool, Penrose, and Wernerfelt. With that as background, move onto the three article discussion between Priem & Butler and Barney. Henderson & Cockburn provide an empirical application.

1. What is the fundamental logic of RBV?
2. Do you find it credible? Is there a risk of tautology?
3. What questions is it well equipped to answer?

Class readings


Individual readings


**Reviewing and publishing**

This week I’ve provided the response letter we wrote to Management Science. Please look it over in advance and we’ll discuss it. A few things to think about:

1. What is our goal in this revision?
2. How important is it to agree with the reviewer?

In preparation for the referee report you will write for the next session, we will discuss strategies for writing a report efficiently.
Session 6: Pseudo-comp

Background and key questions/Class readings/Individual readings

During class, you'll have an open note exam in which you can use 3 hours to complete the answer to one question of two provided. The questions will be “comp-like” in that they extend across sessions we’ve had to date. Your answer should integrate across readings, cite references in the text, but it is not necessary to provide a reference section. This is deemed a “pseudo” comp exam because the questions will be over limited material and only those readings we’ve had in class are expected to be a part of your knowledge at the time of the exam. If you’ve been keeping up with class discussion and are well-organized, no additional preparation should be necessary.

Reviewing and publishing

Now it’s your turn to write a referee report. For the provided working paper, please provide a referee report, including notes to the author and notes to the editor. Please provide a brief, focused review of no more than three pages. For planning purposes, please note that I find writing a good referee report normally takes me between 5 and 8 hours of solid effort. We’ll discuss these next week.
Session 7: Sources of Resource-based advantages

Background and key questions

Now we turn to where resource based advantages come from and what makes them sources of sustained competitive advantage. As knowledge is one critical resource, we’ll expand into what some would call the knowledge-based view of the firm. Start with Peteraf to frame the question, followed by Lieberman & Montgomery, Reed & DeFillippi, and Cohen & Levinthal for an examination of underlying mechanisms. Close with Capron & Pistre as an empirical application.

Class readings


Individual readings


Reviewing and publishing

We will discuss the referee reports you turned in last week.
Session 8: Schumpeterian/Dynamic View of Strategy

Background and key questions

As competitive environments change, firms must develop resources and capabilities that will create value in the new environment. The dynamic capabilities literature began, in many ways, as an extension of RBV, but was developed beyond that. This week’s readings bring together several strands all relate to a dynamic view of strategy. Jacobson sets the overall stage nicely. Then skim Nelson & Winter’s work on routines. Then read Teece et al and Eisenhardt & Martin as formal statements of the dynamic capabilities literature. Switching gears somewhat to the role of competitive response in strategy, close with Chen et al.

Everyone should skim Nelson and Winter and be ready to discuss it. I will lead the discussion on it.

1. What do we gain or lose by focusing on dynamics?
2. How do dynamic capabilities relate to routines?

Class readings


Individual readings


Chen PL, Williams C, Agarwal R. 2010. Growing pains: Pre-entry experience and the challenge of transition to incumbency. Strategic Management Journal


**Reviewing and publishing**

Write a research question that would motivate a paper you want to write. Bring two copies to class, one to submit and one to discuss.
Session 9: Governance, Agency & Resource Dependence Theories

Background and key questions

Both agency and resource dependence focus on how some aspect of the firm relate to dependencies across the firm boundary and how firms and managers respond to these. Start with the basics of agency theory: Eisenhardt, Fama & Jensen and Jensen & Meckling. Then read Pfeffer & Salancick and Hillman et al on resource dependence. The two come together in Hillman & Dalziel.

1. What are the central assumptions within agency theory? Do you believe them?
2. What are the central assumptions of resource dependence theory? Do you believe them?

Class readings


Individual readings


**Reviewing and publishing**

Submit as one document your *revised research question* and one or more hypotheses you would test as part of this paper. Again, bring two copies.
Session 10: TMT and upper echelons

Background and key questions

A firm’s top management has a decisive effect on the quality and nature of a firm’s strategy. Thus, it is important to understand how the nature of the firm’s TMT shapes its ability to formulate and execute strategy. Carpenter et al, Hambrick and Mason, and Hambrick et al provide theoretical background. Finkelstein & Hambrick and Haunschild et al provide empirical applications.

1. What aspects of a TMT are most important in shaping a firm’s strategy and performance?
2. What are the critical contingencies to be considered?

Class readings


Individual readings


Reviewing and publishing
Submit, as one document, your research question, revised hypotheses, and the logical development leading to one of those hypotheses.
Session 11: The relational view: Alliances, networks and strategy

Background and key questions

This is a massive research area. We're going to touch very lightly on several aspects of it. I would start with Granovetter, followed by Burt and Mirzuchi & Galaskiewicz. With that as background, read Uzzi as application. Close by skimming Gulati, who links the dyadic phenomenon of alliances with the structural phenomenon of networks.

Class readings


Individual readings


Reviewing and publishing

Submit, as one document, your research questions, hypotheses, and the revised logical development leading to one of those hypotheses.
Session 12: Diversification

Background and key questions

A critical strategic question for any firm is in which market or sets of markets it should compete. The study of diversification, the expansion of the firm into multiple markets, draws on many of the concepts we've studied to date, so it make a nice application in addition to its own importance. There is surprisingly little agreement as to even the basic facts regarding the relationship of diversification and performance. Hoskinson & Hitt provide a good overview. Amihud & Lev and Teece on why managers/firms might want to diversify. Campa & Kedia and Palich et al explore the performance impacts of doing so.

1. Is there a diversification discount? If so, why and when?

Class readings


Individual readings


**Reviewing and publishing**

Submit, as one document, your research questions, *the introduction to your* paper, hypotheses, and the revised logical development leading to one of those hypotheses.
Session 13: Socio-cognitive views of Strategy

Background and key questions

Strategies are shaped by how firm’s perceive their markets and their competitors. These perceptions are influenced by both social and cognitive factors. There isn’t really an overarching paradigm here, so the order of the paper is probably less important than other weeks. That said, Ocasio and Dutton & Jackson are nice background to start with.

1. What do we gain by considering the role of cognition?
2. How do individual and social factors shape cognition?

Class readings


Individual readings


Reviewing and publishing

Submit, as one document, your research questions, *the revised introduction to your* paper, hypotheses, and the logical development leading to one of those hypotheses.
Session 14: Strategic Process: Goals and Decision Making

Background and key questions

We've not given strategy process its fair share of attention this semester, but it is an important topic. It is also broad, so we're going to focus on one particular aspect of it, how firms set their goals and make their decisions. This involves issues of both individual cognition and consensus formation within the firm. Start with Van de Ven, particularly the types of process research (pages 169-171) and his thoughts on executing a process research project (pages 181-183). Again, there isn't an overarching paradigm, so you can read the remaining papers in whatever order you wish.

1. Do firms set goals? Or, is it just individuals?
2. Given your answer to (1), how are firm level decisions ultimately made?

Class readings


Individual readings


Reviewing and publishing

Nothing. Keep working on your term paper.
Final exam period: What do we know about performance heterogeneity?

We will meet during the assigned final exam period to accomplish two tasks that constitute the comprehensive examination for the class.

Discussion

After 15 weeks, we’re left with a key question. Does any of this really matter? What do we really know about whether firm strategies can lead to sustained superior performance? Please pick ONE of the papers below and be prepared to discuss how it speaks to this question.


Presentation of research paper

You will give a 10-minute presentation about your project. The time limit will be strictly enforced, so you should practice to make sure it isn’t too long. In this spirit, you should plan to use no more than 5 slides and don’t cram more material in by talking faster or using smaller fonts. Rather than trying to present your entire term project, you should try to sell the audience on what the project is and make them want to see the full paper. Try to achieve the quality one would hope to see in a research presentation at a major academic conference.

One purpose of this class presentation is to facilitate the generation of constructive feedback, ideas, and suggestions from your classmates about your term project. So, at the end of each presentation, there will be a brief period for the class to ask questions, give comments, and offer suggestions.