

Methodological Critique of Funk (2014)

Funk, R. J. 2014. Making the most of where you are: Geography, networks, and innovation in organizations. *Academy of Management Journal*, 57(1): 193-222.

Russell Funk argues that while geographical proximity to industry peers improves the innovation output of firms, this relationship is moderated by the efficiency of intra-firm information networks. The underlying mechanism being that diversity facilitates information processing.

THEORY

Start with a summary, and then list issues numbered in order of importance.

1. The labels consists of sequential numbers.
2. The numbers starts at 1 with every call to the enumerate environment.

EMPIRICAL METHODOLOGY

We started out attempting to improve our understanding of the mechanisms behind the embedded agent - institutional field engagement.

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RESULTS

Summarize the results

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OTHER COMMENTS

Summarize other comments

1. Firm level fixed effects
2. Longitudinal
3. Time effect or a time trend

4. Firms may self-select into locations. Are location choices exogenous?
5. Could other firms move exogenously to the focal firm?
6. Other firms may be guided strategically by their managers. Is there an assumption that all industry peers are required to take a similar strategic direction?
7. Do intra-organizational information networks evolve over time? Has an assumption been made to the contrary?
8. What is the evidence for the presence of knowledge spillovers. ? suggest that patent citations may not be indicative of knowledge flows. It seems that Funk assumes that local spillovers take place, building on earlier work. Recent work is challenging this assumption.
9. A lot of work, collaboration and learning happens over the Internet rather than due to physical proximity. Ask of the sample if virtual proximity matters more than physical proximity
10. Does proximity to peer firms indeed increase the innovation outcome of firms or is it just changing the goal post (like inflation) and not particularly changing the relative standings. It is running faster to stay where you are or is it really improving outcome?
11. Physical proximity does not imply more frequent interactions. AoM meetings maybe the only time neighbors meet.
12. Consider the complement vs compete tension
13. Proximity benefits may just be due to knowledge flows from common customers and common suppliers rather than from geography
14. Participation in community clubs, children activities and other local events increases opportunities for employees of different firms to interact: What kind of conversations are likely to ensue. How likely are they to be instruments of innovation
15. Are all firms assumed to be homogenous in all other ways? What are the implications of relaxing that assumption?
16. Could geographically distant peer firms have other advantages, including a superior capability to sense and address local markets. Are product markets assumed to be homogenous? How about factor markets, especially the human capital market?
17. Sample selection
18. Alternative explanations
19. Is it assumed that geographical proximity leads to greater alliance opportunities? Are distant firms at a necessary disadvantage while allying?
20. Does distancing from one group of peer firms, not potentially allow for greater proximity to other firms?

21. Funk argues that proximity allows firms to capture large volumes of knowledge through spillovers from nearby organizations. This would be incomplete without also considering absorptive capacity of recipient firms
22. Shock or Quasi-experiment to tease out causality
23. Questions about multi-levels
24. Knowledge flows from proximity may help in prevention of early extinction (use the right term), rather than help improve outcomes directly
25. Do cohesive networks naturally better off in accommodating varied views. Can highly cohesive groups tend toward herding rather than diversity?
26. Can the relationship hypothesized in Hypothesis 2a changed in direction and still hold? Is there a simultaneity here?
27. If links considered are of co-inventor links from successful patents, could there be a case of selecting on the dependent variable. What about all the knowledge flows that happened but did not end in co-inventor links on a successful patent application.

REFERENCES

- Funk, R. J. 2014. Making the most of where you are: Geography, networks, and innovation in organizations. *Academy of Management Journal*, 57(1): 193–222.