

# **Strategic Management PhD Seminar**

## **Fall 2009**

**Instructors:** J.P. Eggers (jeggers@stern.nyu.edu), Gabriel Natividad (gnativid@stern.nyu.edu).

**Office Hours (Eggers):** Monday, 3:00 p.m. – 4:00 p.m. or by appointment

**Office Hours (Natividad):** Friday, 8:30 a.m. – 9:30 a.m. or by appointment

**Class Times:** Monday 9:30 a.m. to 12:30 p.m., Tisch Hall 720

**Class Dates:** September 14 to December 14.

### **COURSE DESCRIPTION**

This course is designed to expose doctoral students to a broad foundation in strategic management research. The course will offer an introduction to the range of research on strategic management, from the theoretical to the empirical, and from the classic to the current. At the heart of the course will be our ability to explain performance differences (both temporary and permanent) between firms within and across industries. The course begins with an introduction to the core concepts of strategy and the various factors that may influence performance. Then we will briefly cover a number of topics that are central to research in strategic management. Each session is meant to introduce you to some classic and current pieces on the topic, and to point out some additional research that would be valuable to students with a greater interest in the topic. These topics include general areas such as the resource-based view of the firm, industry evolution and dynamics, strategy-related theories of the firm, and diversification and vertical integration, as well as specific areas such as technology management and information and agency. Some other key areas of research in strategic management will not be covered here. This is not because these topics are less important, but merely due to time constraints and the fact that you will cover some of these topics in other courses.

Readings in each section are arranged in a logical (as opposed to a chronological) manner, but the range in dates of the articles in each session allows students to understand how thinking in each area has evolved over time. The articles within each topic incorporate a variety of theoretical and empirical approaches, giving us an opportunity to explore different ways of pursuing answers to some of the same questions, and also helping you to develop a portfolio of theories and methods with which you are familiar.

### **COURSE REQUIREMENTS**

**1. Class Participation.** This is not a lecture course. Class discussion and interaction are a crucial part of our synthesis of the material and learning. It is therefore vital that you come to every class, prepared and ready to contribute. Good participation includes asking questions, raising original ideas, making constructive comments, and having a positive attitude toward learning. Each student is expected to read all of the required readings for the week. In addition, there *may* be one or more optional homework assignments during the semester that will count towards class participation.

**2. Article Summaries.** Additionally, each week, one student will present one of the recommended but not mandatory readings (that is, those without a \*) listed in the syllabus. You should bring enough hard copies of your summary for each student in the class, and you will be given time (5' to 10') to present your summary in class. These summaries should include (but are not limited to):

1. Complete reference of the article
2. Very brief synopsis of the purpose of study or argument of paper
3. An explanation of the primary hypotheses/propositions and constructs in the paper.
4. The methods used in the paper (if empirical)
5. Key findings/conclusions
6. Your assessment of strengths/weaknesses of the study or arguments.

**3. Work-in-progress presentation.** On the last day of class (**December 14<sup>th</sup>**), each student will present the key elements of the Final Paper (see 4 below) in a well structured research presentation.

**4. Final Paper.** Each student will write the front end of an individual research paper, consisting of a clear research question, a theoretical framing for investigating that question, and a carefully considered research design. Students are free to choose any idea from the syllabus, and will discuss a brief outline (no longer than one page, typed) with one of the instructors of their choice in an individual meeting no later than **November 9<sup>th</sup>** to receive guidance in developing an excellent project. Students should view the meeting with the instructor and the work-in-progress presentation as opportunities to improve their understanding of what makes a good research project. The deadline for the Final Paper is **Tuesday, December 22<sup>nd</sup>**, at noon (by email).

## **COURSE GRADING**

Grades will be determined as follows:

Class Participation	40%
Article Summaries	10%
Work-in-progress presentation	10%
Final Paper	40%

## **READING LIST**

(\* = mandatory readings.)

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### **Class 1: Introduction (9/14)**

- \*Porter, Michael 1996. What is Strategy? Harvard Business Review, 74, 61.
- \*Lieberman, Marvin B. 1984. The Learning Curve and Pricing in the Chemical Processing Industries. RAND Journal of Economics, 15, 213—228.
- \*Caves, Richard E. and Ghemawat, Pankaj 1992. Identifying Mobility Barriers. Strategic Management Journal, 13, 1—12
- \*Teece, David 1986. Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. Research Policy, 15, 285—305

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### **Class 2: Strategy and the Locus of Performance (9/21)**

- \*Schmalensee, Richard, 1985, Do markets differ much?, The American Economic Review 75, 341–351.
- \*Rumelt, Richard P., 1991, How much does industry matter?, Strategic Management Journal 12, 167–185.
- \*McGahan, Anita M., and Michael E. Porter, 1997, How much does industry matter, really?, Strategic Management Journal 18, 15–30.
- \*Bertrand, M., and A. Schoar, 2003, Managing with style: The effect of managers on firm policies, The Quarterly Journal of Economics 118, 1169–1208.
- Bennedson Morten; Pérez-González, Francisco; and Wolfenzon, Daniel. Do CEOs matter? Working Paper, 2007.
- Adner, R., and C.E. Helfat, 2003, Corporate effects and dynamic managerial capabilities, Strategic Management Journal 24, 1011–1025.
- Brush, Thomas H., Philip Bromiley, and Margaretha Hendrickx, 1999, The relative influence of industry and corporation on business segment performance: An alternative estimate, Strategic Management Journal 20, 519–547.

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**No class on Monday, September 28**

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### **Class 3: Competitive and Cooperative Interactions (10/5)**

\*Saloner, G. (1991). "Modeling, game theory, and strategic management." Strategic Management Journal **12**: 119.

\*Gimeno J. 1999. Reciprocal Threats in Multimarket Rivalry: Staking out 'Spheres of Influence' in the U.S. Airline Industry. *Strategic Management Journal* **20**(2): 101-128

\*Brandenburger, A. M. and H. W. Stuart (1996). "Value-based business strategy." Journal of Economics and Management Strategy **5**: 5-24.

\*Dyer, J. H. and H. Singh (1998). "The relational view: Cooperative strategy and sources of interorganizational competitive advantage." Academy of Management Review **23**(4): 660.

\*Schilling, M. A. and C. C. Phelps (2007). "Interfirm Collaboration Networks: The Impact of Large-Scale Network Structure on Firm Innovation." Management Science **53**(7): 1113-1126.

Ferrier WJ, Smith KG, Grimm CM. 1999. The role of competitive action in market share erosion and industry dethronement: A study of industry leaders and challengers. *Academy of Management Journal* **42**: 372-388

Brandenburger A, Stuart H. 2007. Biform Games. *Management Science* **53**(4): 537-549

Mowery, D. C., J. E. Oxley, et al. (1996). "Strategic Alliances and Interfirm Knowledge Transfer." Strategic Management Journal **17**: 77-91.

Gulati, R. (1998). "Alliances and Networks." Strategic Management Journal **19**(4): 293-317.

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### **Class 4: The Resource-Based View and Firm Capabilities (10/12)**

\*Barney, J. B. (1991). "Firm resources and sustained competitive advantage." Journal of Management **17**(1): 99-120.

\*Helfat CE, Peteraf MA. 2003. The dynamic resource-based view: Capability lifecycles. *Strategic Management Journal* **24**(10): 997-1010.

\*Dierickx, I. and K. Cool (1989). "Asset stock accumulation and sustainability of competitive advantage." Management Science **35**(12): 1504-1511.

\*Henderson, R. and I. Cockburn (1994). "Measuring competence? Exploring firm effects in pharmaceutical research." Strategic Management Journal **15**: 63-84.

\*Sakakibara, M. (1997). "Heterogeneity of firm capabilities and cooperative research and development: An empirical examination of motives." Strategic Management Journal **18**: 143.

Ahuja G, Katila R. 2004. Where do resources come from? The role of idiosyncratic situations. *Strategic Management Journal* **25**(8-9): 887-907

Lippman, S. A. and R. P. Rumelt (2003). "A Bargaining Perspective on Resource Advantage." Strategic Management Journal **24**(11): 1069-1086.

Lieberman, M. B. and R. Dhawan (2005). "Assessing the Resource Base of Japanese and U.S. Auto Producers: A Stochastic Frontier Production Function Approach." Management Science **51**(7): 1060-1075.

Raff, D. M. G. (2000). "Superstores and the evolution of firm capabilities in American bookselling." Strategic Management Journal **21**(10/11): 1043-1059.

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### **Class 5: Organizational Learning and Adaptation (10/19)**

\*Levitt, B. and J. G. March (1988). "Organizational learning." Annual Review of Sociology **14**: 319-340.

\*Cohen, W. M. and D. A. Levinthal (1990). "Absorptive capacity: A new perspective on learning and innovation." Administrative Science Quarterly **35**(1): 128-152.

\*Ingram, P. and J. A. C. Baum (1997). "Opportunity and constraint: Organizations' learning from the operating and competitive experience of industries." Strategic Management Journal **18**: 75-98.

\*Szulanski G. 1996. Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal* **17**: 27

\*Rivkin JW. 2000. Imitation of complex strategies. *Management Science* **46**(6): 824.

March, J. G. (1991). "Exploration and exploitation in organizational learning." Organization Science **2**(1): 71-87.

Huber, G. P. (1991). "Organizational learning: The contributing processes and the literatures." Organization Science **2**(1): 88-115.

Benner, M. J. and M. L. Tushman (2002). "Process management and technological innovation: A longitudinal study of the photography and paint industries." Administrative Science Quarterly **47**(4): 676-706.

Zollo M, Singh H. 2004. Deliberate learning in corporate acquisitions: post-acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal* **25**(13): 1233-1256.

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### **Class 6: Industry Evolution (10/26)**

\*Klepper, S. and K. L. Simons (2000). "Dominance by birthright: Entry of prior radio producers and competitive ramifications in the U.S. television receiver industry." Strategic Management Journal **21**(10/11): 997-1016.

\*Agarwal R, Gort M. 1996. The Evolution of Markets and Entry, Exit and Survival of Firms. *The Review of Economics and Statistics* **78**(3): 489-498

\*Sternan, J. D., R. Henderson, et al. (2007). "Getting Big Too Fast: Strategic Dynamics with Increasing Returns and Bounded Rationality." Management Science **53**(4): 683-696.

\*Siggelkow, N. (2001). "Change in the presence of fit: The rise, the fall, and the renaissance of Liz Claiborne." Academy of Management Journal **44**(4): 838.

\*Teece, D.J., G. Pisano, A. Shuen. 1997. Dynamic capabilities and strategic management. *Strategic Management J.* **18**(7) 509-533.

Lieberman, M.B., D.B. Montgomery. 1988. First-mover advantages. *Strategic Management J.* **9** 41-58.

Klepper, S. 1996. Entry, exit, growth, and innovation over the product life cycle. *Amer. Econom. Rev.* **86**(3) 562-583.

Mitchell W. 1989. Whether or when? Probability and timing of incumbents' entry. *Administrative Science Quarterly* **34**(2): 208-230.

Winter SG. 2003. Understanding dynamic capabilities. *Strategic Management Journal* **24**(10): 991-995.

Eisenhardt KM, Martin JA. 2000. Dynamic capabilities: What are they? *Strategic Management Journal* **21**(10/11): 1105-1121.

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## **Class 7: Technological Change (11/2)**

\*Dosi G. 1982. Technological paradigms and technological trajectories: A suggested interpretation of the determinants and directions of technical change. *Research Policy* **11**(3): 147-162.

\*Tushman ML, Anderson P. 1986. Technological discontinuities and organizational environments. *Administrative Science Quarterly* **31**(3): 439-465.

\*Stuart TE, Podolny JM. 1996. Local search and the evolution of technological capabilities. *Strategic Management Journal* **17**: 5-19.

\*Christensen CM, Bower JL. 1996. Customer power, strategic investment, and the failure of leading firms. *Strategic Management Journal* **17**(3): 197-218.

\*King AA, Tucci CL. 2002. Incumbent entry into new market niches: The role of experience and managerial choice in the creation of dynamic capabilities. *Management Science* **48**(2): 171-186.

Suárez FF, Utterback JM. 1995. Dominant designs and the survival of firms. *Strategic Management Journal* **16**(6): 415-430.

Gatignon H, Tushman ML, Smith W, Anderson P. 2002. A structural approach to assessing innovation: Construct development of innovation locus, type, and characteristics. *Management Science* **48**(9): 1103-1122.

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

Henderson RM, Clark KB. 1990. Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly* **35**(1): 9-30.

Adner R, Zemsky P. 2005. Disruptive Technologies and the Emergence of Competition. *The Rand Journal of Economics* **36**(2): 229-254.

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## **Class 8: Strategy as People and Processes (11/9)**

\*Finkelstein S, Hambrick DC. 1990. Top-management-team tenure and organizational outcomes: The moderating role of managerial discretion. *Administrative Science Quarterly* **35**(3): 484-503

- \*Eisenhardt KM, Schoonhoven K. 1990. Organizational growth: Linking founding team, strategy, environment, and growth among U.S. semiconductor ventures, 1978-1988. *Administrative Science Quarterly* **40**: 84-110.
- \*Tripsas M, Gavetti G. 2000. Capabilities, cognition, and inertia: Evidence from digital imaging. *Strategic Management Journal* **21**(10/11): 1147-1161.
- \*Burgelman RA. 1994. Fading memories: A process theory of strategic business exit in dynamic environments. *Administrative Science Quarterly* **39**(1): 24-56
- \*Noda T, Collis DJ. 2001. The Evolution of Intraindustry Firm Heterogeneity: Insights from a Process Study. *Academy of Management Journal* **44**(4): 897-925.
- Eggers JP, Kaplan S. 2009. Cognition and renewal: Comparing CEO and organizational effects on incumbent adaptation to technical change. *Organization Science* **20**(2): 461-477.
- Benner MJ. forthcoming. Securities analysts and incumbent response to radical technological change: Evidence from digital photography and internet telephony. *Organization Science*
- Zajac EJ, Bazerman MH. 1991. Blind Spots in Industry and Competitor Analysis: Implications of Interfirm (Mis)Perceptions for Strategic Decisions. *The Academy of Management Review* **16**(1): 37-56
- Daft RL, Weick KE. 1984. Toward a model of organizations as interpretation systems. *Academy of Management Review* **9**(2): 284-295.
- Mintzberg H, Waters JA. 1985. Of Strategies, Deliberate and Emergent. *Strategic Management Journal* **6**(3): 257-272

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### **Class 9: Strategy and Theories of the Firm (11/16)**

- \*Alchian, Armen A., and Harold Demsetz, 1972, Production, information costs, and economic organization, *American Economic Review* 62, 777–795.
- \*Williamson, Oliver E., 1999, Strategy research: Governance and competence perspectives, *Strategic Management Journal* 20, 1087–1108.
- \*Lippman, Steven A., and Richard P. Rumelt, 2003, The payments perspective: Microfoundations of resource analysis, *Strategic Management Journal* 24, 903–927.
- \*Bernardo, Antonio E., and Bhagwan Chowdhry, 2002, Resources, real options, and corporate strategy, *Journal of Financial Economics* 63, 211–234.



Makowski, Louis, and Joseph M. Ostroy, 2001, Perfect competition and the creativity of the market, *Journal of Economic Literature* 39, 479–535.

Garicano, L., and T.N. Hubbard, 2008, Specialization, firms, and markets: The division of labor within and between law firms, *Journal of Law, Economics, and Organization* forthcoming.

Kogut, Bruce, and Udo Zander, 1992, Knowledge of the firm, combinative capabilities, and the replication of technology, *Organization Science* 3, 383–397.

Leiblein, M.J., J.J. Reuer, and F. Dalsace, 2002, Do make or buy decisions matter? The influence of organizational governance on technological performance, *Strategic Management Journal* 23, 817–833.

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### **Class 10: Corporate-level strategy: Diversification, M&As (11/23)**

\*Montgomery, Cynthia A., 1994, Corporate diversification, *Journal of Economic Perspectives* 8, 163–178.

\*Villalonga, Belen, 2004, Diversification discount or premium? New evidence from the Business Information Tracking Series, *Journal of Finance* 59, 479–506.

\*Harford, J., 2005, What drives merger waves?, *Journal of Financial Economics* 77, 529–560.

\*Garmaise, Mark J., and Tobias J. Moskowitz, 2006, Bank mergers and crime: The real and social effects of bank competition, *Journal of Finance* 61, 496–538.

Bettis, R.A., and CK Prahalad, 1995, The dominant logic: Retrospective and extension, *Strategic Management Journal* 16, 5–14.

Hoskisson, Robert E., 1987, Multidivisional structure and performance: The contingency of diversification strategy, *Academy of Management Journal* 30, 625–44.

Maksimovic, Vojislav, and Gordon Phillips, forthcoming, The industry life cycle and acquisitions and investment: Does firm organization matter?, *Journal of Finance*.

Wulf, Julie, 2004, Do CEOs in Mergers Trade Power for Premium? Evidence from Mergers of Equals, *Journal of Law, Economics, and Organization* 20, 60–101.

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**Class 11: Corporate-level strategy: Vertical integration (11/30)**

\*Lafontaine, Francine, and Margaret Slade, 2007, Vertical integration and firm boundaries: The evidence, *Journal of Economic Literature* 45, 629–685.

\*Kalnins, A., and K.J. Mayer, 2004, Franchising, Ownership, and Experience: A Study of Pizza Restaurant Survival, *Management Science* 50, 1716–1728.

\*Hortacsu, Ali, and Chad Syverson, 2007, Cementing relationships: Vertical integration, foreclosure, productivity, and prices, *Journal of Political Economy* 115, 250–301.

\*Novak, Sharon, and Scott Stern, 2007, Complementarity among vertical integration decisions: Evidence from automobile product development, *Management Science* forthcoming.

Acemoglu, D., P. Aghion, R. Grieth, and F. Zilibotti, 2004, Vertical integration and technology: theory and evidence (National Bureau of Economic Research Cambridge, Mass., USA).

Corts, Kenneth, and Jasjit Singh, 2004, The effect of relationships on contract choice: Evidence from offshore drilling, *Journal of Law, Economics, and Organization* 20, 230–260.

Nickerson, J.A., and B.S. Silverman, 2003, Why firms want to organize efficiently and what keeps them from doing so: Inappropriate governance, performance, and adaptation in a deregulated industry, *Administrative Science Quarterly* 48, 433–465.

Lederman, Mara, and Silke J. Forbes, 2008, Does vertical integration affect firm performance? Evidence from the airline industry, *Working Paper*.

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**Class 12: Designing and Managing the Multibusiness Firm (12/7)**

\*Lamont, Owen, 1997, Cash flow and investment: Evidence from internal capital markets, *Journal of Finance* 52, 83–109.

\*Klepper, Steven, and Sally Sleeper, 2005, Entry by spinoffs, *Management Science* 51, 1291–1306.

\*Alcacer, J., and W. Chung, 2007, Location Strategies and Knowledge Spillovers, *Management Science* 53, 760.

\*Rajan, Raghuram G., and Julie Wulf, forthcoming, The flattening firm: evidence from panel data on the changing nature of corporate hierarchies, *Review of Economics and Statistics*.

Liebeskind, Julia P., 2000, Internal capital markets: Benefits, costs, and organizational arrangements, *Organization Science* 11, 58–76.

Ghemawat, Pankaj, and Tarun Khanna, 1998, The nature of diversified business groups: a research design and two case studies, *Journal of Industrial Economics* 46, 35–61.

Dessein, Wouter, Luis Garicano, and Robert Gertner, 2008, Organizing for synergies, Working paper.

Bloom, N., R. Sadun, and J. Van Reenen, 2007, Americans do IT better: US multinationals and the productivity miracle, NBER working paper.

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**Class 13: Student work-in-progress presentations (12/14)**