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    7.3.2 Learning by Doing
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7.3.4 Adaptation & Managing Uncertainty
7.3.5 Organizational Adaptation and Rigidities During Technical Discontinuities
7.4 Contemporary Readings

STRATEGY DOCTORAL SEMINAR: DETERMINANTS OF FIRM HETEROGENEITY

Course Summary

This course considers explanations for performance differences among seemingly similar enterprises. In so doing, this course provides a brief survey of the Strategy research canon, while providing equal emphasis on sampling examples of contemporary works. It is therefore a course that is intended provide an understanding of the range of perspectives on this topic.

Half the sessions will be devoted to covering ideas in the literature and half will be devoted to looking at research now at the frontier.

Note. As a course focused on explanations for firm heterogeneity, this is not a course that covers the vast literature on corporate strategy (alliances, make or buy, firm scope, etc.).

Evaluation

The goal here to assure everyone gets a good foundation and understanding of the field – and a good grade. There is no final exam or project. Here is the recipe for doing well in the class:

Class participation, engagement and contribution (30%) Learning in graduate studies is in large part through interactions with peers and “learning together” in intelligent conversation and debate. To this end, the quality of contribution you bring to our sessions is an important component of the evaluation.

Class preparation notes (30%) Prior to each session, you will be given specific instructions on how to prepare and how to summarize your thoughts. This will generally take the form of a very brief note, on the order of one single page for each session. This is intended to provide some structure to your thinking before we engage in a conversation.

Paper mini-seminar presentations (30%). Discussions of contemporary papers will be structured as “mini-seminars”, with a student presenting. You will be given specific instructions on how to present a paper. In addition to animating our discussion of modern research, this structured approach is intended to teach you to be an excellent presenter and how to systematically digest and to rapidly and deeply understand others’ research papers. These sessions will also provide a virtual “introduction” to active scholars via their work and provide a sense of the kind of work that excels on the job market. You may be asked to present up to as many as five papers over the course. Details will be subject to finalizing logistics.
Wiki contributions (10%) There will be a wiki set up to support class interactions. Any contributions to this wiki, adding papers, discussion etc. are intended to support the collective learning of all students in the class. Wiki contributions will overlap with the content of class discussion and your class preparation notes, rather than necessarily constituting an independent work output.

Schedule

- Session 8 Monday 30th June, 9:00 - 11:45 in LH102
- Session 9 Monday 30th June, 15:45 – 18:30 in ALH304
- Session 10 Friday 4th July, 12:45 – 15:30 in A127

Strategy Foundations and Principles of Business Design

Instructions to Participants

Session 1

- Required readings: Review required readings, indicated by ***. Be prepared to discuss their content and main
- Wiki exercise 1 - post your class preparation note here

Session 2

- Pick one of the modern papers or choose an alternative paper you prefer that relates to the topic (and you ok with me)
- Present the paper in class. Here are some guidelines
- Wiki exercise 2 - i) building familiarity with the literature and; ii) distilling your understanding of contributions

The Practical Classroom "MBA Narrative"

Background Ideas

Context and Historical Background


Fit

- Toward a unifying framework for exploring fit and flexibility in strategic human resource management PM Wright, SA Snell - Academy of management review, 1998 - amr.aom.org
- Modeling the dynamics of strategic fit: A normative approach to strategic change EJ Zajac, MS Kraatz… - Strategic management …, 2000

N-K Models


Businesses and System Dynamics


Complementarities


Athey and Stern, An Empirical Framework for Testing Theories About Complementarity in Organizational Design


The Firm as System of Incentives, as Regulated Subeconomy


Contemporary Research


Cassiman, Veugelers 2006. In search of complementarity in innovation strategy: internal R&D and external knowledge acquisition <Joao presenting>

Casadesus-Masanell and Feng Zhu, Business model innovation and competitive imitation: The case of sponsor-based business models


Industry-Level Analysis

Instructions to Participants

Session 3

**Required readings:** Review required readings, indicated by ***. Be prepared to discuss their content and main

Wiki exercise 3 - post your class preparation note here

Session 4
- Pick one of the modern papers or choose an alternative paper you prefer that relates to the topic (and you ok with me)
- Present the paper in class. Here are some guidelines
- Wiki exercise 4 - i) building familiarity with the literature and; ii) distilling your understanding of contributions

The Practical Classroom "MBA Narrative"

- Brandenburger, A. and Nalebuff, B. HBR Article
- Rivkin, J. and Cullen, A. Finding Information for Industry Analysis. HBS Study Note 708481-PDF-ENG
- DB Yoffie, M Kwak, Judo strategy: 10 techniques for beating a stronger opponent, Business Strategy Review, 2002

Background Ideas

Classic Microeconomic Models of Competition, Positioning and Definition of the Product Space


Early Industrial Economics and Cross-Industry Studies


Caves & Porter. 1977. From Entry Barriers to Mobility Barriers. QJE.


**Industrial Economics, Game Theory, Strategic Incentives and Interactions**


**Increasing Returns & "Positive Feedback"**

- Farrell J. and Saloner, G. 1985 Standardization, compatibility, and innovation Rand Journal 16: 70-83.


Information & Signaling


The New Empirical Industrial Economics


The Industry versus Organisation Debate


Strategic Management & Industrial Organization


Biform Games, Power, Appropriation, Coopetition and Value Capture Problems


Chatain, O., P. Zemsky. 2007. The horizontal scope of the "1%2"ganizational tradeo!s vs. buyer-supplier relationships. Management Science 53(4) 550


Brandenburger & Stuart 1996, Value-Based Business Strategy. JEMS

McDonald & Ryall 2004, How do value creation and competition determine when a firm appropriates value? MS

***Brandenburger & Stuart 2007. Biform Games. MS


**Sociological Perspectives - Networks, Embeddedness, Relationships, Trust**


**Sociological Perspectives - Status and Competition**


**Sociological Perspectives - Resource and Power Dependence and Exchange**


**Economic Geography, Clusters, Location**

**Contemporary Research**

- Azoulay, Stuart, Wang, Matthew: Effect or Fable? Management Science
- Seamans, R., and F. Zhu. "Responses to Entry in Multi-Sided Markets: The Impact of Craigslist on
Local Newspapers." Management Science 60, no. 2


Industry Dynamics

Instructions to Participants

Session 5

- Required readings: Review required readings, indicated by ***. Be prepared to discuss their content and main
- Wiki exercise 5 - post your class preparation note here

Session 6

- Pick one of the modern papers or choose an alternative paper you prefer that relates to the topic (and you ok with me)
- Present the paper in class. Here are some guidelines

The Practical Classroom "MBA Narrative"

- Utterback (1994) Mastering the Dynamics of Innovation
- Christensen (1997) Innovator's Dilemma: When New Technologies Cause Great Firms to Fail
- Moore (1991) Crossing the Chasm
- Foster (1986) Innovation: Attacker's Advantage

Background Ideas
Empirical Facts & Sector Studies


Industry Life Cycles and Discontinuities


Social Construction and Institutionalization


**Evolutionary Perspectives**

- Schumpeter, 1934, The Theory of Economic Development
- Durand, R. J. P. Vergne, JP The path of most persistence: An evolutionary perspective on path dependence and dynamic capabilities« ,Organization Studies, March 2011, vol. 32, n° 3, pp. 365-382
- ***Malerba, F., R Nelson, L Orsenigo and S Winter History-friendly' models of industry evolution: the computer industry’***

**neo-Schumpeterian Debate: Market Structure and Innovation Incentives**


**Entry & Entrepreneurship**


**Population Ecology**


**Other Organizational Sociology**


**Growth Dynamics and the Size Distribution of firms**


**Economic Models of Evolution**


### Economic Models of Industrial Dynamics


1007-1040


### Contemporary Research

- Igami, M. Estimating the Innovator's Dilemma: Structural Analysis of Creative Destruction

Organization-Level Analysis

Instructions to Participants

Session 7

- Required readings: Review required readings, indicated by ***. Be prepared to discuss their content and main
- Wiki exercise 7 - post your class preparation note here

Session 8

- Pick one of the modern papers or choose an alternative paper you prefer that relates to the topic (and you ok with me)
- Present the paper in class. Here are some guidelines

The Practical Classroom "MBA Narrative"

- Saloner G; Shepherd A; Podolny J, Strategic Management, Ch. 3 Competitive Advantage (2000)
- Markides C, All the Right Moves: A Guide to Crafting Breakthrough Strategy, Ch. 6 Create the Right Organizational Environment (2000)
- Saloner G; Shepard A; Podolny J, Strategic Management, Ch. 5 p102-116 (2000)

Background Ideas

Empirical Facts

The Resource-Based View


Human Assets and Organizational Assets

Holland.

Organizational "Capabilities"


Knowledge-Based Perspectives

- Grant, R., Toward a Knowledge–Based Theory of the Firm Strategic management journal, 1996
- Nahapiet, J, S Ghoshal Social capital, intellectual capital, and the organisational advantage, Academy of management review, 1998 - amr.aom.org
- *** Kogut, B., U Zander Knowledge of the firm, combinative capabilities, and the replication of technology, Organization science, 1992

Culture & Leadership


also see NK-Perspective

Behavioural Theory of the Firm and Carnegie School


Managerial Cognition & Behavioural Perspectives


Replication


***Winter, S., G Szulanski , 2001. Replication as strategy, Organization science
- JW Rivkin - 2000 Imitation of complex strategies, Management science,

**Intellectual Property Rights and Appropriability**


**Transaction Cost Economics**


**Property Rights Theory**


**Alliances**


Contracting and Providing Incentives


See also non-monetary sources of motivation

Decision Allocation


Stakeholder Perspectives

- Freeman, R. Edward (2010[1984]). Chapters 1, 2, and 3 from Strategic Management: A Stakeholder Approach.


Organizational Sociology


Contemporary Research

- Rawley, E. Diversification, coordination costs, and organizational rigidity: Evidence from micro data, Strategic Management Journal 31 (8), 873-891
- Gartenberg C., J. Wulf, Pay Harmony: Peer Comparison and Executive Compensation
- Liu, C., J. Chown. Geography and Power in an Organizational Forum: Evidence from the U.S. Senate Chamber; with Jillian Chown; Strategic Management Journal; forthcoming; 2014
- Catalini, C. "Microgeography and the Direction of Inventive Activity"
- Simcoe, Galasso. CEO Overconfidence and Innovation
- Eccles, R., Ioannou, I, Serafeim, G. HBS working paper, “The Impact of a Corporate Sustainability on Organizational Processes and Performance”Management Science
Organizational Dynamics

Instructions to Participants

Session 9
- **Required readings**: Review required readings, indicated by ***. Be prepared to discuss their content and main
- Wiki exercise 9 - post your class preparation note here

Session 10
- Pick one of the modern papers or choose an alternative paper you prefer that relates to the topic (and you ok with me)
- Present the paper in class. Here are some guidelines

The Practical Classroom "MBA Narrative"

- Amason, AC C Mooney , 2008 The Icarus paradox revisited: how strong performance sows the seeds of dysfunction in future strategic decision-making. Strategic Organization

Background Ideas

Time Compression Diseconomies

Amabile, T. , J. Mueller , W. Simpson , C. Hadley , S. Kramer , L. Fleming Time Pressure and Creativity in Organizations
(http://citeseerx.ist.psu.edu/viewdoc/download;jsessionid=AAA1B02E7FFA55A32D1AB22C049F931D?doi=10.1.1.197.599&rep=rep1&type=pdf)

Learning by Doing
- Arrow, K. 1962. The economic implications of learning by doing. The review of economic studies


- M Stan, F Vermeulen. 2013. Selection at the Gate: Difficult Cases, Spillovers, and Organizational Learning, Organization Science, 2013 <Pascal presenting>


### Resource Accumulation Processes

- ***Dierickx, I., K Cool 1989, Asset stock accumulation and sustainability of competitive advantage. Management science, 1989
- Leonard-Barton, 1998 Wellsprings of knowledge: Building and sustaining the sources of innovation
- Cohen, M., P Bacdayan. 1994. Organizational routines are stored as procedural memory: Evidence from a laboratory study Organization Science
- Vermeulen, F., H Barkema, Pace, rhythm, and scope: Process dependence in building a profitable multinational corporation, Strategic Management Journal, 2002

### Adaptation & Managing Uncertainty

- Gulati, P Puranam, Renewal through reorganization: The value of inconsistencies between formal and informal organization. Organization Science, 2009

### Organizational Adaptation and Rigidities During Technical Discontinuities


- Tripsas, M. 1997. Unraveling the process of creative destruction: Complementary assets and incumbent survival in the typesetter industry. Strategic Management Journal 18 (s 1), 119-142

**Contemporary Readings**


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