



Joseph L. Rotman School of Management
University of Toronto

MGT 3091: Alliances and Networks
Prof. Joanne Oxley and Olav Sorenson

RSM 448: Tuesdays, 2 p.m. to 4 p.m. (except for session 13)

Course overview

This course provides a Ph.D.-level introduction to research on strategic alliances and inter-organizational relations. 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 organizational behavior and performance. 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 hope to train students in theory construction, a critical skill in academic research. Though developed from a strategy perspective, the readings will interest students of economics, organizational behavior, public policy, political science, sociology and other related disciplines.

Assessment

We will evaluate your performance on three components: discussion, critiques and writing. In determining an overall grade, we will weight these components as follows:

Component	Weight
Class participation	30%
Critiques	30%
Final paper	40%

Discussion: Each week, we will discuss two (or occasionally three) papers. This light reading load presumes that you will read carefully and think about each paper prior to class. Since all of you will have read every paper prior to class, discussions will focus on deconstructing the papers and on brainstorming potential research areas that the paper appears to open, rather than on the content of the paper itself.

Critiques: One of the important activities of any academic is helping your colleagues develop their own research. Good critiques not only outline the potential problems

with a paper (e.g. flaws in the logic of an argument), but also offer suggestions on how to fix those problems. In sessions 2 through 5, you should pick *one* of the readings, break down the argument into its logical components (we will discuss how to do so in the first session), identify any problems and suggest solutions to those problems. Though you may do so if you wish, 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 critiques of 1-3 fellow students final paper components. Depending on the size of the class, we may schedule additional small group sessions (of 3-4 students) to discuss these critiques of the assignments for developing your final papers.

Final paper: With the exception of the critiques, which involve the evaluation of others' ideas, all assignments for the course culminate in the production of the front end of a research paper, consisting of a clear research question, a theoretical framing for investigating that question, and a carefully considered research design. You will turn in these components in stages, which will allow both of us and at least one peer to offer guidance in developing an excellent project. Only the final paper will receive a grade. You should view the intermediate assignments as opportunities to improve your understanding of how to write a good front end.

Instructors

You can reach either of us by e-mail (joanne.oxley@rotman.utoronto.ca for Joanne, or olav.sorenson@rotman.utoronto.ca for Olav).

If you wish to talk with Olav for whatever reason, he holds office hours every Wednesday afternoon (1:30 p.m. to 5:30 p.m.). If you do not wish to wait, please sign up for an available time slot by noon on Wednesday. The sign up sheet is posted on the board next to his office (RSM 578). If you wish to meet with Joanne, send her an e-mail to arrange a time.

Schedule

1. COURSE INTRODUCTION.

- **Required:** Williamson, Oliver E. (1991). "Comparative economic organization: The analysis of discrete structural alternatives," *Administrative Science Quarterly*, 36: 269-296
- **Required:** Granovetter, Mark S. (1985). "Economic action and social structure: The problem of embeddedness," *American Journal of Sociology*, 91: 481-510

2. DYADS: INFORMAL RELATIONS I.

- **Required:** Granovetter, Mark S. (1973). “The strength of weak ties,” *American Journal of Sociology*, 78: 1360-1380
- **Required:** Fernandez, Roberto M., Emilio J. Castilla, and Paul Moore (2000). “Social capital at work: Networks and employment at a phone center,” *American Journal of Sociology*, 105: 1288-1356

3. DYADS: INFORMAL RELATIONS II.

- **Required:** Uzzi, Brian (1996). “The sources and consequences of embeddedness for the economic performance of organizations: The network effect,” *American Sociological Review*, 61: 674-698
- **Required:** Sorenson, Olav, and David Waguespack (2006). “Social structure and exchange: Self-confirming dynamics in Hollywood,” *Administrative Science Quarterly*, 51: forthcoming

4. DYADS: FORMAL RELATIONS I.

- **Required:** Pisano, Gary P. (1989). “Using equity participation to support exchange: Evidence from the biotechnology industry,” *Journal of Law, Economics, and Organization*, 5: 109-126
- **Required:** Oxley, Joanne E. (1997). “Appropriability hazards and governance in strategic alliances: A transaction cost approach,” *Journal of Law, Economics and Organization*, 13: 387-409

5. DYADS: FORMAL RELATIONS II.

- **Required:** Sampson, Rachelle C. (2004). “The cost of misaligned governance in R&D alliances,” *Journal of Law, Economics, and Organization*, 20: 484-526
- **Required:** Robinson, David T., and Toby E. Stuart (2006). “Financial contracting in biotech strategic alliances,” *Journal of Law and Economics*, forthcoming

6. DYADS: INTERACTIONS BETWEEN THE FORMAL AND INFORMAL.

- **Required:** Greif, Avner (1993). “Contract enforceability and economic institutions in early trade: The Maghribi traders’ coalition,” *American Economic Review*, 83: 525-548
- **Required:** Robinson, David T., and Toby E. Stuart (2006). “Network effects in the governance of biotech strategic alliances,” *Journal of Law, Economics, and Organization*, forthcoming

7. BEYOND THE DYAD: EGOCENTRIC STRUCTURES I.

- **Required:** Burt, Ronald S. (1992). “The social structure of competition,” pp. 8-49 in *Structural Holes*, Harvard University Press: Cambridge, MA
- **Required:** Podolny, Joel M., and James N. Baron (1997). “Resources and relationships: Social networks and mobility in the workplace,” *American Sociological Review*, 62: 673-693

8. EGOCENTRIC STRUCTURES II.

- **Required:** Ingram, Paul, and Peter W. Roberts (2000). “Friendships and competitors in the Sydney hotel industry,” *American Journal of Sociology*, 106: 387-423
- **Required:** Baker, Wayne E., and Robert R. Faulkner (1993). “The social organization of conspiracy: Illegal networks in the heavy electrical equipment industry,” *American Sociological Review*, 58: 837-860

9. BEYOND LOCAL CONNECTIONS: GLOBAL TOPOLOGIES.

- **Required:** Podolny, Joel M. (1993). “A status-based model of market competition,” *American Journal of Sociology*, 98: 829-872
- **Required:** Stuart, Toby E., Ha Hoang and Ralph C. Hybels (1999). “Interorganizational endorsements and the performance of entrepreneurial ventures,” *Administrative Science Quarterly*, 44: 315-349

10. RELATIONSHIP FORMATION I.

- **Required:** Barabasi, Albert-Laszlo, and Reka Albert (1999). “Emergence of scaling in random networks,” *Science*, 286: 509-512
- **Required:** Watts, Duncan (1999). “Networks, dynamics, and the small-world phenomenon,” *American Journal of Sociology*, 105: 493-527

11. RELATIONSHIP FORMATION II.

- **Required:** Gould, Roger V. (2002). “The origins of status hierarchies: A formal theory and empirical test,” *American Journal of Sociology*, 107: 1143-1178
- **Required:** Ryall, Michael D., and Olav Sorenson (2007). “Brokers and competitive advantage,” *Management Science*, forthcoming

12. RELATIONSHIP FORMATION III.

- **Required:** Gulati, Ranjay, and Martin Gargiulo (1999). “Where do interorganizational networks come from?” *American Journal of Sociology*, 104: 1439-1493
- **Required:** Sorenson, Olav, and Toby E. Stuart (2001). “Syndication networks and the spatial distribution of venture capital investments,” *American Journal of Sociology*, 106: 1546-1588

13. FINAL PAPER PRESENTATIONS