

National Taiwan University
College of Management
Department of International Business
Strategic Management PhD Seminar: Corporate Strategy

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Course Description and Overview

This course is intended for doctoral students who have research interests in the field of corporate strategy. Corporate strategy tackles issues regarding the motivations for firm growth, the choice of different growth paths, and their corresponding consequences. We will review some classic literature, key theories and challenges of corporate development, and the most recent corporate strategy research. Given the interdisciplinary nature of corporate strategy, we will also give attention to some research in related fields that connects with the strategy research agenda (e.g., corporate finance and economics, among others). The goal of the course is to provide a solid foundation so that you will get the gist of research frontiers in corporate strategy.

Course Objectives

- a. Have an awareness of some of the selected classic articles and the latest developments in the corporate strategy area.
- b. Think critically about how this area has evolved historically
- c. Critically evaluate research questions addressed in the readings and how they have changed
- d. Develop a thorough understanding of how the major theories, issues, and contributions in the field of strategy connect with the applications covered in the course
- e. Link different sessions together and identify new research opportunities/questions arising from changes in theory or perspectives on organizations.

Class Format

The course will be taught using a seminar style. On any given session, one or more students will be “discussion leaders” for the material. We will decide jointly on who will be the discussion leaders for the papers.

Everyone should thoroughly prepare all of the readings assigned for each session, paying particular attention to the following items:

- scope of the research
- theoretical motivations
- research techniques
- findings and interpretations
- positioning in the literature, links to other work, and contributions
- future research opportunities

For each reading, one or more of the participants will be designated to be a discussion leader and will provide a summary and developmental review of the paper in the form of written handouts (2-3 pages for each paper). This review, as well as the class discussion that follows, should ideally go beyond offering a summary of the paper (based on the items above) to relate it to other research, underscore implications for the field, critique it, and identify research opportunities that would be worthwhile pursuing. The goal in doing these reviews is to increase your understanding of the material and improve your ability to evaluate and design studies.

Grading

Your final course grade will be determined based on two components: in-class participation (50 percent) and a term paper (50 percent).

In-class participation will be evaluated by the instructor based on your leadership of discussions on assigned articles, your presentations, and the quality of your contributions to the discussions throughout the term.

To help you develop your term paper, each student will submit three progress reports, present their ideas to the class and complete a final paper. You will need to begin thinking about your term paper early in the course.

Please feel free to discuss your ideas with me whenever you are ready to do so.

1. **Progress Report 1: Problem Definition** (2-3 pages, typed, double-spaced). Describe an international business problem that interests you. Describe why understanding this problem is relevant to scholars in our discipline.
2. **Progress Report 2: Literature Search**. Refine your research question and develop a reading list of articles and books that address your question. Format your reading list as a list of references following the format used in a leading journal in strategy or international business.
3. **Progress Report 3: Theory and Hypotheses** (5-7 pages, typed, double-spaced). Building on Progress Reports 1 & 2, develop preliminary theoretical arguments to address your research question and discuss testable predictions that emerge from these arguments.
4. **Presentation**: Present your paper ideas (15-20 minutes) in class.
5. **Final Paper** (15-20 pages, typed, double-spaced). Based on Progress Reports 1, 2, and 3, you will develop a research paper suitable for submission to an academic conference. Revise your ideas based on comments you receive from your peers and from the presentation and subsequent discussions. In addition to the problem definition, contribution, theory and predictions as mentioned above, your paper should include a description of your research design, the type of data required to test your hypotheses, and methods you might use to collect and analyze the data.

Session 1: Introduction (1)

- Caves, R. E. 1980. Industrial organization, corporate strategy and structure. *Journal of Economic Literature*, 18: 64-92.
- Teece, D. J. 1980. Economies of scope and the scope of the enterprise. *Journal of Economic Behavior and Organization*, 1: 223-247.
- Seth, A., & Thomas, H. 1994. Theories of the firm: Implications for strategy research. *Journal of Management Studies*, 31: 165-191.
- Collis, D. J., & Montgomery, C. A. 1998. Creating Corporate Advantage, *Harvard Business Review*, May-June, 71-83.

Session 2: Introduction (2)

- Bettis, R. A. 1983. Modern financial theory, corporate strategy, and public policy: Three conundrums. *Academy of Management Review*, 9: 406-415.
- Peavy, J. 1984. Modern financial theory, corporate strategy, and public policy: Another perspective. *Academy of Management Review*, 9: 152-157.
- Bromiley, P. 1990. On the use of finance theory in strategic management. *Advances in Strategic Management*, 6: 71-98.
- Zingales, L. 2000. In search of new foundations. *Journal of Finance*, 55: 1623-1653.

Session 3: Diversification (1)

- Rumlet, R. P. 1982. Diversification strategy and profitability. *Strategic Management Journal*, 3: 359-369.
- Palich, L. E., Cardinal, L. B., & Miller, C. C. 2000. Curvilinearity in the diversification-performance linkage: An examination of over three decades of research. *Strategic Management Journal*, 21: 155-174.
- Campa, J. M., & Kedia, S. 2002. Explaining the diversification discount. *Journal of Finance*, 57: 1731-1762.
- Villalonga, B. 2004. Does diversification cause the ‘diversification discount’? *Financial Management*, 33: 5-27.

Session 4: Diversification (2)

- Miller, D. J. 2006. Technology diversity, related diversification, and firm performance. *Strategic Management Journal*, 27: 601-619.
- Zhou, Y. M. 2011. Synergy, coordination costs, and diversification choices. *Strategic Management Journal*, 32: 624-639.
- Kuppuswamy, V., & Villalonga, B. 2016. Does diversification create value in the presence of external financing constraints? Evidence from the 2007–2009 Financial Crisis. *Management Science*, 62: 905-923.
- Bowen, H. P., & Sleuwaegen, L. 2017. Are international and product diversification substitutes or complements? Theoretical and empirical perspectives. *Global Strategy Journal*, 7: 241-256.

Session 5: Value creation from corporate strategy

- Nayyar, P. 1993. Performance Effects of information asymmetry and economies of scope in diversified firms. *Academy of Management Journal*, 36: 28-57.
- Teece, D., Rumelt, R., Dosi, G., & Winter, S. 1994. Understanding corporate coherence: Theory and evidence. *Journal of Economic Behavior and Organization*, 23: 1-30.
- Chang, S. J., Chung, C. N., & Mahmood, I. 2006. Does business group affiliate promote or hinder innovations in emerging markets. *Organization Science*, 17: 637-656
- Litov, L. P., Moreton, P., & Zenger, T. R. 2012. Corporate strategy, analyst coverage, and the uniqueness paradox. *Management Science*, 58: 1797-1815.

Session 6: Work on Progress Report 1

Session 7: Strategic Alliances (1)

- Oxley, J. E. 1997. Appropriability hazards and governance in strategic alliances: A transaction cost approach. *Journal of Law, Economics, and Organization* 13: 387-409.
- Gulati, R., & Harbir S. 1998. The architecture of cooperation: Managing coordination costs and appropriation concerns in strategic alliances. *Administrative Science Quarterly*, 43: 781-814.
- Combs, J. G., Ketchen D. J. 1999. Explaining interfirm cooperation and performance: Toward a reconciliation of predictions from the resource-based view and organizational economics. *Strategic Management Journal*, 20: 867-888.
- Poppo, L., & Zenger, T. 2002. Do formal contracts and relational governance function as substitutes or complements? *Strategic Management Journal*, 23: 707-725.

Session 8: Strategic Alliances (2)

- Lerner, J., Shane, H., & Tsai, A. 2003. Do equity financing cycles matter? Evidence from biotechnology alliances. *Journal of Financial Economics*, 67: 411-446.
- Villalonga, B., & McGahan, A. 2005. The choice among acquisitions, alliances, and divestitures. *Strategic Management Journal*, 26: 1183-1208.
- Reuer, J., & Ariño, A. 2007. Strategic alliance contracts: Dimensions and determinants of contractual complexity. *Strategic Management Journal*, 28: 313-330.
- Robinson, D.T., & Stuart, T.E. 2007. Network effects in the governance of strategic alliances. *Journal of Law, Economics, and Organization*, 23: 242-273.

Session 9: Mergers and Acquisitions (1)

- Barney, J. B. 1988. Returns to bidding firms in mergers and acquisitions: Reconsidering the relatedness hypothesis. *Strategic Management Journal*, 9: 71-78.
- Capron, L., & Shen, J. C. 2007. Acquisitions of private vs. public firms: Private information, target selection, and acquirer returns. *Strategic Management Journal*, 28: 891-911.
- Officer, M. S., Poulsen, A. B., & Stegemoller, M. 2008. Target-firm information asymmetry and acquirer returns. *Review of Finance*, 13: 467-493.
- Humphery-Jenner, M. 2014. Takeover defenses, innovation, and value creation: Evidence from acquisition decisions. *Strategic Management Journal*, 35: 668-690.

Session 10: Mergers and Acquisitions (2)

- Higgins, M.J., & Rodriguez, D. R. 2006. The outsourcing of R&D through acquisitions in the pharmaceutical industry. *Journal of Financial Economics*, 80: 351-383.
- Kim, J. Y., Haleblan, J., & Finkelstein, S. 2011. When firms are desperate to grow via acquisition: The effect of growth patterns and acquisition experience on acquisition premiums. *Administrative Science Quarterly*, 56: 26-60.
- Reuer, J.J., Tong, T., & Wu, C.-W. 2012. A signaling theory of acquisition premiums: Evidence from IPO targets. *Academy of Management Journal*, 55: 667-683.
- Bertrand, O., Betschinger, M. A., & Settles, A. 2016. The relevance of political affinity for the initial acquisition premium in cross-border acquisitions. *Strategic Management Journal*, 37: 2071-2091.

Session 11: Initial Public Offerings

- Certo, S. T. 2003. Influencing initial public offering investors with prestige: Signaling with board structures. *Academy of Management Review*, 28: 432-446.
- Brau, J. C., & Fawcett, S. E. 2006. Initial public offerings: An analysis of theory and practice. *The Journal of Finance*, 61: 399-436.
- Filatotchev, I., & Piesse, J. 2009. R&D, internationalization and growth of newly listed firms: European evidence. *Journal of International Business Studies*, 40: 1260-1276.
- Acharya, A. G., & Pollock, T. G. 2013. Shoot for the stars? Predicting the recruitment of prestigious directors at newly public firms. *Academy of Management Journal*, 56:1396-1419.

Session 12: Work on Progress Report 2

Session 13: Innovation and R&D Investments

- Hubbard, R. 1998. Capital market imperfections and investment. *Journal of Economic Literature*, 36: 193-225.
- David, P., Yoshikawa, T., Chari, M. D., & Rasheed, A. A. (2006). Strategic investments in Japanese corporations: Do foreign portfolio owners foster underinvestment or appropriate investment? *Strategic Management Journal*, 27(6), 591-600.
- Knott, A. M. 2008. R&D/returns causality: Absorptive capacity or organizational IQ. *Management Science*, 54: 2054-2067.
- Hsu, D. H., & Ziedonis, R. H. 2013. Resources as dual sources of advantage: Implications for valuing entrepreneurial-firm patents. *Strategic Management Journal*, 34: 761-781.

Session 14: Corporate Investment Design

- Kumar, S., & Seth, A. 1998. The design of coordination and control mechanisms for managing joint venture-parent relationships. *Strategic Management Journal*, 19: 579-599.
- Kohers, N., & Ang, J. 2000. Earnouts in mergers: Agreeing to disagree and agreeing to stay. *Journal of Business*, 73: 445-476.
- Boeh, K. K. 2011. Contracting costs and information asymmetry reduction in cross-border M&A. *Journal of Management Studies*, 48: 568-590.
- Malhotra, D., & Lumineau, F. 2011. Trust and collaboration in the aftermath of conflict: The effects of contract structure. *Academy of Management Journal*, 54: 981-998.

Session 15: Corporate Governance

- Boone, A.L., Field, L., Karpoff, J.M., & Raheja, C. 2007. The determinants of corporate board size and composition: An empirical analysis. *Journal of Financial Economics*, 85: 66-101.
- Hambrick, D.C., Werder, A., & Zajac, E. 2008. New directions in corporate governance research. *Organization Science*, 19: 381-385.
- Joseph, J., Ocasio, W., & McDonnell, M. H. 2014. The structural elaboration of board independence: Executive power, institutional logics, and the adoption of CEO-only board structures in US corporate governance. *Academy of Management Journal*, 57:1834-1858.
- Perkins, S., Morck, R., & Yeung, B. 2014. Innocents abroad: the hazards of international joint ventures with pyramidal group firms. *Global Strategy Journal*, 4: 310-330.

Session 16: Testing Hypotheses and Interpreting Results

- Shaver, J.M. 2007. Interpreting empirical results in strategy and management research. *Research Methodology in Strategy and Management*, 4: 273-293.
- Schwab, A., Abrahamson, E., Starbuck, W.H., & Fidler, F. 2011. Researchers should make thoughtful assessments instead of null-hypothesis significance tests. *Organization Science*, 22: 1105-1120.
- Bettis, R.A. 2012. The search for asterisks: Compromised statistical tests and flawed theories. *Strategic Management Journal*, 33: 108-113.
- Meyer, K. E., van Witteloostuijn, A., & Beugelsdijk, S. (2017). What's in a p? Reassessing best practices for conducting and reporting hypothesis-testing research.

Session 17: Work on Progress Report 3

Session 18: Presentation of Research Papers