

**Course Number:** MGMT 7500/8500      Section 1  
**Room:**                   FCB, Room 368  
**Time:**                    7:10 – 10:10 P.M. Tuesday

Fall 2010

**Course Title:**       Seminar in Strategic Management

**Instructor:**         Peter Wright

**Phone Number:**   (901) 678-2434

**E-Mail address:**   [pwright@memphis.edu](mailto:pwright@memphis.edu)

**Office Number:**   318 BB

**Office Hours:**     1:00 – 3:00 PM   Thursday, or after class, or by appointment

**Description of Course:**

A study of contributions from other fields to strategic management as well as an examination of the literature of strategic management.

**The goals of this course are:**

1. To further develop a capability of interrelating various fields and their contributions to strategic management.
2. To seek a theoretical, strategic understanding of organizations within their environments.
3. To examine research streams in the field of strategic management.
4. To enhance capabilities in formulating and responding to strategic management questions and issues.
5. To gain additional insights on writing strategic management oriented papers.

**General Comments**

Coffeehouses of the past served as places where seminars on philosophical subjects were held (philosophy may be considered as love of wisdom through exchange of ideas). Indeed, philosophical seminars may be characterized as advanced exchanges of information via verbal as well as written communications. In this seminar, a number of areas related to strategic management are explored. You are welcome to bring coffee, etc. to the class to make it a more enjoyable experience; hence, we could have seminars in our coffeehouse. We will examine a number of theoretical areas. Suggested readings are provided under each area. Because of limited time during the semester, select readings have been assigned. Many other articles exist on these topics. However, scarcity of time does not allow us to examine all of them.

Please note that your grade will be influenced by your oral and written contributions to this seminar. More important (than the grade), how much you will learn in this seminar will depend on how much effort you put behind your oral and written communications.

Everyone is expected to contribute to the oral discussions in the class. Some of you are naturally more expressive and that is fine. But please allow the less expressive individuals to also orally participate. Those of you who are less expressive, by habit, need to push yourselves to participate. We must create a supportive class environment. I do not want anyone to feel that what he/she says is perceived as “unwise”, “crazy”, etc. As the semester progresses, you will realize that my comments may be the most unwise and crazy.

By the end of the term, I expect to be the most ignorant individual in this seminar and forced to bluff my way through. Having said this, please note you can't bluff a bluffer. Consequently, I desire that everyone participate in our seminar, based on preparation, not on bluffing. The discussion should heavily emphasize the related literature as well as your own opinions.

Naturally, I expect more rigor from the doctoral students in their writings, since they have more experience in theory-related courses. Please note the emphasis of this seminar is on a theoretical approach (versus applied) to strategic management. If you are more interested in an applied approach, I suggest you take the MBA policy course.

### **Grade Determination:**

1. Class participation. (20%) (**This is neither an online nor a correspondence class. Your on-time and physical attendance are essential**).
2. Test 1: Your double-spaced typed joint responses (with one other person) to a set of questions you formulate, with references. (Due October 26). (30%)
3. Test 2: Your double-spaced typed joint responses (with one other person) to a set of other questions you formulate, with references. (Due December 7). (30%)
4. Your typed individual responses to a set of questions I submit to you on November 30 and due on December 7. (20%)

### **Suggested Readings According to Area**

We will sequentially discuss the following topic areas. Depending on how well we do on each topic, our forward progression may be slower in some areas and faster in other areas. Any changes will be announced in class. Individuals not attending class are nevertheless responsible to remain informed of changes, notes, and assignments. Please keep in communications with others attending the class.

**1. Contributions to the Study of Strategy** (The sequence of discussion is noted alphabetically to the left of each reference, except for suggested references which are optional.)

- E** Arthur, W.B. 1996. "Increasing Returns and the New World of Business," Harvard Business Review, 74, 100-109.
- D** Barney, J. 1986. "Types of Competition and the Theory of Strategy: Toward an Integrative Framework," Academy of Management Review, 11, 791-800.
- H** Chamberlin, E. 1956. The Theory of Monopolistic Competition, Cambridge, Harvard University Press, 8-10, 56-65, 68, 71-73, 204-208.
- Gould, S. J. 1977. Ever Since Darwin, Norton, New York. (Suggested reference)
- F** Hamel, G. 1996. "Strategy as Revolution," Harvard Business Review, 74, 69-82.
- G** James, D., & Soref, M. 1981. "Profit Constraints on Managerial Autonomy: Managerial Theory and the Unmaking of the Corporation President," American Sociological Review, 46, 1-18.
- B** Kilby, P. 1971. Entrepreneurship and Economic Development, Free Press, N.Y., 2-4, 6-9, 71-80, 82-87, 91-94.
- Miles, R. H., & Snow, C.C. 1978. Organizational Strategy, Structure, and Process. (Suggested reference)
- Porter, M. E. 1980. Competitive Strategy, Techniques for Analyzing Industries and Competitors. (Suggested reference)
- Porter, M. E. 1985. Competitive Advantage: Creating and Sustaining Superior Performance, (Suggested reference)
- C** Schumpeter, J. A. 1934. The Theory of Economic Development, Oxford University Press, N.Y., 60-66, 70, 73-83, 88-89, 131-138, 140-141, 212-220, 225-236.
- A** Wright, P., Kroll, M., & Parnell, J. 1998. Strategic Management, Prentice Hall, N.J., 7-10.

**2. Environment/Industry Determining Strategy and Outcomes versus Firm Proactivity**

Aldrich, H. E. 1979. Organizations and Environments, Prentice-Hall, Englewood Cliffs, N. J., (Suggested reference)

Caves, R., & Porter, M. 1977. "From Entry Barriers to Mobility Barriers: Conjectural Decisions and Contrived Deterrence to New Competition," Quarterly Journal of Economics, 91, 241-262. (Suggested reference)

**E** Chan, S. H., Martin, J., & Kensinger, J. 1990. "Corporate Research and Development Expenditures and Share Value," Journal of Financial Economics, 26, 255-276.

Chandler, A. 1962. Strategy and Structure: Chapters in the History of the American Industrial Enterprise, MIT Press, Cambridge, MA. (Suggested reference)

**F** Chung, K.H., Wright, P., & Charoenwong, C. 1998. "Investment Opportunities and Market Reaction to Capital Expenditure Decisions," Journal of Banking and Finance, 22, 41-60.

**A** Hannan, M., & Freeman, J. 1977. "The Population Ecology of Organizations," American Journal of Sociology, 82, 929-964.

**D** McGee, J. & Thomas, H. 1986. "Strategic Groups: Theory, Research and Taxonomy," Strategic Management Journal, Vol. 7., 141-160.

**B** Moore, J.F. 1993. "Predators and Prey: A New Ecology of Competition," Harvard Business Review, 71, 75-86.

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

Thompson, J. A. 1967. Organizations in Action, McGraw-Hill, N.Y., (Suggested reference).

### **3. Analysis at the Corporate Level and Strategic Outcomes**

**D** Barney, J. 1988. "Returns to Bidding Firms in Mergers and Acquisitions: Reconsidering the Relatedness Hypothesis," Strategic Management Journal, 9, 71-78.

**B** Bowman, E., & Singh, H. 1993. "Corporate Restructuring: Reconfiguring the Firm," Strategic Management Journal, 14, 5-14.

Brush, T., Bromiley, P., & Hendrickx, M. 2000. "The Free Cash Flow Hypothesis for Sales Growth and Firm Performance," Strategic Management Journal, 21, 455-472, (Suggested reference).

Collis, D., & Montgomery C. 1998. "Creating Corporate Advantage," Harvard Business Review, May – June, 71-83, (Suggested reference).

Hansen, G., & Hill, W. 1991. "Are Institutional Investors Myopic? A Time-Series Study of Four Technology-Driven Industries," Strategic Management Journal, 12, 1-16, (Suggested reference).

**E** Harrison, J., Hitt, M., & Ireland, R. 1991. "Synergies and Post-Acquisition Performance: Differences versus Similarities in Resource Allocations," Journal of Management, 17, 173-190.

Lubatkin, M., & Chatterjee, S. 1994. "Extending Modern Portfolio Theory into the Domain of corporate Diversification: Does It Apply?" Academy of Management Journal, 37, 109-136, (Suggested reference).

**A** Schendel, D. 1993. "Introduction to the Summer 1993 Special Issue on Corporate Restructuring," Strategic Management Journal, 14, 1-3.

**C** Shleifer, A., & Vishny, R. W. 1991. "Takeovers in the 60's and the 80's: Evidence and Implications," Strategic Management Journal, 12, 51-59.

#### **4. Analysis at the Business Unit Level and Strategic Outcomes**

**G** Brandenburger, A. M., & Nalebuff, B. J. 1995. "The Right Game: Use Game Theory to Shape Strategy," Harvard Business Review, 73, 57-71.

Buzzell, R. & Gale, B. 1987. The PIMS Principles, New York, Free Press. (Suggested reference)

**D** Dess, G., & Davis, P. 1984. "Porter's (1980) Generic Strategies and Determinants of Strategic Group Membership and Organizational Performance," Academy of Management Journal, 27, 467-488.

**F** Kroll, M., Wright, P., & Heiens, R. 1999. "The contributions of Product Quality to Competitive Advantage: Impacts on Systematic Variance and Unexplained Variance in Returns," Strategic Management Journal, 20, 375-384.

**A** Miles, R., Snow, C., & Sharfman, M. 1993. "Industry Variety and Performance," Strategic Management Journal, 14, 163-177.

**H** Normann, R., & Ramirez, R. 1993. "From Value Chain to Value Constellation: Designing Interactive Strategy," Harvard Business Review, 71, 65-77.

**B** Porter, M.E. 1980. Competitive Strategy, Techniques for Analyzing Industries and Competitors. 3 – 33.

C Porter, M. E. 1985. Competitive Advantage: Creating and Sustaining Superior Performance, 11 - 22

E Wright, P. 1987. "A Refinement of Porter's Generic Strategies," Strategic Management Journal, 8, 1, January-February, pp. 93-101.

Wright, P., Kroll, M., Chan, P., & Hamel, K. 1991. "Strategic Profiles and Performance: An Empirical Test of Select Key Propositions," Journal of the Academy of Marketing Science, 19, 245-254, (Suggested reference).

Wright, P. 1984. "MNC-Third World Business Unit Performance: Application of Strategic Elements," Strategic Management Journal, Vol. 5, No. 3, pp. 231-240. (Suggested Reference)

## **5. Organizational Learning**

E Gupta, A. K., Smith, K. G., & Shalley, C. E. 2006. "The Interplay Between Exploration and Exploitation," Academy of Management Journal, 49, 4, 693-706.

C He, Z.-L., & Wong, P.-K. 2004. "Exploration vs. Exploitation: An Empirical Test of the Ambidexterity Hypothesis," Organization Science, 15: 481-494.

D Jansen, J. J. P., Van Den Bosch, F. A. J., & Volberda, H. W. 2006. "Exploratory Innovation, Exploitative Innovation, and Performance: Effects of Organizational Antecedents and Environmental Moderators," Management Science, 52, 11, pp. 1661-1674.

B Katila, R. & Ahuja, G. 2002. "Something Old, Something New: A Longitudinal Study of Search Behavior and New Product Introduction," Academy of Management Journal, 45: 1183-1194.

A Wright, P., Kroll, M., Pray, B., & Lado, A. 1995. "Strategic Orientations, Competitive Advantage, and Business Performance," Journal of Business Research, 33, 143-151.

## **6. Organizational Economics, Firm Governance, and Related Research**

J Certo, S.T., Daily, C.M., Cannella, A.A., & Dalton, D.R. 2003. "Giving Money to Get Money: How CEO Stock Options and CEO Equity Enhance IPO Valuations," Academy of Management Journal, Vol. 46, 5: 643-653.

L Conyon, M.S., Peck, S.I., and Sadler, G.V. 2001. "Corporate Tournaments and Executive Compensation: Evidence From the U.K." Strategic Management Journal, 22: 805-815.

- K** Cowherd, D.M., & Levine, D.I. 1992. "Product Quality and Pay Equity Between Lower-level Employees and Top Management: An Investigation of Distributive Justice theory." Administrative Science Quarterly, 37: 302-320.
- M** DeVaro, J. 2006. "Strategic Promotion Tournaments and Worker Performance," Strategic Management Journal, 27, pp. 721-740.
- A** Eisenhardt, K. M. 1989. "Agency Theory: An Assessment and Review," Academy of Management Review, 14, 57-74.
- B** Ewert, A. W. 1994. "Playing the Edge: Motivation and Risk Taking in a High-Altitude Wilderness Like Environment," Environment and Behavior, 26: 3-24.
- C** Forlani, D. 2002. "Risk and Rationality: The Influence of Decision Domain and Perceived Outcome Control on Managers' High-risk Decisions," Journal of Behavioral Decision Making, 15 (2): 125-140.
- T** Hillman, A., & Dalziel, T. 2003. "Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives," Academy of Management Review, 28, 383-396.
- O** Jensen, M., & Murphy, K. 1990. "Performance Pay and Top Management Incentives," Journal of Political Economy, 98, 225-264.
- P** Kroll, M., Wright, P., Toombs, L., & Leavell, H. 1997. "Form of Control - - A Critical Determinant of Acquisition Performance and CEO Rewards," Strategic Management Journal, 18, pp. 85-96.
- U** Kroll, M., Walters, B., Wright, P. 2008. "Board Vigilance, Director Experience, and Corporate Outcomes," Strategic Management Journal, 29: 363-382.
- G** Sanders, W. G. 2001. "Behavioral Responses of CEOs to Stock Ownership and Stock Option Pay," Academy of Management Journal, 44: 477-492.
- H** Sanders, Wm. G. & Hambrick, D. C. 2007. "Swinging for the Fences: The Effects of CEO Stock Options on Company Risk Taking and Performance," Academy of Management Journal, 50 (5): 1005-1078.
- V** Walters, B., Kroll, M., Wright, P. 2008. "CEO Ownership and Effective Boards: Impacts on firm Outcomes," Strategic Organization, 6, 147-172.

- S** Wright, P., & Ferris, S. 1997. "Agency Conflict and Corporate Strategy: The Effect of Divestment on Corporate Value", Strategic Management Journal, 18, 77-83.
- D** Wright, P., Ferris, S., Sarin, A., & Awasthi, V. 1996. "Impact of Corporate Insider, Blockholder, and Institutional Equity Ownership on Firm Risk Taking," Academy of Management Journal, 39, 441-463.
- Q** Wright, P., & Kroll, M. 2002. "Executive Discretion and Corporate Performance as Determinants of CEO Compensation, Contingent on External Monitoring Activities," Journal of Management and Governance, 1: 1-26.
- R** Wright, P., Kroll, M., & Elenkov, D. 2002. "Acquisition Returns, Increase in Firm Size, and Chief Executive Officer Compensation: The Moderating Role of Monitoring," Academy of Management Journal, 45, 599-609.
- E** Wright, P., Kroll, M., Lado, A., & Van Ness, B. 2002. "The Structure of Ownership and Corporate Acquisition Strategies," Strategic Management Journal, 23, 41-53.
- N** Wright, P., Kroll, M., Lado, A., & Elenkov, D. 2005. "Influences of Relative Rewards of Top Managers on Firm Performance," Strategic Organization, 3, 3, 311-335.
- W** Wright, P., & Mukherji, A. 1999. "Inside the Firm: Socioeconomic Versus Agency Perspectives on Firm Competitiveness", Journal of Socio-Economics, 28, 295-307.
- F** Wright, P., Kroll, M., Krug, J., & Pettus, M. 2007. "Influences of Top Management Team Incentives on Firm Risk Taking," Strategic Management Journal, 28, 81-89.
- X** Wright, P., Kroll, M., Mukherji, A., & Pettus, M. 2009. "Do the Contingencies of External Monitoring, Ownership Incentives, or Free Cash Flow Explain Opposing Firm Performance Expectations?" Journal of Management and Governance, 13: 215-243.
- I** Zhang, X., Bartol, K. M., Smith, K. G., Pfarrer, M. D., & Khanin, D. M. 2008. "CEOs on the Edge: Earnings Manipulation and Stock-based Incentive Misalignment," Academy of Management Journal, 51(2): 241-258.

## **7. Resource Based Theory**

- B** Barney, J. 1986. "Strategic Factor Markets: Expectations, Luck, and Business Strategy," Management Science, Vol. 32, No. 10, October, 1231-1241.
- A** Barney, J. 1995. "Looking Inside for Competitive Advantage," Academy of Management Executive, 9, 49-61.

- C** Barney, J. 1988. "Returns to Bidding Firms in Mergers and Acquisitions: Reconsidering the Relatedness Hypothesis," Strategic Management Journal, 9, 71-78.
- D** Dierickx, I. & Cool, K. 1989. "Asset Stock Accumulation and Sustainability of Competitive Advantage," Management Science, Vol. 35, No. 12, 1504-1511.
- E** Harrison, J., Hitt, M., Hoskisson, R. & Ireland, R. 1991. "Synergies and Post-Acquisition Performance: Differences vs. Similarities in Resource Allocations," Journal of Management, 17, 1, 173-190.
- G** Lado, A., Boyd, N., & Wright, P. 1992. "A Competency-Based Model of Sustainable Competitive Advantage: Toward a Conceptual Integration," Journal of Management, 18, 77-91.
- F** Lado, A., Boyd, N., Wright, P., & Kroll, M. 2006. "Paradox and Theorizing Within the Resource-Based View," Academy of Management Review, 31, No. 1, 115-131.

## WORDS OF COMMON SENSE

1. All of us are capable of achieving most of what we want out of life. But if we attempt to do “everything”, we will probably end up doing only a few things well. The rest of our undertakings will suffer. Consequently, we should choose fewer tasks to concentrate on so that we can do them well.
2. In order for us to succeed, we should realize that problems that are outside of class and work (when employed) should not be used as excuses as to why we are not able to make deadlines or do a good job in class or at work. All of us, at one time or another, have personal problems (sickness, family problems, love problems, death of loved ones, etc.) and other problems (lack of money, too much work, too little time, etc.). Those who succeed will accomplish the requirements of classes and employment, in spite of problems. Those who fail will view themselves as having the “right” to not go to class or work, or make deadlines, or do a good job because of personal and other problems outside of class or work. Such individuals have a tendency to think that only they have problems. All we have to do is to open our eyes to realize none of us have exclusive rights to various miseries. If we stop thinking of only ourselves, we realize that people with more severe problems than ourselves have transcended them and become successful. You show me a person without problems and I will show you a corpse.
3. All of us, in the final analysis, will be judged on the basis of our intentions, efforts and results. In most situations, the emphasis is put on results. For the purposes of this course, all the above three factors count, though results is still the number one goal. In this class, you “earn” a grade. I do not assign grades. The requirements of this class are rigid. If you do not have the time to attack the many requirements and deadlines in this course, you should drop it. Thinking or saying that you need to take this class for graduation, in spite of the fact that you do not have the time to devote to it, will only frustrate you. You will either get a low grade, or will ultimately drop the course.
4. Your attitude speaks of how much you care about a class or place of employment. Statements made by you as well as your actions to a degree express your attitude toward this class. Note the following points that should be avoided because they indicate a negative attitude toward this class:
  - a. You do not come to class because of other problems such as studying for other tests, sickness, work, family problems, transportation problems, etc.
  - b. You come to class, but late or have not prepared for the class.
  - c. You come to class, but ask to be excused to leave the class early, because you have to report to a meeting or job interview, etc.
  - d. You are concerned about your grade. But instead of putting more effort and time on the next project in order to improve your grade, you argue that you

should have received a higher grade on the previous project, or that others should have received a lower grade.

- e. You ask for deadlines to be extended, or request that special arrangements be made for you, because of what you believe to be unique problems that you face.
- f. You believe that too much work is assigned to you and that because you have work obligations, family obligations, and other class assignments, that in this class you should be expected to do less work.