

Strategy and Theory of the Firm

1st semester

Prof. Antonello Garzoni, PhD
garzoni@lum.it

Prof. Filippo Vitolla, PhD
vitolla@lum.it

Course Description

This course explores two different themes. The first topic focuses on different theories of the firm: Italian Management Thought; Stakeholder Theory; Behavioral Theory; Institutionalism; Agency Theory. In this part, the theme of Corporate Social Responsibility is also analyzed. The second topic explores the areas of Strategic Management and Corporate Governance. In particular, we explore the domain of the strategic management field and the fundamentals of Corporate Governance.

Pedagogy

This course is taught through a set of readings. A wide range of issues relating to effective research in theory and firm and business strategy are discussed. The readings are a mix of theoretical and empirical articles. The intent is to provide multiple theoretical lenses on the topics we address in the course. We have 6 four-hour sessions of teaching classes, plus 4 hours of interactive teaching, dedicated to e-tivity supporting the students' final work development.

During the sessions, the aim is to achieve a clear understanding of the topic through analysis and discussion of the articles proposed for each session. **Note that we expect all of you to be prepared to read and analyse all papers.**

For each session, each student should prepare:

- a) a PowerPoint presentation of the papers assigned, that will be discuss in the class. Each paper analysis should focus on:
 - the research question / main hypothesis
 - description of results / development of the thesis / main findings
 - your critical point of view
- b) a 2000 words paper that refers the personal reflection on the topic, by responding through the literature proposed to the questions that are specified in the syllabus

Presentations (**output a**) and papers (**output b**) must be sent by email to vitolla@lum.it and garzoni@lum.it by 23:59 on the day before the respective sessions.

Final work

The course includes a final paper, which consists of writing a paper related to the two course topics: strategy and theory of the firm. The paper may consist of:

1. a literature review

2. a qualitative research paper (single or multiple case study)
3. a quantitative research paper

For empirical studies (n. 2 and n. 3) the paper could be structured in a draft version (like an extended research proposal) without a real analysis of empirical data.

The deadline will be communicated by the PhD program Director.

Course evaluation

The final evaluation will consist of:

- final paper (50% of grade)
- class preparation and participation (50% of grade)

Detailed syllabus

Session 1	Nov 17 th (14-18)
Topic	<i>Fundamentals of Management Theory: the Italian perspective in Theory of the Firm</i>
Discussion questions	<ul style="list-style-type: none"> ● The institutionalism in Italian Management Thought ● Economia Aziendale and Zappa's Revolution; ● Stakeholder theory and management perspective: the purpose of the firm
Assignments	<u>Readings:</u> <ul style="list-style-type: none"> ● Coda V. (2010), Management Theory: its Contents, Specificities and Role ● Argandona A. (1998), The Stakeholder Theory and the Common Good, Journal of Business Ethics, n.17 ● Coda V. (2010), The Purpose of the Firm: Physiology and Pathology

Session 2	Nov 20 th (14-18)
Topic	<i>Fundamentals of Organizational Theory</i>
Discussion questions	<ul style="list-style-type: none"> ● Behavioral Theory of the Firm; Risk, Uncertainty and Theories of Bounded Rationality ● Institutionalism and New Institutional Economics: transaction cost theory; markets and hierarchies
Assignments	<u>Readings:</u> <ul style="list-style-type: none"> ● Simon H.E. (1972), Theories of Bounded Rationality ● Cyert R.M, March J.G. (1963), A Behavioral Theory of The Firm ● Coase R. (1937), The nature of the firm ● Williamson O.E. (1973), Markets and Hierarchies, The American Economic Review, n.63/2

Session 3	Nov 26 th (09-13)
Topic	<i>Strategy and Corporate Social Responsibility</i>
Discussion questions	<ul style="list-style-type: none"> ● Antecedents and outcomes of CSR policies: an integrative approach ● The link between competitive advantage and CSR ● Integrating CSR into management ● Measurement of Corporate Social Performance
Assignments	<u>Readings:</u>

	<ul style="list-style-type: none"> ● Aguinis H., Glavas A. (2012), What we know and don't know about Corporate Social Responsibility: a review and research agenda, <i>Journal of Management</i>, n. 20/10 ● Porter M.E., Kramer M.H. (2006) Strategy and Society: The link between competitive advantage and Corporate Social Responsibility, <i>Harvard Business Review</i>, December ● Mirvis P., Googins B. (2006), Stages of Corporate Citizenship, <i>California Management Review</i>, n. 48/2 ● Wood D.J. (2010), Measuring Corporate Social Performance: a Review, <i>International Journal of Management Reviews</i> ● Perrini et al. (2011), Deconstructing the relationship between Corporate Social and Financial Performance, <i>Journal of Business Ethics</i>, n. 102 ● Vitolla et al. (2017), The integration of CSR into strategic management: a dynamic approach based on social management philosophy, <i>Corporate Governance</i> n. 17/1
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Session 4	
Dec 1 st (09-13)	
Topic	<i>The domain of the strategic management field: topics, history and evolution. The contributions of Industrial Organization and recent trends in business strategy research</i>
Discussion questions	<ul style="list-style-type: none"> ● What is strategy? How can strategy be defined? What are the defining research questions of strategy as a scholarly field? ● What are the boundaries of strategy as a scholarly field? ● How do strategies form? ● What are the main contributions of Industrial Organization to the Strategy field? Which are the sources of competitive advantage ● What are some recent trends in business strategy research?
Assignments	<p><u>Readings:</u></p> <ul style="list-style-type: none"> ● Hoskisson, R.E., Hitt, M.A., Wan, W.P., and Yiu, D. (1999). Theory and research in strategic management: Swings of a pendulum. <i>Journal of Management</i>, 25(3): 417-456. ● Mintzberg, H., (1990). The Design School: reconsidering the basic premises of strategic management. <i>Strategic Management Journal</i>, 11: 171-195. ● Mintzberg, H., and Waters, J.A. (1985). Of strategies, deliberate and emergent. <i>Strategic Management Journal</i>, 6(3): 257-272. ● Porter, M. (1981) The contributions of Industrial Organization to Strategic Management. <i>Academy of Management Review</i>, 6(4): 609-620. ● Porter, M. (1996), What is Strategy? <i>Harvard Business Review</i>, Nov-Dec, p. 61-78.

Session 5	
Dec 05 th (09-13)	
Topic	<i>Theory of the firm and Corporate Governance</i>
Discussion questions	<ul style="list-style-type: none"> ● Fundamentals of Corporate Governance: the antecedents ● Agency theory: managerial behaviour, agency costs, ownership structure and economic organization ● Contingency Stakeholder Model for allocating ownership rights

Assignments	<p><u>Readings:</u></p> <ul style="list-style-type: none"> ● Berle A.A. (1931), Corporate powers as powers in trust, Harvard Law Review, n.44/7 ● Jensen M.C., Meckling W.H. (1976), Theory of the firm: Managerial Behavior, Agency Costs and Ownership Structure, Journal of Financial Economics, n.3 ● Fama E. F. (1980), Agency problems and the theory of the firm, Journal of Political Economy, n.88/2 ● Zattoni A. (2011), Who should control a corporation? Toward a Contingency Stakeholder Model for allocating ownership rights, Journal of Business Ethics, n.103
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Session 6	
<i>Topic</i>	<i>Strategy of the firm and proposal</i>
Discussion questions	<ul style="list-style-type: none"> ● The objective is to analyse one's own research proposals based on the theoretical background of the strategy of the firm
Assignments	<p><u>Readings:</u></p> <ul style="list-style-type: none"> ● Whetten D.A. (1989), What constitutes a theoretical contribution?, Academy of management review, n. 14/4 ● Research proposal analysis