

*University of Mannheim - Master in Management - Research Seminar:
Strategic Management, Leadership & (Family-)CEOs, and Restructuring*

MAN 770 Course Program - Syllabus - a.y. 2019 (Spring)

Capsule Course Outline: This research seminar covers current research at the intersection of strategic management, family business research, and corporate performance. A particular focus is put on research on corporate restructuring, the art of turnaround management, and the role of CEOs, including cognitive biases as well as sociological and psychological perspectives. Students will discuss and reflect upon questions such as “What are the performance consequences of downsizing?”, “How does CEO turnover affect corporate performance in turnaround situations?”, “Does CEO identity or CEO overconfidence matter for strategic action?”, and “Are family CEOs superior performers?” This is an advanced course to be taken towards the master’s end in preparation for the master thesis. It demands a high level of involvement and contribution. *Please, do read this syllabus very carefully before the beginning of the course.*

Instructor AkadR. Dr. Jan-Philipp Ahrens, Dipl.-Kfm.

Tutor Baris Istipliler, M.Sc.

Secretary Gabriele Schleicher, E-mail: schleicher@ifm.uni-mannheim.de

Objectives The goal of the course is twofold. First, it is designed to help participants gain access to the main topics and theories intersecting strategic management, entrepreneurship, & family business research. We will read and discuss 14 seminal articles, and simulate an academic conference in class. This familiarizes participants with the state of the art research, its designs & methods, and the respective current academic debate. To foster participants’ understanding of the subject, the course includes a two-day restructuring simulation with Roland Berger Strategy Consultants, a lecture on CEO performance in crises with McKinsey & Company, and a talk with leaders of family firms and the family firm turnaround oriented consultancy Struktur Management Partner.

The second goal of the course is to familiarize students with the core techniques of scientific work in business studies. This includes developing a research idea, evaluating its contribution, obtaining data, performing analyses using STATA, and reporting results in article and presentation format. Students will learn to use statistical software. Overall, the course prepares students for writing a master thesis at our chair.

Contents The course will cover panel data econometrics (Wooldridge Chapter 1-15), an introduction to the databases available at the University of Mannheim, a brief introduction to STATA software, and an extensive discussion of 14 seminal articles.

Format Lectures. Discussions lead by instructor. Student presentations. Self-study.

Prerequisites Courses: MAN 630 or MAN 631 or MAN 632 or MAN 633 (mandatory/listened in parallel). Recommended: CC 502 accomplished (facultative/optional).

Books: Introductory Econometrics - A Modern Approach (Wooldridge), An Introduction to Modern Econometrics Using STATA (Baum) (check Lehrbuchsammlung).

Software: STATA (check Rechenzentrum website).

Application Course capacity is limited. Registration via the student portal (Portal2.uni-mannheim.de) is mandatory (Open from 1-18.2.2019). Additionally, apply to jahrens@staff.mail.uni-mannheim.de by sending your student ID, transcript of grades, and CV & motivation letter (both 1 page). **Application deadline: 18.2.2019**

Non-MMM Non-MMM students, e.g. languages, psychology, MKW, MaKuWi, etc. are welcome.

Grading: The course consists of three components: I. Student presentation, II. discussion, and III. final assignment (details below). Each component accounts for 33,3% of the course grade.

I. Student presentation: For the presentation, each student (or team of students, depending on participation) will be assigned one (or more, depending on participation) seminal articles. They will present and defend the assigned article in detail in a graded 45 minute power point presentation as if it was their own (20 minute presentation + 2,5 minutes discussant comment + 12,5 minutes discussion). Each presentation is flanked by an assigned discussant (student or team of students), the discussant comments 2,5 minutes on the paper. The course will discuss the presentations and the presenter answers questions.

II. Discussion: All seminar participants are expected to read each article and engage in discussion. You are expected to hand-in five questions for each article. Discussion grades will be given on questions handed-in (collected in class) before each of the presentation sessions (March 1st, 8th, and 21th) and on students' contributions in class. Please make sure that you have two print-outs of your questions, one for yourself and one to hand in for grading. Regarding the preparation of discussion questions, it may be useful to reflect the following thoughts during the readings:

- What are the central questions addressed? Is the underlying theory and its assumptions consistent?
- What are the core arguments or hypotheses? Are they convincing?
- What is the empirical evidence to support the argument(s)? Is it convincing?
- How could this analysis be improved? Is there a way for a smarter approach? Has the author omitted anything or could adding another angle add new insights? (Be fair and do not make any suggestion that you would not envision to realistically perform yourself.)

III. Final assignment: The final assignment is closely related to the readings. It is designed to be a practice for the master thesis and carried out in teams of students. Student teams can chose between two assignments that will ask them to properly apply and evaluate panel regressions:

Assignment type I (Exactly 15 pages + CD): What is a family firm (FF) (4 pages)? How can U.S. S&P 500 FFs & their CEOs be identified in the data-sources accessible from the University of Mannheim (4 pages)? Collect a panel of U.S. S&P 500 FFs & non-FFs (min. 50 firms each), including CEO data, describing each step (2 pages). Analyze your panel in STATA: How & why do FFs differ in a variable or event of your choice? Report analysis & results (5 pages). Hand in collection routines, sample, STATA .do & .log file on CD.

Assignment type II (Exactly 15 pages + CD): What is a turnaround case (TC) (4 pages)? How can TCs & their CEOs be identified using computer based routines in the databases of the University of Mannheim (4 pages)? Collect a panel of TCs & non-TCs (min. 100 firms each) using the Denis & Kruse (2000) or Chen & Hambrick (2012) approach, including CEO data, & describing each step (2 pages). Analyze your panel in STATA: How & why do TCs differ in the years around TC events in a variable of your choice? Report your analysis & results (5 pages). Hand in collection routines, sample, STATA .do and .log file on CD.

Assignment format: A4, Times New Roman 10, double spaced, 2 cm margins. References and exhibits not included in 15 page limit. **Assignment deadline: May 31th 2019 at 11:59 a.m. CET. Only assignments handed to the course secretary on time are graded. No extension will be granted.**

Attendance: Attendance of each session is mandatory & signature-based. Exceptions will be made for students having an exam or if a medical certificate is provided. Students must attend for a grade.

Session 1 & 2: Introduction.

Date & venue: February 22th (10:00-15:15), in L9, 1-2, room 210.

Applied panel econometrics lecture: Dr. Manuel Altmeier, Dipl.-Kfm. (McKinsey & Company): “Current research on CEOs & turnarounds”. Q&A and get together.

Assignment of presentation articles depending on course participant numbers. Introduction to course and distribution of presentations & assignments. Introduction to the databases available at the University of Mannheim, brief introduction to STATA. The scientific method, theories of science, and scientific approaches. Summary of undergraduate level econometrics (Wooldridge): Gauss-Markov theorem, MLR & interactions, bias, efficiency, consistency, ANOVA, and fundamentals of probability.

Session 3, 4, & 5: Measuring Financial Performance.

Date & venue: March 1st (10:00-15.15), in L9, 1-2, room 210.

Econometrics: Stochastic processes, stationarity and dependency, auto-correlation, time-trends, seasonality, random walks, first-differencing, AR(q) serial error-correlation, feasible generalized least squares, difference-in-difference estimator.

Student presentations & discussion 1-4, 35 minutes each.

Readings, question hand-in, & student presentation order:

1. Miller, D. (1994). What happens after success: The perils of excellence. *Journal of Management Studies*, 31(3), 325-358.
2. Barber, B.M., & Lyon, J.D. (1996). Detecting abnormal operating performance: The empirical power and specification of test statistics. *Journal of Financial Economics*, 41(3), 359-399.
3. Pérez-González, F. (2006). Inherited control and firm performance. *American Economic Review*, 96(5), 1559-1588.
4. Anderson, R.C., & Reeb, D.M. (2003). Founding-family ownership and firm performance: Evidence from the S&P 500. *Journal of Finance*, 58(3), 1301-1328.

Session 6, 7, & 8,: Turnarounds Cases & Upper Echelons Theory.

Date & venue: March 8th (10:00-15:15), in L9, 1-2, room 001.

Econometrics: Unobserved heterogeneity, pooled OLS, first-differenced estimator, fixed effects estimator, random effects estimator, instrumental variables estimation and 2SLS, heckit estimator.

Writing: Introduction to award winning scientific writing (Instructor).

Student presentations & discussion 5-8, 35 minutes each.

Readings, question hand-in, & student presentation order:

5. Hambrick, D.C., & Mason, P.A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
6. Chen, G., & Hambrick, D.C. (2012). CEO replacement in turnaround situations: Executive (mis)fit and its performance implications. *Organization Science*, 23(1), 225-243.
7. Denis, D.J., & Kruse, T.A. (2000). Managerial discipline and corporate restructuring following performance declines. *Journal of Financial Economics*, 55(3), 391-424.
8. Schmitt, A., & Raisch S. (2013). Corporate turnarounds: The duality of retrenchment and recovery. *Journal of Management Studies*, 50(7), 1216-1244.

Tutorial I & II - Panel Regressions using STATA (optional).

Date & venue: March 15th and 22th (10:15-13:30), in L7, 3-5, poolroom 158.

Session 9, 10, & 11: (Family)-CEOs and Strategic Action.

Date & venue: March 21th (10:00-15:15), in L9, 1-2, room 210.

Student presentations & discussion 9-14, 35 minutes each.

Readings, question hand-in, & student presentation order:

9. Chen, G., Crossland, C., & Luo, S. (2015). Making the same mistake all over again: CEO overconfidence and corporate resistance to corrective feedback. *Strategic Management Journal*, 36(10), 1513-1535.
10. Abebe, M.A., Angriawan, A., & Liu, Y. (2011). CEO power and organizational turnaround in declining firms: Does environment play a role? *Journal of Leadership & Organizational Studies*, 18(2), 260-273.
11. Ahrens, J.-P., Calabrò, A., Huybrechts, J., & Woywode, M. (2019). The enigma of the family successor-firm performance relationship: A methodological reflection and reconciliation attempt. *Entrepreneurship Theory & Practice*, forthcoming.
12. Kish-Gephart, J.J., & Campbell, J.T. (2015). You don't forget your roots: The influence of CEO social class background on strategic risk taking. *Academy of Management Journal*, 58(6), 1614-1636.
13. Miller, D., & Le Breton-Miller, I. (2011). Governance, social identity, and entrepreneurial orientation in closely held public companies. *Entrepreneurship Theory & Practice*, 35(5), 1051-1076.
14. Haynes, K.T., Campbell, J.T., & Hitt, M.A. (2017). When more is not enough: Executive greed and its influence on shareholder wealth. *Journal of Management*, 43(2), 555-584.

Session 12, 13 & 14: Turnaround: The Family and the Firm.

Date & venue: March 25th (10:00-15:15), in L9, 1-2, room 210.

Applied turnaround management lecture: Felix Schwabedal (Struktur Management Partner): "Turnaround: The Family and the Firm". Q&A and get together.

Simulation 1 & 2: Restructuring simulation (powered by Roland Berger).

Date & venue: May 23th & 24th (9:00-18:00), in L9, 1-2, room 210.

Readings: Business case and financial (excel) of the restructuring scenario.

Instructor: Georg Harenberg, MBA (restructuring trainer at various top-tier consultancies).

Content: Simulation of a challenging real-life restructuring scenario including solving realistic and typical turnaround case issues, insights into operative turnaround management and into the profession "turnaround manager or restructuring officer". Get together with consultants from Roland Berger.