

**University of Illinois at Urban-Champaign  
College of Business  
Department of Business Administration  
BA 549 Strategy Research Seminar**

**Spring 2023**

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Class Sessions: Wednesday, 9:30 AM – 12:20 PM

Office Hours: Online (by request)

This Ph.D. course considers the following research literatures:

- **Transaction Costs Theory**
- **Property Rights Theory**
- **Agency Theory**
- **Dynamic Capabilities and Resource-Based Theory**
- **Real Options Theory**

Session #1:	January 18	Course Introduction/Behavioral Theory of the Firm
Session #2:	January 25	Transaction Cost Economics: Theory
Session #3:	February 1	Transaction Cost Economics: Empirical
Session #4:	February 8	Property Rights Theory and Applications
Session #5:	February 15	Agency Theory and Applications
Session #6:	February 22	Dynamic Capabilities & Resource-Based Theory and Applications
Session #7:	March 1	Real Options Theory
Session #8:	March 8	Closed-Book Exam

Course Grade:

Preparation and Contributions in Class:	30%
In-Class Exam:	70%

Course text:

Mahoney, Joseph T. (2005). *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage.

**Session #1**    January 18                    Introduction

- Mahoney, Joseph T. (2005). “The Behavioral Theory of the Firm” (Chapter 1) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
  - Mahoney, Joseph T. (2005). “Transaction Costs Theory” (Chapter 2) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
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**Session #2**    January 25                    Transaction Cost Economics: Theory

- [1] Klein, Benjamin, Robert G. Crawford and Armen A. Alchian (1978). Vertical integration, appropriable rents, and the competitive contracting process. *Journal of Law and Economics*, 21(2): 297-326.
  - [2] Williamson, Oliver E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. *Administrative Science Quarterly*, 36(2): 269-296.
  - [3] Williamson, Oliver E. (1999). Strategy research: Governance and competence perspectives. *Strategic Management Journal*, 20(12): 1087-1108.
  - [4] Bucheli, Marcelo, Joseph T. Mahoney, and Paul M. Vaaler (2010). Chandler’s living history: The *Visible Hand* of vertical integration in 19<sup>th</sup> Century America seen under a 21<sup>st</sup> century transaction costs economics lens. *Journal of Management Studies*, 47(5): 859-883.
  - [5] Ketokivi, Mikko and Joseph T. Mahoney (2020). Transaction cost economics as a theory of supply chain efficiency. *Production and Operations Management*, 29(4): 1011-1031.
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**Session #3**    February 1                    Transaction Cost Economics: Empirical

- [1] Argyres, Nicholas S., Janet Bercovitz, and Kyle J. Mayer (2007). Complementarity and evolution of contractual provisions: An empirical study of IT services contracts. *Organization Science*, 18(1): 3-19.
- [2] Parmigiani, Anne S. (2007). Why do firms both make and buy? An investigation of concurrent sourcing. *Strategic Management Journal*, 28(3): 285-311.
- [3] Kang, Min Ping, Joseph T. Mahoney, and Danchi C. Tan (2009). Why firms make unilateral investments specific to other firms: The case of OEM suppliers. *Strategic Management Journal*, 30(2): 117-135.
- [4] Mayer, Kyle J., Deepak Somaya, and Ian O. Williamson (2012). Firm-specific, industry-specific and occupational human capital, and the sourcing of knowledge work. *Organization Science*, 23(5): 1311-1329.

- [5] Lo, Desmond, Giorgio Zanarone, and Mrinal Ghosh (2023). Contracting to (dis-) incentivize? An integrative transaction-cost approach on how contracts govern specific investments. *Strategic Management Journal*, forthcoming.
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**Session #4:** February 8 Property Rights Theory and Applications

- Mahoney, Joseph T. (2005). “Property Rights Theory” (Chapter 3) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
- [1] Argyres, Nicholas S., and Julia P. Liebeskind (1998). Privatizing the intellectual commons: Universities and the commercialization of biotechnology. *Journal of Economic Behavior and Organization*, 35(4): 427-454.
- [2] Blair, Margaret M. and Lynn A. Stout (1999). A team production theory of corporate law. *Virginia Law Review*, 85(2): 247-328.
- [3] Zingales, Luigi (2000). In search of new foundations. *Journal of Finance*, 55(4): 1623-1643.
- [4] Ziedonis, Rosemarie H. (2004). Don’t fence me in: Fragmented markets for technology and the patent acquisition strategies of firms. *Management Science*, 50(6): 804-820.
- [5] Hoskisson, Robert E., Eni Gambeta, Colby D. Green, and Toby X. Li. (2018). Is my firm-specific investment protected? Overcoming the stakeholder investment dilemma in the resource-based view. *Academy of Management Review* 43(2): 284-306.
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**Session #5:** February 15 Agency Theory and Applications

- Mahoney, Joseph T. (2005). “Agency Theory” (Chapter 4) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
- [1] Akerlof, George A. (1970). The market for ‘lemons:’ Qualitative uncertainty and the market mechanism. *Quarterly Journal of Economics*, 84(3): 488-500.
- [2] Jensen, Michael and William H. Meckling (1976). Theory of the firm: Managerial behavior agency costs, and capital structure. *Journal of Financial Economics*, 3(4): 305-360.
- [3] Agarwal, Rajshree, Rachel Croson and Joseph T. Mahoney (2010). The role of incentives and communication in strategic alliances: An experimental investigation. *Strategic Management Journal*, 3(4): 413-437.

- [4] Reuer, Jeffrey J., Tony W. Tong, and Cheng-Wei Wu (2012). A signaling theory of acquisition premiums: Evidence from IPO targets. *Academy of Management Journal*, 55(2): 667-683.
- [5] Frank, Douglas H. and Tomasz Obloj (2014). "Firm-specific human capital, organizational incentives, and agency costs: Evidence from retail banking." *Strategic Management Journal* 35(9): 1279-1301.
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**Session #6:** February 22                      Resource-Based Theory and Applications

- Mahoney, Joseph T. (2005). "Resource-Based Theory and Dynamic Capabilities" (Chapter 5) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
- [1] Teece, David J. (1982). Towards an economic theory of the multiproduct firm. *Journal of Economic Behavior and Organization*, 3(1): 39-63.
- [2] Henderson, Rebecca M. and Kim B. Clark (1990). Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly*, 35(1): 9-30.
- [3] Silverman, Brian S. (1999). Technological resources and the direction of corporate diversification: Toward an integration of the resource-based view and transaction cost economics. *Management Science*, 45(8): 1109-1124.
- [4] Wang, Heli, Jinyu He and Joseph T. Mahoney (2009). Firm-specific knowledge resources and competitive advantage: The role of economic- and relationship-based employee governance mechanisms. *Strategic Management Journal*, 30(12): 1265-1285.
- [5] Riley, Shawn M., Steven C. Michael, and Joseph T. Mahoney (2017). Human capital matters: Market valuation of firm investments in training and the role of complementary assets. *Strategic Management Journal*, 38(9): 1895-1914.
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**Session #7:** March 1                              Real Options:

- Mahoney, Joseph T. (2005). "Real Options" (Chapter 5) in *Economic Foundations of Strategy*. Thousand Oaks, CA: Sage Publications.
- [1] Bowman, Edward H. and Gary T. Moskowitiz (2001). Real options analysis and strategic decision making. *Organization Science*, 12(6): 772-777.
- [2] Kogut, Bruce and Nalin Kulatilaka (2001). Capabilities and real options. *Organization Science*, 12(6): 744-758.

- [3] Tong, Tony W. and Yong Li (2011). Real options and investment mode: Evidence from corporate venture capital and acquisition. *Organization Science*, 2 (3): 659-674.
  - [4] McCarter, Matthew W., Joseph T. Mahoney, and Gregory B. Northcraft (2011). Testing the waters: Using collective real options to manage the social dilemma of strategic alliances. *Academy of Management Review*, 36(4): 621-640.
  - [5] Trigeorgis, Lenos and Jeffrey J. Reuer (2017). Real options theory in strategic management. *Strategic Management Journal* 38(1): 42-63.
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**Session #8:** March 8

**In-class Closed-book Exam**