

**BUSI 899 Entrepreneurship and Strategic Renewal**  
**Fall 2017**



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**Class Time:** Tuesdays 9-12  
**Location:** McColl 4106 (Finance Suite)  
**Office Hours:** by appointment

### **Prerequisites**

This is a Ph.D. seminar. Enrollment is restricted to PhD students. Non-enrolled students may attend with instructor's permission and conditional on interactive participation in class discussions.

### **Course Overview**

This PhD seminar provides an overview of selected topics in entrepreneurship and strategic renewal. We will cover three interrelated themes by reviewing conceptual and empirical, classic and recent papers about: industry evolution, diversifying entrants, and entrepreneurial entrants. Analysis of the industry evolution and emergence patterns will provide you with a better understanding of the context within which entrepreneurship and strategic renewal occurs. We will then delve into studying industry entrants, diversifying or entrepreneurial, to assess their pre-entry heterogeneity, the performance implications of their heterogeneity, and their strategic choices for sustained advantage.

### **Class Format**

The course follows a seminar style. The format will usually entail discussion of the readings and identification of future research opportunities. The class will focus on the content of papers as well as the research process. We may occasionally have guest scholars virtually join the class.

### **Grading**

Class participation	30%
Reflection memos	15%
Paper summaries	10%
Literature review exercises	20%
Research proposal	25%

### **Class Participation**

To actively participate in class discussions, students need to carefully read the assigned materials, analyze their individual and collective implications, and be prepared to discuss the readings in class.

### **Reflection Memos**

Students are required to prepare reflection memos, synthesizing the assigned materials for their sessions/topics of choice. The memo should cover a concise statement of the central idea of the

readings, possible integrative themes or discrepancies between readings, evaluation of strengths or limitations, and identification of a research gap. You may choose to cover all assigned papers, or have a deep dive into a focal paper.

The memos should be no more than 2 pages in length, and submitted prior to class. **Six** reflection memos are required. The paper summaries should be submitted for sessions that you choose not to prepare a literature review.

### **Paper Summaries**

The class reading list includes six required papers for each session. Choosing only six papers from numerous interesting pieces of scholarship related to each topic was a challenging task for me. In order to cover a broader set of papers in our class discussion, students are required to identify and summarize one paper that is not in the required reading list, yet related to each session's topic. As you read the required papers, you may come across a paper in their references that seems intriguing to you. You may search for newer research that builds on one of the required papers. Alternatively, you may check for other papers written by the same authors. It may even be the case that you identify a research gap, and your search for that unaddressed question leads you to a new paper.

The summary of these new papers should cover a brief (even bullet point) discussion of research question, theoretical perspectives, empirical context and findings, and contributions.

The summaries should be no more than one page in length and submitted prior to class. Please note that the summaries will be shared with your classmates. **Six** paper summaries are required. The paper summaries should be submitted for sessions that you choose not to prepare a literature review.

### **Literature Review Exercises**

Students are required to prepare a review of the literature corresponding to the readings for their sessions/topics of choice. Identification of a research gap typically hinges on your thorough and critical review of the existing literature. Each student may have a different reading and summarizing style. Some students may prefer to fill in spreadsheet templates with fields about research question, theoretical perspectives, hypotheses, empirical context, measurement approaches, findings, and contributions. Some others may prefer to write a few summary paragraphs. Others may highlight key points on each document for future reference. You should follow the style that you find the most effective. Regardless of these style differences, you should also be able to systematically retrieve and assimilate papers. Literature review exercises may help you toward achieving and refining this skill.

An excellent literature review moves beyond a simple reiteration of paper summaries, and typically integrates across the identified papers to develop a coherent story that yields fresh insights. The review may synthesize across various approaches to reveal inconsistencies or complementarities. You may find examples of literature reviews in the 2017 review special issue of the Strategic Management Journal and publications at the Academy of Management Annals.

The literature review should be no more than five pages in length and submitted prior to class. Please note that the reviews will be shared with your classmates. **Two** literature reviews are required. The reviews should be submitted for sessions that you choose not to prepare a new paper summary or reflection memo.

## **Research Proposal**

Students are required to submit a research proposal relating to the topics covered in the course. The research proposal should include an identified research gap, discussion of relevant theoretical frameworks, and development of testable hypotheses advancing a particular theory or integrating across multiple theories. It is recommended, not required, that the research proposal briefly discuss appropriate empirical context and methods.

It would be beneficial to meet with other PhD students and faculty, and the instructor to talk about your ideas, receive feedback on research directions, and discuss opportunities for carrying forward research in the area that is of interest to you.

The research proposal should be 15-20 pages in length and submitted on December 12. There is no presentation requirement. We will discuss your progress in an informal setting during session 14. Your research proposal may include parts of your literature reviews. The research proposal should be an individual submission, and not a co-authored work. If you plan to continue on further developing an existing work in progress, the initial work must also be submitted.

## **Auditing Policy**

Non-enrolled students are welcome to attend their sessions of choice. For those sessions, they are required to submit a reflection memo prior to class.

## **Attendance Policy**

Regular class attendance is your obligation, and you are responsible for all the work of all class meetings. No right or privilege exists that permits you to be absent from any class meetings except for excused absences for authorized University activities or religious observances required by the your faith.

## **University of North Carolina Honor Code**

The University of North Carolina at Chapel Hill has had a student-led honor system for over 100 years. Academic integrity is at the heart of Carolina and we all are responsible for upholding the ideals of honor and integrity. The student-led Honor System is responsible for adjudicating any suspected violations of the Honor Code. All suspected instances of academic dishonesty will be reported to the honor system. If you have questions about your responsibility under the Honor Code, please bring them to me, or consult with the office of the Dean of Students. More information is available at: <https://studentconduct.unc.edu/>

## **Accommodations for Students with Disabilities**

The University of North Carolina facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability, or pregnancy complications resulting in difficulties with accessing learning opportunities. All accommodations are coordinated through the Accessibility Resources and Service Office. In order to ascertain what accommodations may need to be provided, we ask that students with disabilities inform their instructor of their needs within two weeks of the start of the semester. Please visit <http://accessibility.unc.edu/>

### Session 1- Introduction: Creative Destruction (August 22)

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Schumpeter, J. 1942. *Capitalism, Socialism, and Democracy*. New York, NY: Harper & Row. (The Process of Creative Destruction. Chapter VII, pp. 81-86)

### Session 2- Industry Evolution: Evolutionary Economics (August 29)

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Agarwal, R., Bayus, B. L. 2002. The market evolution and sales takeoff of product innovations. *Management Science*, 48(8): 1024-1041.

Agarwal, R., Gort, M. 1996. The Evolution of Markets and Entry, Exit and Survival of Firms. *Review of Economics and Statistics*, 78(3): 489-498.

Gort, M., Klepper, S. 1982. Time paths in the diffusion of product innovations. *Economic Journal*, 92(367): 630-653.

Lieberman, M. B. 1990. Exit from declining industries: “shakeout” or “stakeout”? *The Rand Journal of Economics*, 21(4): 538-554.

Winter, S. G. 1984. Schumpeterian competition in alternative technological regimes. *Journal of Economic Behavior & Organization*, 5(3-4): 287-320.

### Session 3- Industry Evolution: Technology Management (September 5)

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Abernathy, W., Utterback, J. 1978. Patterns of industrial innovation. *Technology Review*, 80(7): 40-47.

Adner, R., Levinthal, D. 2001. Demand heterogeneity and technology evolution: Implications for product and process innovation. *Management science*, 47(5): 611-628.

Dosi, G. 1982. Technological paradigms and technological trajectories: A suggested interpretation of the determinants and directions of technical change. *Research Policy*, 11(3): 147-162.

Rosenberg, N. 1998. Uncertainty and technological change. In D. Neef, A. Siesfeld, J. Cefola (Eds.), *The Economic Impact of Knowledge*: 17-34. Boston: Butterworth Heinemann.

Tushman, M. L., Anderson, P. 1986. Technological discontinuities and organizational environments. *Administrative Science Quarterly*, 31(3): 439-465.

Vincenti, W.G., 1994. Variation-selection in the innovation of the retractable airplane landing gear: the Northrop ‘anomaly’. *Research Policy*, 23(5): 575-582.

### Session 4- Industry Evolution: Organizational Theory (September 12)

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Barnett, W. P. 1990. The organizational ecology of a technological system. *Administrative Science Quarterly*, 35(1): 31-60.

Garud, R., Rappa, M. A. 1994. A socio-cognitive model of technology evolution: The case of cochlear implants. *Organization Science*, 5(3): 344-362.

Grodal, S., Gotsopoulos, A., Suarez, F. F. 2015. The coevolution of technologies and categories during industry emergence. *Academy of Management Review*, 40(3): 423-445.

Hannan, M. T., Freeman, J. 1977. The population ecology of organizations. *American Journal of Sociology*, 82(5): 929-964.

- Pacheco, D. F., York, J. G., Hargrave, T. J. 2014. The coevolution of industries, social movements, and institutions: Wind power in the United States. *Organization Science*, 25(6): 1609-1632.
- Navis, C., Glynn, M. A. 2010. How new market categories emerge: Temporal dynamics of legitimacy, identity, and entrepreneurship in satellite radio, 1990–2005. *Administrative Science Quarterly*, 55(3): 439-471.

### **Session 5- Industry Emergence (September 19)**

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- Agarwal, R., Moeen, M., Shah., S. K. 2017. Athena's birth: Triggers, actors, and actions preceding industry inception. *Strategic Entrepreneurship Journal*.
- Bingham, C. B., Kahl, S. J. 2013. The process of schema emergence: Assimilation, deconstruction, unitization and the plurality of analogies. *Academy of Management Journal*, 56(1): 14-34.
- Greenstein, S. 2010. The emergence of the Internet: Collective invention and wild ducks. *Industrial and Corporate Change*, 19(5): 1521-1562. [relatively long; skim through the details]
- Moeen, M., Agarwal, R. 2017. Incubation of an industry: Heterogenous knowledge bases and modes of value capture. *Strategic Management Journal*, 38(3): 566-587.
- Santos, F., Eisenhardt, K. M. 2009. Constructing markets and shaping boundaries: Entrepreneurial power in nascent fields. *Academy of Management Journal*, 52(4): 643-671.
- Wry, T., Lounsbury, M., Glynn, M. A. 2011. Legitimizing nascent collective identities: Coordinating cultural entrepreneurship. *Organization Science*, 22(2): 449-463.

### **Session 6- Diversifying Entrants: Capabilities (September 26)**

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- Helfat, C. E. 1997. Know-how and asset complementarity and dynamic capability accumulation. *Strategic Management Journal*, 18(5): 339-360.
- Helfat, C. E., Lieberman, M. B. 2002. The birth of capabilities: Market entry and the importance of pre-history. *Industrial and Corporate Change*, 11(4): 725-760.
- Klepper, S., Simons, K. L. 2000. Dominance by birthright: Entry of prior radio producers and competitive ramifications in the US television receiver industry. *Strategic Management Journal*, 21(10-11): 997-1016.
- Mitchell, W. 1989. Whether and when - Probability and timing of incumbents entry into emerging industrial subfields. *Administrative Science Quarterly*, 34(2): 208-230.
- Moeen, M. 2017. Entry into nascent industries: Disentangling a firm's capability portfolio at the time of investment versus market entry. *Strategic Management Journal*.
- Tripsas, M. 1997. Unraveling the process of creative destruction: Complementary assets and incumbent survival in the typesetter industry. *Strategic Management Journal*, 18: 119-142.

### **Session 7- Diversifying Entrants: Cognition/Attention (October 3)**

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- Barr, P. S., Stimpert, J. L., Huff, A. S. 1992. Cognitive change, strategic action, and organizational renewal. *Strategic Management Journal*, 13(S1): 15-36.
- Benner, M. J., Tripsas, M. 2012. The influence of prior industry affiliation on framing in nascent industries: The evolution of digital cameras. *Strategic Management Journal*, 33(3): 277-302.

- Eggers, J. P., 2016. Reversing course: Competing technologies, mistakes, and renewal in flat panel displays. *Strategic Management Journal*, 37(8): 1578-1596.
- Henderson, R. M., Clark, K. B. 1990. Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly*, 35(1): 9-30.
- Joseph, J., Ocasio, W. 2012. Architecture, attention, and adaptation in the multibusiness firm: General electric from 1951 to 2001. *Strategic Management Journal*, 33(6): 633-660.
- Tripsas, M., Gavetti, G. 2000. Capabilities, cognition, and inertia: Evidence from digital imaging. *Strategic Management Journal*, 21(10-11): 1147-1161.

### **Session 8- Strategic Renewal: Alliances and Acquisitions (October 10)**

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- Agarwal, R., Helfat, C. E. 2009. Strategic Renewal of Organizations. *Organization Science*, 20(2): 281-293.
- Ahuja, G., Katila, R. 2001. Technological acquisitions and the innovation performance of acquiring firms: a longitudinal study. *Strategic Management Journal*, 22(3): 197-220.
- Capron, L., Mitchell, W. 2010. Finding the right path. *Harvard Business Review*, 88(7-8): 102-107.
- Karim, S., Mitchell, W. 2000. Path-dependent and path-breaking change: Reconfiguring business resources following acquisitions in the US medical sector, 1978-1995. *Strategic Management Journal*, 21(10-11): 1061-1081.
- Mowery, D. C., Oxley, J. E., Silverman, B. S. 1996. Strategic alliances and interfirm knowledge transfer. *Strategic Management Journal*, 17: 77-91.
- Rosenkopf, L., Almeida, P. 2003. Overcoming local search through alliances and mobility. *Management Science*, 49(6): 751-766.
- Rothaermel, F. T. 2001. Incumbent's advantage through exploiting complementary assets via interfirm cooperation. *Strategic Management Journal*, 22(6-7): 687-699.

### **Session 9- Strategic Renewal: Other Knowledge Sources (October 17)**

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- Chatterji, A. K., Fabrizio, K. R. 2014. Using users: When does external knowledge enhance corporate product innovation? *Strategic Management Journal*, 35(10): 1427-1445.
- Cohen, W. M., Nelson, R. R., Walsh, J. P. 2002. Links and impacts: the influence of public research on industrial R&D. *Management Science*, 48(1): 1-23.
- Dushnitsky, G., Lenox, M. J. 2005. When do firms undertake R&D by investing in new ventures? *Strategic Management Journal*, 26(10): 947-965.
- Lavie, D. 2006. Capability Reconfiguration: An Analysis of Incumbent Responses to Technological Change. *Academy of Management Review*, 31(1): 153-174.
- Singh, J., Agrawal, A. 2011. Recruiting for ideas: How firms exploit the prior inventions of new hires. *Management Science*, 57(1): 129-150.
- Vidal, E., Mitchell, W. 2015. Adding by subtracting: The relationship between performance feedback and resource reconfiguration through divestitures. *Organization Science*, 26(4): 1101-1118.

## Session 10- Entrepreneurial Entrants: Employees (October 24)

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- Agarwal, R., Echambadi, R., Franco, A. M., Sarkar, M. 2004. Knowledge transfer through inheritance: Spin-out generation, development, and survival. *Academy of Management Journal*, 47(4): 501-522.
- Campbell, B. A., Ganco, M., Franco, A. M., Agarwal, R. 2012. Who leaves, where to, and why worry? Employee mobility, entrepreneurship and effects on source firm performance. *Strategic Management Journal*, 33(1): 65-87.
- Chatterji, A. K. 2009. Spawned with a silver spoon? Entrepreneurial performance and innovation in the medical device industry. *Strategic Management Journal*, 30(2): 185-206.
- Gambardella, A., Ganco, M., Honoré, F. 2014. Using what you know: Patented knowledge in incumbent firms and employee entrepreneurship. *Organization Science*, 26(2): 456-474.
- Klepper, S. 2007. Disagreements, spinoffs, and the evolution of Detroit as the capital of the US automobile industry. *Management Science*, 53(4): 616-631.
- Elfenbein, D. W., Hamilton, B. H., Zenger, T. R. 2010. The small firm effect and the entrepreneurial spawning of scientists and engineers. *Management Science*, 56(4): 659-681.

## No Class on October 31

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If you plan to go to the SMS Conference, please consider attending the panel titled “Firm Strategy in Nascent Industries: Advances and Opportunities.”

Panelists: Rajshree Agarwal (University of Maryland); Kathy Eisenhardt (Stanford University); Anita McGahan (University of Toronto); Mahka; Sonali Shah (University of Illinois)

## Session 11- Entrepreneurial Entrants: Academics (November 7)

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- Åstebro, T., Bazzazian, N., Braguinsky, S. 2012. Startups by recent university graduates and their faculty: Implications for university entrepreneurship policy. *Research Policy*, 41(4): 663-677.
- Bercovitz, J., Feldman, M. 2008. Academic entrepreneurs: Organizational change at the individual level. *Organization Science*, 19(1): 69-89.
- Hsu, D. H., Roberts, E. B., Eesley, C. E. 2007. Entrepreneurs from technology-based universities: Evidence from MIT. *Research Policy*, 36(5): 768-788.
- Nerkar, A., Shane, S. 2007. Determinants of invention commercialization: An empirical examination of academically sourced inventions. *Strategic Management Journal*, 28(11): 1155-1166.
- Sauermann, H., Stephan, P. 2013. Conflicting logics? A multidimensional view of industrial and academic science. *Organization Science*, 24(3): 889-909.
- Stuart, T. E., Ding, W. W. 2006. When do scientists become entrepreneurs? The social structural antecedents of commercial activity in the academic life sciences. *American Journal of Sociology*, 112(1): 97-144.



## **Session 12- Entrepreneurial Entrants: Users (November 14)**

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- Adams, P., Fontana, R., Malerba, F. 2015. User-industry spinouts: Downstream industry knowledge as a source of new firm entry and survival. *Organization Science*, 27(1): 18-35.
- Baldwin, C., Hienerth, C., Von Hippel, E. 2006. How user innovations become commercial products: A theoretical investigation and case study. *Research Policy*, 35(9): 1291-1313.
- Franke, N., Shah, S. 2003. How communities support innovative activities: an exploration of assistance and sharing among end-users. *Research policy*, 32(1): 157-178.
- Mody, C. C. 2006. Corporations, universities, and instrumental communities: commercializing probe microscopy. *Technology and Culture*, 47(1): 56-80.
- Shah, S. K., Tripsas, M. 2007. The accidental entrepreneur: The emergent and collective process of user entrepreneurship. *Strategic Entrepreneurship Journal*, 1(1-2): 123-140.
- Von Hippel, E. 1986. Lead users: A source of novel product concepts. *Management Science*, 32(7): 791-805.

## **Session 13- Entrepreneurial Value Capture (November 21)**

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- Agarwal, R., Shah, S. K. 2014. Knowledge sources of entrepreneurship: Firm formation by academic, user and employee innovators. *Research Policy*, 43(7): 1109-1133.
- Arora, A., Nandkumar, A. 2012. Insecure advantage? Markets for technology and the value of resources for entrepreneurial ventures. *Strategic Management Journal*, 33(3): 231-251.
- Gambardella, A., Giarratana, M. S. 2013. General technological capabilities, product market fragmentation, and markets for technology. *Research Policy*, 42(2): 315-325.
- Gans, J. S., Stern, S. 2003. The product market and the market for “ideas”: Commercialization strategies for technology entrepreneurs. *Research Policy*, 32(2): 333-350.
- Marx, M., Gans, J. S., Hsu, D. H. 2014. Dynamic commercialization strategies for disruptive technologies: Evidence from the speech recognition industry. *Management Science*, 60(12): 3103-3123.
- Teece, D. J. 1986. Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. *Research Policy*, 15(6): 285-305.

## **Session 14- Class Wrap-up: Creative Construction (November 28)**

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- Agarwal, R., Audretsch, D., Sarkar, M. 2007. The process of creative construction: Knowledge spillovers, entrepreneurship, and economic growth. *Strategic Entrepreneurship Journal*, 1(3-4): 263-286.

## **Research Proposals Due on December 12**

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