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### Course Outline

**RSM 3091: Alliances & Networks**

Professor Bill McEvily

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Room 7024, Thursday, 12:30 – 3:30 p.m.

**Course Overview**

This course provides a Ph.D.-level introduction to research on strategic alliances and networks. We have two goals for the course. First, we aim to give you a broad overview of the literature on how and why firms form alliances and less formal associations, as well as on how these relations once consummated affect functioning and performance of organizations. The course does not attempt, however, to cover every facet of the literature – a broad field – or to provide a complete intellectual history of the subject. Second, we intend to train you in theory construction, a critical skill in academic research. Though developed from a strategy perspective, the readings will interest students of related disciplines (e.g., economics, organizational behavior, sociology).

**Assessment**

We will assess your performance in the class based on the following:

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| --- | --- |
| *Component* | *Weight* |
| Participation in Class Discussion | 25% |
| Reviews | 25% |
| Research Proposal   * Draft 20% * Final 30% | 50% |

**Participation in Discussion**: Each week we will discuss three or four papers. Prior to each class you must read carefully and think about the assigned readings. The reading assignments are not excessive, but the expectation of thorough preparation is high. You are expected to actively participate in each class. Of course, you will be judged on the quality, more so than the quantity, of your contribution to our collective effort of evaluating and understanding the research.

The discussion of the papers will be student lead. In advance of each class students will be assigned (informed by preference) to one or more readings for which they are to lead discussion. Students leading discussion are responsible for giving a *very* *brief* description of the paper – identifying the research question, core ideas and arguments, research design and or main findings – and a balanced critique of the paper (i.e., surfacing limitations *and* strengths) that assesses its contribution to the literature. After discussing each reading individually, the entire class will then integrate the set of readings to identify connections, gaps, inconsistencies, and directions for future research.

**Reviews:** Research is an inherently social process. Helping colleagues develop their own research is an integral part of how scholarly communities function. Assistance takes a variety of forms, including providing *constructive* reviews. A good review not only outlines potential limitations (e.g., logical flaws), but also offers suggestions for remedying those shortcomings. You should pick ***one*** of the empirical papers assigned, break down the arguments into its logical components (we will discuss how to do so in the first session), identify its contributions and potential limitations, and suggest solutions to those problems. We do not expect you to evaluate the empirical research/findings. During the last half of the term, we will also ask you to write short reviews of fellow students’ research proposals.

**Research Proposal:** Each student is responsible for developing one research proposal. A draft is due session 8, a 20 minute presentation of the proposal will be scheduled for session 12, and the final is due one week after the last session. The proposal should be based on one of the topics covered in the course and consist of the front end of a research paper including: a well-motivated and clearly stated research question, a theoretical framework and set of predictions for investigating that question, and a carefully considered research design. Think of a proposal as a shortened version of one of the empirical papers we read, without the results section. The proposal should draw on some of the readings from the class, but also incorporate additional work from the relevant literatures. Feel free to talk to me at any time about potential paper ideas and additional literatures that might be relevant.

### Absences: If you have to miss class due to illness or personal emergency please notify me in advance. In lieu of participation, you will be required to submit a review of *one* of the assigned readings.

### Schedule

### Session 1, Sept 12: What Is Good Theory?

# *1995 ASQ Forum*

Sutton, R.I and B.M. Staw (1995) “What theory is *Not*,” Administrative Science Quarterly, 40(3): 371-384.

Weick, K.E. (1995) “What theory is *Not*, theorizing *Is*,” Administrative Science Quarterly, 40(3): 385-390.

DiMaggio, P.J. (1995) “Comments on ‘What theory is *Not*’,” Administrative Science Quarterly, 40(3): 391-397.

Davis, M.S. (1971) “That’s interesting! Towards a phenomenology of sociology and a sociology of phenomenology,” Philosophy of the Social Sciences, 1: 309-344.

Note: skim “Part II: The Index of the Interesting” (pgs. 313-326)

Additional Reading

*1989 AMR Special Issue on Theory Building*

Van de Ven, A.H. (1989) “Nothing is quite so practical as a good theory,” Academy of Management Review, 14(4): 486-489.

Whetten, D.A. (1989) “What constitutes a theoretical contribution?” Academy of Management Review, 14(4): 490-495.

Bacharach, S.B. (1989) “Organizational theories: Some criteria for evaluation,” Academy of Management Review, 14(4): 499-515.

*1993 – 1995 Pfeffer & Van Maanen Debate*

Pfeffer, J. (1993) “Barriers to the advance of organizational science: Paradigm development as dependent variable,” Academy of Management Review, 18(4): 599-620.

Van Maanen, J. (1995) “Style as theory,” Organization Science, 6(1): 133-143.

Pfeffer, J. (1995) “Mortality, reproducibility, and the persistence of styles of theory,” Organization Science, 6(6): 681-686.

Van Maanen, J. (1995) “Fear and loathing in organization studies,” Organization Science, 6(6): 687-692.

*2007 AMR Special Topic Forum*

Van Maanen, J., J.B. Sorensen, and T.R. Mitchell (2007) “The interplay between theory and method,” Academy of Management Review, 32(4): 1145-1154.

### Session 2, Sept 19: Resource Dependence Theory

Emerson, R.M. (1962) “Power-dependence relations,” American Sociological Review, 27: 31-41.

Pfeffer, J. and G.R. Salancik (2003) “Chapter 3: The social control of organizations” and “Chapter 5: Managing organizational demands: Adaptation and avoidance” in The External Control of Organizations, 39-61, 92-112.

Gargiulo, M. (1993) “Two-step leverage: Managing constraint in organizational politics,” Administrative Science Quarterly, 38: 1-19.

Casciaro, T. and M.J. Piskorski (2005) “Power imbalance, mutual dependence and constraint absorption: A closer look at resource dependence theory.” Administrative Science Quarterly, 50: 167-199.

Additional Reading

Gulati, R. and M. Sytch (2007) “Dependence asymmetry and joint dependence in interorganizational relationships: Effects of Embeddedness on a manufacturer’s performance in procurement relationships,” Administrative Science Quarterly, 52(1): 32-69.

### Session 3, Sept 26: Transaction Cost Economics

Coase, R.H. (1937) “The nature of the firm,” Economica, 4: 386-405.

Williamson, O.E. (1985) “Chapter 2: Contractual man” and “Appendix: Opportunism – A digression” in The Economic Institutions of Capitalism, 43-67.

Oxley, J.E (1997) “Appropriability hazards and governance in strategic alliances: A transaction cost approach,” Journal of Law, Economics & Organization, 13: 387-409.

Novak, S. and S. Stern (2008) “How does outsourcing affect performance dynamics? Evidence from the automobile industry,” Management Science, 54(12), 1963-1979.

Additional Reading

Nickerson, J.A. and B.S. Silverman (2003) “Why firms want to organize efficiently and what keeps them from doing so: Inappropriate governance, performance, and adaptation in a deregulated industry,” Administrative Science Quarterly, 48(3), 433-465.

Sampson, R.C. (2004) “The cost of misaligned governance in R&D alliances,” Journal of Law, Economics, and Organization, 20: 484-526.

Oxley, J.E. (2009) “Putting Oxley (1997) in context: Precursors and impact,” in J.A. Nickerson and B.S. Silverman (Eds.) Economic Institutions of Strategy, 26:147-164.

### Session 4, Oct 3: Embeddedness

Granovetter, M.S. (1985) “Economic action and social structure: The problem of embeddedness,” American Journal of Sociology, 91: 481-510.

Powell, W.W. (1990) “Neither market nor hierarchy: Network forms of organization,” in L.L. Cummings and B.M. Staw (Eds.), Research in Organizational Behavior, 12: 295-336.

Uzzi, B. (1997) “Social structure and competition in interfirm networks: The paradox of embeddedness,” Administrative Science Quarterly, 42: 35-67.

Ingram, P. and P.W. Roberts (2000) “Friendships among competitors in the Sydney hotel industry,” American Journal of Sociology, 106(2), 387-423.

Additional Reading

Gulati, R. (1998) “Alliances and networks,” Strategic Management Journal, 19: 293-317.

Gulati, R. and J.D. Westphal (1999) “Cooperative or controlling? The effects of CEO-board relations and the content of interlocks on the formation of joint ventures,” Administrative Science Quarterly, 44: 473-506.

Uzzi, B. (1999) “Embeddedness in the making of financial capital: How social relations and networks benefit firms seeking financing,” American Sociological Review, 64 (4): 481-505.

Rao, H., G.F. Davis, and A. Ward (2000). “Embeddedness, social identity and mobility: Why firms leave the NASDAQ and join the New York Stock Exchange,” Administrative Science Quarterly, 45: 268-292.

Rowley, T.D. Behrens, and D. Krackhardt (2000) “Redundant governance structures: An analysis of structural and relational embeddedness in the steel and semiconductor industries,” Strategic Management Journal, 21 (3): 369-386.

Sorenson, O., and D. Waguespack (2006). “Social structure and exchange: Self-confirming dynamics in Hollywood,” Administrative Science Quarterly, 51: 560-589.

Doering, L. (2018) “Risks, Returns, and Relational Lending: Personal Ties in Microfinance,” American Journal of Sociology, 123(5): 1341-1381.

### Session 5, Oct 10: NO CLASS, proposal preparation time

### Session 6, Oct 17: Formal Contracts and Relational Governance

Zaheer, A., & Venkatraman, N. (1995). Relational governance as an interorganizational strategy: An empirical test of the role of trust in economic exchange. Strategic Management Journal, 16(5), 373-392.

Poppo, L. and T. Zenger (2002) “Do formal contracts and relational governance function as substitutes or complements?” Strategic Management Journal, 23(8): 707-725.

Ryall, M.D. and R.C. Sampson (2009) “Formal contracts in the presence of relational enforcement mechanisms: Evidence from technology development projects,” Management Science, 55: 906-925.

Malhotra, D. and F. Lumineau (2011) “Trust and collaboration in the aftermath of conflict: The effects of contract structure,” Academy of Management Journal, 54(5): 981-998.

Additional Reading

Zucker, L.G. (1986) “Production of trust: Institutional sources of economic structure, 1840-1920,” in L.L. Cummings and B.M. Staw (Eds.), Research in Organizational Behavior, 8: 53-111.

Gulati, R. (1995) “Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances,” Academy of Management Journal, 38(1): 85-112.

Zaheer, A., B. McEvily, and V. Perrone (1998) “Does Trust Matter? Exploring the Effects of Interorganizational and Interpersonal Trust on Performance,” Organization Science, 9(2): 141-159.

Molm, L.D., N. Takahashi, and G. Peterson (2000) “Risk and trust in social exchange: An experimental test of a classical proposition,” American Journal of Sociology, 105(5): 1396-1427.

Malhotra, D. and J.K. Murnighan (2002) “The effects of contracts on interpersonal trust,” Administrative Science Quarterly, 47(3): 534-559.

Corts, K.S. and J. Singh (2004) “The effect of repeated interaction on contract choice: Evidence from offshore drilling,” Journal of Law, Economics, and Organization, 20(1), 230-260.

Krishnan, R., X. Martin and N.G. Noorderhaven (2006) “When does trust matter to alliance performance? Academy of Management Journal, 49(5): 894-917.

Argyres, N.S., J. Bercovitz and K.J. Mayer (2007) “Complementarity and evolution of contractual provisions: An empirical study of IT services contracts,” Organization Science, 18(1): 3-19.

Gulati, R. and J.A. Nickerson (2008) “Interorganizational trust, governance choice, and exchange performance,” Organization Science, 19(5): 688-708.

Puranam, P. and B.S. Vanneste (2009) “Trust and governance: Untangling a tangled web.” Academy of Management Review, 34(1), 11-31.

McEvily, B. (2011) “Reorganizing the Boundaries of Trust: From Discrete Alternatives to Hybrid Forms,” Organization Science, 22(5): 1266-1276.

McEvily, B., J. Radzevick, and R. Weber, (2012) “Whom do you distrust and how much does it cost? An experiment on the measurement of trust,” Games and Economic Behavior, 74: 285-298.

### Session 7, Oct 24: Theories of Social Structure

Coleman, J.S. (1988) “Social capital in the creation of human capital,” American Journal of Sociology, 94: S95-S120.

Burt, R.S. (1992) “Introduction” and “Chapter 1” in Structural Holes: The Social Structure of Competition, Cambridge, MA, Harvard University Press: 1-49.

Reagans, R. and B. McEvily (2003) “Network structure and knowledge transfer: The effects of cohesion and range,” Administrative Science Quarterly, 48: 240-267.

Fleming, L., S. Mingo, and D. Chen (2007) “Collaborative brokerage, generative creativity, and creative success,” Administrative Science Quarterly, 52: 443-475.

Additional Reading

Granovetter, M.S. (1973) “The strength of weak ties,” American Journal of Sociology, 78: 1360-1380.

*1995 ASQ Review Symposium*

Salancik, G.R. (1995) “WANTED: A good network theory of organization,” Administrative Science Quarterly, 40(2): 345-349.

Krackhardt, D. (1995), Book review of Structural Holes, Administrative Science Quarterly, 40(2): 350-354.

Hansen, M.T. (1999) “The search transfer problem: The role of weak ties in sharing knowledge across organization subunits,” Administrative Science Quarterly, 44:82-111.

Fleming, L. and D.M. Waguespack (2007) “Brokerage, boundary spanning, and leadership in open innovation communities,” Organization Science, 18(2): 165-180.

Obstfeld, D. (2005) “Social networks, the tertius iungens orientation, and involvement in innovation,” Administrative Science Quarterly, 50: 100-130.

Reagans, R., E. Zuckerman, and B. McEvily (2004) “How to make the Team? Social networks vs. demography as criteria for designing effective teams,” Administrative Science Quarterly, 49: 101-133.

Shipilov, A.V. and S.X. Li (2008) “Can you have your cake and eat it too? Structural holes’ influence on status accumulation and market performance in collaborative networks,” Administrative Science Quarterly, 53(1): 73-108.

Bidwell, M and I. Fernandez-Mateo (2010) “Relationship duration and returns to brokerage in the staffing sector.” Organization Science, 21(6): 1141-1158.

Tortoriello, M., R. Reagans, and B. McEvily (2011) “Bridging the Knowledge Gap: The Impact of Strong Ties, Network Cohesion, and Network Range,” Organization Science, 23(4): 1024-1039.

### Session 8, Oct 31: Brokerage of Influence in Networks

Padgett, J.F. and C.K. Ansell (1993) “Robust action and the rise of the Medici, 1400-1434,” American Journal of Sociology, 98: 1259-1319.

Fernandez, R.M. and R.V. Gould (1994) “A dilemma of state power: Brokerage and influence in the national health policy domain,” American Journal of Sociology, 99(6): 1455-1491.

Ryall, M.D. and O. Sorenson (2007) “Brokers and competitive advantage,” Management Science, 53: 566-583.

Clement, J., A. Shipilov and C. Galunic (2018) “Brokerage as a public good: The externalities of network hubs for different formal roles in creative organizations,” Administrative Science Quarterly, 63(2), 251-286.

Additional Reading

Gould R.V. and R.M. Fernandez (1989) “Structures of mediation: A formal approach to brokerage in transaction networks,” Sociological Methodology, 19: 89-126.

Coleman, J.S. (1990) “Chapter 8 – Systems of trust and their dynamic properties,” Foundations of Social Theory, Harvard University Press, Cambridge, MA.

Bothner, M.S. (2003) “Competition and social influence: The diffusion of the sixth-generation processor in the global computer industry,” American Journal of Sociology, 108(6), 1175-1210.

Fernandez-Mateo, I. (2007) “Who pays the price of brokerage? Transferring constraint through price setting in the staffing sector,” American Sociological Review, 72(2): 291-317.

Reagans, R. and E. Zuckerman (2008) “Why knowledge does not equal power: The network redundancy trade-off,” Industrial and Corporate Change, 17(5): 903-944.

Fleischer, A. (2009) “Ambiguity and the equity rating systems: United States brokerage firms, 1995-2000,” Administrative Science Quarterly, 54: 555-574.

Kleinbaum, A.M. (2012) “Organizational misfits and the origins of brokerage in intrafirm networks,” Administrative Science Quarterly, 57(3): 407-452.

Quintane, E. and G. Carnabuci (2016) “How do brokers broker? Tertius gaudens, tertius iungens, and the temporality of structural holes,” Organization Science, 27(6), 1343-1360.

Nartey, L.J., W.J. Henisz, and S. Dorobantu (2018) “Status climbing vs. bridging: Multinational stakeholder engagement strategies,” Strategy Science, 3(2), 367-392.

### Session 9, Nov 7: Structuring of Networks

Gulati, R. and M Gargiulo (1999) “Where do interorganizational networks come from?” American Journal of Sociology, 104: 1439-1493.

Gould, R.V. (2002) “The origins of status hierarchies: A formal theory and empirical test,” American Journal of Sociology, 107: 1143-1178.

Kossinets, G. and D.J. Watts (2009) “Origins of homophily in an evolving social network,” American Journal of Sociology, 115: 405-450.

Azoulay, P., C.C. Liu, and T.E. Stuart (2009) “Social influence given (partially) deliberate matching: Career imprints in the creation of academic entrepreneurs,” Working Paper, Harvard Business School.

Additional Reading

Barley, S.R. (1990) “The alignment of technology and structure through roles and networks,” Administrative Science Quarterly, 35(1): 61-103.

Walker, G., B. Kogut, and W. Shan (1997) “Social capital, structural holes, and the formation of an industry network,” Organization Science, 8: 109-125.

Zaheer, A. and G. Soda (2009) “Network evolution: The origins of structural holes,” Administrative Science Quarterly, 54: 1-31.

Sytch, M., A. Tatarynowicz, and R. Gulati (2011) “Toward a theory of extended contact: The incentives and opportunities for bridging across network communities,” Organization Science, 23(6): 1658-1681.

*2012 Organization Science Special Issue on the Genesis and Dynamics of Networks*

Ahuja, G., G. Soda and A. Zaheer (2012) “The genesis and dynamics of organizational networks,” Organization Science, 23(2), 434-448.

### Session 10, Nov 14: Network Effects on Governance

Greif, A. (1993) ‘‘Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders’ Coalition,’’ The American Economic Review, 83: 525-48.

Mayer, K.J. and N.S. Argyres (2004) “Learning to contract: Evidence from the personal computer industry,” Organization Science, 15(4): 394-410.

Robinson, D.T. and T.E. Stuart (2006) “Network effects in the governance of strategic alliances,” The Journal of Law, Economics, & Organization, 23(1), 242-273.

Horwitz, J.R., B. McEvily, and A.M. McGahan (2019) “How the Network Neighborhood Influences Partnerships: From Handshakes to Formal Collaboration among US Fire Departments,” Rotman School of Management, working paper.

### Session 11, Nov 21: Students’ Choice

TBD

### Session 12, Nov 28: Students’ Choice

TBD

### Session 13, Dec 5: Proposal Presentations