



Chapter II

Competitive Strategies and Global Management: Linking With Technology

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ABSTRACT

Competitive strategies remain a central topic of research in strategic management. Recent conceptual developments and practices reveal possible additional types of competitive strategies due to the advances in information as well as manufacturing technologies. This paper proposes a conceptual extension of the generic strategies originally developed by Michael Porter (1980) to include additional competitive approaches as various combinations and extensions of the original four. Furthermore, this paper applies the extended model of competitive strategies to global strategic management to present a number of propositions. Contributions, limitations and future research are considered.

INTRODUCTION

Central to the study and practice of strategic management are three research streams related to various aspects of company strategy. They are, respectively, product-market scope (Ansoff, 1965; Goold, Campbell, & Alexander, 1994; Mintzberg, 1988), global management gestalts (Bartlett & Ghoshal, 1998; Harzing, 2000; Leong & Tan, 1993; Prahalad & Doz, 1987), and competitive approaches (Campbell-Hunt, 2000; Da Silveira, Borenstein, & Fogliatto, 2001; Mintzberg, 1988; Porter, 1980, 1985). The product-market scope question focuses on the extent of diversification,

synergistic connections among multiple businesses within the same corporation, and the role of the corporate headquarters (Ansoff, 1965; Goold et al., 1994; Mintzberg, 1988; Rumelt, Schendel, & Teece, 1994). The global management gestalts or typologies identify critical challenges which multinational enterprises must confront, namely, whether they are pressures for globalization, pressures for localization, need for worldwide learning and innovation, or the combination of all three challenges, and propose strategic solutions as, respectively, global, multi-local, international and finally transnational (Bartlett & Ghoshal, 1998; Boudreau, Loch, Robey, & Straud, 1998; Harzing, 2000; Leong & Tan, 1993). The competitive approaches or generic strategies (Campbell-Hunt, 2000; Da Silveira et al., 2001; Porter, 1980; Reitsperger, Daniel, Tallman, & Chisnar, 1993) are concerned with specific competitive orientations a business would adopt from the list of four—cost leadership, differentiation, cost-based focus, and differentiation-based focus—and possibly other variations and extensions.

The notion of fit, a central assumption in strategic management, would suggest that the competitive environment, company strategy, organizational structure and processes, and resources and capacities need to be meshed together in a coordinated and coherent manner (Bartlett & Ghoshal, 1998; Lengnick-Hall & Wolff, 1999; Miles & Snow, 1978). There exists however a considerable gap between the research in corporate and global strategy areas and that in competitive strategies (Campbell-Hunt, 2000; Da Silveira et al., 2001). While there have been strong and ongoing research activities in the corporate and global strategy areas, the extant literature on competitive strategies is comprised essentially of Porter's original conception in 1980 and some limited conceptual extensions and empirical studies primarily conducted in 1980s and early 1990s.

As Campbell-Hunt (2000) summarizes in an extensive review and a meta-analysis of competitive strategy research, the bulk of the empirical studies focused on the existence of empirical archetypes of competitive approaches and their resemblance to the four types Porter (1980, 1985) conceived and the performance impacts of different competitive approaches empirically derived. Conceptual formulation in the meantime centers on Porter's prediction that differentiation and cost leadership strategies are fundamentally incompatible, and any attempt at combining these two would lead to a "stuck in the middle" predicament, labeled as the so-called incompatibility hypothesis (cf., Corsten & Will, 1994). A number of authors suggest however that developments in advanced manufacturing technologies coupled with increasingly widespread application of information technologies would enable businesses to pursue a successful combination of both, leading to the so-called compatibility hypothesis (Corsten & Will, 1994, 1995; Lei, Hitt, & Goldhar, 1996; Reitsperger et al., 1993). Furthermore, there are ways to combine broad scope and focus orientation together successfully (Evans & Wurster, 1997; Schlie & Goldhar, 1995). Finally, mass customization has become one of the emerging competitive approaches (Boynton, Victor, & Pine, 1993; Da Silveira et al., 2001; Gilmore & Pine, 1997; Goldhar & Lei, 1995; Lampel & Mintzberg, 1996; Pine, 1993).

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