Strategic Management PhD Seminar
MHR 870 – Fall 2014

Instructors:  Hart Posen  Russ Coff
hposen@bus.wisc.edu  RCoff@bus.wisc.edu
(608) 263-6437

Class time:  W 9:00-12:00, room 5115 (Weinert Ctr)
Office Hrs:  by appointment

Course Overview and Objectives

This doctoral level strategy seminar invites students to explore drivers of performance heterogeneity among firms. Why do some firms out-perform others? The topic is integrative in that the answer draws on theory from economics, sociology, and even psychology as well as management and organizational theory that is interdisciplinary. In studying this topic, we will also focus on the process of conducting management research. What is the anatomy of a scholarly contribution and how does one conduct research in this field?

Learning Objectives

The primary overarching goal is to help doctoral students become independent scholars who are knowledgeable in the field of strategic management. Specifically, students will be able to:

1. Develop an understanding of the concepts, theory, and research in strategic management;
2. Summarize, integrate, and evaluate research in strategic management;
3. Develop new ideas and/or approaches that advance this research literature and that might serve as starting points for publishable research papers; and
4. Master research process skills critical to success in an academic career such as the ability to think clearly and communicate effectively both orally and in written form.

Seminar Format and Assignments

Like other seminars you have taken, the assignments are built around understanding the readings and generating new research directions. The grading falls into the four areas reflected in the table to the right. Each is examined below.

Class preparation and participation (35%)

You are expected to be an active (and constructively critical) participant in all class sessions. Preparation before class is essential, and an important part of the evaluation of performance will be based on student preparedness and internalization of concepts as evidenced by in-class discussion. This component of the grade has two key elements: preparation of reading assignments before class and participation in class discussion.

<table>
<thead>
<tr>
<th>Component</th>
<th>% of Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class preparation and participation</td>
<td>35%</td>
</tr>
<tr>
<td>Paper Critiques/Reviews</td>
<td>15%</td>
</tr>
<tr>
<td>Research “proposal”</td>
<td>50%</td>
</tr>
</tbody>
</table>
Participation in discussions. Doctoral seminars are very small so the quality of the learning experience depends greatly on each person. A student who sits back and listens (however intently) is likely to detract from others’ learning experience. Your class contributions should go well beyond “I liked this reading” and “I didn’t like that one” (although these reactions are important). Try to dig deeper and ask 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?

Participants will prepare to discuss at least one of the assigned readings. Each seeks to contribute to theory and empirically test the predictions offered. Participants should be prepared to discuss all aspects of the theoretical and methodological contribution.

Paper Critiques/Reviews (15%)

Over the course of the semester, you will be reading a lot of research papers. You will do two published paper reviews and one “friendly” review of a classmates paper. In reviewing a paper, your job is to identify the extent of the paper’s contribution. You may consider the following basic structure.

1. Identify the gap in the literature that the paper addresses. Is there a gap the paper fills, is the gap interesting and important? Are there ways that the gap could be better/more-clearly identified?
2. Identify how does the paper fill the gap. Is the theoretical claim compelling and logically consistent? That is, do you buy the theory proposed? Why or why not? Are there ways that the theory might be strengthened?
3. For empirical papers — Identify the extent to which the empirics provide a compelling test of the theory. Is the empirical context appropriate to test the theory? Are the theoretical constructs well matched to the empirical variables? Do you believe that the empirical results provide evidence that tends to support the theory? What might you have done to improve the empirical test?

Published paper review/critique. You may select any two papers you wish (from two different sessions) to write your reviews. Your reviews should be two pages (page-length specified here and elsewhere are double-spaced) and submitted by email at least one day in advance of the session in which the paper is discussed.

Review of classmate’s term project. Part of your class preparation will include providing feedback on a classmate’s term paper. The fact that this will not be a blind review process should sensitize you to the need for constructive feedback. While the confidentiality of a blind review process gives the reviewer the freedom to provide frank, direct, and undiluted feedback without fear of negative consequences. Nevertheless, this confidentiality is not a license to be rude, insulting, or inappropriate. Rather, you should keep your criticisms constructive – i.e., focused on specific, concrete changes that could realistically improve the rough draft, taking into account all of the constraints on this term project assignment and on research projects in general. The peer review should be about 2 to 3 pages long.

For further advice on reviewing, please see the Academy of Management Journal’s “Guidelines for Reviewers” web page at: [http://aom.pace.edu/amjnew/reviewer_guidelines.html](http://aom.pace.edu/amjnew/reviewer_guidelines.html). You will receive the rough draft for you to review at class meeting #13. Please submit your review via email in advance of class meeting #14, and bring three printed-stapled copies of your peer review at class meeting #14.
**Original research project (50%)**

You are required to prepare a 10 to 20 page term project that is a proposal for a research project. If executed, this could become the basis of a publishable paper or dissertation. It should be aimed at either adding new knowledge to the strategy field or bringing a new perspective to existing findings. Either way, it should be executed in a way that would be “interesting” in the sense of the Murray Davis “That’s Interesting” article.

**Format.** This research paper should adhere to the format and submission guidelines provided by the Academy of Management Journal (see [http://aom.pace.edu/amjnew/style_guide.html](http://aom.pace.edu/amjnew/style_guide.html) for details), and should be organized roughly as follows:

1) Your introduction should identify the existing “conversation” you are joining, what is missing from this conversation, and how you intend to fill that gap. If your first two pages don’t clearly explain your point, and why it is important, most readers will lose interest – especially reviewers.

2) A “Theory” section where you review the literature needed to put your contribution into focus. Then develop, explain, and justify your unique contribution. A complete theory would include three main elements – what causes what, why and how, and under what conditions:
   a. What causes what? An empirically falsifiable prediction, with Independent and dependent variables that are clearly articulated and defined.

   b. Why and how? A logical and internally-consistent causal mechanism, which provides a bridge or a process through which the assumptions and boundary conditions provided in part (c) below will lead naturally to the prediction provided in part (a) above.

   c. Under what conditions? A clear statement of the bare minimum set of assumptions and boundary conditions that must be fulfilled in order for the causal mechanism in part (b) above to apply, and in order for the prediction in part (a) above to be derived. (Imposing additional assumptions and boundary conditions beyond the bare minimum is viewed as undesirable, because it unnecessarily restricts the theory’s range of applicability.)

   d. Carve out a “bite-sized” contribution. Because it is nearly impossible to develop a complete, new, full-blown, paradigm-shifting theory in the space you will have, you may prefer to aim for making a smaller “bite-sized” contribution to theory, such as:

   - Articulating a theory’s hidden assumptions or boundary constraints.
   - Examining interesting special cases, where more and/or stronger predictions can be derived under additional assumptions or boundary constraints.
   - Finding inconsistencies within a theory.
   - Articulating previously overlooked points of inconsistency between theories.
   - Introducing a new construct or variable.
   - Questioning an existing conceptual construct or variable.
   - Deriving new predictions from an old theory (or theories).
   - Synthesizing multiple theories, where the combined whole differs from the sum of the parts – i.e., interaction effects, where the combination of theories generates new and different predictions.
   - Extending a theory, by considering the consequences of relaxing restrictive assumptions or boundary constraints.
   - Importing theories, constructs, or variables across levels of analysis.

3) A “Methodology” section in which you describe a research design that would be appropriate to test your question or idea, using data that could realistically be collected, organized, and analyzed within a one year time horizon (taking into account the financial constraints, data-access constraints, and time constraints on a typical doctoral student). Although this section will most likely consider how and where you might collect data, it is nevertheless possible that the relevant data might be readily available (e.g., in public databases or in data sets already collected...
by other researchers), in which case you are strongly encouraged to go ahead and perform the actual data analysis and report the results in the paper, in a separate “Results” section.

4) Length: Less is more. We have specified page limits that will push you to be very concise – this can be a special challenge. Accordingly, you should heed the following words of wisdom from the “Notice to Contributors” printed in every issue of Administrative Science Quarterly:

“We are interested in compact presentations of theory and research, suspecting that very long manuscripts contain an unclear line of argument, multiple arguments, or no argument at all. Each manuscript should contain one key point, which the author should be able to state in one sentence. Digressions from one key point are common when authors cite more literature than is necessary to frame and justify an argument.”

**Schedule.** You should start thinking about your topic early in the semester, and you should discuss your initial thoughts with me, so we can point you towards related work. If your desired topic is covered late in the semester, you will need to read ahead to get started. This term project will probably require you to do additional reading beyond the syllabus. In order to help you structure and pace your work, you must submit intermediate work-in-progress products as outlined below, and the topic of your term project must be approved (so don’t get too far along before coordinating with the instructor):

1) Term project topic must be approved by me by class meeting #5, either verbally or via e-mail.

2) Printed outline of the proposed term project, 2 to 3 pages in length (necessary in order to gain approval of instructor) is due by class meeting #7, but may be submitted earlier. This outline itself will not be graded, but rather will be used to provide developmental feedback. However, failure to submit an outline by the deadline may result in a reduced grade for the term project.

3) Two printed copies of a rough draft of the term project, including references, are due by #13, along with PDF version via email. This rough draft will not be graded but will be used to provide developmental feedback.

4) Reviews of the rough drafts will be exchanged at class meeting #14, at which time you will also receive the instructor’s feedback.

5) Two single-sided printed copies of the completed term project are due by 12/18/14, along with PDF version via email.

There will be no incomplete grades given. If you want to further develop and polish the paper, you are encouraged to do so after the end of the semester, but this additional work will NOT be graded by using the “incomplete” grade to extend the term project deadline.

**Presentation.** You will give a 15-minute presentation about your project in a MHR brown bag session on 12/15/14. 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 6 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.
<table>
<thead>
<tr>
<th>Date and Topic</th>
<th>Assignments/Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (9/2/14, H&amp;R): Introduction (Contribution, Map of the field)</td>
<td></td>
</tr>
<tr>
<td>2. (9/10/14, H): Industrial Organization - Rivalry and its Restraint</td>
<td></td>
</tr>
<tr>
<td>3. (9/17/14, H): Bounded Rationality and its Implications</td>
<td></td>
</tr>
<tr>
<td>(9/24/14) No Class (Strategic Management Society Madrid Conference)</td>
<td>Work on final papers</td>
</tr>
<tr>
<td>4. (10/1/14, R): Resource-Based View (acquiring resources &amp; sustaining advantages)</td>
<td></td>
</tr>
<tr>
<td>5. (10/8/14, H): Knowledge and Routines as Strategic Assets as Strategic Assets</td>
<td>Term paper topics must be approved</td>
</tr>
<tr>
<td>6. (10/15/14, H): Innovation and its Determinants</td>
<td></td>
</tr>
<tr>
<td>7. (10/22/14, R): Human Capital</td>
<td>Outline for term paper project</td>
</tr>
<tr>
<td>8. (10/29/14, R): Real Options &amp; Decision-making Under Uncertainty</td>
<td></td>
</tr>
<tr>
<td>9. (11/5/14, H): Exploration and Exploitation: Drivers of Firm Heterogeneity?</td>
<td></td>
</tr>
<tr>
<td>10. (11/12/14, H): Responding to Change – Dynamic Capabilities and Beyond</td>
<td></td>
</tr>
<tr>
<td>11. (11/19/14, R): Corporate Strategy - Economic Logic of Diversification</td>
<td></td>
</tr>
<tr>
<td>12. (11/26/14, R): Corporate Governance &amp; TMT</td>
<td></td>
</tr>
<tr>
<td>14. (12/10/14, H&amp;R): Wrap up – 1st half: student feedback on paper draft. 2nd half student choice of one forthcoming paper each</td>
<td>Friendly reviews due a day in advance of class.</td>
</tr>
</tbody>
</table>

† Click on any of the topics in the table to go to the readings for that session.
Detailed Topics and Reading List
(Supplemental readings indicated by *)

1. (9/2/14, H&R): Introduction (Contribution, Map of the field)


2. (9/10/14, H): Industrial Organization - Rivalry and its Restraint

3. (9/17/14, H): Bounded Rationality and its Implications


9/24/14: No Class (Strategic Management Society Madrid Conference)

4. (10/1/14, R): Resource-Based View (acquiring resources & sustaining advantages)


5. (10/8/14, H): Knowledge and Routines as Strategic Assets


6. (10/15/14, H): Innovation and its Determinants


7. (10/22/14, R): Human Capital


8. (10/29/14, R): Real Options & Decision-making Under Uncertainty


Coff and Laverty. 2007. Real Options Meet Organizational Theory: Coping With Path Dependecies, Agency Costs, and Organizational Forms *Advances in Strategic Management 24*: 333-361.


Phadnis, Caplice, Sheffi, and Singh. 2014. Effect of scenario planning on field experts' judgment of long-range investment decisions. *Strategic Management Journal: n/a-n/a.*


*McGrath and Nerkar. 2004. Real Options Reasoning and a New Look at the R&D Investment 


*Vassolo, Anand, and Folta. 2004. Portfolio effect in real options: The case of equity alliances in 

*Wang and Lim. 2008. Real options and real value: the role of employee incentives to make specific 

9. (11/5/14, H): Exploration and Exploitation: Drivers of Firm Heterogeneity?
71-87.


Kim, J.-Y., A. Miner. 2007. Vicarious learning from the failures and near-failures of others: 
evidence from the U.S. commercial banking industry. Academy of Management Journal 50(3)  
687-714.


*Benner and Tushman. 2003. Exploitation, exploration, and process management: The productivity 

*Levinthal and Posen. 2007. Myopia of Selection: Does Organizational Adaptation Limit the 

Science 55(3) 373-388.

34(2) 149-164.

*Giarratana and Mariani. Forthcoming. The relationship between knowledge sourcing and fear of 
imitation. Strategic Management Journal: n/a-n/a.

10. (11/12/14, H): Responding to Change – Dynamic Capabilities and Beyond
Christensen, C., J. Bower. 1996. Customer power, strategic investment, and the failure of leading 


11. (11/19/14, R): Corporate Strategy - Economic Logic of Diversification


Sakhartov and Folta. 2015. Getting Beyond Relatedness As A Driver Of Corporate Value. Strategic Management Journal: n/a-n/a.


*Hennart. 1993 Explaining the Swollen Middle: Why most transactions are a mix of "market" and "hierarchy" Organization Science 4(4): 529-547.


12. (11/26/14, R): Corporate Governance & TMT


Seo, Gamache, Devers, and Carpenter. 2015. The Role Of Ceo Relative Standing In Acquisition Behavior And Ceo Pay. Strategic Management Journal: n/a-n/a.


Alliances


M&A


14. (12/10/14, H&R): Wrap up – 1st half: student feedback on paper draft. 2nd half student choice of one forthcoming paper each

The following readings explore the review process and may be of use:


