PROPOSAL: THE ROLE OF FIRM ORGANIZATION ON COMPETITIVE STRATEGY AND MARKET STRUCTURE: EVIDENCE FROM HOME IMPROVEMENT STORES DURING THE GREAT RECESSION

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There is considerable interest in studying the process of "knowledge creation and dissemination" within forward-looking strategic firms, and the market consequences thereof. An example of such an institutional process is "Apple University" (overseen by Joel Podolny, VP for Human Resources at Apple, and former SOM dean), that distills, compiles and disseminates information about best innovation and R&D practices within Apple. The process of knowledge creation and long term competitive strategy of a firm is closely determined by the internal organization of the firm. This has implications not only for the market outcomes of the firm but also for its rivals, and hence, for industry structure. This project will investigate the role of internal structure of a firm on its market entry, exit, expansion and contraction strategy, and in turn, industry structure. It will use data on home improvement stores during the period 2006-2011 including the great recession of 2008. This is a good setting to analyze how firm structure determines market strategy and industry structure because the recession provided an excellent source of exogenous variation in demand by directly affected home sales and construction, and sales at this category of stores.

The undergraduate student will help organize and structure the data, and perform preliminary statistical analyses. The student will also help with a general literature review. The skills required will be familiarity with Excel and STATA (or some other comparable statistical software package). Additional knowledge of programming (e.g., MATLAB) or a willingness to acquire such a skill is desirable but not necessary.

The student will learn how to use, combine and manage very large datasets. The student will also learn how to conduct a literature review, perform statistical analyses (e.g., regression analysis) and interpret results of such analyses. It will also be an opportunity to learn or improve programming skills and apply these to estimating econometric models. These skills will be valuable preparation for a research project in any area of economics, and especially a senior essay or thesis.