

School of Business
The University of Wisconsin-Madison
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MHR 870, Spring 2001
Interdisciplinary Studies in Strategic Management
Thursdays 4:30 pm - 7:15 pm, 2169 Grainger Hall

COURSE DESCRIPTION

This doctoral seminar has two objectives: (1) survey the major theoretical perspectives and issues studied in strategic management (or strategy) research, and (2) provide an interdisciplinary perspective on contemporary issues in strategic management. Broadly speaking, research in strategy focuses (primarily) on the economic conduct and performance of firms. An *illustrative* list of the issues addressed in strategy research includes identifying the profit potential of industries, exploring relationships between firm scale, scope and performance, and understanding the managerial and organizational determinants of firm, and business-level outcomes.

The course draws upon theoretical perspectives from economics, sociology, psychology, finance, and organization theory to supplement more traditional strategy approaches towards understanding firm performance and related issues. Many of the issues examined, for instance vertical integration, firm diversification, industry structure, organizational and inter-organizational networks, are also common themes in other disciplines such as industrial organization economics, accounting, finance, marketing, and organizational and economic sociology. Accordingly, this course may be useful to students with research interests in these areas.

While sessions may differ somewhat in their execution, each session will generally follow the organization of an empirical journal article -- theory, methods, results, and discussion. You will start the session by noting the theoretical questions that are raised and the theories that are brought to bear on them. Next, the methods of testing and the findings from the studies will be summarized such that you will be able to state "what you have learned from this body of research." Finally, we will conclude 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.

An important part of this course will be your socialization into the journal review process. Strategic management is consumately concerned with performance, and "publish or perish" is a very relevant performance criteria for aspiring academics. Therefore, about two-thirds of the way through the semester, your research paper for this class will be submitted to the Journal of Interdisciplinary Strategic Management Research for double-blind peer review. You will also serve as a reviewer for this same hallowed journal.

Course Requirements:

Class Preparation and Participation (40% of grade) - Each participant is required to come prepared to class. Since class discussion is an integral part of the course, absences and lack of preparedness are unacceptable. Preparation will always involve reading the weekly assignments. In addition, each article will be assigned to a discussion leader, who will prepare a short (preferably a single page) written synopsis / critique of the article that they will e-mail to all class members by the day prior to our class meeting. While I will provide some lecture materials each class, much of the course will involve engaging in discussions about seminar topics. The assigned readings for the last sessions will be determined and presented by the students. The readings packet for the course is available from the Management Department Office.

Individual Term Paper (50% of grade) - Participants will also need to write a research paper that relates a topic(s) covered in class to their own research interests. The final product should include an extensive literature review of your research topic, and should suggest directions for future research. The term paper should define a research question, review and critique the extant literature, develop a few testable hypotheses, and propose a method for testing the proposed hypotheses. Each paper should be written in the form of a journal article (like SMJ or AMR), and will undergo a “journal review process.” Papers spanning strategy and other disciplines such as accounting, finance, marketing, organization theory, economics, or other disciplines are also acceptable -- subject to a prior approval of the subject matter by the instructor. Participants will also be required to present their research paper to others in the class. The presentation will be about 15-20 minutes in length. Your final grade will reflect your presentation, revised paper (in response to reviewers), and your written responses to the reviewers of the Journal of Interdisciplinary Strategic Management Research.

Review (10% of grade): As a member of the review board for the Journal of Interdisciplinary Strategic Management Research, you are responsible for providing a quality review of a journal article submitted to the blind review process. Keep your review to two, single-spaced pages.

COURSE CALENDAR

SESSION	DUE	CONTENT
1 - 1/25		Opening comments
2 - 2/1		Introduction to strategic management
3 - 2/8		Classical industrial organization (I/O) perspective
4 - 2/15		Strategic groups
5 - 2/22		Cognition and Strategy
6 - 3/1		Strategic process
7 - 3/8		The resource-based view (RBV) of the firm
Spring Break		
8 - 3/22		Structural sociology & network perspectives
9 - 3/29		Top executives
10 - 4/5		Governance
11 - 4/12	Submission*	Professor Sanjay Jain - Technological Evolution
12 - 4/19	Review	Professor Charlie Trevor - Strategic HR
13 - 4/26		Professor Ted Baker - Entrepreneurship
14 - 5/3		Professor Anne Miner - Org Learning
15 - 5/10	Final Paper*	Student Paper Presentations

***Incompletes will not be accepted.**

READING LIST

Session 2 Introduction and Overview

Zajac, Edward J. 1992. Relating Economic and Behavioral Perspectives in Strategy Research. In Paul Shirvastava, Anne Huff & Jane Dutton (Eds.), Advances in Strategic Management, vol. 8: 69-96. Greenwich, CT: JAI Press.

Ghemawat, Pankaj. 1997. Competition and business strategy in historical perspective. Harvard Business School. Case 9-798-010.

Montgomery, Cynthia A., Wernerfelt, Birger, & Balakrishnan, Srinivasan. 1989. Strategy Content and the Research Process: A Critique and Commentary. Strategic Management Journal. 10(2): 189-197.

Montgomery, Cynthia A., Wernerfelt, Birger, & Balakrishnan, Srinivasan. 1991. Strategy and the Research Process: A Reply. Strategic Management Journal. 12(1): 83-86.

Rumelt, Richard P., Schendel, Dan, & Teece, David J. 1991. Strategic Management and Economics. Strategic Management Journal. 12 (Winter Special Issue): 5-29.

Session 3 Classical Industrial Organization

Scherer, F. M. & Ross, David. 1990. Industrial Market Structure and Economic Performance (3rd Ed.), Ch. 1. Boston: Houghton Mifflin Co.

Stigler, George J. 1964. A Theory of Oligopoly. Journal of Political Economy. 72(1): 44-61.

Demsetz, Harold. 1973. Industry Structure, Market Rivalry, and Public Policy. Journal of Law and Economics. 16(1): 1-9.

Wernerfelt, Birger & Montgomery, Cynthia A. 1986. What is an Attractive Industry? Management Science. 32(10): 1223-1230.

Rumelt, Richard P. 1991. How Much Does Industry Matter? Strategic Management Journal. 12: 167-185.

Session 4 Strategic Groups / New Industrial Organization

Scherer, F. M. & Ross, David. 1990. Industrial Market Structure and Economic Performance (3rd Ed.), Ch. 11. Boston: Houghton Mifflin Co.

McGee, John & Thomas, Howard. 1986. Strategic Groups: Theory, Research and Taxonomy. Strategic Management Journal. 7(2): 141-160.

Porter, Michael. 1979. The Structure Within Industries and Companies' Performance. The Review of Economics and Statistics. 61(2): 214-227.

Cool, Karel O. & Schendel, Dan. 1987. Strategic Group Formation and Performance: The Case of the U.S. Pharmaceutical Industry, 1963-1982. Management Science. 33(9): 1102-1124.

Caves, Richard E. & Ghemawat, Pankaj. 1992. Identifying Mobility Barriers. Strategic Management Journal. 13(1): 1-12.

Session 5 Cognition and Strategy

Weick, Karl. 1995. Sensemaking in organizations. Sage Publications.

Porac, Joseph, Howard Thomas, Fiona Wilson, Douglas Paton & Alaina Kanfer. 1995. Rivalry and the Industry Model of Scottish Knitwear Producers. Administrative Science Quarterly. 40(2): 203-227.

Walsh, James P. 1995. Managerial and organizational cognition: Notes from a trip down memory lane. Organization Science. 6(3): 280-321.

Carpenter, Mason A. & James D. Westphal. Forthcoming. The Strategic Context of Social Network Ties: Examining the impact of director appointments on board involvement in strategic decision making. Academy of Management Journal.

Session 6 Strategic Process

Overview:

Huff, Anne S. & Reger, Rhonda Kay. 1987. A Review of Strategic Process Research. Journal of Management. 13(2): 211-236.

Van de Ven, Andrew H. 1992. Suggestions for Studying Strategy Process: A Research Note. Strategic Management Journal. 13(Special Issue): 169-188.

Strategic Decision Processes:

Frederickson, J. W. & Mitchell, T. R. 1984. Strategic Decision Processes: Comprehensiveness and Performance in an Industry with an Unstable Environment. Academy of Management Journal. 27: 399-423.

Bourgeois, L. J., III. & Eisenhardt, Kathleen M. 1988. Strategic Decision Processes in High Velocity Environments: Four Cases in the Microcomputer Industry. Management Science. 34(7): 816-835.

Fredrickson, J. & Iaquinto, A. 1989. Inertia and Creeping Rationality in Strategic Decision Processes. Academy of Management Journal, 32:516-542

Session 7 The Resource-Based View of the Firm

Penrose, Edith T. 1980. The Theory of the Growth of the Firm, Ch. 1, 2 & 5. White Plains, NY: M. E. Sharpe, Inc. (originally published in 1959)

Wernerfelt, Birger. 1984. A Resource-Based View of the Firm. Strategic Management Journal. 5: 171-180.

Dierickx, I. & Cool, K. 1989a. Asset Stock Accumulation and Sustainability of Competitive Advantage. Management Science. 35(12): 1504-1511.

Barney, Jay B. 1989. Asset Stocks and Sustained Competitive Advantage: A Comment. Management Science. 35(12): 1511-1513 (with Dierickx & Cool, 1989a).

Dierickx, I. & Cool, K. 1989b. Asset Stock Accumulation and Sustainability of Competitive Advantage: Reply. Management Science. 35(12): 1514 (with Dierickx & Cool, 1989a).

Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. Journal of Management. 17: 99-120.

Priem, Richard L. & Butler, John E. 2001. Is the Resource-Based "View" A Useful Perspective for Strategic Management Research? Academy of Management Review. 26(1): 22-40.

Barney, Jay B. 2001. Is the Resource-Based "View" A Useful Perspective for Strategic Management Research? Yes. Academy of Management Review. 26(1): 41-56.

Session 8 Structural Sociology & Network Perspectives

Wellman, Barry. 1983. Network Analysis: Some Basic Principles. In Randall Collins (Ed.), Sociological Theory: 155-200. San Francisco: Jossey-Bass Publishers.

Granovetter, Mark S. 1985. Economic action and social structure: The problem of embeddedness. American Journal of Sociology. 91: 481-510.

Burt, R. S. 1992. The Social Structure of Competition. Chapter 2 in Networks and Organizations. Eds N.Nohria and R. Eccles.

Uzzi, Brian. 1997. Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness. Administrative Science Quarterly. 42(1): 35-67.

Mizruchi, M. 1996. What do Interlocks do? An analysis, critique, and assessment of research on interlocking directorates. Annual Review of Sociology. 22: 271-298.

Davis, Gerald F. 1991. Agents Without Principles? The Spread of the Poison Pill Through the Intercorporate Network. Administrative Science Quarterly. 36(4): 583-613.

Session 9 Top Executives

Hambrick, D. C. & Mason, P. A. 1984. Upper Echelons: The Organization as a Reflection of its Top Managers. Academy of Management Review. 9(2): 193-206.

Finkelstein, S. & D. Hambrick. Strategic Leadership: Top Executives and Their Effects on Organizations. NY: West. Chapters 1-6, and 9-10

Hambrick, D. C., Cho, T. S. & Chen. M. 1996. The Influence of Top Management Team Heterogeneity on Firms' Competitive Moves. Administrative Science Quarterly. 41(4): 659-684.

Westphal, James D. & Fredrickson, James W. 2001. Who Directs Change? Director Experience, The Selection of New CEOs, and Change in Corporate Strategy. Strategic Management Journal. Forthcoming.

Session 10 Corporate Governance

Salancik, G.R. & Meindl, J.R. 1984. Corporate attributions as strategic illusions of management control. Administrative Science Quarterly. 29: 238-254

Zajac, E.J. & Westphal, J.D. 1995. Accounting for the Explanations of CEO Compensation: Substance & Symbolism. Administrative Science Quarterly. 40: 283-308.

Westphal, J.D. & Zajac, E.J. 1998. The Symbolic Management of Stockholders: Corporate Governance Reforms and Shareholder Reactions. Administrative Science Quarterly. 43: 127-153.

Wade, J.B., Porac, J.F. & Pollock, T.G. 1997. Worth, words and the justification of executive pay. Journal of Organizational Behavior. 18: 641-664.

Porac, J.F., Wade, J.B. & Pollock, T.G. 1999. Industry categories and the politics of the comparable firm in CEO compensation. Administrative Science Quarterly. 44: 112-144.

Tosi, H.L., Werner, S., Katz, J.P. & Gomez-Mejia, L.R. 2000. How much does performance matter? A meta-analysis of CEO pay studies. Journal of Management. 26: 301-339.

Session 11 Technology and Innovation

Teece, D.J. 1992. Competition, cooperation and innovation: Organizational arrangements for regimes of rapid technological progress. Journal of Economic Behavior and Organization. 18: 1-25.

Cohen, W.M. & Levinthal, D.A. 1990. Absorptive capacity: A new perspective on learning and innovation. Administrative Science Quarterly. 35: 128-152.

Henderson, R.M. & Clark, K.B. 1990. Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. Administrative Science Quarterly. 35: 9-30.

Tushman, M.L. & Rosenkopf, L. 1992. Organizational determinants of technological change: Toward a sociology of technological evolution. Research in Organizational Behavior. 14: 311-347.

Garud, R., Jain, S. & Kumaraswamy, A. 2001 Institutional entrepreneurship in the sponsorship of common technological standards: The case of Sun Microsystems and java. Academy of Management Journal. Forthcoming.

Session 12 Strategic Human Resources

Lepak, D.P. & Snell, S.A. 1999. The human resource architecture: Toward a theory of human capital allocation and development. Academy of Management Review. 24: 31-48.

Gerhart, B., Wright, P.M. & McMahan, G.C. 2000. Measurement error in research on the human resources and firm performance relationship: Further evidence and analysis. Personnel Psychology. 53: 855-871.

Becker, B. & Gerhart, B. 1996. The impact of human resource management on organizational performance: Progress and prospects. Academy of Management Journal. 39: 779-801.

Delery, J.E. & Doty, D.H. 1996. Modes of theorizing in strategic human resource management: Tests of universalistic, contingency, and configurational performance predictions. Academy of Management Journal. 39: 802-835.

MacDuffie, J.P. 1995. Human resource bundles and manufacturing performance: Organizational logic and flexible production systems in the world auto industry. Industrial and Labor Relations Review. 48: 197-221.

Huselid, M.A. 1995. The impact of human resource management practices on turnover, productivity, and corporate financial performance. Academy of Management Journal. 38:635-672.

Session 13 Strategy and Entrepreneurship

Eisenhardt, K.M. & Schoonhoven, C.B. 1990. Organizational growth: Linking founding team, strategy, environment and growth among U.S. semiconductor ventures, 1978-1988. Administrative Science Quarterly. 35: 504-529.

Vanderwerf, P.A. & Mahon, J.F. 1997. Meta-Analysis of the impact of research methods on findings of first-mover advantage. Management Science. 43: 1510-1519.

Romanelli, E. 1989. Environments and strategies of organization start-up: Effects on early survival. Administrative Science Quarterly. 34: 369-387.

McGrath, R.G. 1999. Falling forward: Real options reasoning and entrepreneurial failure. Academy of Management Review. 24: 13-30.

Aldrich, H.E. & Fiol, C.M. 1994. Fools rush in? The institutional context of industry creation. Academy of Management Review. 19: 645-670.

Jacobson, R. 1992. The "Austrian" school of strategy. Academy of Management Review. 17: 782-807.

Session 14: Strategy and Learning

Teece, D.J., Pisano, G. & Shuen, A. 1997. Dynamic capabilities and strategic management. Strategic Management Journal. 18: 509-533.

Levinthal, D.A. & March, J.G. 1993. The myopia of learning. Strategic Management Journal. 14: 95-112.

Argote, L. 1999. Knowledge transfer in organizations. Chapter 5 in Organizational Learning: Creating, Retaining and Transferring Knowledge. Kluwer.

Eisenhardt, K.M. & Tabrizi, B.N. 1995. Accelerating adaptive processes: Product innovation in the global computer industry. Administrative Science Quarterly. 40: 84-110.

Miner, A.S. & Anderson, P. 1999. Industry and population level learning: Organizational, interorganizational, and collective learning processes. Advances in Strategic Management. 16: 1-30.

McKendrick, D.G. 2001. Global strategy and population-level learning: The case of hard disk drives. Strategic Management Journal. 22: 307-334.

Optional:

March, J.G. & Sutton, R.I. 1999. Organizational Performance as a dependent variable. In J.G. March (ed), The Pursuit of Organizational Intelligence. Blackwell. 338-353.