

**UNIVERSITY OF PENNSYLVANIA
The Wharton School**

Mgmt 925
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Seminar on Corporate Strategy

Course Description

This course explores current research on corporate strategy. Over the past two decades, research in the area of corporate strategy has evolved considerably. The fundamental focus of the field has been on sources of competitive advantage at the level of the firm, and the process of building and maintaining competitive advantage. In this class, we explore current research articles that best represent the development of rent-generating resources at the level of the firm. Topics addressed include the concept of strategy, research on the evolution of firm capabilities, competitive interaction, top management teams and strategy formation, and changes in firm scope through acquisitions, divestitures and alliances.

Pedagogy and Evaluation

This course is taught through a set of readings. A wide range of issues relating to effective research in corporate strategy are discussed. The readings are a mix of theoretical and empirical articles. The intent is to provide multiple theoretical lenses on the topics we address in the course.

Using the half-semester format, sessions 1 through 6 of the syllabus below will constitute

the course. I have added optional readings after session 6 as indications of topics on corporate scope that could be explored further. Many of these, and higher level readings, will be covered in Mgmt 926 which is offered every other year.

You will be required to write a three-page critique of a selected article from the readings assigned for each day. The workload for the class will, thus, be uniformly distributed for the duration of the semester. For each class, students should be prepared to discuss the core ideas presented in the assigned papers.

CLASS SCHEDULE

(1) Introductory Session

1. “The Dynamic Resource-Based View: Capability Lifecycles”, Constance E. Helfat and Margaret Peteraf, Strategic Management Journal 2003.
2. “Firm Resources and Sustained Competitive Advantage,” Jay Barney, Journal of Management 1991.

(2) The Concept of Strategy

1. “Cognition and Capabilities”, JP Eggers and Sarah Kaplan, Academy of Management Annals, 2013.
2. “Fundamental Issues in Strategy” Richard Rumelt, Dan Schendel, and David Teece, Strategic Management Journal 1991.
3. “The Core Competence of the Corporation,” C.K. Prahalad and Gary Hamel, Harvard Business Review 1990.
4. “What is Strategy?” Michael E. Porter, Harvard Business Review, 1996.
5. “A Resource-based View of the Firm,” Birger Wernerfelt, Strategic Management Journal 1984.
6. “Firm Resources and Sustained Competitive Advantage,” Jay Barney, Journal of Management 1991.
7. “Measuring Competence? Exploring Firm Effects in Pharmaceutical Research,” Rebecca Henderson and Iain Cockburn, Strategic Management Journal 1994.

(3) Resource Based View and Corporate Competencies

1. "The Birth of Capabilities: Market Entry and the Importance of Pre-History", Helfat and Lieberman, Industrial and Corporate Change, 2002.
2. "The Cornerstones of Competitive Advantage," Margeret Peteraf, Strategic Management Journal 1993.
3. "Unraveling the Process of Creative Destruction: Complementary Assets and Incumbent Survival in the Typesetter Industry," Mary Tripsas, Strategic Management Journal 1997.
4. "Dynamic Capabilities: Foundations", in Dynamic Capabilities: Understanding Strategic Change in Organizations, Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece and Winter, Blackwell, 2007.
5. "Four Rs of Profitability: Rents, Resources, Routines, and Replication," Sidney Winter, 1998.

(4) a. Resource Based View and Corporate Competencies – 2

1. "Modularity and Innovation in Complex Systems" Sendil K Ethiraj, Daniel Levinthal. Management Science. 2004.
2. "Where Do Capabilities Come From and How Do They Matter? A Study In The Software Services Industry", S. Ethiraj, P. Kale, M. S. Krishnan, J. V. Singh. Strategic Management Journal. Jan 2005.
3. "Product sequencing: Co-evolution of knowledge, Capabilities and Products" Constance Helfat, Ruth Raubitschek. Strategic Management Journal. 2000.

4) b. Competitive Interaction

1. "Customer Power, Strategic Investment, and the Failure of Leading Firms," Clayton Christensen and Joseph Bower, Strategic Management Journal 1996.
2. "Strategy and Transaction Costs: The Organization of Distribution in the Carbonated Soft Drink Industry," Timothy Muris, David Sheffman, and Pablo Spiller, Journal of Economic and Management Science 1992.
3. "Beyond the Reach of the Invisible Hand: Impediments to Economic Activity, Market Failures, and Profitability," Dennis Yao, Strategic Management Journal 1988.

(5) Top Management Teams and Decisions

1. "Do Top Executives Matter?" D. Hambrick & S. Finkelstein.
2. "Political Dynamics and the Circulation of Power: CEO Succession in U.S. Industrial Corporations, 1960-1990," William Ocasio, Administrative Science Quarterly 1994.
3. "The Intraorganizational Power Struggle: Rise of Finance Personal to Top Leadership in Large Corporations, 1919-1979," Neil Fligstein, American Sociological Review.

4. "Corporate Effects and Dynamic Managerial Capabilities" Ron Adner, Constance E Helfat. Strategic Management Journal. 2003.
5. "Executives, Dynamic Capabilities and Strategic Change", S. Finkelstein, in Dynamic Capabilities, by Helfat, et al.
6. "Corporate Governance, CEO Compensation and Firm Performance," Core, John, Robert Holthausen and David Larcker, Journal of Financial Economics, 1999.

(6) a. Transaction Cost Economics

1. "Transaction-Cost Economics: The Governance of Contractual Relations", O.E. Williamson, Journal of Law and Economics 22, 1979, pp. 233-261.
2. Williamson, O.E. Markets and Hierarchies: Analysis and Antitrust Implications. Free Press, New York, 1985.
3. "Strategy Research: Governance And Competence Perspectives" Oliver E Williamson. Strategic Management Journal. 1999.

b. Conclusion

1. "Strategy History: Through Different Mirrors," Edward Bowman, Advances in Strategic Management 1995.
2. "Fundamental Issues in Strategy," Richard Rumelt, Dan Schendel, and David Teece, Chapter 1 from Richard Rumelt, Dan Schendel, and David Teece, Fundamental Issues in Strategy 1994.
3. "The Interactions of Organizational and Competitive Influences on Strategy and Performance," R. Henderson and W. Mitchell, Strategic Management Journal 18 (Special Issue), 1997.

Additional Readings

(7) Competitive Interaction

1. "Modeling, Game Theory, and Strategic Management," G. Saloner, Strategic Management Journal 1991.
2. "Modeling alliance activity: an iterated prisoners' dilemma with exit option" Richard J Arend, Daryl A Seale. Strategic Management Journal. 2005.