

Causal Identification in Strategy Research

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Causal identification in two senses

- Causal effect estimation
- 1:1 mapping between a causal mechanism and the data
- The former is neither sufficient alone nor necessary for the latter
 - They may also mean quite different things for a particular study





Both are valuable for strategy research, but may suit different contexts/questions

- When the choice/treatment is made by a decision maker outside the subjects we study, it is easier to estimate causal effects
- For many strategy questions, the decision maker of the choice variable is also the subject that we study
 - Tradeoffs and fit are central to strategy but hinder causal identification
- Would like to see the choice question taken more seriously
 - Focusing on estimating causal effect tends to side-step in-depth inquiry of how firms make choices



Role of (formal) theory in the search of causal mechanisms

- The primary goal is *not* to make a novel theoretical contribution
- Model captures how a choice depends on core factors, which may or may not be observable to researchers
- Derive choice as a function of what we observe to map to the data
- Important to derive additional predictions
- Clarify what causal mechanisms mean in a particular study
- Abduction exercises to rule out/in alternative explanations
- Generalizability



My take-aways

- Distinguish causal identification in the two senses
- It is still the insights that excite me
- Take the choice question seriously
- Theory could play a useful role in search for causal mechanisms

