

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar

BIASES AND BOUNDARIES: A BOUNDED-RATIONALITY- AUGMENTED TRANSACTION COST THEORY

By



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Date : 1 Apr 2025 (Tuesday)
Time : 10:30 am – 12 noon
Venue : M802, PolyU

Abstract

Transaction cost economics (TCE) has emerged as a highly influential theory in macro-management research. However, TCE does not consider the role of systematic decision-making errors in shaping firms' boundaries. We draw on the heuristics and biases literature to analyze how cognitive biases (errors in decision-making) may shape firms' boundary decisions in "non-standard" ways. We also show how this literature adds to the core TCE idea that actors need to look ahead, identify potential hazards to exchanges, and deploy repairs and safeguards in contracts and organizational arrangements by pointing to hazards that are rooted primarily in cognition rather than in opportunism.

Prof. Nicolai J Foss is a Professor of Strategy, Copenhagen Business School; Chair at the Danish Institute for Advanced Study, Prof II at the Norwegian School of Economics, Visiting Chaired Professor at the PolyU. His research interests are in the core theories that inform strategy research. Prof. Foss citations number more than 61,000 and his H-index is 118. He is a member of the Academia Europaea and is a Fellow of the Strategic Management Society.

All interested are welcome.



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