OVERVIEW

The course studies the processes behind strategy formulation and implementation, as opposed to the content of strategy decisions. Because strategy process is intimately tied to the behavior of individuals and groups, we will take a behavioral approach to the study of firm strategy. As McGuire (1964) described it:

The behavioral frame of reference [for studying firms] usually consists of concepts which have the following features in common: (1) The assumption that it is actors within the firm, rather than the firm itself, that act; (2) That behavior is conditioned by personality as well as environmental factors; (3) That, as a minimum, behavioral processes examined must take into account the cognition, perception, beliefs, and knowledge of the actor(s); and (4) That rewards, or goals, are oftentimes complex.

We will also work from what McGuire termed the “organizational” view:

Organizational concepts of the firm…vary considerably in their details. The majority of these, however, appear to possess at least three features in common: (1) The concept of the firm as a complex pattern of personal relationships rather than a framework in which actors perform; (2) The omission of the traditional assumption of strict rationality, and its replacement with any one of several types of qualified assumptions of rationality; (3) The assumption, often only implicit, that the firm is a homeostatic socio-economic organization with the underlying goal of survival.¹

Thus, we will draw upon the rich research literature in the behavioral sciences to study the cognitive, social, cultural, and political aspects of strategy formulation and implementation in complex organizations. The course objective is threefold:

• Read and critically analyze current behavioral research that addresses the strategic processes operating at different levels within and among organizations.
• Examine diverse research models and types of data that exist within the behavioral tradition.
• Identify and evaluate possible directions for future research.

CLASS FORMAT

Most class sessions will consist of two segments.

1. Presentation and discussion of required readings
2. Discussion of the writing process

Required readings: A pair of students will be designated to lead discussion of the required papers. All students are expected to have read each of these papers. Your preparation should be detailed and thorough, so as to form the basis for meaningful discussion in class. The purpose of this segment is to provide a deep understanding of fundamental issues.

Discussion of the writing process: Our long-term success in the professions depends on our ability to publish. Rather than producing a term paper, we will focus deeply on several critical steps of the writing process: the research question, hypotheses development, and the introduction. I will ask you to envision a paper you would like to write (or are writing) and develop these sections of it over the semester.

EVALUATION

I will base grading for the course on the following criteria. Note that I will base your final grade on the material that you hand in by the due date. Grades of Incomplete or deadline extensions will only be considered in the most extreme of situations.

- Contribution to class discussion (40%)
- Discussion leadership (30%)
- Exercises on the writing process (30%).

MATERIALS

Materials will be distributed via my website

http://public.me.com/ghoetker

You will be asked to log in. The password is 2010 ba547. Capitalization matters.

There is no required textbook, although there are two books that I strongly encourage you to buy. Neither, however, is required.


No matter how good your ideas are, the clarity of your exposition will play an important role in readers’ understanding of your arguments and contributions. Some academic writing provides a wonderful example of good writing. Most, unfortunately, does not. In ten simple rules, Williams provides a wonderful guide to becoming a more persuasive, interesting, and graceful writer.


Okay, it’s 957 pages long and over $100 in hardback. I still think it’s worth the cost and the weight. 38 essays cover a huge range of organization-related fields of research. As a starting place to identify key literature and current issues, it’s hard to do better.

SESSION OUTLINE

Session 1: Overview of Behavioral Research in Strategy and Introduction to the “Carnegie School”

Background and key questions

This sessions has two separate goals. First, we will gain an overview of strategy process research, as distinct from strategy content research. Second, we will touch on some foundational issues underlying strategy process research.

1. What is the scope and purpose of process and behavioral research in strategy?
2. How can/does/should the study of strategy process differ from the study of strategy content?
3. What is bounded rationality and why does it matter in the study of strategy process?

Required readings

The study of strategy process research


The foundations of the behavioral view of the firm (a.k.a. “the Carnegie School” for the most part)

**Session 2: Organizational evolution and the development of capabilities**

**Background and key questions**

This week’s readings discuss how organizations evolve over time, with the related ideas of *routine* and *capabilities* taking a leading role. These concepts, in one form or another, are foundations for the knowledge-based and resource-based views of the firm.

1. What is a working definition of a “routine”?  
2. How might we measure routines and capabilities?  
3. What are the positive and negative impacts of routines?

**Required readings**


**The writing process**

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 3: Organization evolution continued. The possibility of non-evolution.**

**Background and key questions**

The degree to which firms can evolve in response to changing environmental conditions is the topic of debate. *Organizational ecology* or *population ecology* is a sub-field of organization theory that draws on concepts of natural evolution, in particular, selection forces, to model the evolution of populations of firms. Organizational ecology covers a diverse range of topics, with much of the most exciting recent work being done on the birth of new industries and new organizational forms. Given the purpose of this class, I’ve focused on more traditional org. ecology papers that directly address organizational (non)change. Please consider the following questions.

1. Does organizational ecology argue that firms can’t change?  
2. Why do you think strategic management has resisted organizational ecology?  
3. What is the connection between Nelson and Winter and organizational ecology?  
4. Even if one isn’t willing to adopt organizational ecology wholesale, what does organizational ecology have to offer to the strategy literature?

**Required readings**

Exemplar papers

The writing process
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 4: Intra- and inter-organizational learning**

*One page term paper proposal due today.*

**Background and key questions**
We know that individual can learn and forget. Can organizations? A note: The 1991 special issue of *Organization Science* (vol. 2, no. 1) is a tremendous collection of papers of organizational learning. It is worth perusing the entire issue.

1. How are individual learning and organizational capability related to each other?
2. What criteria are proposed in the learning literature to test whether an organizational unit is “learning” rather than just changing?
**Required readings**


**Exemplar papers**


**The writing process**

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

**Session 5: Decision making (Cognitive & organizational design aspects)**

**Background and key questions**

Understanding how organizations make decision is even more complicated than understanding how individuals do. This week’s readings omit one key factor—organizational politics—that clearly impact decision making. We will address organizational politics in the context of strategy implementation and top management teams next session.

1. What are the critical influences on strategic decision making?
2. What models of strategic decision making exist in the literature? How do they compare and contrast each other? Which are the most convincing and why?

Required reading

Exemplar papers

The writing process
Submit, as one document, your research questions, revised hypotheses, and the revised logical development leading to one of those hypotheses.
Session 6: Implementation—interfirm politics and top management

Background and key questions

Power and politics play an unmistakable role in organizational decision making. Since power tends to gravitate to the top of organizations, the study of power also invites consideration of the role of top managers in organizational decision making.

1. What determines who has power in an organization?
2. What can we gain by viewing organizational decision making as an explicitly political process? What do we lose in the process?

Required readings


Exemplar papers


The writing process
Submit, as one document, your research questions, the introduction to your paper, revised hypotheses, and the logical development leading to one of those hypotheses.

Session 7: Networks

Referee report due.

Background and key questions
Firm’s are linked to their stakeholders—suppliers, customers, competitors, regulator, etc.—through complex networks of transactions, personal relationships, investments, etc. The literature of social network theory looks at the impact of a firm’s position in the larger network of inter-organizational ties. Much of this literature is highly mathematical, with measures for degree, centrality, structural holes, cliques, etc. A broader related literature, which might be called the literature on “embeddedness”, is less technical and focuses on what happens to firms as the interact with each other over time. It is a less mathematical literature and is more likely to focus on dyadic relationships. I’ve included papers from both traditions.

1. How does the firm’s network of relationships with external stakeholders influence the strategy implementation process and visa-versa?
2. What research models are conceptually and empirically appropriate for addressing the impact of a firm’s external ties?

Required papers

Exemplar papers


The writing process
Submit, as one document, your research questions, *the revised introduction to your paper;* revised hypotheses, and the logical development leading to one of those hypotheses.