

MGT 675.01—Strategic Management

Spring 2009

T, 2:35-5:05pm, BC 247

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Course Objective: The objective of this course is to provide students with a basic knowledge of the literature in organizational strategy, including both theoretical perspectives and research methods. While the primary audience for the course is doctoral students in management, students from other business- and organization-related disciplines could also benefit from a better understanding of how strategy is made and communicated in the types of organizations that concern them.

Readings: A variety of readings, selected to illustrate theoretical perspectives and /or research methods, will be covered.

Learning Methods: Classes will be conducted in a seminar style, with intensive discussion of the readings the primary learning method. Students are expected to have thoroughly prepared the material, and to be able to answer questions about it.

Grading: The components that make up the grade in this course are 1) class contribution; 2) take-home exam; and 3) a paper/presentation. The components will be weighted equally. The exam will be distributed on April 7, and due April 14.

Paper/Presentation: The assignment for the paper is for students to collect and analyze data on the strategy of one organization from at least two theoretical perspectives. Students will be expected to make contact with one or more representatives of an organization, identify an interesting and important strategy decision made recently (or better yet, in process) in the organization, and collect data on the strategy decision through interviewing, review of documents, observation, distribution of questionnaires, etc. (The combination of research methods should be tailored to the case.) The general format of the papers should be:

- 1) Description of the site and strategy decision
- 2) Brief description of the theories to be utilized, and
- 3) Theoretical analysis of the strategy decision.

A one-page proposal for the paper is due by the end of the eighth week of the course. The paper itself (approximately 20-25 pages) is due on May 5th. During class on this date (during the final exam period) each student will present his or her paper to the other students in class.

Generic Discussion Questions: While the readings vary quite a bit, there are a few questions that may be helpful to you in preparing for class each week. Some questions pertain to conceptual articles, while

others are more relevant for empirical articles. In general, if you review this list of questions for each of the readings, you should be well prepared for class discussion. The list is as follows:

GENERIC DISCUSSION QUESTIONS

For conceptual articles:

What questions is the paper trying to answer?

Are these important questions?

What are the central points made by the paper?

What conception of organizational strategy does the paper propose?

What are the weak points of the paper?

Is the logic of the paper internally consistent?

Are the insights of the paper universally applicable?

In what ways does the paper complement or contradict others from the course?

What does the paper imply about the nature of organizations in general?

What research questions does the paper suggest?

What recommendations for strategy-makers does the paper suggest?

For empirical articles:

What research methods are utilized in the paper?

Are these methods appropriate given the questions being addressed?

What are the weak points of the methods?

Is the sample adequate? Are the statistical techniques appropriate?

What is your assessment of the reliability and construct validity of the measures, and the internal and external validity of the findings?

Are the conclusions drawn justifiable in light of the findings?

How do the conclusions relate to those of other papers from the course?

COURSE SCHEDULE

January 20 Introduction and Administration

January 27 Strategic Leadership

Schendel, D. & Hofer, C. 1979. *Strategic Management*, NY: Brown & Little: 1-22.

Kerr, J. & Jackofsky, E. 1989. Aligning Managers with Strategies: Management Development Versus Selection. *Strategic Management Journal*, 10: 157-170.

Boyd, B. K., Finkelstein, S. Gove, S. 2005. How Advanced is the Strategy Paradigm? The Role of Particularism & Universalism in Shaping Research Outcomes. *Strategic Management Journal*, 26(9):8 41-854.

Finkelstein, S. 2003. *Why Smart Executives Fail*. England: Portfolio.

Stewart, M. 2006. The Management Myth. *The Atlantic Monthly*, June: 80-87.

February 3 Strategic Decision-Making

Simon, Herbert A. 1978. Rational Decision Making in Business Organizations. *American Economic Review*, 69: 497-513.

Eisenhardt, K. & Zbaracki, M. 1992. Strategic Decision Making. *Strategic Management Journal*, 13: 17-37.

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

Hough, J. & White, M. 2003. Environmental Dynamism & Strategic Decision-Making Rationality: An Examination at the Decision Level. *Strategic Management Journal*, 24: 481-489.

February 10 I-O Perspectives

Porter, M. 1980. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, NY: Free Press.

Porter, M. 1981. The Contributions of Industrial Organization to Strategic Management. *Academy of Management Review*, 6: 609-620.

Ghemawat, P. 1986. Sustainable Advantage. *Harvard Business Review*, Sept-Oct: 53-58.

Murray, A. 1988. A contingency view of Porter's "Generic Strategies," *Academy of Management Review*, 13: 390-400.

Hurst, D. 1989. Creating Competitive Advantage: Welding Imagination to Experience. *Academy of Management Executive*, 3: 29-36.

Jacobson, R. 1992. The 'Austrian' School of Strategy, *Academy of Management Review*, 17: 782-807.

February 17 Efficiency Perspectives in General

Williamson, O. 1985. *The economic institutions of capitalism*. NY: Free Press.

Williamson, O. 1991. Comparative economic organizations: The analysis of discrete structural alternatives. *Administrative Science Quarterly*, 36: 269-296.

Ghoshal, S. & Moran, P. 1996. Bad for practice: A critique of the transaction cost theory. *Academy of Management Review*, 21: 13-48.

Langlois, R. 2006. The Secret Life of Mundane Transaction Costs. *Organization Studies*, 27: 1389-1410.

Williamson, O. 2008. Transaction Cost Economics: The Precursors. *The Institute of Economic Affairs*: 7-14.

February 24 Resource-Based Theory

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

Conner, K. 1991. A historical comparison of resource-based theory & five schools of thought within industrial organization economics: Do we have a new theory of the firm? *Journal of Management*, 17: 121-154.

Peteraf, M. A. 1993. The cornerstones of competitive advantage: A resource-based view, *Strategic Management Journal*, 14: 179-191.

Colbert, B. A. 2004. The Complex Resource-Based View: Implications for Theory & Practice in Strategic Human Resource Management, *Academy of Management Review*, 29: 341-358.

Mayer, K. & Salomon, R. 2006. Capabilities, Contractual Hazards, and Governance: Integrating Resource-Based and Transaction Cost Perspectives. *Academy of Management Journal*, 49: 942-959.

March 3 Diversification

Rumelt, R. 1974. Strategy, structure, and economic performance. Harvard University Press.

Bettis, R. 1981. Performance Differences in Related and Unrelated Diversified Firms. Strategic Management Journal, 379-393.

Prahalad, C. K.; Bettis, R. A. 1986. The Dominant Logic: A New Linkage Between Diversity & Performance. Strategic Management Journal, 7: 485-501.

Tanriverdi, H. & Lee, C-H. 2008. Within Industry Diversification and Firm Performance in the Presence of Network Externalities: Evidence From the Software Industry. Academy of Management Journal, 51: 381-397.

March 10 Vertical Integration

Harrigan, K. 1985. Vertical integration and corporate strategy. Academy of Management Journal, 28: 397-425.

Bowman, E. H. & Helfat, C. E., 2001. Does corporate strategy matter? Strategic Management Journal, 1-24.

Cording, M., Christmann, P. & King, D. 2008. Reducing Causal Ambiguity in Acquisition Integration: Intermediate Goals as Mediators of Integration Decisions to Acquisition Performance. Academy of Management Journal, 51: 744-763.

Wolter, C. & Veloso, F. 2008. The Effects of Innovation on Vertical Structure: Perspectives on Transaction Costs and Competencies. Academy of Management Review, 33: 586-605.

March 17 Agency Theory

Jensen, M. & Meckling, W. 1976. Notes on Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 305-360.

Eisenhardt, K. 1989. Agency theory: An assessment and review. Academy of Management Review, 14: 57-74.

Tosi, H. & Katz, J. 1997. Disaggregating the agency contract: The effects of monitoring, incentive alignment, and term in office on agent decision making. Academy of Management Journal, 40: 584-603.

Dharwadkar, R., George, G. & Brandes, P. 2000. Privatization in Emerging Economies: An Agency Theory Perspective. Academy of Management Review, 25: 650-669.

Wasserman, N. 2006. Stewards, Agents and the Founder Discount: Executive Compensation in New Ventures. *Academy of Management Journal*, 49: 960-976.

March 23-27 Spring Break

March 31 Ethical Issues in Strategy-Making

Fried, V. & Oviatt, B. 1989. Michael Porter's missing chapter: The risk of antitrust violations. *Academy of Management Executive*: 49-56.

Miles, G. 1993. In search of ethical profits: Insights from strategic management. *Journal of Business Ethics*: 219-225.

Boje, D., Adler, T. & Black, J. 2005. Theatrical Facades and Agents in a Synthesized Analysis From Enron Theatre: Implications to Transaction Cost and Agency Theories. *TAMARA Journal*, 3: 39-56.

Stalk, G. 2006. Curveball Strategies to Fool the Competition. *Harvard Business Review*, Sept: 115-122.

April 7 Strategic Choice

Murray, E. 1978. Strategic choice as a negotiated outcome. *Management Science*, 24: 960-972.

Hannan, M.T. & Freeman, J. 1984. Structural inertia & organizational change. *American Sociological Review*, 49: 149-164.

Judge, W. & Zeithaml, C. 1992. Institutional and strategic choice perspectives on board involvement in the strategic choice process. *Academy of Management Journal*, 35: 766-794.

McDonald, M., Khanna, P. & Westphal, J. 2008. Getting Them to Think Outside the Circle: Corporate Governance, CEO's External Advice Networks, and Firm Performance. *Academy of Management Journal*, 51: 453-475.

April 14 International Strategy

Gupta, A. & Govindarajan, V. 2000. Knowledge flows within multinational corporations, *Strategic Management Journal*, 21: 473-496.

Shrader, R. 2001. Collaboration and performance in foreign markets: The case of young high-technology manufacturing firms. *Academy of Management Journal*, 44: 45-61.

Elenkov, D.S. Judge, W. & Wright, P. 2005. Strategic Leadership & executive innovation influence: An international multi-cluster comparative study. *Strategic Management Journal*, 26: 665-682.

Bouquet, C. & Birkinshaw, J. 2008. Weight Versus Voice: How Foreign Subsidiaries Gain Attention From Corporate Headquarters. *Academy of Management Journal*, 51: 577-601.

April 21 The Evolution of Interorganizational Governance and Trust

Gulati, R. 1995. Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances. *Academy of Management Journal*, 38: 85-113.

Chiles, T. & McMackin, J. 1996. Integrating variable risk preferences, trust and transaction cost economics. *Academy of Management Review*, 21: 73-100.

Adler, T., Scherer, R., Barton, S. & Katerberg, R. 1999. An Empirical Test of Transaction Cost Theory: Validating Contract Typology. *Journal of Applied Management Studies*, 7: 185-200.

Jeffries, F. & Reed, R. 2000. Trust and adaptation in relational contracting. *Academy of Management Review*, 25: 873-884.

April 28 No class, student paper preparation

May 5 Student presentations