Seminar in Corporate Strategy
CSIB899
Fall B 2002

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Meeting Time: TBD
Classroom: TBA

Overview and Objectives

This is a doctoral level seminar on major issues in corporate strategy. The basic purpose of the course is to familiarize students with the basic assumptions, concepts, theories, empirical approaches and their limitations in contemporary research. Because strategy is an evolving subject area and undergoing continual change, the boundaries of the field are fuzzy, subjective and open to interpretation and reinterpretation. The idea of the course is to provide an exposure to the major ‘lenses’ underpinning the field. However, further exploration on the part of students, particularly in their focal area of interest is necessary. In this sense, the course is an important building block for the major milestones that lie ahead in the Ph.D. program: comprehensive exams and dissertation.

The emphasis in this course will be on empirical testing as well as theory building. We will examine some of the fundamental tests of theories. We will also try to push the boundaries of the familiar and new theoretical perspectives. In each case, we will attempt to derive testable predictions for core corporate strategy issues. Finally, we will integrate the various perspectives and attempt to inform the current debates in the field.

Relationship to Other Courses

CS 899 is a part of a package of seminars offered in Corporate Strategy and other related disciplines. The emphasis here is on theoretical and empirical research: how to do it, what constitutes good research etc.

This course bears special relationship to the previous CS seminars as well as seminars in OB and IB. There is, of course, a great deal of overlap in the content domains of these courses and this seminar. Recognizing this reality, I have attempted to follow the dictates of Lawrence and Lorsch (1967) and integrate it with these courses, while differentiating it from them. Some
topics like resource-based view, evolutionary theory and transactions costs economics will not be repeated here, though discussion on empirical issues in corporate strategy will utilize this previous exposure. We will explore new issues to complement the content of previous seminars.

**Approach**

The format of the course will be that of a research seminar meaning active, engaged reading of the week’s materials followed by an intensive group discussion. The reading load is reasonable, but the expectation is that each student will come prepared to discuss each article.

The readings will be distributed to the class about a week prior to the class. One student will be in charge of each session. This student will lead the class discussion as well as write a small (5 page) paper summarizing the state of the literature in that field.

All students are expected to prepare for each class however.

**Course Requirements/ Evaluation**

The course requirements reflect the primary ‘outcome objectives’ of this course, namely familiarization with good empirical research, ability to discriminate between good and bad research, and ability to design and conduct superior empirical research (and more immediately, passing the comprehensive exam and writing a dissertation). To that end, grading will be based on two broad components:

1. *Term Paper (two-thirds):* You will complete a term-paper for this course, and submit it by the given deadline. Each student is encouraged to discuss the proposal for this paper with the instructor, and time permitting, with the class. This paper should contain testable propositions and a well thought-out research design. There will be no incompletes given in this course. The instructor will try to provide access to data for testing hypotheses.

2. *Class Contribution / Presentations (one-third):* The presentations and discussions should deal with the following: question or topic, received theory and literature, methods of research, data sources, tests and treatments, alternative approaches, findings and conclusions, presentation style, problems and flaws, implications for theory and meaning to managers.

An active and well-informed discussion is critical to the success of such a course. Consequently, each student will be graded on the frequency and quality of their contribution to such discussions. Each student is responsible to read all the required readings for each session. The emphasis is on the depth of understanding that is embodied in the comments, questions and answers rather than only frequency.
Students **auditing** the course should read the articles, participate actively and lead discussions, but are exempt from the term-paper requirement.

**Understanding Empirical Research**

The following guidelines are provided to help with preparation for discussions and presentations.

1. Briefly summarize the question the author is trying to answer. Is this question interesting and important? Why or why not? In evaluating the importance of the question, you should consider whether the author’s review of the literature suggests a logical need for this research. Some issues you might want to think about are: Is this research the first empirical test of an important theoretical prediction? Does this research extend existing theory? Does this research test competing theoretical predictions? Does this research remedy important flaws in past empirical research? A good empirical piece does not need to do all of these, but it should be more than just a minor extension of an overly complex model.

2. Briefly describe the model the author uses to answer the research question. What are the key concepts in the model and what are the relationships between those concepts? Try to be as specific as possible in describing the model (e.g., do not say “this paper tests a transactions costs theory of the employment relationship,” rather say that “this paper examines the idea that the firm specificity of employees’ skills affects the mechanisms a firm uses to govern the employment relationship”). Your summary of the model should be brief; it should indicate that you understand the author’s model without describing it in detail. If you are able, you may wish to comment on how well the model fits with existing literature in the area. How well does the model represent what we already know about the author’s research question?

3. Discuss the appropriateness of the author’s methodology. Does the methodology appear to be able to answer the author’s research question? Some issues to consider are: Is the sample appropriate (e.g., if the author wants to study factors that affect the death of firms, does the sample include both firms that died and comparable firms that did not die?) Are the measures reasonable representations of the constructs in the author’s model (e.g., in the study just described, how does the author measure organizational death? Is this measure consistent with the author’s theoretical description of the construct?)

4. Include some evaluation of the appropriateness of the statistical tests. Are the tests reasonable, given the author’s research question? Does the author explore alternative explanations for the results and test them where possible? How well does the author explain anomalous or unexpected results? Are the author’s explanations for these results tested, where possible? Be careful not to get bogged down in detail. Do not criticize the statistical tests unless you can offer some reasonable explanation for why the test is inappropriate or
for why an alternative test would be more appropriate. For example, do not say “the author should have used a regression analysis instead of comparing means across organizations” unless you can explain why a simple comparison of means is not appropriate and how a regression analysis would have improved the author’s results.

5. Evaluate the author’s conclusions. Do the conclusions address the author’s research question? Are the conclusions consistent with the results? Are there any untested alternative explanations for the author’s results? If these alternative explanations cannot be tested in this research, does the author suggest ways in which these explanations might be tested in future research? Does the author discuss the limitations of the research and describe ways of remedying those limitations in future research?

6. Provide suggestions for improvement (this can be done in conjunction with each of the items listed above or as a separate section of the critique). For each major criticism of the work, suggest ways in which the work could be improved. For example, if you feel that the research question is not important, suggest a related, but more important, research question. If you believe that the sample is flawed, suggest a more appropriate, but still reasonable sample. You should refrain from making suggestions that are correct theoretically but infeasible practically. For example, you could criticize most research by saying “the author should have selected a random sample of organizations.” While this is true in theory, it is typically impossible in practice and thus is not a very useful criticism. Your suggestions for improvement should focus on practical, reasonable steps that the author could take to improve the research. If you are one of the fortunate few who reviews a study that, like Mary Poppins, is “practically perfect in every way,” you should have several ideas for expanding the research. Sketch out these ideas and indicate which you think would be most valuable to pursue.

7. In addition, the presentation should also include an integrative framework for the session that helps in linking all the articles. Depending on the class, this may include dividing the articles between theoretical and empirical, or ordering them chronologically etc.
CLASS SCHEDULE

1. Inter-firm Transfers of Capabilities


Zhao, Jane, Jay Anand and Will Mitchell, Transferring Collective Knowledge: Teaching and Learning in the Chinese Auto Industry, University of Michigan working paper.

Tushman, Michael and Thomas Scanlan, Characteristics and External Orientations of Boundary Spanning Individuals Academy of Management Journal; Mar 1981;


Appleyard, Melissa and Gretchen A. Kalsow; Knowledge diffusion in the semiconductor industry, Journal of Knowledge Management; 1999;

Pamela D Morrison; John H Roberts; Eric von Hippel; Determinants of user innovation and innovation sharing in a local market, Management Science; Dec 2000;

2. Intra-firm Transfers of Capabilities

Argote, Linda, Organizational Learning, (chapter 5), Knowledge Transfer in Organizations.


Ghoshal, Sumantra; Korine, Harry; Szulanski, Gabriel; Interunit communication in multinational corporations, Management Science; Jan 1994;

Cool, Karel O; Diericks, Ingemar; Szulanski, Gabriel; Szulanski, Gabriel; Szulanski, Gabriel, Diffusion of innovations within organizations: Electronic switching in the Bell System, 1971-1982, Organization Science; Sep/Oct 1997;

Szulanski, Gabriel; Exploring internal stickness: Impediments to the transfer of best practice within the firm, Strategic Management Journal; Winter 1996;

Crossan, Mary, Henry W Lane; Roderick E White, An organizational learning framework: From intuition to institution, The Academy of Management Review; Jul 1999;
3. Diversification Strategies


4. Vertical Integration

Masten, Scott, Transaction costs, mistakes, and performance: Assessing the importance of governance; Managerial And Decision Economics, Mar/Apr 1993; Vol. 14, Iss. 2; pg. 119

Besanko, David, David Dranove and Mark Shanley, 1996, Organizing vertical boundaries: The economics of vertical integration, Chapter 4, in The Economics of Strategy, Wiley.


Armour, Henry Ogden; Teece, David J Organizational structure and economic performance: a test of the multidivisional hypothesis, Bell Journal of Economics; New York; Spring 1978.; 9(1)


5. Acquisitions

Barney, Jay, 1988, Returns to Bidding Firms in mergers and acquisitions: Reconsidering the relatedness hypothesis, Strategic Management Journal.


Hitt, Ireland and Harrison, M&A: A Value Creating or Destroying Strategy?, in Blackwell Handbook of Strategic Management, Hitt, Freeman and Harrison (eds.).

6. Alliances


