



UNIL | Université de Lausanne

Faculty of Business and Economics (HEC Lausanne)

Doctoral School

Theory Building

PhD Program in Management - Spring Semester 2025

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Time:

Thursday, 08:15-11:45

Room:

ANT 3148

Course Website:

<https://moodle.unil.ch/course/view.php?id=32781>

IMPORTANT!

First Session: February 27, 2025

Course Description: This course provides a comprehensive approach to theory development in management research by integrating formal and conceptual perspectives in an alternating format. One component focuses on formal theory, introducing foundational concepts from game theory and their application to management challenges such as strategic decision-making and organizational dynamics. The other component emphasizes verbal theory-building, exploring how ideas are crafted, refined, and contextualized in management scholarship. Through this dynamic structure, students will develop the skills to create rigorous, impactful theories that bridge abstract modeling and real-world applicability.

Learning objectives: The main objective of the course is to provide you with a solid understanding of what theory is (and what it is not), the capability to read and understand both formal models and verbal theorizing, and the skills required to develop your own theories. Despite its central role in academic contributions to management research, the processes of theory building often remain implicit, rarely discussed, or systematically taught in PhD programs. This course addresses this gap by providing a focused exploration of the principles and practices of theory building.

To begin, we will address common misunderstandings about theory. Many researchers, especially those engaged in empirical work, encounter misconceptions about the nature and role of theory in advancing scholarly knowledge. By dispelling these misunderstandings, we will establish a foundation for understanding the critical role theory plays in all areas of management research.

In particular, we will clarify the unique value of theory for empirical scholars, showing how robust theoretical frameworks can guide hypothesis development, inform research design, and contextualize empirical findings. A well-developed theory is not merely a prerequisite for rigorous empirical work; it is also a powerful tool for interpreting results and generating actionable insights. Understanding this connection will highlight why theory matters, even for those who see themselves primarily as data-driven researchers.

The course will systematically explore both verbal and formal approaches to theory building. Verbal theory involves the use of natural language to construct conceptual frameworks and explain phenomena. It is distinguished by its accessibility, flexibility, and ability to capture the complexity and richness of novel or multifaceted topics. These qualities make verbal theory intuitive and accessible. In contrast, formal theory employs mathematical models to ensure explicitness in assumptions, precision, and logical consistency. By formalizing theoretical constructs, this approach can uncover unanticipated relationships, enhance clarity, transparency, and rigor, and provide a robust foundation for hypothesis testing and empirical validation. Both approaches are essential to the advancement of management and organization research, each offering complementary strengths.

To have a clear grasp of what theory truly is, why it is indispensable, and how verbal and formal theory differ from each other, we will explore three core aspects of theory building:

1. ***Understanding the Fundamental Components of Theories:***

Theories are built on a foundation of assumptions, constructs, and relationships (or mechanisms). We will discuss how these components come together to generate testable predictions, explain phenomena, and build understanding.

2. ***Interpreting and Evaluating Theories:***

Reading and interpreting theories—whether they are formal models or verbal frameworks—requires a nuanced understanding of their logic and structure. Through hands-on examples and exercises, we will learn to critically evaluate theories, identifying their strengths, limitations, and underlying assumptions.

3. ***Building Your Own Theories:***

Theory development is a creative yet systematic process. Whether you aim to construct a formal game-theoretic model or a conceptual framework for a management problem, we will guide you through the steps needed to build rigorous and impactful theories. You will acquire practical tools to structure your ideas, refine your arguments, and communicate your theoretical contributions effectively.

Format of the Course: The course is designed to provide a comprehensive and interactive learning experience, combining theoretical discussions, practical exercises, and opportunities for creative exploration. The structure of the course is as follows:

1. ***Joint Introduction Session:***

We begin with a joint session that explores the concept of theory and its overarching role in science. In this session, we will address foundational questions: What is theory? Why is it essential for advancing knowledge? How does it connect to empirical research? This session will set the stage for the alternating components of the course.

2. ***Core Sessions (11 in Total):***

The main part of the course consists of 12 sessions, alternating between:

Sessions on verbal theory: These sessions focus on developing conceptual frameworks, helping you understand how ideas are articulated, refined, and connected to management phenomena. Through discussions and several exercises, you will learn to critically analyze and construct verbal theories that are clear, coherent, and impactful.

Sessions on formal theory: These sessions explore the mechanics of formal modeling, introducing foundational concepts (with a strong focus on game theory) and their application to management problems. You will engage with problem-solving exercises and explore how mathematical structures can generate insights into organizational dynamics, strategy, and decision-making.

The alternating format ensures a balanced perspective, equipping you with the skills to engage with both forms of theory and recognize their complementary roles in management research.

3. Final Session: Presentation of Theoretical Proposals:

The course concludes with a presentation session, where each student will present their own proposal for a theoretical contribution. This is an opportunity to apply the knowledge gained throughout the course, receive constructive feedback, and refine your ideas. Whether you choose to present a conceptual framework, a formal model, or an integration of both, this session is designed to foster creative thinking and academic dialogue.

Course Evaluation: The overall grade for this course will be composed of several elements:

1. Class participation (30%)
2. Assignments (20%)
3. Individual theory proposal (50%)

Details regarding the evaluation criteria will be discussed during the first session of the course.

Retake:

A student can fail the seminar based on insufficient participation, on failed assignments, on a low-quality research proposal, or a combination of these elements. If the student failure is (at least partially) due to the research proposal, the retake will consist in redoing the research proposal and will be evaluated on the basis on the extent to which the feedback given is taken into account. If the student failure is (at least partially) due to the participation grade and or the assignments, the retake will consist in an oral session in which the faculty will ask several questions regarding specific sessions which will be indicated in advance to the student with at least a two-week notice. If the student failure is due to more than one reason, the retake will consist in a combination of the parts mentioned above. Each retaken part will enter the final grade with the weight defined in the grade calculation above.

The retake period and the corresponding deadlines will be discussed between the professors and the affected students.

Academic Fraud: Cheating and Plagiarism:

Academic fraud includes cheating (in any test) and plagiarism (in any exercise).

There is a fundamental norm in the academic profession: you cannot mention others' ideas or words you have read or heard about in different settings (including conferences) without properly acknowledging the source. So, when you use others' ideas, be sure to cite them. Otherwise, if found, plagiarism is grounds for dismissal from the course, disciplinary action and may result in being expelled from the program, severely tainting your reputation in the academic field.

Changes to the Syllabus: This is a highly dynamic setting. We reserve the right to revise this syllabus and the course schedule, if necessary. Students will be informed about any changes in due course.

Readings: Required and recommended readings are made available in the respective session folder on Moodle. We consider this to be a service to the course participants. We ask you not to distribute physical or electronic copies of these readings to anybody outside of our class.

Schedule and Session Content: Please note that the course will begin in the second week of the semester and will conclude the week following the end of the semester, specifically during the period from June 2 to June 6. The exact dates will be finalized and communicated during the semester.

February 27 – Session 1: What is Theory? (CZ + PH)

Theory is the cornerstone of scholarly inquiry, offering a structured framework for understanding and explaining empirical phenomena of the world. It provides answers to essential questions about what constructs are relevant, how they interact, why these relationships exist, and when, where, and for whom. In this session, we will address common misunderstandings about theory and discuss differences between verbal and formal theory. In addition, we will provide information about course administration and evaluation.

Required Readings:

Adner, R., Polos, L., Ryall, M., & Sorenson, O. (2009). The case for formal theory. *Academy of Management Review*, 34(2), 201–208.

Makadok, R., Burton, R., & Barney, J. (2018). A practical guide for making theory contributions in strategic management. *Strategic Management Journal*, 39(6), 1530–1545.

Varian, H. R. (2016). How to build an economic model in your spare time. *The American Economist*, 61(1), 81–90.

Whetten, D. A. (1989). What constitutes a theoretical contribution? *Academy of Management Review*, 14(4), 490–495.

Recommended Readings:

Bacharach, S. B. (1989). Organizational theories: Some criteria for evaluation. *Academy of Management Review*, 14(4), 496–515.

Hannah, D. P., Tidhar, R., & Eisenhardt, K. M. (2021). Analytic models in strategy, organizations, and management research: A guide for consumers. *Strategic Management Journal*, 42(2), 329–360.

Suddaby, R. (2014). Editor's comments: Why theory? *Academy of Management Review*, 39, 407-411.

Sutton, R. I. & Staw, B. M. (1995). What theory is not. *Administrative Science Quarterly*, 40:371-384.

An updated Syllabus with the full sequence of sessions and all the readings will follow at a later point in time!