



The Leon Recanati Graduate School of Business Administration

1231.7601.01 – Project: Advanced Topics in Strategy

(Prerequisites: Principles of Strategy)

First Semester – 2017/18

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
01	Sunday	18:45-21:30	As posted on the list of exams	Prof. Abraham Carmeli	avic@post.tau.ac.il	03-6406335

Teaching Assistant (TA): TBD

Office Hours: By appointment *in advance* via e-mail

Please contact us via e-mail. For any inquiry, please e-mail the instructor (the e-mail addresses are indicated above). On the message line, write "TAU-MBA-Project Course No. _____".

Course Units

2 course unit = 8 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

Principles of strategy (YESODOT)

Course DESCRIPTION and Objectives

This course is aimed to deepen our understanding of strategic issues with which companies and their managers cope at both business and corporate levels. A focus on strategic decision making process and an evolutionary perspective will be adopted.

The course framework is designed to help you address the challenges of creating and sustaining business- and corporate-level advantage.

The following are the benefits that I hope you will take away from this course:

1. Acquiring a substantial knowledge base about running businesses and corporates.
2. Developing new insights about core strategic issues.
3. Enhance analytical (critical assessment) and technical skills (quantitative).
4. Cultivate the ability to apply strategic and managerial insights to real-world cases (qualitative).
5. Simulating the work of BOD and/or TMT.

STUDENTS WITH DISABILITIES

Reasonable accommodation for students with disabilities will be made.

ACADEMIC INTEGRITY:

All work submitted by a student or team must represent their original endeavor. When outside sources are used as references, work submitted by student(s) must identify the source and make clear the extent to which the sources have been used. Please comply with the University's policies on academic conduct.

ADDITIONAL GUIDELINES:

Classes will begin on time. Please make every effort to be in the classroom before the class starts. Be fully prepared for each class. If you are unable to be prepared for class, please notify me in advance.

Using laptops, cell phones or any other electronic devices are not permitted during class. Writing SMS, email or surfing the net restricts comprehension and limits participation, thereby reducing the learning experience. Laptops should not be used during class for emailing, researching the cases, surfing the net, or any unrelated purpose. If the situation dictates, laptops may be used for official assignments that ask you to prepare a spreadsheet analysis or power point presentations.

Please respect the opinions of others and do not talk to your friends when a classmate is speaking.

Evaluation of Student and Composition of Grade

Your work will be read carefully. If you have a legitimate disagreement with a grade (e.g., incorrect grading), write down your specific argument and give it to me, along with the original graded item. Your comments will be considered and you will receive a timely response.

Attendance, reading material, and class participation	See Below
Learning log	28%
Final project (including presentation)	72%

Course Assignments

You are expected to read the material assigned for each class session, and to contribute regularly to class discussions. You will be evaluated with respect to: (1) relevancy—the degree to which your participation is relevant to the topic currently discussed; (2) content-based—the extent to which your comments are well grounded on theory and facts; (3) challenging—the extent to which your observations constitute a challenge; (4) developmental—the extent to which your comments develop other students' ideas / observations. As the course progresses, it will become clear who does and does not read the material, participate and contribute. The students who attend consistently, and stand out as major contributors to class discussions will be rewarded by up to 4 bonus points. The others will be rewarded relative to their contribution.

Please make sure to attend every session and notify the instructor in advance via email about your absence.

Learning logs (28):

We will have 14 weekly sessions of 150 minutes each. Each weekly session will be devoted to a specific topic.

To enhance your learning experience, the learning log is designed to provide you with an opportunity to dig in the literature and reflect on key issues and concepts in the field of strategy.

Teams of up to two students (depending on enrollment) will be formed on the first day of class. Each team is required to complete three assignments throughout the course as follows:

1. Each group will need to complete four out of seven learning logs of its choice during the course (28 points).

Each team member will be given the same grade unless other team members suggest otherwise (e.g., one of the students did not contribute equally). I trust you all be good citizens to your team.

The submission deadline for each assignment is appeared under each weekly session topic.

You are required to submit to both the Instructor and TA an electronic copy (via e-mail) of your team assignment at least 24 hours before the submission due date, and a hard-copy at the beginning of the relevant weekly session. In addition, to enhance knowledge exchange I encourage you to distribute a copy of your completed assignment to all class members before each class meets. My suggestion is to do so via e-mail, using attached file.

Any work that is not be submitted on time will not be evaluated and the team will lose all their points. Submission by teams who do not come to class will be considered “not submitted”. No exceptions will be made.

Final Project (72):

A team's final work should be about 25 pages in length (single-sided, 12 point font, double-spaced, 1-inch margins), but can be no longer than 30 pages, including cover page, references, and all supporting tables and figures. As in any academic work, you are required to provide accurate citation for any idea that is not originally yours. The submission due day is scheduled by the university policy as regards seminars in post-graduate programs.

The major aim of this course is to provide you with an opportunity to choose a particular topic from the list of topics listed under specified weekly session and conduct your research project using 1) qualitative

analysis, or 2) quantitative analysis.

(1) A thorough strategic analysis (**qualitative analysis**) of a major strategic issue of an interest to you (e.g., coping in declining industries, how firms build and lose their competitive edge, how firms create ambidextrous systems, why and how firms diversify, how firms manage the value chain globally, how firms develop successful acquisition strategy, why firms choose to vertically integrate and other do not, etc.).

or

(2) A **quantitative analysis** of a major topic of an interest to you (e.g., organizational reputation and firm performance; CEO characteristics and innovation performance; BOD and TMT composition and dynamics and their effect on firm performance; diversification and performance, etc.).

Qualitative Analysis

Qualitative research refers to a research that is based on field observations which are analyzed without statistics. It uses participant observation, semi-structured interviewing, and non-statistical methods of analysis and reporting (Dooley, 2001). This method provides you with an opportunity to explore a phenomenon in an in-depth fashion.

Once the topic of inquiry has been chosen, you're expected to conduct qualitative analysis by which you will provide theoretical and insights and managerial implications. You are asked to obtain relevant data through interviews, semi-structured questionnaires, secondary sources, etc. Note that you cannot rely on a general examination. Sample topics include using the SCP model to analyze the role of the Israeli government policy in the evolution of the biotechnology industry; draw on the resource-based view and the concept of core competence and analyze the evolution of core (strategic) capabilities of two major competing firms, compare their resource profile, and assess how it contributes to the creation of competitive advantage, diversification strategy, and how does it fit with the firms' strategy and technology; Analyze the competitive strategy of three publicly-held companies in Israel. How their competitive strategies affect their competitive advantageous' position? How do these strategies fit with the value chain?; Analyze successful and unsuccessful firms in a single industry (or strategic group) and discuss why one has been able to create a competitive advantage and maintain it, while the other firm's competitive advantage has eroded?; Choose three competing firms in Israel and identify whether their Top Management Teams' (TMT) structure, incentives, composition and processes. Explain how the TMT's structure, incentives, composition and processes influence strategic choices and firm performance; Analyze three successful and unsuccessful firms in a single industry (or strategic group) and discuss why one has been able to build favorable reputation and sustain it, while the other firm's reputation has eroded?; Analyze three competing firms (e.g., Honda, BMW and Volkswagen) build knowledge creation capabilities and innovation strategy and the implications for their competitive advantageous position; Choose a declining industry and discuss how the incumbents cope with the shrinking demand pockets.

Work format may vary, but I suggest you will follow one of the following frameworks:

Framework #1

- Section 1: Describe the goal and the merit of the study and the theoretical background (what are your research questions).
- Section 2: Research base (what is your research population, how did you conduct the study (interviews, content analysis, observations, etc.).
- Section 3: Findings
- Section 4: Theoretical insights and managerial implications
- Section 5: Conclusions

Framework #2

- Section 1: The firm (history, product line, customer base, etc.).
- Section 2: Industry analysis (use a combination of SCP, Five-Forces and Value Net framework and use an evolutionary approach).
- Section 3: Focus on a particular strategic issue (e.g., M&A strategy, Global strategy, Vertical Integration, Innovation Process Management, Knowledge Creation Processes) and analyze how the implications for the firm competitive advantage. Use theoretical framework for each issue.
- Section 4: Theoretical insights and managerial implications
- Section 5: Conclusions
- Appendix: Methodology (what is your research population, how did you conduct the study (interviews, content analysis, observations, etc.).

Quantitative Analysis

Quantitative research refers to data collection that can be assessed by statistical tools and is aimed to test and verify hypotheses. Quantitative researchers use structured questionnaires and secondary data (e.g., financial reports) in collecting information about independent, mediating and dependent variables that help explain a phenomenon.

In this course, you are asked to choose one or two specific research hypotheses (see a list of research hypotheses below) and to collect data through either using big-secondary data (e.g., www.compustat.com) or structured survey and supplementing it by secondary data. Because collecting data from a large sample is difficult and requires a substantial effort, you are encouraged to collaborate with other teams as regards data collection.

If you decide to use structured surveys, you will need to construct such a questionnaire using well-established measures. Each team's survey must receive my approval in advance.

Sample topics to explore include: CEO characteristics and firm performance (innovation, ROA); Forms of M&As and firm performance; Relationships between BOD and TMT and the implications for firm performance; Intangible assets (e.g., reputation) and firm performance; The relationship between TMT behavioral integration and firm performance; The relationship between organizational ambidexterity and firm performance; The relationship between leadership, culture, strategic fit and firm performance; The relative importance of organizational resources and industry conditions (e.g., uncertainty, rival hostility) on firm performance; and the relationship between intellectual capital and firm performance.

Work format may vary, but I suggest you will follow the following framework:

- Section 1: Describe the goal and the merit of the study.
- Section 2: Provide a theoretical background (define your constructs and develop research hypotheses).
- Research method (sample and data collection, measures, data analysis).
- Section 3: Findings
- Section 4: Theoretical and managerial implications
- Section 5: Conclusions

General Sources of Information

Academic Journals (research-oriented):

Academy of Management Journal

Administrative Science Quarterly

Strategic Management Journal
Journal of Management
Journal of Management Studies
The Leadership Quarterly
Management Science
Organization Science

Academic Journals (practitioner-oriented):

Harvard Business Review
Academy of Management Executive
California Management Review
MIT Sloan Management Review
Long Range Planning
Organizational Dynamics

Other Journals:

The McKinsey Quarterly-- <http://www.mckinseyquarterly.com/>

Business Journals:

Economist -- <http://www.economist.com/>
Fortune-- <http://www.fortune.com/>
Financial Times-- <http://www.ft.com/>
Forbes-- <http://www.forbes.com/>
Business Week-- <http://www.businessweek.com/>

Business Journals (Israel):

Ha'aretz-- <http://www.haaretz.co.il/>
Globes-- <http://www.globes.co.il/serveen/>

Other sources:

Company web site.
Company's annual financial report.
Analyst reports

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, this policy will be applied to this course's final grades.

Additional information regarding this policy can be found on the Faculty website.

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site every week (regularly) for information on classes, assignments and exams, at the end of the course as well. Course material will be available on the course site.

Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in exam and other course tasks.

Course Outline*

COURSE OUTLINE (NOTE. subject to changes)	
Session #1	Introduction Group formation, learning log assignments, paper practicum
	<ol style="list-style-type: none">1. Group formation – I strongly recommend to set up diverse groups and thus will pursue a randomized group formation.2. Learning log assignments – What to expect from learning logs (structure, content, analytics, and critique)?3. Paper practicum –What makes a great paper?
	Reading Materials: Abrahamson, E. 1996. Management fashion. <i>Academy of Management Review</i> , 21: 254-285. Davis, M. F. 1971. That's interesting: Towards a phenomenology of sociology and a sociology of phenomenology. <i>Philosophy of Social Science</i> , 1: 309-344. Eisenhardt, K. M., & Graebner, M. E. 2007. Theory building from cases: Opportunities and challenges. <i>Academy of Management Journal</i> , 50: 25–32. Optional: Eisenhardt, K. M. 1991. Better stories and better constructs: The case for rigor and comparative logic. <i>Academy of Management Review</i> , 16: 620-627.]
Session #2	Competitive Strategy
	Competitive Strategy focuses on the competitive dynamics between a firm and its rival in markets over time. Questions vary but broadly we seek to address three key aspects: competitive dynamics, sustainability of competitive advantage. <ol style="list-style-type: none">1. What is the nature of the competitive dynamics in a product market?2. Why firms pursue different mode of competition?3. How firms build and sustain their competitive advantageous position?

	<p>Reading materials:</p> <p>Ferrier, W. J., & Lee, H. 2002. Strategic aggressiveness, variation, and surprise: How the sequential pattern of competitive rivalry influences stock market returns. <i>Journal of Managerial Issues</i>, 14(2): 162-180.</p> <p>Smith, K. A., Ferrier, W. J., & Ndofor, H. 2001a. Competitive dynamics research: Critique and future directions. In M. A. Hitt, E. R. Freeman, & J. R. Harrison (Eds.), <i>The Blackwell handbook of strategic management</i>: 315-361. Oxford, UK: Blackwell.</p> <p>Optional:</p> <p>Yu, T., & Cannella, A. A., Jr. 2007. Rivalry between multinational enterprises: An event history approach. <i>Academy of Management Journal</i>, 50(3): 663-684.</p>
	<p><u>Learning Log #1:</u></p> <p>Describe two focal firms and their competitive dynamics over time. Focus on their moves and countermoves.</p> <p>Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #3	Project proposal instructional and mentoring session
	<p>Project topic and setting (company, industry)</p> <p>Submit a PPT file (about 6 pages) draft describing the project (topic, research issue, setting, and methodology)</p>
Session 4	Firms as systems of interdependent choices
	<p>A firm's management team makes many strategic and tactical choices. How these sets of choices are integrated and shape an organizational system is a key issue in strategic management as it determines its viability.</p> <p>Reading materials:</p> <p>Siggelkow, N. (2002). Evolution toward fit. <i>Administrative Science Quarterly</i>, 47: 125-159.</p>
	<p><u>Learning Log #2:</u></p> <p>Consider a company that you have been working for, and provide an outline that indicates the major choices its founders and managers have made over the years (since its establishment). For each decision briefly describe the context (conditions and goals). Prepare yourself to discuss the following questions:</p> <ol style="list-style-type: none"> 1. How do choices shape organizational systems over time? 2. Is firm's trajectory determined by its early design? <p>Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>

Session #5	Competitive Strategy – Multipoint competition
	<p>Understanding why certain strategies prevail as industries evolve is fundamental in illuminating the nature of competitive dynamics. Key issues concern when some firms in an industry compete strongly while others forbear from competition?</p> <p>Reading materials: Barnett, W. P. 1993. Strategic deterrence among multipoint competitors. <i>Industrial and Corporate Change</i>, 2: 249-278 Yu, T., Cannella Jr., A.A., 2013. Comprehensive review of multimarket competition research. <i>Journal of Management</i>, 39 (1), 76–109. Optional: Golden, B.R., & Ma, H. 2003. Mutual forbearance: The role of intrafirm integration and rewards. <i>The Academy of Management Review</i>, 28(3), 479-493.</p>
	Guest lecture
Session #6	Organizational Learning and Knowledge Creation Processes as a Source of Firm Growth
	<p>A key issue in strategy and management concerns how firms learn and create new knowledge in their pursuit of growth and development. We will discuss modes of learning and the ways knowledge creation is facilitated in organizations.</p> <p>Reading materials: Argote, L., & Ingram, P. (2000). Knowledge transfer in organizations: A basis for competitive advantage in firms. <i>Organizational Behavior and Human Decision Processes</i>, 82 (1), 150-169. Edmondson, A. C, Dillon, J. R., & Roloff, K. S. (2007). Three perspectives on team learning: Outcome improvement, task mastery, and group process. In J. P. Walsh & A. P. Brief (Eds.), <i>Academy of Management annals</i>: 269-314. New York: Routledge. Nonaka, I., Toyama, R. (2002). A firm as a dialectical being: towards a dynamic theory of a firm. <i>Industrial and Corporate Change</i>, 11, 995-1009.</p>
	<p><u>Learning Log #3:</u> Choose a firm and discuss the mechanisms it has built to facilitate learning (focus on different modes and why they were chosen), knowledge acquisition and knowledge transfer across units. Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #7	Mid-term report
	Prepare a mid-term report of your work and prepare discuss it in class in a time frame of about 12 to 15 minutes.

Session #8	Managing Innovation to Create and Appropriate Value
	<p>How firms manage the innovation processes and why some are able to appropriate value of their investments whereas others fail</p> <p>Reading materials: Freeman, J., & Engel, J. S. (2007). Models of Innovation: Startups and Mature Corporations. <i>California Management Review</i>, 50 (1), 94-119. Hargadon, A. B. (1998). Firms as Knowledge Brokers: Lessons in Pursuing Continuous Innovation. <i>California Management Review</i>, 40 (3), 209-227. Pisano, G. P., & Teece, D. J. (2007). How to Capture Value from Innovation: Shaping Intellectual Property and Industry Architecture. <i>California Management Review</i>, 50 (1), 278-296</p> <p>Optional: Klein, K. J. & Sorra, J. S. (1996). The challenge of innovation implementation. <i>Academy of Management Review</i>, 21, 1055-1080.</p>
	<p><u>Learning Log #4:</u> Discuss and illustrate how have your organization (or an organization you are interested in) created and appropriated value through innovation, or why and how the organization has destroyed value through mismanaging the innovation process.</p> <p>Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #9	Cooperative Strategies as a Source of Firm Growth
	<p>Das T., & Teng, B-S. 1999. Managing risks in strategic alliances. <i>The Academy of Management Executive</i>, 13(4): 50–62. Gulati, R., Wohlgezogen, F., & Zhelyazkov, P. (2012). The two facets of collaboration: Cooperation and coordination in strategic alliances. <i>The Academy of Management Annals</i>, 6, 531–565. Ireland, R. D., Hitt, M. A., & Vaidyanath, D. 2002. Alliance management as a source of competitive advantage. <i>Journal of Management</i>, 28: 413–446.</p>
	<p><u>Learning Log #5:</u> Analyze two strategic alliances – successful and unsuccessful – and discuss the rationale behind the alliance, its formation, structure, governance, and management.</p> <p>Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #10	Mergers and Acquisitions as a Source for Scope Expansion and Growth
	<p>Barkema, H. G., & Schijven, M. 2008. How do firms learn to make acquisitions? A review of past research and an agenda for the future. <i>Journal of Management</i>, 34: 594–634. Graebner, M. E., Eisenhardt, K. M., & Roundy, P. T. (2010). Success and failure in technology acquisitions: Lessons for buyers and sellers. <i>Academy of Management Perspectives</i>, 24(3), 73-92. Haleblian, J., Devers, C. E., McNamara, G., Carpenter, M. A., & Davison, R. B. 2009. Taking stock of what we know about mergers and acquisitions: A review and research agenda. <i>Journal of Management</i>, 35: 469-502.</p>

	<p><u>Learning Log #6:</u> Analyze an acquisition of a technological venture by a large firm. Discuss the motives behind the acquisition (from both parties' view), how the acquisition process was managed, and evaluate the extent to which the deal created value for the acquirer. Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #11	<p>Board of Directors (BOD)</p> <p>When and how BODs make a positive influence on a firm's strategic orientation and functioning? How to design an effective BOD? What are best practices that BODs enact?</p> <p>Reading material Useem, M., & Charan, R., & Carey, D. 2014. Boards That Lead, Harvard Business Review Press (ch. 2, pp. 29-42)</p>
	<p><u>Learning Log #7:</u> Review your firm's BOD or a firm you are familiar with and have access to data and:</p> <ol style="list-style-type: none"> 1. Describe the composition of the BOD? 2. To what extent are the BOD members involved in the firm's functioning? 3. What is the dynamics between the BOD chairperson and CEO, BOD members and TMT members? <p>Write a 5-page paper and submit it following the instructions above. Be prepared to present it in the classroom (groups will be invited at random).</p>
Session #12	<p>Managing a firm's reputation</p> <p>A favorable reputation is hard to build and although relatively durable can be fragile. How important reputation for firms in a knowledge-based era and what challenges firms face while managing this valuable 'intangible asset'?</p> <p>Reading materials: Lange, D., Lee, P. M., & Dai, Y. (2011). Organizational reputation: An overview. <i>Journal of Management</i>, 37, 153–184.</p> <p>Final preparation meetings with students</p>
Session #13	<p>Group presentations</p>
Session #14	<p>Group presentations</p>