

**Discipline:** Management

**1. Language**

English

**2. Title**

Foundational Theories of Strategic Management Research

**3. Lecturer**

Prof. Michael J. Leiblein, Ohio State University

Prof. Jeffrey J. Reuer, University of Colorado

**4. Date and Location**

17. - 20. June 2024

Frankfurt School of Finance & Management.

**5. Course Description**

This course is a doctoral level seminar on the major theoretical approaches in the field of strategic management.

**5.1 Abstract and Learning Objectives**

The main objective of the course is to familiarize doctoral students with the basic assumptions, concepts and theories underlying the strategic management field. In essence, we want to help doctoral students to become independent scholars who are knowledgeable on the major theories in the field of strategy. Workshops will also be provided on developing your research ideas and navigating the review process at scholarly journals. You will also be provided feedback on your dissertation research by faculty members and other participants.

**5.2 Content**

We typically start with reading the seminal work on the topic, followed by examining several recent empirical applications of the theory. The course is comprehensive, encompassing the following domains: Overview of the field of Strategic Management, Industrial Organization Approaches to Strategy, Resource-based View Approaches to Strategy, Transaction Cost Economics, Real Options and Sequential Decision Making, Agency Perspectives on Corporate Scope and Governance, Information Economics, and Performance Implications of Strategic Choices.

The faculty expect that students will have read each of the papers prior to the course. In each of the primary sessions, the faculty will ask students to review the paper and share their insights regarding the assumptions underlying the paper, the insights provided by the paper, and why they believe the paper has been influential (e.g., why was it well-received at the time of publication? Why is it important today?). The faculty will conclude by summarizing the body of papers reviewed in the session and discussing possible contemporary extensions of the theory.

### 5.3 Schedule (including start and end time)

#### **Day 1 (17. June 24), 10-17:**

- (1) Overview and Origins of the field of Strategic Management: What is Strategy? What is performance?
- (2) Lunch
- (3) Performance Implications of Strategic Choices
- (4) PhD thesis presentation and discussion (part 1)

#### **Day 2 (18. June 24), 09-17:**

- (1) Industrial organization approaches to Strategy
- (2) Lunch
- (3) Transaction Cost Economics
- (4) PhD thesis presentation and discussion (part 2)

#### **Day 3 (19. June 24), 09-17:**

- (1) RBV Approaches to Strategy
- (2) Lunch
- (3) Information Economics
- (4) Talk on Developing and Publishing Your Research (1h)

#### **Day 4 (20. June 24), 09-17:**

- (1) Real options and Sequential Decision Making
- (2) Lunch
- (3) Agency Perspectives on Corporate Scope and Governance (JJR)
- (4) Talk on the Publication Process (1h)

#### 5.4 Course format

The course will be driven mainly by interactive presentations on different topics that are complemented by inputs from the instructors. Students will have to prepare for this course through reading a set of core articles and through completing individual reading assignments. We expect active participation from all students. The focus of our discussions will be on highlighting the contributions made by different authors and theoretical approaches. Every day will end with a summary of core insights and how they may relate to the dissertation projects of the students participating.

### 6. Preparation and Literature

#### 6.1 Prerequisites

Master in B.A., Economics, Psychology or Sociology

#### 6.2 Essential Reading Material

##### **Overview and Origins of the field of Strategic Management: What is Strategy? What is performance? Led by Michael Leiblein**

Rumelt, R.P., Schendel, D. & Teece, R.J. (1994). History of strategic management, Fundamental Issues in Strategy: A research agenda. HBS Press, 9-24.

Ghemawat, P. (2002). Competition and business strategy in historical perspective. *Business History Review*, 76(1), 37-74.

Leiblein, MJ., Reuer, JJ. and Zenger, TR. (2018). What Makes a Decision Strategic? *Strategy Science*. Vol 3(4): 558-573. DOI.org/10.1287/stsc.2018.0074

Bettis, R., & Blettner, D. (2020). Strategic reality today: Extraordinary past success, but difficult challenges loom. *Strategic Management Review*, 1(1): forthcoming

##### **Performance Implications of Strategic Choices. Led by Jeffrey Reuer**

Shaver, J. M. 1998. Accounting for endogeneity when assessing strategy performance: Does entry mode choice affect FDI survival? *Management Science*, 44: 571-585.

Leiblein, M. J., Reuer, J. J., & Dalsace, F. 2002. Do make or buy decisions matter? The influence of organizational governance on technological performance. *Strategic Management Journal*, 23(9): 817- 833.

Nickerson, J. and B. 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 <http://www.jstor.org/stable/3556680>

Natividad, G., & Rawley, E. 2016. Interdependence and performance: A natural experiment in firm scope. *Strategy Science*, 1: 12-31.

**Industrial Organization Approaches to Strategy. Led by Michael Leiblein**

Porter, M.E. (1981). The contributions of industrial organization to strategic management. *Academy of Management Review*, 609-620.

MacDonald, G. and Ryall, M.D. (2004). How do value creation and competition determine whether a firm appropriates value? *Management Science* 50(10) 1319–1333.

Makadok, R. and Ross, D.G. (2013). Taking Industry Structuring Seriously: A Strategic Perspective on Product Differentiation. *Strategic Management Journal* 34(5): 509-532.  
<http://www.jstor.org/stable/10.2307/23471056>

Rumelt, R. (1991). How much does industry matter. *Strategic Management Journal*, 12(3), 167-185.

**Transaction Cost Economics. Led by Jeffrey Reuer**

Williamson, O.E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. *Administrative Science Quarterly*, 36(2), 269-296.

Hennart, J.-F., & Reddy, S. (1997). The choice between mergers/acquisitions and joint ventures: The case of Japanese investors in the United States. *Strategic Management Journal*, 18, 1-12.

Oxley, J.E. (1997). Appropriability hazards and governance in strategic alliances: A transaction cost approach. *Journal of Law, Economics, and Organization*, 13, 387-409.

Reuer, J.J., & Devarakonda, S. 2016. Mechanisms of hybrid governance: Administrative committees in non-equity alliances," *Academy of Management Journal*, 59(2), 510-533.

**RBV Approaches to Strategy. Led by Michael Leiblein**

Barney, J.B. 1986. Strategic factor markets: Expectations, luck, and business strategy. *Management Science*, 32: 1231-1241. <http://www.jstor.org/stable/2631697>

Cockburn, I. M., Henderson, R. M., & Stern, S. 2000. Untangling the origins of competitive advantage. *Strategic Management Journal*, 21(10-11): 1123-1145.

Peteraf, M.A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, 179-191.

Wernerfelt, B. (2020). A possible micro-foundation for the RBV and its implications. *Strategic Management Review*, 1(1): forthcoming.

**Information Economics. Led by Jeffrey Reuer**

Stiglitz, J. E. (2000). The contributions of the economics of information to twentieth century economics. *Quarterly Journal of Economics*, 115, 1441-1478.

Hsu, D.H. (2006). Venture capitalists and cooperative startup commercialization strategy. *Management Science*, 53, 204-219.

Reuer, J. J. (2009). Organizational economics insights from acquisitions research. *Advances in Strategic Management*, 26, 241-265.

McCann, B., Reuer, J.J., & Lahiri, N. (2016). Agglomeration and the choice between acquisitions and alliances: An information economics perspective. *Strategic Management Journal*, 37, 1085-1106.

#### **Real Options and Sequential Decision Making. Led by Michael Leiblein**

Adner, R. & Levinthal, D.A. (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.

Kogut, B. & Kulatilaka, N. (2001). Capabilities as real options. *Organization Science*, 12, 744-758.

Posen, H., M. Leiblein, and J. Chen. (2018). Towards a behavioral theory of real options: Noisy signals, bias, and learning. *Strategic Management Journal*. Vol. 39(4): 1112-1138.

Trigeorgis L., Reuer J. (2017). Real options theory in strategic management. *Strategic Management Journal*, 38, 42-63.

#### **Agency Perspectives on Corporate Scope and Governance. Led by Jeffrey Reuer**

Eisenhardt, K.M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 57-74.

Lane, P. J., Cannella, A. A., & Lubatkin, M. H. (1998). Agency problems as antecedents to unrelated diversification: Amihud and Lev reconsidered. *Strategic Management Journal*, 19, 555-578.

Denis, D. J., Denis, D. K., & Sarin, A. (1999). Agency theory and the influence of equity ownership structure on corporate diversification strategies. *Strategic Management Journal*, 20, 1071-1076.

Lane, P. J., Cannella, A. A., & Lubatkin, M. H. (1999). Ownership structure and corporate strategy: One question viewed from two different worlds. *Strategic Management Journal*, 20: 1077-1086.

Hillman, A. J., & Dalziel, T. (2003). Boards of directors and firm performance: Integrating agency and resource dependence perspectives. *Academy of Management Review*, 28, 383-396.

### 6.3 Additional Reading Material

#### **Overview and Origins of the field of Strategic Management: What is Strategy? What is performance?**

Brandenburger, A.M., H.W. Stuart. 1996. Value-based business strategy. *Journal of Economics & Management Strategy* 5(1) 5–24.

Hambrick, D.C. & J.W. Frederickson. 2001. Are you sure you have a strategy? *The Academy of Management Executive*, 15(4): 48-59/

Oxley, J., Rivkin, J. W., Ryall, M. D., & the Strategy Research Initiative. 2010. The Strategy Research Initiative: Recognizing and encouraging high-quality research in strategy. *Strategic Organization*, 8: 377-386.

Porter, M.E. (1996). What is strategy? *Harvard Business Review*, 61-78.

#### **Performance Implications of Strategic Choices.**

Bercovitz, J., S. Jap and J. Nickerson 2006. The antecedents and performance implications of cooperative exchange norms. *Organization Science*, 17(6) : 724-740.

Masten, S., J. Meehan, and E. Snyder. 1991. The costs of organization. *Journal of Law, Economics and Organization*, 7: 1-22.

Sampson, R. (2004). The cost of misaligned governance in R&D alliances. *Journal of Law, Economics, and Organization*, 20(2): 484-526.

Mooi, Erik A., and Mrinal Ghosh (2010). Contract Specificity and its Performance Implications, *Journal of Marketing*, 74 (March), 105-120.

#### **Industrial Organization Approaches to Strategy.**

Klepper, S., & Graddy, E. 1990. The evolution of new industries and the determinants of market structure. *RAND Journal of Economics*, 21: 27-44.

Gimeno, J. 1999. Rivalry: Staking Out 'Spheres of Influence' in the U.S. Airline Industry. *Strategic Management Journal* 20(2): 101-128. <http://www.jstor.org/stable/3094021>

Sharon Oster (1994). *Modern Competitive Analysis*. Chapter 2.

Schmalensee, R. (1985). Do markets differ much? *American Economic Review*, 341-351.

#### **Transaction Cost Economics.**

Alchian, A. A., and H. Demsetz. 1972. Production, Information Costs, and Economic Organization. *The American Economic Review*, 62, 777-795.

Foss, K. and N.J. Foss. 2005. Resources and transaction costs: how property rights economics further the resource based view. *Strategic Management Journal*, 26(6): 541-553

Ghoshal, S. & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. *Academy of Management Review*, 21(1), 13-47.

Gibbons, R. (2005). Four formal(izable) theories of the firm? *Journal of Economic Behavior & Organization*, 58(2), 200-245

Williamson, O.E. (2010). Transaction cost economics: The natural progression. *American Economic Review*, 100(3), 673-690.

### **RBV Approaches to Strategy.**

Eisenhardt, K.M. and Martin, J.A. (1997). Dynamic capabilities: What are they? *Strategic Management Journal*, 21: 1105-1121. <http://www.jstor.org/stable/3094429>

Kraaijenbrink, J., Spender, J.C., & Groen, A.J. (2010). The resource-based view: A review and assessment of its critiques," *Journal of Management*, 36: 349-372.

Leiblein, M.J. (2011). "What do resource and capability theories propose?" *Journal of Management*. Vol. 37(4): 909-932. DOI 10.1177/0149206311408321.  
<http://jom.sagepub.com/content/37/4/909.abstract>

Priem, R. & Butler, J.E. (2001). Is the resource-based "view" a useful perspective for strategic management research? *Academy of Management Review*, 26(1), 22-40.

### **Information Economics.**

Akerlof, G. A. (1970). The market for 'lemons': Quality uncertainty and the market mechanism. *Quarterly Journal of Economics*, 84: 488-500.

Chi, T. (1994). Trading in strategic resources: Necessary conditions, transaction cost problems, and choice of exchange structure. *Strategic Management Journal*, 15: 271-290.

Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review*, 92: 434-459.

Gans, J. S., & Stern, S. (2003). The product market and the market for "ideas": Commercialization strategies for technology entrepreneurs. *Research Policy*, 32(2): 333-350.

### **Real Options and Sequential Decision Making.**

Bowman, E. H. & Hurry, D. (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.

McGrath, R.G. (1997). A real options logic for initiating technology positioning investments. *Academy of Management Review*, 22, 974-996.

Miller, K. D., & Shapira, Z. (2004). An empirical test of heuristics and biases affecting real option valuation. *Strategic Management Journal*, 25(3): 269-284.

Sakhartov, A.V., T.B. Folta. 2014. Resource relatedness, redeployability, and firm value. *Strategic Management Journal*, 35(12), 1781-1797.

### **Agency Perspectives on Corporate Scope and Governance.**

Amihud, Y. & Lev, B. (1999). Does corporate ownership structure affect its strategy towards diversification? *Strategic Management Journal*, 20(11): 1063-1069.

Fama, E. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, 288-307. <http://www.jstor.org/stable/1837292>

Morck, R., Shleifer, A. & Vishny, R. (1988). Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, 293-315.

Shin, H-H., and R. M. Stulz (1998). Are Internal Capital Markets Efficient? *The Quarterly Journal of Economics*, May, 531-552

#### 6.4 To prepare

Poster, reading summaries and presentations.

### **7. Administration**

#### 7.1 Max. number of participants

The number of participants is limited to 20

#### 7.2 Assignments

Students will have to:

(1) Prepare a 10-minute powerpoint presentation of their PhD thesis (current state) and upload to a shared drive. The presentation should include the topic, research question, theoretical approach, hypotheses (if applicable), method and sample description, key findings, contributions.

(2) Read core readings, prepare individual, one- to two-page reading summaries for one of the readings in each session; and be prepared to upload these summaries to a shared drive so that all participants can benefit from your summary.

(3) In addition, those assigned a reading summary will be asked to prepare a 10-minute presentation of their individual reading assignment.

#### 7.3 Exam

- 1 Presentation
- 2 Paper summaries
- 2 Presentations of Ph.D. thesis and assigned readings

#### 7.4 Credits

The course corresponds to a scope of 6 LP/ECTS.



## 8. Working Hours

<b>Working Hours</b>	<b>Stunden</b>
- reading of 32 papers (each 3,5h)	112
- 2 reading summaries (1-2 pages)	12
- 2 reading presentations	12
- 1 Ph.D. thesis presentation	12
- class participation	32
<b>SUMME</b>	<b>180 h</b>