Who should take this course?

This is a core course for PhD students in the SIM area at LBS, and should also be useful to students in neighbouring fields such as organization theory, IO economics, entrepreneurship, and technology management.

Course overview

How does one teach the accumulated research in the field of strategy content in ten sessions? Having concluded that one cannot, I opted to make this a survey course- an introduction to important theories of strategy. A few words about the design principles of this course:

1. Strategy research can be seen as a matrix of theories and phenomena. The structure-conduct-performance paradigm, game theory, resource based theory, theories of organizational knowledge and learning, transaction cost economics and evolutionary economics are all widely known and used theoretical lenses in strategy content research. The phenomena these theories are applied to include industry concentration, diversification, vertical integration, organization design, knowledge transfer and management, acquisitions and alliances etc. I have consciously chosen to provide a survey organized by theories rather than phenomena, given the importance that theory building, testing and development will play in your future lives as academics (perhaps in the field of strategy).

2. As we typically spend about 1.5 sessions on a theoretical framework, this will hardly make you a master of that theory. That’s what a survey course is about- think of it as a trailer that gives you some sense of the main attraction. Many of the theories we cover in one session could be the topic of a whole doctoral seminar by themselves! The reading list for each session will give you additional “below the line” references to readings that will point the way in terms of deepening your expertise in a particular theory. You might also consider additional elective coursework as a means to drill deeper into a particular theory. It is your own responsibility to do follow up work to deepen you knowledge of a theory and its associated literature.

3. In terms of pre-requisites, if you have taken Basic Readings in Business and Microeconomics I at LBS (or their equivalents elsewhere), you should be adequately prepared to take this course. Contact me if you have not taken one or both of these course and are still keen to take Strategy Content: I will suggest a supplementary reading list.

Course requirements

1. There are typically 5-6 “above the line” readings for each class. I will expect you to have thoroughly read and digested each of these before class. This will take between 5-10 hours of preparation per week. Budget for it. In addition each student will be assigned an “above the line” reading to summarize. Though each student will hand in a written summary for his/her assigned article before class, she/ he is also responsible for doing the remaining readings in
the session as well. These summaries will prove a valuable study aid. The summaries will count towards 20 points.

2. There is a list of “classics in strategy” books at the end of this course outline. I will expect each student to select one and present a 15 minute lecture discussing the book. Your book selection should be conveyed to me by week 3, and presentations will start week 4 onwards. These presentations will count for 10 points.

3. Paper requirement: we cover 5-6 important theoretical frameworks in this course. For your paper for this course, please pick one theoretical framework and write a 20-25 page academic paper that a) summarizes the theory with some attention to its development and antecedents b) reviews key empirical tests and c) proposes possible extensions/integrations with other theories/critical tests/applications to known phenomena etc. The final paper will count for 50 points.

4. The quality of this class will ultimately depend on the inputs you provide. Your role in class discussions-assessed in terms of quality of comments, maintenance of standards of academic argument, involvement and knowledge of the issues being debated will count for the remaining 20 points in this course.

**Session 1: What does it mean to do academic research in strategy? (20th April)**

1. Lave, C.A, and March, J.G pgs 1-85, An Introduction to models in the social sciences, University Press of America, Lanham, MD 1993

2. Grant R.M. Chapter 1 & 2, Contemporary Strategic Analysis


6. Ghemawat, P. Chapter 1 in Strategy and the Business Landscape


**Session 2: Industrial Organization economics and the role of industry structure in explaining profitability (27th April)**


4. Grant R.M. Chapter 3, Contemporary Strategic Analysis


Session 3: Taking firm heterogeneity seriously (4th May)


Session 4: Strategy and Game Theory: The “new IO” and Agency theory (11th May)


5. TBA


10. Game Theory for Applied Economists, R. Gibbons

**Session 5: The Resource Based View (18th May)**


**Session 6: Theories of Organizational Knowledge, Learning and Capabilities (25th May)**


Session 7: Knowledge and Coordination based perspectives on the theory of the firm (1st June)


Session 8: Transaction cost economics and the scope of the firm –I: Vertical Integration
(8th June)


Session 9: Transaction cost economics and the scope of the firm –II: Diversification (15th June)


Session 10: Strategy and Innovation (22nd June)

1. Dosi, G (1988) Sources, procedures and microeconomic effects of innovation
   Journal of Economic Literature, 26: 1120-1171

   analysis, American Economic Review 78: 678-690

   R&D: Agency Problems and the allocation of engineering talent, ideas and

4. Teece, D.J., "Profiting from Technological Innovation: Implications for Integration

5. Teece, David J Firm organization, industrial structure, and technological innovation.

   sources and significance of interindustry differences in technological opportunities.

   university Press, Cambridge UK

8. Anderson, Philip. Tushman, Michael L Technological Discontinuities and Dominant
   Designs: A Cyclical Model of Technological Change. Administrative Science

   of Existing Product Technologies and the Failure of Established Firms.

    Arrangements for Regimes of Rapid Technological Progress’. Journal of Economic

Recommended Texts

1. Grant R.M. Contemporary Strategic Analysis
   This is an MBA level text book but is surprisingly good in terms of coverage of the latest academic literature. It should be a useful “map” to the field.

Handbooks (useful as reference books)


   A reader that collects several of the key readings in prominent theories in organizational economics

Some classics in strategy


10. Schumpeter, J.A. (1934) The theory of economic development