The problem consists of four parts, each of which is an abstract of a research paper.
For each part, read the abstract thoroughly. Describe in Chinese:
A. The Title, the essence of this abstract such as the purpose/rationale, the conceptual/ theoretical basis, the methodology, and the findings of the research. (20 points)
B. Your own discussion of the research subject. (5 points)

Part 1 (25 points)
Rhetoric and Independence Are Not Enough: Empowering Managers and Directors to Do What Is Right -- Constance K. Bagley

The demise of Enron, Arthur Andersen, WorldCom, and other former high flyers and the ensuing lack of investor confidence resulted in a new emphasis on the need for ethics and integrity in the executive suite and the boardroom as well as renewed calls for directors who are independent both in fact and in appearance. This paper analyzes the Business Roundtable’s May 2002 White Paper, “Principles of Corporate Governance,” in which this group of top CEOs calls on directors to select an ethical CEO and ensure that the corporation is operated in an ethical manner. The paper argues that empowering directors and managers to be ethical is not enough and challenges the assumption that directors are required to maximize shareholder value even if doing so violates the director’s own sense of personal ethics. The paper presents a decision tree that directors and managers can use to decide whether an action would be ethical, then calls on academics, business leaders, community leaders, labor groups, environmentalists, and politicians to articulate a list of the values that most people, both in and outside the corporate world, would consider important in a capitalist free enterprise system. Finally, the paper argues that business schools can and should teach executives and future managers how to engage in moral reasoning, which requires the decision maker to take commonly shared values into account and balance them against each other when acting on behalf of a corporation.

Part 2 (25 points)
Internet Companies’ Growth Strategies: Determinants of Investment Intensity and Long-term Performance -- Thomas R. Eisenmann

To exploit first-mover advantages, pioneers may be motivated to assess customers before rivals enter the market. Likewise, when they enjoy increasing returns due to network effects, static scale economies, or learning effects, companies have incentives to invest aggressively in upfront marketing.

This paper presents econometric analysis of factors that determined the intensity of Internet companies’ investments in growth, and analyzes the long-term economic consequences of such investments. Results indicate that first-movers spent significantly more on upfront marketing than non-pioneers. Contrary to expectations, however, firms in markets that exhibited increasing returns did not spend more on their early customer acquisition efforts than other sample companies.

A few sample companies earned very high long-term returns, while the majority destroyed value for investors. Most firms spent heavily on their early marketing efforts. Although the typical sample company did not earn positive returns, heavy upfront spending was nevertheless economically rational. In most cases, reducing marketing outlays would have worsened a bad outcome, consistent with an inverted "U" relationship between long-term returns and upfront marketing investments. Thus, the typical sample company invested in marketing, ex ante, at levels close to those that would have maximized returns, observed ex post.
Part 3 (25 points)
FROM COMMUNITY OF INNOVATION TO COMMUNITY OF INERTIA: THE RISE AND FALL OF THE AKRON TIRE CLUSTER — Donald N. Sull

Strategy scholars argue that industrial clusters foster innovation, citing examples such as Silicon Valley and Hollywood. Leading firms embedded in once-innovative clusters, such as Detroit’s automobile manufacturers and Switzerland’s watchmakers, have failed to adapt to competitive changes and been accused of organizational inertia. This paradox raises two related questions: how do industrial clusters contribute to inertia as well as innovation and how might industrial clusters evolve to promote inertia rather than innovation. This paper presents findings from a historical analysis of the American tire industry concentrated in Akron, Ohio from its inception in 1900 to its demise in the late 1980s. The tire industry was among the most innovative sectors in the U.S. economy between 1900 and 1935, providing dramatic improvements in both product performance and manufacturing process efficiency, and Akron-based firms accounted for most of this innovation. Faced with the introduction of radical tire technology pioneered by French tire maker Michelin, however, the Akron tire companies faltered in the 1970s and 1980s, and in the span of eighteen months, three of the four Akron tire manufacturers ceased to exist as independent corporations. This paper presents a framework grounded in the historical data, that suggests that geographic co-location facilitates knowledge spillovers, but the value of these spillovers decrease as the technology matures. The cost of geographic co-location increases, however, as the cluster’s shared cognitive models and organizational routines assume a taken-for-granted quality. The institutionalization of cognitive models and organizational routines leaves the cluster vulnerable to environmental jolts.

Part 4 (25 points)
INTELLECTUAL PROPERTY, ARCHITECTURE, AND THE MANAGEMENT OF TECHNOLOGICAL TRANSITIONS: EVIDENCE FROM MICROSOFT CORPORATION — Alan MacCormack and Marco Iansiti

A number of studies highlight the challenges facing incumbent firms in responding effectively to major technological transitions. While some authors argue that these challenges can be overcome by firms possessing “dynamic capabilities,” little work has described in detail the processes through which such capabilities evolve or the unique resources that they leverage. This paper explores these issues through an in-depth study of Microsoft, one of the leading firms in the software industry.

We provide evidence that Microsoft’s product line performance has been consistently strong over a period of time in which there have been several major technological transitions and indicators that the firm possesses dynamic capabilities. We examine one of these transitions in detail and the rise of the World Wide Web to show that this strong performance was also evident when entering new product segments. We then present qualitative data to shed light on this pattern of success, focusing on the way the firm develops and evolves its intellectual property. Specifically, Microsoft coordinates knowledge in the form of software “components,” which can be leveraged across multiple product lines and accessed by firms developing complementary products. We argue that this software component model represents the unique resource that enables the firm to respond effectively to technological transitions. We illustrate our argument by describing Microsoft’s response to two recent transitions.