

University of Florida  
Fall 2016 Module II  
MAN7779: Strat Proc/Struc Org

**PhD Research Seminar in  
Strategy, Innovation, and Entrepreneurship**

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General Course Description

This Ph.D. course is required of first-year and second-year doctoral students in the management department. The course focuses on theoretically driven contemporary research, especially that appearing in leading academic journals. The course will cover the major theoretical perspectives and their current applications in cutting-edge research.

The strategy field encompasses a diverse set of research perspectives and topic areas. This diversity is a strength of the field, but it also poses a challenge to scholars in strategy: It is often unclear how various literatures relate and why certain papers are considered exemplars of high-quality strategy research.

Through this course, I promote research that has both **rigor** (methodological soundness) and **relevance** (applicability to managerial practice). Promoting research that has both rigor and relevance is my objective of training Ph.D. students at the University of Florida. In developing next-generation scholars for management research, my specific goals are to help our Ph.D. students recognize and appreciate the following:

- ❖ Rigorous and relevant research builds upon prior, **substantive contributions** in the field.
- ❖ The research must utilize **theory that is unambiguous and rigorously derived** in order to produce measurable and refutable claims. Theory building is a cumulative enterprise and as such can only happen if researchers are explicit about both the theories and their impacts on managerial practice.
- ❖ Empirical contributions may report empirical regularities or aim to test theory. In both cases, rigorous and relevant research is **transparent in data presentation and analysis**. In the case of theory-testing, rigorous and relevant research uses data that conform closely to the theory to be tested as well as **empirical designs and methods that generate valid inferences**.

## Course Design

The course objective is threefold:

1. Read and critically analyze exemplary research;
2. Examine diverse research models and types of data that have been used;
3. Identify and evaluate possible directions for future research.

For each theory and topic, we will read and discuss articles that represent contemporary cutting-edge research. The purpose of this design is to actively engage the students' mind to think deeply about what original, novel, and ground-breaking papers can be written for each theory and topic.

I expect all seminar participants to read EVERY assigned article (four per session) and to consider what innovation can be added to the stream of literature before coming to class. The background reading is recommended, but not required. The seminar participants are therefore expected to search for and read background articles to the extent they deem necessary to their understanding.

## Class Meeting Format

The seminar is discussion-based and all seminar participants are expected to engage regularly in the discussions. The discussions will focus on the specific papers assigned as well as the general issues they raise. To facilitate the discussion, each assigned paper will have TWO discussants. The discussants (either self-nominated or appointed by the course instructor) will lead off the discussions and give their reviews on the paper. The reviews are supposed to be positive and critical. The discussants are required to provide a short written summary and an outline of their review before class. This document, between 1 to 3 pages in length, should be distributed to all seminar participants before the beginning of the class meeting time.

A good way to prepare for class is to answer the following questions about each reading:

- What is the contribution here? How important is it?
- What are the basic assumptions behind the analysis?
- What are the major problems and deficiencies?
- How could this analysis be improved? (Be specific and practical. Do not make suggestions that you could not realistically envision yourself conducting); and
- Identify at least one way that the analysis is cleverer than the author(s) know. This could take the form of deriving a new argument or developing new ideas about other dependent variables.
- NOTE: For seminar participants whose primary research interest is in micro organizational behavior, you may use micro-level processes and variables (such as personality as an independent variable, or emotion as a dependent variable) to identify new ways of analysis.
- NOTE: For seminar participants who need more background preparation on the foundational literatures, please refer to the references cited in the reading list.

In evaluating theory development, seminar participants are urged to ask the following questions:

- Are the theoretical claims unambiguous?
- Can the conclusions be derived rigorously from explicit premises?

- Do the premises sufficiently capture the core drivers of the phenomena under study?
- Have the theories produced propositions with measurable implications that can be refuted empirically?
- Do the theories merge ideas from multiple disciplines in ways that produce something greater than the simple sum of the discipline-based ideas?

In evaluating the design and execution of empirical studies, seminar participants are urged to ask the following questions:

- Are data presented and analyzed as transparently as possible?
- Does the research employ reliable data that conform closely to theoretical constructs? In particular, do the level of analysis and the unit of observation in the study match those of the theory? Can the empirical proxies discriminate among alternative explanations?
- Are the empirical designs and methods chosen carefully to generate valid inferences? In particular, have concerns about endogeneity and selection been addressed adequately?

#### Course Requirements

- Attend and actively engage in discussion in the weekly seminar.
- Serve as a “discussant” for at least one paper in each seminar. Distribute your summary and review of the assigned paper (1-3 pages) before class (electronic AND print copies).
- Write an original research paper (5-10 pages) targeted for a major academic journal, such as the Academy of Management Journal, with at least the following sections completed: Theory and Hypothesis Development, Research Methods, and References. **The due date is 5pm Eastern Standard Time on Friday, December 16<sup>th</sup>, 2016.**

#### Policy with respect to Auditors

Auditors are allowed with the condition that they participate fully in the seminar and complete all course requirements.

#### Course Readings

All assigned papers can be downloaded directly from the electronic library free of charge for personal use. Coordinate among the seminar participants to reach time-saving efficiency.

## SESSION OUTLINE

### Session 1: Course Introduction; Performance and the Sustainability of Competitive Advantage

#### Assigned reading list:

- Levinthal, D. (1997). "Adaptation on Rugged Landscapes," *Management Science* 43, pp. 934-950.
- Rivkin, J. W. 2000. "Imitation of Complex Strategies. *Management Science*," 46: 824-844.
- Pacheco-de-Almeida, G. and Zemsky, P. (2007). "The Timing of Resource Development and Sustainable Competitive Advantage" *Management Science* 53, pp. 651-666.
- Lenox, Michael J., Scott F. Rockart, and Arie Y. Lewin. "Does interdependency affect firm and industry profitability? An empirical test." *Strategic Management Journal* 31.2 (2010): 121-139.

#### Background reading:

- Lippman, S. A. and Rumelt, R. P. (1982). "Uncertain Imitability: An Analysis of Inter-firm Differences in Efficiency under Competition," *Bell Journal of Economics* 13(3) pp. 418-438.
- Barney, J. B. (1991). "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17, pp. 99-120.
- Priem, R. and J. Butler (2001). "Is the Resource-Based 'View' a Useful Perspective for Strategic Management Research? *Academy of Management Review* 26, pp. 22-44.
- Winter, Sidney G., and Gabriel Szulanski. "Replication as strategy." *Organization science* 12.6 (2001): 730-743.
- Lenox, M., S. Rockart and A. Lewin (2006). "Interdependency, Competition, and the Distribution of Firm and Industry Profits," *Management Science* 52, pp. 757-772.

### Session 2: Economic Foundations of Strategy

The foundational review will follow along the lines of Professor Joseph T. Mahoney's book: *Economic Foundations of Strategy*, (2005), Thousand Oaks, CA: Sage Publications.

- *Behavioral Theory of the Firm*
- *Transaction Costs Theory*
- *Property Rights Theory*
- *Agency Theory*
- *Resource-Based Theory, Dynamic Capabilities and Options*

#### Assigned reading list:

- Gavetti G, Greve HR, Levinthal DA. 2012. The behavioral theory of the firm. *The Academy of Management Annals*, 6(1): 1-40.
- Mahoney, Joseph T. (1992). The choice of organizational form: Vertical financial ownership versus other methods of vertical integration. *Strategic Management Journal*, 13: 559-584.
- Foss Kirsten, and Nicolai J. Foss (2005). Resources and transaction costs: How property rights economics furthers the resource-based view. *Strategic Management Journal*, 26 (6): 541-

553.

Zenger, Todd R. (1994). Explaining Organizational diseconomies of scale and R&D: Agency problems and the allocation of engineering talent, ideas, and effort by firm size. *Management Science*, 40 (6): 708-729.

Background reading:

Cyert, R. M., J. G. March. 1963. *A Behavioral Theory of the Firm*. Prentice-Hall, Englewood Cliffs, NJ.

March, J. G., H. A. Simon. 1958. *Organizations*. Wiley, New York.

Simon, H. A. 1947. *Administrative Behavior: A Study of Decision Making Processes in Administrative Organization*. Macmillan, New York.

Simon, Herbert A. (1959) Theories of decision making in economics and behavioral science. *American Economic Review*, 49:253-283.

March, James G. (1978) Bounded rationality, ambiguity, and the engineering of choice. *Bell Journal of Economics* 9: 587-608.

Coase, Ronald H. (1937). The nature of the firm. *Economica*, 4: 386-405.

Arrow, Kenneth J. (1974). *The Limits of Organization*. New York, NY: W. W. Norton.

Coase, Ronald H. (1988). *The Firm, the Market and the Law*. Chicago: University of Chicago Press.

Williamson, Oliver E. (1975). *Markets and Hierarchies: Analysis and Antitrust Implications*. New York, NY: Free Press.

Williamson, Oliver E. (1985). *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York, NY: The Free Press.

Williamson, Oliver E. (1996). *The Mechanisms of Governance*. New York, NY: Oxford University Press.

Coase, Ronald H. (1960). The problem of social cost. *Journal of Law and Economics*, 3, 1-44.

Alchian, Armen A. (1965). Some economics of property rights. *Il Politico*, 30, 816-829.

Alchian, Armen A. and Harold Demsetz (1973). The property right paradigm. *Journal of Economic History*, 33, 16-27.

Libecap, Gary D. (1989). *Contracting for Property Rights*. New York, NY: Cambridge University Press.

North, Douglass (1990). *Institutions, Institutional Change and Economic Performance*. New York, NY: Cambridge University Press.

Barzel, Yoram (1989). *An Economic Analysis of Property Rights*. Cambridge, UK: Cambridge University Press.

Eggertsson, Thrainn (1990). *Economic Behavior and Institutions*. Cambridge: Cambridge University Press.

Hart, Oliver (1995). *Firms, Contracts, and Financial Structure*. Oxford: Clarendon Press.

Berle, Adolf A. and Gardiner C. Means (1932). *The Modern Corporation and Private Property*. New York, NY: Macmillan.

Pratt, John W., and Richard J. Zeckhauser (1985). "Principals and Agents: An Overview" (pp. 1-35). In *Principals and Agents: The Structure of Business*, edited by John W. Pratt and Richard J. Zeckhauser. Boston, MA: Harvard Business School Press.

- Arrow, Kenneth J. (1985). "The Economics of Agency" (pp.37-51). In *Principals and Agents: The Structure of Business*, edited by John W. Pratt and Richard J. Zeckhauser. Boston, MA: Harvard Business School Press.
- Levinthal, Daniel (1988). A survey of agency models of organizations. *Journal of Economic Behavior and Organization*, 9: 153-185.
- Jensen, Michael and William Meckling (1976). Theory of the firm: Managerial behavior, agency costs, and capital structure. *Journal of Financial Economics*, 3 (October): 305-360.
- Akerlof, George A. (1970). The market for 'lemons': Qualitative uncertainty and the market mechanism. *Quarterly Journal of Economics*, 84: 488-500.
- Alchian, Armen A. and Harold Demsetz (1972). Production, information costs, and economic organization. *American Economic Review*, 62: 777-795.
- Fama, Eugene F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, 88 (2): 288-307.
- Penrose, Edith T. (1959). *The Theory of the Growth of the Firm*. New York: John Wiley & Sons.
- Chandler, Alfred D. (1990). *Scale and Scope: The Dynamics of Capitalism*. Cambridge, MA: Harvard University Press.
- Itami, Hiroyuki and Thomas E. Roehl (1987). *Mobilizing Invisible Assets*. Cambridge, MA: Harvard University Press.
- Nelson, Richard R., and Sidney G. Winter (1982). *An Evolutionary Theory of Economic Change*. Cambridge, Mass.: Harvard University Press.
- Evered, Roger and Meryl Reis Louis (1981). Alternative perspectives in the organizational sciences: "Inquiry from the Inside" and "Inquiry from the Outside." *Academy of Management Review*: 6 (3): 385-395.
- Wernerfelt, Birger (1984). A resource-based view of the firm. *Strategic Management Journal*, 5: 171-180.
- Trigeorgis, Lenos (1997). *Real Options: Managerial Flexibility and Strategy in Resource Allocation*. Cambridge, MA: MIT Press.
- Bowman, Edward H. and Dileep Hurry (1993). Strategy through the options lens: An integrated view of resource investments and the incremental-choice process. *Academy of Management Review*, 18 (4): 760-782.
- Kogut, Bruce (1991). Joint ventures and the option to expand and acquire. *Management Science*, 37 (1): 19- 33.
- Adner, Ron and Daniel A. Levinthal (2004). What is not a real option: Considering boundaries for the application of real options to business strategy. *Academy of Management Review*, 29(1): 74-85.

### **Session 3: Industry Dynamics**

#### Assigned reading list:

- Klepper, S. (1996), "Entry, exit, growth, and innovation over the product life cycle," *American Economic Review*, 86: 562-583.
- Hannan, M.T., G.R. Carroll, E.A. Dundan and J.C. Torres (1995), "Organizational evolution in a multinational context: Entries of automobile manufacturers in Belgium, Britain, France, Germany, and Italy," *American Sociological Review*, 60: 509-528.

- Thompson, P. (2005), "Selection and firm survival: Evidence from the shipbuilding industry, 1825-1914," *Review of Economics and Statistics*, 87(1): 26-36.
- de Figueiredo, J.M. and B.S. Silverman (2007), "Strategic dynamics among dominant and fringe firms in a segmented industry," *Management Science*, 53: 632-650.

Background reading:

- Gort, M. and S. Klepper (1982), "Time paths in the diffusion of product innovations," *Economic Journal*, 92: 630-53.
- Hoetker, G. and R. Agarwal (2007), "Death hurts, but it isn't fatal: The postexit diffusion of knowledge created by innovative companies," *Academy of Management Journal*, 50(2): 446-467.
- Tripsas, M. (1997), "Unraveling the process of creative destruction: Complementary assets and incumbent survival in the typesetter industry," *Strategic Management Journal*, 18(Summer): 119-142.
- Knudsen, Thorbjørn, Daniel A. Levinthal, and Sidney G. Winter. "Hidden but in plain sight: The role of scale adjustment in industry dynamics." *Strategic Management Journal* 35.11 (2014): 1569-1584.

#### **Session 4: Location, Location, Location–Geography & Agglomeration**

Assigned reading list:

- Zucker, Lynne G., Michael R. Darby, and Marilynn B. Brewer, 1998, Intellectual human capital and the birth of U.S. biotechnology enterprises, *American Economic Review* 88, 290-306.
- Ellison, Glenn, and Edward L. Glaeser. 1997. Geographic Concentration in U.S. Manufacturing Industries: A Dartboard Approach. *The Journal of Political Economy*. 105 (5):889–927.
- Alcacer, Juan. 2006. Location Choices across the Value Chain: How Activity and Capability Influence Collocation. *Management Science* 52 (10):1457–1471.
- Sorenson, Olav, and Toby E. Stuart. 2001. Syndication Networks and the Spatial Distribution of Venture Capital Investments. *American Journal of Sociology* 106 (6):1546–1588.

Background reading:

- Audretsch, David B., and Maryann P. Feldman. 1996. R&D Spillovers and the Geography of Innovation and Production. *American Economic Review* 86 (3):630–640.
- Dumais, Guy, Glenn Ellison, and Edward Glaeser, 2002, Geographic concentration as a dynamic process, *Review of Economics and Statistics* 84, 193-204.
- Almeida, P. & Kogut, B. 1999. Localization of knowledge and the mobility of engineers in regional networks. *Management Science*, 45(7): 905-917.
- Hanson, Gordon H. 2001. Scale Economies and the Geographic Concentration of Industry. *Journal of Economic Geography* 1 (3):255–276.
- Agrawal, Ajay, Iain Cockburn and John McHale. 2006. Gone But Not Forgotten: Knowledge Flows, Labor Mobility, and Enduring Social Relationships. *Journal of Economic Geography* 6: 571-591.
- Myles J. Shaver and Flyer, Fredrick. 2000. Agglomeration Economies, Firm Heterogeneity, and Foreign Direct Investment in the United States. *Strategic Management Journal*. 21:1175-1193.

## **Session 5: Innovation**

### Assigned reading list:

- Ahuja, G., & Lampert, C. M. 2001. Entrepreneurship in the large corporation: A longitudinal study of how established firms create breakthrough inventions. *Strategic Management Journal*, 22: 521–543.
- Katila, Riitta, and Gautam Ahuja. "Something old, something new: A longitudinal study of search behavior and new product introduction." *Academy of management journal* 45.6 (2002): 1183-1194.
- Leiponen, Aija, and Constance E. Helfat. "Innovation objectives, knowledge sources, and the benefits of breadth." *Strategic Management Journal* 31.2 (2010): 224-236.
- Casadesus-Masanell, Ramon, and Feng Zhu. "Business model innovation and competitive imitation: The case of sponsor-based business models." *Strategic management journal* 34.4 (2013): 464-482.

### Background reading:

- Aghion, P. and J. Tirole, 1994, "On the Management of Innovation", *Quarterly Journal of Economics*, 109, 1185-1207.
- Gilbert, R. 2006, "Innovation and Competition," *Journal of Industrial Organization Education*, V1, Article 8.
- Acs, Z. and D. Audretsch, 1988, *Innovation in Large and Small Firms: An Empirical Analysis*, *American Economic Review*, 78, 4, p.678-690.
- Jaffe, A. 1986, Technological Opportunity and spillovers of R&D: evidence from firm's patent, profits and market value, *American Economic Review*, 76, 984-1001.
- d'Aspremont, C. and A. Jacquemin, 1988, Co-operative and noncooperative R&D in duopoly with spillovers, *American Economic Review*, 78, 1133-1137.
- Teece, David, J., 1986, "Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy," *Research Policy*, 15: 285-305.
- Lerner, J., and R. Merges, 1997, *The Control of Technology Alliances: An Empirical Analysis of the Biotechnology Industry*, *Journal of Industrial Economics*.
- Cassiman, B. and Veugelers, R. 2006 "In Search of Complementarity in Innovation Strategy: Internal R&D and External Knowledge Acquisition. *Management Science*.
- Ahuja, Gautam, Curba Morris Lampert, and Vivek Tandon. "1 moving beyond Schumpeter: management research on the determinants of technological innovation." *The Academy of Management Annals* 2.1 (2008): 1-98.

## **Session 6: Risks**

### Assigned reading list:

- Kahneman, D. and D. Lovallo, 2006, *Timid Choices and Bold Forecasts: A Cognitive Perspective on Risk Taking*, *Management Science*, v39, 17-31.



Wu B, Knott AM. 2006. Entrepreneurial risk and market entry. *Management Science*, 52(9): 1315-1330.

Henkel, Joachim. 2009. "The Risk-Return Paradox for Strategic Management: Disentangling True and Spurious Effects." *Strategic Management Journal*, vol. 30, no. 3, pp. 287-303.

Andersen, Torben J., and Richard A. Bettis. 2015. "Exploring longitudinal risk-return relationships." *Strategic Management Journal*, vol. 36, no. 8, pp. 1135-1145.

Background reading:

Bowman, E.H., 1980, A risk/return paradox for strategic management, *Sloan Management Review*, v21, 17-31.

Bowman, E.H, 1982, Risk Seeking by Troubled Firms, *Sloan Management Review*, v23, 33-42.

Fiengenbaum, A. and H. Thomas, 1988, Attitudes towards Risk and the Risk-Return Paradox: Prospect Theory Explanations, *Academy of Management Journal*, v31, 85-106.

Ross, D. G. 2014. Taking a chance: A formal model of how firms use risk in strategic interaction with other firms. *Academy of Management Review*, 39: 202-226.

Åstebro, T., Herz, H., Nanda, R., & Weber, R. (2014). Seeking the Roots of Entrepreneurship: Insights from Behavioral Economics. *The Journal of Economic Perspectives*, 28(3), 49-69.

Koudstaal, Martin, Randolph Sloof, and Mirjam Van Praag. "Risk, Uncertainty, and Entrepreneurship: Evidence from a Lab-in-the-Field Experiment." *Management Science* (2015).

### **Session 7: Experimentation**

March, James G. "Exploration and exploitation in organizational learning." *Organization science* 2.1 (1991): 71-87.

Lee, F., Edmondson, A. C., Thomke, S., & Worline, M. (2004). The mixed effects of inconsistency on experimentation in organizations. *Organization Science*, 15(3), 310-326.<sup>1</sup>

Khanna, Rajat, Isin Guler, and Atul Nerkar. "Fail often, fail big, and fail fast? Learning from small failures and R&D performance in the pharmaceutical industry." *Academy of Management Journal* 59.2 (2016): 436-459.

Lieberman MB, Lee GK, Folta TB. Forthcoming. Entry, exit, and the potential for resource redeployment. *Strategic Management Journal*. [Early View Articles]

Background reading:

Gupta, Anil K., Ken G. Smith, and Christina E. Shalley. "The interplay between exploration and exploitation." *Academy of management journal* 49.4 (2006): 693-706.

Cannon, Mark D., and Amy C. Edmondson. "Failing to learn and learning to fail (intelligently): How great organizations put failure to work to innovate and improve." *Long Range Planning* 38.3 (2005): 299-319.

Edmondson, Amy C., Richard M. Bohmer, and Gary P. Pisano. "Disrupted routines: Team

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<sup>1</sup> This paper is cited by Koopmann, Jaclyn; Lanaj, Klodiana; Wang, Mo; Zhou, Le; et al. Nonlinear effects of team tenure on team psychological safety climate and climate strength: Implications for average team member performance. *Journal of Applied Psychology*, 101. 7 (2016): 940-957.

- learning and new technology implementation in hospitals." *Administrative Science Quarterly* 46.4 (2001): 685-716.
- Thomke, Stefan H. "Managing experimentation in the design of new products." *Management Science* 44.6 (1998): 743-762.
- Thomke, Stefan. "Accelerating Learning by Experimentation." *Management of the Fuzzy Front End of Innovation*. Springer International Publishing, 2014. 125-140.