Competitive Strategy Research (STR 603) – Part A

Preliminary – I might make some changes to this outline during the course. Please check the readings on the course website a week before each session.

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Course Objectives

The Competitive Strategy Research (CSR) seminar is a required course for doctoral students in the strategy area at INSEAD. The course focuses on understanding the effect that strategy has on performance in a dynamic, competitive environment. The seminar deals with major streams of research on business-level and competitive strategy. The objective is to elaborate the major theoretical mechanisms underpinning competitive strategy research, provide understanding of the evolution and frontier of research in various streams of competitive strategy, and develop a sense of emerging research opportunities in the area. The course takes a multidisciplinary approach, and we will draw from work in mainstream strategy and organizational theory, but also industrial economics, organizational economics, and some organizational sociology.

The principal objective of the course is to efficiently help students get up to speed with their research in or related to (aspects of) competitive strategy. First, the mandatory readings provide some beacons for the key theories and phenomena in the field. Second, in the class discussions we will discuss the lay of the land and how these ‘beacons’ relate to other seminal papers in the field; the optional readings provide a first guide. Third, as a more ‘higher-order objective’ we will discuss how researchers (you!) can make a meaningful, publishable contribution to the strategy literature. We do this by studying how the contributions of the assigned readings and through the final project, a research proposal.

The course is divided in two modules (A + B) of 6 sessions each, to be offered in alternating years. Both modules are required. For those of you who want to do research on competitive strategy, we strongly recommend some courses in other departments, such as Industrial Organization, Organizational Economics, and Microeconometrics. These courses will give you a strong disciplinary complementary skill.
Summary of Course Content

1. The origins of cooperation and competition
Phebo Wibbens, March 15, 9:00-12:15 FT, 16:00-19:15 ST

2. Industry Evolution and New Market Entry
Myles Shaver, March 22, 9:00-12:15 FT, 16:00-19:15 ST

3. Strategy: Explaining PPDs among SSEs
(Persistent performance differences among seemingly similar enterprises)
Phebo Wibbens, March 29, 12:30-15:45 FT, 18:30-21:45 ST

4. Industry dynamics
Phebo Wibbens, April 5, 9:00-12:15 FT, 15:00-18:15 ST

5. TBC
Michaël Bikard, April 12, 9:00-12:15 FT, 15:00-18:15 ST

6. Beyond competitive strategy
Phebo Wibbens, April 19, 9:00-12:15 FT, 15:00-18:15 ST

Assignments and evaluation

Grading consists of three components:

35% Pre-class reaction papers
35% Class participation
30% Final project: research proposal

A reaction paper is due 24 hours before the start each class. Each student should individually write a paper reacting to one of the required readings for that class (strictly no working together on or sharing of the papers prior to the submission deadline). The reaction papers will be shared among all students before the class. Students can coordinate among one another to ensure that the papers are balanced across the readings—having at least one reaction paper for each reading can be a great help in preparing for the exams. Reaction papers should not be a mere summary of the assigned reading—which would not be very useful since everyone will have read the paper. Rather it should be a structured essay of about two pages (single spaced) answering questions such as:

- What literature(s) does this work contribute to? Any specific authors or prior works that it reacts to?
- What question(s) does prior literature unanswered? Why is this gap important to address? What method is used to address this gap?
• What is the key insight this paper contributes? How is this relevant for managers and/or future research?

• What is your assessment of this contribution? Do the authors provide rigorous support for the key insight? What questions does the paper raise or leave open?

• What research project would you propose to address one of the open questions?

Of these questions, the last one is the most interesting, and you could easily devote half of your essay to it. The best essays are concise, to the point, and specific. It is better to be narrow and deep than broad and shallow, especially in your proposal of a research project. If you are reacting to a review-type paper the first four questions are probably less relevant, and you can focus (even) more on puzzles and questions you might have based on your read of the literature and how future research can address them.

As with any PhD course, active class participation is critical. Quality is much more important than quantity. Though I do expect you to speak up in each session, a few insightful remarks are much more valuable than many less relevant ones. It is critical that you come well-prepared to class and have thoroughly read and thought through each assigned reading—not just the one that you have written your reaction paper about.

The final project consists of a research proposal or a replication study, due two weeks after the final session. It should be around a topic related to (competitive) strategy, but you can interpret this broadly: please choose a project that you might actually be interested in doing based on your research interests. It does not need to relate directly to the readings of this class. The goal is to help you think early on about the key elements of a good research project to have it eventually published in an A-level journal. This should be one of your ‘own’ projects, i.e. you are / will be first author (or equal / co-first author). It can be a new idea or in a somewhat further stage of development. A proposal is due each year, i.e. for both the A and the B parts. It can be about the same project in both years, but then I do of course expect significant development over this time. If you did not significantly develop your thinking, you should develop a proposal about a new topic in the second year.

The proposal should consist of the first two sections of an academic paper as publishable in a journal: the Introduction, and a Literature review and/or Theory section. The total length should be 5-10 pages double spaced. Especially for the first half of the Introduction, I would like you to follow a specific format, which tends to work well for journal submissions:

• Paragraph 1: What we know from prior literature. What is the primary literature this paper speaks to? Is there a ‘big question’ from this literature that you want to speak to? What are the key relevant insights that we already know from this literature? Your citations here should also include recent work. Think of the authors as the people you want to speak to—quite literally: imagine you are writing your paper to the authors of recent works that you cite. It is quite likely that your editor and/or reviewers of the paper will be among them!

• Paragraph 2: What key question prior literature leaves unanswered. Why is this gap important to address? Just the fact that something has not been done before is not enough (many things have never been studied, probably because they are not so interesting to study; you have to make a persuasive argument why it is so important to have an answer to your research question).

• Paragraph 3: How your paper addresses your research question. What method do you use? Why is this a suitable method? Do you e.g. have a novel data set that is uniquely suited to address this question?

• Further paragraphs: Spelling out the key contributions of your paper. This is a bit more free-format—please look at published papers in your literature to get a sense of different ways
you can do this. What you write here also depends on the type and stage of development of your project. If you already have preliminary results for an empirical project, you could highlight those. If you do not have results yet, you could write about how your results might yield an important contribution. Or maybe you just want to talk about your theoretical contribution. In any case, potential guiding questions are: How are your insights different from received wisdom? What is the ‘null’ from prior literature and the ‘delta’ from your paper? How are your insights relevant for managers: what should they do differently? How are they relevant for future researchers?

The second section is more free-form. In an empirical paper you might want to do theory development, potentially with hypotheses. But you could also do a literature review or introduce a formal / simulation model. Again, for inspiration please have a look at published papers in the literature you want to speak to. The level of detail and quality I look for is that of a proposal for an SMS (strategic management society) conference. It would be great if you would actually submit a version of this proposal to a conference.

Instead of the proposal you can also do a replication study. You should take a paper in your field of study and either use the same or a similar data set (you could e.g. use a different time period) to replicate the original main analysis of the paper. In addition you should add or change one aspect of the analysis in a direction that you think yield interesting new insights beyond the original paper. Please write it up as a short paper, with an Introduction, Methods, Results and Discussion. Also see Bettis et al. (2016) for what constitutes a good replication. Length should be 5-15 pages double spaced (including Tables and Figures). If you find something interesting you might actually want to submit it! SMJ explicitly encourages replications these days, and other journals are also increasingly open to them. Doing a replication is a great way to get an in-depth understanding of the empirical details in academic publications, especially if you are not yet sure about the exact topic you want to study.


Classroom Norms and Course Policies

In order to share and acquire knowledge and master skills together, please be prepared for class and arrive on time.

The general policies outlined in the PhD Administrative Guidelines apply. In my MBA class I am very strict about academic integrity. I expect that PhD students to be role models and hold themselves to the highest standards in that respect. Plagiarism, improper citations, and other misconduct could seriously harm your future career. When in doubt it is always better to be open and check.
Course Sessions

Session 1: The origins of cooperation and competition
Phebo Wibbens

Required readings


Optional readings


Session 2: Industry Evolution and New Market Entry
Myles Shaver

Required readings

- Guenther, A. and Shaver, J.M. Re-examining the industry-experience venture-survival relationship, University of Utah working paper.

Optional readings

Session 3: Strategy: Why PPDs across SSEs?
Phebo Wibbens

Required readings


Optional readings

- Rumelt, R., and R. Wensley (1981) "In search of the market share effect", Academy of Management Proceedings, pp. 2-6
Session 4: Industry Dynamics  
Phebo Wibbens  

Required readings  
- Sutton (MIT Press 1991) Sunk Cost & Market Structure:  
  - Chapter 3: The Analytical Framework II: Endogenous Sunk Costs  
  - Chapter 5: Econometric Evidence  

Optional readings  
- Schmalensee (AER 1985) Do Markets Differ Much?  
- Klepper (AER 1996) Entry, Exit, Growth, and Innovation over the Product Life Cycle  
- Waring (AER 1996) Industry Differences in the Persistence of Firm-Specific Returns  
- Besanko & Doraszelski (RAND 2004) Capacity Dynamics and Endogenous Asymmetries in Firm Size  
- Jacobides, Winter & Kassberger (SMJ 2012) The Dynamics of Wealth, Profit, and Sustainable Advantage  
Session 5: The emergence of new ideas
Michaël Bikard

Required readings


Optional readings

Session 6: Beyond competitive strategy
Phebo Wibbens

Required readings


Optional readings