

Doctoral Seminar: Foundational Theories in Strategy Research

Strategy 897, Fall B 2025

Professor: Felipe Csaszar (fcsaszar@umich.edu)

Strategy Department, Ross School of Business, University of Michigan

Meeting times: Wednesdays 4:00pm–7:00pm, Room R4336

Overview

Strategy research aims to understand what drives the heterogeneity of performance across firms. This PhD seminar surveys the major theoretical perspectives used in strategy research. An illustrative list of issues addressed in this seminar includes: identifying the profit potential of different industry configurations; exploring relationships between firm scale, scope, and performance; and understanding the cognitive and organizational antecedents of firm-level outcomes such as innovation and profitability.

This seminar is a required course for doctoral students in the strategy department at the University of Michigan. Because many of the issues examined in the course (e.g., vertical integration, firm diversification, industry structure, organizational and inter-organizational networks) are also common themes in other disciplines such as industrial organization economics, accounting, marketing, information systems, and organizational and economic sociology, this course may also be useful to students with research interests in these areas.

The goals of the seminar are the following:

1. To familiarize you with the main theoretical, empirical, and methodological traditions in strategy research.
2. To help you develop the skills to understand, critique, and contribute to the field of strategy.

The course is informed by both economic and behavioral views of strategy. In order to cover a broad array of issues in strategy research, the readings are biased towards foundational and survey works, although most sessions include at least one empirical or modeling paper that exemplifies work that is done near the knowledge frontier.

Because of the breadth of strategy research, a course like this is inevitably incomplete. Hence, the course aims to inform you about the main conversations in the field, while you are responsible for mastering the specific literatures that matter to your research.

Although this is a research-oriented PhD seminar, the content of this seminar can take additional meaning if you are familiar with the frameworks managers use when making strategic decisions. If you have never taken a strategy course aimed at managers (e.g., the core strategy course taught in most MBA programs), you can get acquainted with this content by reading one of the many strategy textbooks available (including the lecture notes I have prepared for my MBA course, which I will include in the course shared folder).

Requirements

You are required to read all the assigned materials for each session and be prepared to actively participate in the discussions. In addition, the course has three other requirements:

Reaction notes. For five sessions of the course (you choose which ones), you should prepare a one-page document with your critical thoughts about the readings assigned to that session. Do not write a summary of the readings (doing so will be penalized), but provide your thoughts on what you find particularly remarkable or problematic about the readings, and what novel connections or extensions the readings spark on you. Please upload this document to our shared folder before 9:00am the day of the corresponding session.¹

Paper discussion. All the readings of the course will be evenly split among the students.² Your role is to initiate the discussion of the reading you are in charge of. To do so, prepare a 5-minute presentation with no more than six slides (or an equivalent text outline) with the following suggested headings: (1) main question and why it matters, (2) method, (3) key result, (4) implications, and (5) discussion (i.e., thoughtful questions and ideas you pose to the class regarding key assumptions, problems, extensions, connections, etc.). You can add a sixth heading anywhere in the structure to delve into further detail about any other aspect of the paper you consider important. *The goal of your presentation is not to summarize the reading (which we will all have read), but to highlight what you believe is particularly remarkable.* Please bring to class enough printouts of this document for all the participants (if you prepare slides, print at two slides per page).

Term paper. Each student is responsible for an individual research project. A first deliverable (due on session #4) is a 1-page proposal pointing to a relevant, open question in strategy and outlining a method for investigating it. You need to clear your proposal with me before proceeding to write your term paper. The term paper (due on Monday, December 23 at 8:00pm) consists of the front end of a paper (i.e., introduction and theoretical motivation) plus an outline of the rest of the paper. For instance, if in the front end you propose an empirical test, then the rest of the paper could discuss the dataset you would use, examples of analyses you would run, and a preliminary discussion; or, if in the front end of the paper you propose a model, the rest of the paper could include a first draft of the model, a simple analysis, and a preliminary discussion of the results. The paper should be no longer than 25 double-spaced pages.

Grading

The final grade is computed using the following weights:

Class participation	20%
Reaction notes	20%
Paper discussions	20%
Term paper	40%

¹The Internet address of the folder will be shared before the first session. All documents you upload to this folder must be in PDF format. Please include your last name in the file name.

²I will assign the readings for session #1, for all the other sessions, you are in charge of assigning the readings among yourselves. All of the readings will be available in the course shared folder.

Reading List

Note: for each session, all the numbered readings are required, while those marked with a bullet are optional. I suggest you at least skim the optional readings, as they will add valuable context to your understanding of the literature.

1. Origins of strategy, positioning, and diversification

Wednesday, October 23, 4:00pm–7:00pm

1. Ghemawat, P. (2002). Competition and business strategy in historical perspective. *Business History Review* 76(1) 37–74.
2. Nag, R., Hambrick, D. C., and Chen, M. J. (2007). What is strategic management, really? Inductive derivation of a consensus definition of the field. *Strategic Management Journal* 28(9) 935–955.
3. Leiblein, M. J., Reuer, J. J., and Zenger, T. R. (2018). What makes a decision strategic? *Strategy Science* 3(4) 558–573.
4. Porter, M. E. (1991). Towards a dynamic theory of strategy. *Strategic Management Journal* 12 95–117. Special Issue.
5. McGahan, A. M. and Porter, M. E. (1997). How much does industry matter, really? *Strategic Management Journal* 18 15–30. Special Issue.
6. Choi, J., Menon, A., and Tabakovic, H. (2021). Using machine learning to revisit the diversification–performance relationship. *Strategic Management Journal* 42(9) 1632–1661.
7. Heshmati, M. and Csaszar, F. A. (2024). Learning strategic representations: Exploring the effects of taking a strategy course. *Organization Science* 35(2) 453–473.

-
- Porter, M. E. (1979). How competitive forces shape strategy. *Harvard Business Review* 57(2) 137–145.
 - Teece, D. J., Rumelt, R. P., Dosi, G., and Winter, S. G. (1994). Understanding corporate coherence: Theory and evidence. *Journal of Economic Behavior & Organization* 23(1) 1–30.
 - Montgomery, C. A. (1994). Corporate diversification. *Journal of Economic Perspectives* 8(3) 163–178.
 - Villalonga, B. (2004). Diversification discount or premium? New evidence from the business information tracking series. *Journal of Finance* 59(2) 479–506.
 - Mahoney, J. T. and McGahan, A. M. (2007). The field of strategic management within the evolving science of strategic organization. *Strategic Organization* 5(1) 79–99.
 - Denrell, J., Fang, C., and Liu, C. (2015). Perspective: Chance explanations in the management sciences. *Organization Science* 26(3) 923–940.
 - Vanneste, B. S. (2017). How much do industry, corporation, and business matter, really? A meta-analysis. *Strategy Science* 2(2) 121–139.

2. Resources, capabilities, and dynamic capabilities

Wednesday, October 30, 4:00pm–7:00pm

1. Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal* 5(2) 171–180.
2. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management* 17(1) 99–120.
3. Leiblein, M. J. (2011). What do resource- and capability-based theories propose? *Journal of Management* 37(4) 909–932.
4. King, A. A. and Tucci, C. L. (2002). Incumbent entry into new market niches: The role of experience and managerial choice in the creation of dynamic capabilities. *Management Science* 48(2) 171–186.
5. Helfat, C. E. and Peteraf, M. A. (2015). Managerial cognitive capabilities and the microfoundations of dynamic capabilities. *Strategic Management Journal* 36(6) 831–850.
6. Tripsas, M. (1997). Surviving radical technological change through dynamic capability: Evidence from the typesetter industry. *Industrial and Corporate Change* 6(2) 341–377.
7. Csaszar, F. A. Unbounding rationality: Why AI is a fundamental issue for strategy. Invited chapter to a forthcoming book on strategy’s fundamental issues, edited by Jay Barney and Todd Zenger.

-
- Dierickx, I. and Cool, K. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management Science* 35(12) 1504–1511.
 - Henderson, R. and Cockburn, I. (1994). Measuring competence: Exploring firm effects in pharmaceutical research. *Strategic Management Journal* 15 63–84. Special Issue.
 - Teece, D. J., Pisano, G., and Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal* 18(7) 509–533.
 - Eisenhardt, K. M. and Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal* 21(10–11) 1105–1121.
 - Priem, R. L. and Butler, J. E. (2001). Is the resource-based “view” a useful perspective for strategic management research? *Academy of Management Review* 26(1) 22–40.
 - Denrell, J., Fang, C., and Winter, S. G. (2003). The economics of strategic opportunity. *Strategic Management Journal* 24(10) 977–990.
 - Newbert, S. L. (2007). Empirical research on the resource-based view of the firm: An assessment and suggestions for future research. *Strategic Management Journal* 28(2) 121–146.
 - Kraaijenbrink, J., Spender, J. C., and Groen, A. J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of Management* 36(1) 349–372.
 - Kaul, A. (2012). Technology and corporate scope: Firm and rival innovation as antecedents of corporate transactions. *Strategic Management Journal* 33(4) 347–367.

3. Firm boundaries, ecosystems, and the value-based view

Wednesday, November 6, 4:00pm–7:00pm

1. Zenger, T. R., Felin, T., and Bigelow, L. (2011). Theories of the firm–market boundary. *Academy of Management Annals* 5(1) 89–133.
2. Poppo, L. and Zenger, T. (1998). Testing alternative theories of the firm: Transaction cost, knowledge-based, and measurement explanations for make-or-buy decisions in information services. *Strategic Management Journal* 19(9) 853–877.
3. Leiblein, M. J., Reuer, J. J., and Dalsace, F. (2002). Do make or buy decisions matter? The influence of organizational governance on technological performance. *Strategic Management Journal* 23(9) 817–833.
4. Boudreau, K. (2010). Open platform strategies and innovation: Granting access vs. devolving control. *Management Science* 56(10) 1849–1872.
5. Brandenburger, A. M. and Stuart, H. (1996). Value-based business strategy. *Journal of Economics & Management Strategy* 5(1) 5–24.
6. Adner, R. and Kapoor, R. (2010). Value creation in innovation ecosystems: How the structure of technological interdependence affects firm performance in new technology generations. *Strategic Management Journal* 31(3) 306–333.
7. Chatain, O. and Mindruta, D. (2017). Estimating value creation from revealed preferences: Application to value-based strategies. *Strategic Management Journal* 38(10) 1964–1985.

-
- Coase, R. H. (1937). The nature of the firm. *Economica* 4(16) 386–405.
 - Williamson, O. E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. *Administrative Science Quarterly* 36(2) 269–296.
 - Prendergast, C. (1999). The provision of incentives in firms. *Journal of Economic Literature* 37(1) 7–63.
 - MacDonald, G. and Ryall, M. D. (2004). How do value creation and competition determine whether a firm appropriates value? *Management Science* 50(10) 1319–1333.
 - Gibbons, R. (2005). Four formal(izable) theories of the firm? *Journal of Economic Behavior & Organization* 58(2) 200–245.
 - Adner, R., Csaszar, F. A., and Zemsky, P. B. (2014). Positioning on a multi-attribute landscape. *Management Science* 60(11) 2794–2815.
 - Kapoor, R. (2018). Ecosystems: Broadening the locus of value creation. *Journal of Organization Design* 7(12) 1–16.

4. Knowledge, learning, and aspirations

Wednesday, November 13, 4:00pm–7:00pm

1. Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science* 5(1) 14–37.
2. Darr, E. D., Argote, L., and Epple, D. (1995). The acquisition, transfer, and depreciation of knowledge in service organizations: Productivity in franchises. *Management Science* 41(11) 1750–1762.
3. Cohen, W. M. and Levinthal, D. A. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly* 35(1) 128–152.
4. March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science* 2(1) 71–87.
5. Greve, H. R. (1998). Performance, aspirations, and risky organizational change. *Administrative Science Quarterly* 43(1) 58–86.
6. Posen, H. E., Keil, T., Kim, S., and Meissner, F. (2018). Renewing research on problemistic search: A review and research agenda. *Academy of Management Annals* 12(1) 208–251.
7. Csaszar, F. A. and Li, C. (2025) Understanding risky organizational change: A first-principles approach. Working paper.

-
- Hayek, F. A. (1945). The use of knowledge in society. *American Economic Review* 35(4) 519–530.
 - Kogut, B. and Zander, U. (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science* 3(3) 383–397.
 - Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal* 17 109–122. Special Issue.
 - Raisch, S. and Birkinshaw, J. (2008). Organizational ambidexterity: Antecedents, outcomes, and moderators. *Journal of Management* 34(3) 375–409.
 - Fang, C., Lee, J., and Schilling, M. A. (2010). Balancing exploration and exploitation through structural design: The isolation of subgroups and organizational learning. *Organization Science* 21(3) 625–642.

5. Information processing

Wednesday, November 20, 4:00pm–7:00pm

1. Gavetti, G., Levinthal, D. A., and Ocasio, W. (2007). Neo-Carnegie: The Carnegie School's past, present, and reconstructing for the future. *Organization Science* 18(3) 523–536.
2. Gary, M. S. and Wood, R. E. (2011). Mental models, decision rules, and performance heterogeneity. *Strategic Management Journal* 32(6) 569–594.
3. Csaszar, F. A. (2018). What makes a decision strategic? Strategic representations. *Strategy Science* 3(4) 606–619.
4. Csaszar, F. A. (2012). Organizational structure as a determinant of performance: Evidence from mutual funds. *Strategic Management Journal* 33(6) 611–632.
5. Lee, S. (2021). The myth of the flat start-up: Reconsidering the organizational structure of start-ups. *Strategic Management Journal* 43(1) 58–92.
6. Piezunka, H. and Schilke, O. (2023). The dual function of organizational structure: Aggregating and shaping individuals' votes. *Organization Science* 34(5) 1914–1937.
7. Csaszar, F. A. and Steinberger, T. (2022). Organizations as artificial intelligences: The use of artificial intelligence analogies in organization theory. *Academy of Management Annals* 16(1) 1–37.

-
- Simon, H. A. (1956). Rational choice and the structure of the environment. *Psychological Review* 63(2) 129–138.
 - Eisenhardt, K. M. and Zbaracki, M. J. (1992). Strategic decision-making. *Strategic Management Journal* 13(Special Issue: Fundamental Themes in Strategy) 17–37.
 - Walsh, J. P. (1995). Managerial and organizational cognition: Notes from a trip down memory lane. *Organization Science* 6(3) 280–321.
 - Gavetti, G. and Levinthal, D. A. (2000). Looking forward and looking backward: Cognitive and experiential search. *Administrative Science Quarterly* 45(1) 113–137.
 - Eggers, J. P. and Kaplan, S. (2009). Cognition and renewal: Comparing CEO and organizational effects on incumbent adaptation to technical change. *Organization Science* 20(2) 461–477.
 - Powell, T. C., Lovallo, D., and Fox, C. R. (2011). Behavioral strategy. *Strategic Management Journal* 32(13) 1369–1386.
 - Felin, T., Foss, N. J., and Ployhart, R. E. (2015). The microfoundations movement in strategy and organization theory. *Academy of Management Annals* 9(1) 575–632.
 - Joseph, J. and Gaba, V. (2020). Organizational structure, information processing, and decision-making: A retrospective and road map for research. *Academy of Management Annals* 14(1) 267–302.

6. Evolution and fit

Wednesday, December 4, 4:00pm–7:00pm

1. Levinthal, D. A. (1997). Adaptation on rugged landscapes. *Management Science* 43(7) 934–950.. The optional reading by Csaszar (2018) may be helpful to understand the underlying model.
2. Lenox, M. J., Rockart, S. F., and Lewin, A. Y. (2010). Does interdependency affect firm and industry profitability? An empirical test. *Strategic Management Journal* 31(2) 121–139.
3. Lee, S. and Meyer-Doyle, P. (2017). How performance incentives shape individual exploration and exploitation: Evidence from microdata. *Organization Science* 28(1) 19–38.
4. Billinger, S., Stieglitz, N., and Schumacher, T. R. (2014). Search on rugged landscapes: An experimental study. *Organization Science* 25(1) 93–108.
5. Siggelkow, N. (2002). Evolution toward fit. *Administrative Science Quarterly* 47(1) 125–159.
6. Li, C. and Csaszar, F. A. (2019). Government as landscape designer: A behavioral view of industrial policy. *Strategy Science* 4(3) 175–192.
7. Helfat, C. E. (2021). What does firm shaping of markets really mean? *Strategy Science* 6(4) 360–370.

-
- Nelson, R. R. and Winter, S. G. (1982). *An Evolutionary Theory of Economic Change*. Harvard University Press, Cambridge, MA. Chapters 4 and 5.
 - Simon, H. A. (1962). The architecture of complexity. *Proceedings of the American Philosophical Society* 106(6) 467–482.
 - Milgrom, P. R. and Roberts, J. (1995). Complementarities and fit: Strategy, structure, and organizational-change in manufacturing. *Journal of Accounting & Economics* 19(2-3) 179–208.
 - Ethiraj, S. K. and Levinthal, D. A. (2004). Modularity and innovation in complex systems. *Management Science* 50 159–173.
 - Rivkin, J. W. and Siggelkow, N. (2007). Patterned interactions in complex systems: Implications for exploration. *Management Science* 53(7) 1068–1085.
 - Yayavaram, S. and Ahuja, G. (2008). Decomposability in knowledge structures and its impact on the usefulness of inventions and knowledge-base malleability. *Administrative Science Quarterly* 53(2) 333–362.
 - Colfer, L. J. and Baldwin, C. Y. (2016). The mirroring hypothesis: Theory, evidence, and exceptions. *Industrial and Corporate Change* 25(5) 709–738.
 - Csaszar, F. A. (2018). A note on how NK landscapes work. *Journal of Organization Design* 7(15) 1–6.
 - Baumann, O., Schmidt, J., and Stieglitz, N. (2019). Effective search on rugged performance landscapes: A review and outlook. *Journal of Management* 45(1) 285–318.

7. Technological change and organizational adaptation

Wednesday, December 11, 4:00pm–7:00pm

1. Eggers, J. P. and Park, K. F. (2018). Incumbent adaptation to technological change: The past, present, and future of research on heterogeneous incumbent response. *Academy of Management Annals* 12(1) 357–389.
2. Henderson, R. M. and Clark, K. B. (1990). Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly* 35(1) 9–30.
3. Anderson, P. and Tushman, M. L. (1990). Technological discontinuities and dominant designs: A cyclical model of technological-change. *Administrative Science Quarterly* 35(4) 604–633.
4. Klepper, S. and Simons, K. L. (2000). Dominance by birthright: Entry of prior radio producers and competitive ramifications in the US television receiver industry. *Strategic Management Journal* 21(10-11) 997–1016.
5. Bingham, C. B. and Eisenhardt, K. M. (2011). Rational heuristics: The ‘simple rules’ that strategists learn from process experience. *Strategic Management Journal* 32(13) 1437–1464.
6. Kaplan, S. and Vakili, K. (2015). The double-edged sword of recombination in breakthrough innovation. *Strategic Management Journal* 36(10) 1435–1457.
7. Csaszar, F. A., Ketkar, H., and Kim, H. (2024). Artificial intelligence and strategic decision-making: Evidence from entrepreneurs and investors. *Strategy Science* 9(4) 322–345.

-
- Dougherty, D. (1992). Interpretive barriers to successful product innovation in large firms. *Organization Science* 3(2) 179–202.
 - Suarez, F. F. and Utterback, J. M. (1995). Dominant designs and the survival of firms. *Strategic Management Journal* 16(6) 415–430.
 - Christensen, C. M. and Bower, J. L. (1996). Customer power, strategic investment, and the failure of leading firms. *Strategic Management Journal* 17(3) 197–218.
 - Nickerson, J. A. and Zenger, T. R. (2002). Being efficiently fickle: A dynamic theory of organizational choice. *Organization Science* 13(5) 547–566.
 - Kaplan, S. and Tripsas, M. (2008). Thinking about technology: Applying a cognitive lens to technical change. *Research Policy* 37(5) 790–805.

Appendix: Reading the classics

The articles we discuss in the course have their intellectual roots in a core set of classic books. We do not have time in the course to read and explicitly discuss these books, but I strongly recommend that you read them during your first few years in the PhD program. The books I consider “the classics” are:

- Barnard, C. I. (1938). *The Functions of the Executive*. Harvard University Press, Cambridge, MA.
- Simon, H. A. (1947/1997). *Administrative Behavior*. 4th ed. The Free Press, New York.
- March, J. G. and Simon, H. A. (1958/1993). *Organizations*. John Wiley & Co., New York.
- Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. Wiley, New York.
- Burns, T. and Stalker, G. M. (1961). *The Management of Innovation*. Tavistock Publications, London, UK.
- Chandler, A. D. (1962). *Strategy and Structure: Chapters in the History of American Industrial Enterprise*. MIT Press, Cambridge, MA.
- Cyert, R. M. and March, J. G. (1963). *A Behavioral Theory of the Firm*. Prentice-Hall, Englewood Cliffs, NJ.
- Ansoff, H. I. (1965). *Corporate Strategy*. McGraw-Hill, New York.
- Thompson, J. (1967). *Organizations in Action: Social Science Bases in Administrative Theory*. McGraw-Hill, New York.
- Lawrence, P. R. and Lorsch, J. W. (1967). *Organization and Environment: Managing Differentiation and Integration*. Graduate School of Business Administration, Harvard University, Boston, MA.
- Simon, H. A. (1969/1996). *The Sciences of the Artificial*. 3rd ed. MIT Press, Cambridge, MA.
- Bower, J. L. (1970). *Managing the Resource Allocation Process: A Study of Corporate Planning and Investment*. Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.
- Allison, G. T. (1971). *Essence of Decision: Explaining the Cuban Missile Crisis*. Little, Brown and Co., Boston, MA.
- Andrews, K. R. (1971). *The Concept of Corporate Strategy*. Dow Jones-Irwin, Homewood, IL.
- Arrow, K. J. (1974). *The Limits of Organization*. Norton, New York.
- Williamson, O. E. (1975). *Markets and Hierarchies: Analysis and Antitrust Implications*. Free Press, New York.
- Nelson, R. R. and Winter, S. G. (1982). *An Evolutionary Theory of Economic Change*. Harvard University Press, Cambridge, MA.

You may also find it helpful to read books that provide an overview of a literature. The following are some examples:

- Argote, L. (2013). *Organizational Learning: Creating, Retaining, and Transferring Knowledge*. 2nd ed. Springer, New York.
- Burton, R. M. and Obel, B. (2004). *Strategic Organizational Diagnosis and Design: The Dynamics of Fit*. 3rd ed. Kluwer, Boston, MA.
- Finkelstein, S., Hambrick, D. C., and Cannella, A. A. (2009). *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*. Oxford University Press, New York.
- Hodgkinson, G. P. and Sparrow, P. (2002). *The Competent Organization: A Psychological Analysis of the Strategic Management Process*. Open University Press, Buckingham, UK.
- Mahoney, J. T. (2005). *Economic Foundations of Strategy*. SAGE Publications, Thousand Oaks, CA.
- Puranam, P. (2018). *The Microstructure of Organizations*. Oxford University Press, Oxford, UK.