

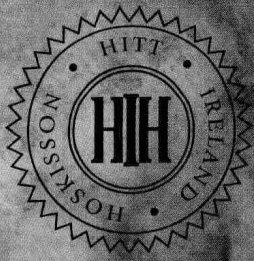
STRATEGIC management

6th edition

COMPETITIVENESS AND
GLOBALIZATION:

• Concepts

HITT • IRELAND • HOSKISSON



6th Edition

Strategic Management

Competitiveness and Globalization

Concepts

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Preface

Our goal in writing this book was to establish a new standard in the presentation of current and up-to-date concepts in strategic management. We believe that this goal has been realized and is fully evident in this 6th edition of our market-leading book. Written in a lively and user-friendly manner, this text presents a rich and comprehensive examination of strategic management concepts and tools. Following are some of the most important features of our book and this edition.

- This text offers the most comprehensive and thorough coverage of strategic management available in the market.
- The research presented in our text is the most up-to-date in the field and most current in practice compared to all other strategic management books. Although the text is grounded in the current research, it is also strongly application oriented with more examples and applications of strategic management concepts, techniques, and tools than any other competitor on the market.
- We integrate two of the most popular and well-known theoretical concepts in the field of strategic management, industrial organization economics through the writings of such authors as Michael Porter and the resource-based view of the firm from the work of such authors as Jay Barney. No other book integrates these two theoretical perspectives to explain the process of strategic management.
- We use the ideas of prominent scholars (e.g., Michael Porter, Richard Rumelt, Kathy Eisenhardt, Gary Hamel, C. K. Prahalad, David Teece, Oliver Williamson, Don Hambrick, Dan Schendel, Richard Bettis, Sumantra Ghoshal, Kathy Harrigan, Rosabeth Kanter, and Costas Markides as well as numerous others) and prominent executives and practitioners (e.g., Carly Fiorina, John Chambers, Andy Grove, Herb Kelleher, Steven Jobs, Meg Whitman, Jeffrey Immelt, and Anne Mulcahy as well as many others) to provide an effective understanding of the theoretical base of strategic management and its application in organizations.
- We (the authors of this book) are also highly active scholars in the conduct of strategic management research and the application of the concepts derived from that research. Thus, our own research is integrated in the appropriate chapters as well.
- In this edition, we offer examples of over 100 companies' actions in the chapters' Opening Cases and Strategic Focus segments. Furthermore, the application of strategic management concepts is shown in more than 600 different companies in the book's chapters. There is no strategic management book on the market that has both the up-to-date research and the application orientation shown by this number of company examples.

Some of the highlights of our new edition include:

- **New Opening Cases and Strategic Focus Segments:** We continue our tradition of providing new Opening Cases and Strategic Focus segments and many other new examples in each chapter to describe actions companies take within the context of a chapter's topic.
- **An Exceptional Balance** between current research and applications of it in actual organizations. The content has not only the best research documentation

but also the largest amount of effective firm examples to help students understand the strategies discussed.

- **Enhanced Experiential Exercises** to support learners' efforts to understand the use of strategic management in organizations of all types.
- **Lively, Concise Writing Style** to hold readers' attention and to increase their interest in the subject matter.
- **Continuing, Updated Coverage** of vital strategic management topics such as competitive rivalry and dynamics, strategic alliances, mergers and acquisitions, international strategies, corporate governance and ethics, and strategic entrepreneurship.
- **Full Four-Color Format** to enhance readability by attracting and maintaining readers' interest.
- **New Content in Chapter 12, Strategic Leadership:** "Effectively Managing the Firm's Resource Portfolio"; "Developing Human Capital and Social Capital"; and "Emphasizing Ethical Practices." Also, expanded discussion of the **Balanced Scorecard** used by many corporations today.
- **New Content in Chapter 13, Strategic Entrepreneurship:** This chapter presents a discussion of social entrepreneurship that is unique to this edition and not found in any competitor. The discussion is fully developed within the text and also features a Strategic Focus segment on this increasingly important and timely topic.

Supplements

Instructors

IRCD (0-324-20387-X)

Key ancillaries [Instructor's Case Notes, Instructor's Resource Manual, Test Bank, ExamView™, PowerPoint®, Case Analysis Spreadsheets, and CNN Video Guide (integrates cases and videos)] are provided on CD-ROM, giving instructors the ultimate tool for customizing lectures and presentations.

INSTRUCTOR'S RESOURCE MANUAL WITH VIDEO GUIDE AND TRANSPARENCY MASTERS (0-324-20382-9)

Prepared by Leslie E. Palich, Baylor University. The Instructor's Resource Manual, organized around each chapter's knowledge objectives, includes ideas about how to approach each chapter and how to reinforce essential principles with extra examples. The support product includes lecture outlines, detailed answers to end-of-chapter review questions, instructions for using each chapter's experiential exercises, guides to all available videos, and additional assignments.

TEST BANK (0-324-20383-7)

Prepared by Janelle Dozier. Thoroughly revised and enhanced, Test Bank questions are linked to each chapter's knowledge objectives and are ranked by difficulty and question type. We have increased the number of application questions throughout, and we have also retained scenario-based questions as a means of adding in-depth problem-solving questions to exams (these were new to the last edition). The Test Bank material is also available in computerized ExamView™ format for creating custom tests in both Windows and Macintosh formats.

EXAMVIEW™ (0-324-23621-2)

Computerized testing software contains all of the questions in the printed Test Bank. This program is an easy-to-use test creation software compatible with Microsoft

Windows. Instructors can add or edit questions, instructions, and answers, and select questions by previewing them on the screen, selecting them randomly, or selecting them by number. Instructors can also create and administer quizzes online, whether over the Internet, a local area network (LAN), or a wide area network (WAN).

TRANSPARENCY ACETATES (0-324-20384-5)

Key figures from the main text have been re-created as colorful and attractive overhead transparencies for classroom use.

POWERPOINT® DISCUSSION SLIDES (0-324-20386-1)

POWERPOINT® LECTURE SLIDES (0-324-20385-3)

Prepared by Dennis Middlemist, Colorado State University. An all-new PowerPoint® presentation, created for this edition, provides configurations both for lecture-based teaching formats and for discussion-based teaching formats. Slides can also be used by students as an aid to note-taking

Students and Instructors

WEBTUTOR™ TOOLBOX (0-324-23172-5—WEBCT; 0-324-23171-7—BLACKBOARD)

WebTutor™ Toolbox provides instructors with links to content from our book companion websites. WebTutor™ Toolbox also provides rich communication tools to instructors and students including a course calendar, chat, and e-mail.

WebTUTOR™

WEBSITE

This edition's website offers students and instructors access to a wealth of helpful support and learning materials. Included are Instructor Resources, Student Resources, Interactive Study Center, Interactive Quizzes, links to Strategy Suite, e-Coursepacks, and Careers in Management. You will find continually updated case information, a section on how to write a case analysis along with the case analyses for this edition's applicable cases, and a new feature—interactive spreadsheets that help students understand the importance of case analyses and how to perform them. We have provided an Internet index with important strategy URLs and PowerPoint® slide presentations. We have also included additional experiential exercises, Strategic Focus applications, Ethics questions, Internet exercises, and Global Resources. Finally, for quickly finding new terms, we offer an online glossary. The *Strategic Management* website provides information about the authors and allows you to contact the authors and the publisher.

CNN VIDEO (0-324-20389-6)

"Management and Strategy" is a 45-minute video of short news clips from CNN, capitalizing on the resources of the world's first 24-hour all-news network. The 6th edition features videos that are closely linked with current case and text content for a truly integrative approach, assuring particular relevance to students of strategic management and a fresh perspective on text content. A resource guide accompanies the video, and further support is offered in the Instructor's Resource Manual.

CNN

ENTREPRENEURSHIP AND STRATEGY VIDEO (0-324-26131-4)

This is a 45-minute video based on the remarkable resources of *Small Business School*, the series on PBS stations, Worldnet, and the Web. The video features seven firms that capitalized on their beginnings and used strategic management to grow market share and create competitive advantage. A resource guide within the Instructor's Resource Manual describes each segment and provides discussion questions.

CORPORATE STRATEGY VIDEO (0-324-20390-X)

This is a 45-minute video featuring corporate strategy situations for classroom viewing. Corporate strategy and strategic planning perspectives are analyzed at an up-and-coming company, Caribou Coffee; strategy and leadership are examined at CVS; and organizational structure is studied through Student Advantage. A resource guide within the Instructor's Resource Manual describes each segment and provides discussion questions.

E-COURSEPACK

Current, interesting, and relevant articles are available to supplement each chapter of *Strategic Management* in an e-Coursepack—the result of a joint effort between the Gale Group, a world leader in e-information publishing for libraries, schools, and businesses, and South-Western. Full-length articles to complement *Strategic Management* are available 24 hours a day over the Web, from sources such as *Fortune*, *Across the Board*, *Management Today*, and the *Sloan Management Review*. Students can also access up-to-date information on key individuals, companies, and textbook cases through predefined searches of Gale databases. For more information, contact your South-Western/Thomson Learning sales representative or call Thomson Custom Publishing at 1-800-355-9983.



INFOTRAC COLLEGE EDITION

InfoTrac College Edition gives students access—anytime, anywhere—to an online database of full-text articles from hundreds of scholarly and popular periodicals, including *Newsweek* and *Fortune*. Fast and easy search tools help you find just what you're looking for from tens of thousands of articles, updated daily, all at a single site. For more information, contact your South-Western/Thomson Learning sales representative or call Thomson Custom Publishing at 1-800-355-9983.

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Michael A. Hitt

R. Duane Ireland

Robert E. Hoskisson

Dedications

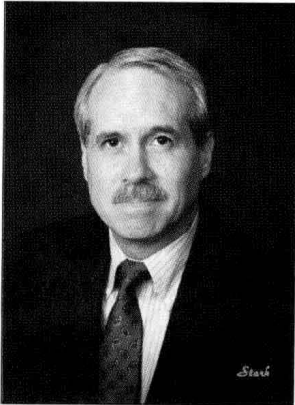
To Rebecca and Joe. We love you both. For you, it is certainly true that "two hearts are better than one."

—R. Duane Ireland

To my children, Robyn, Dale, Becky, Angela, Joseph, and Matthew, who have supported me throughout my career.

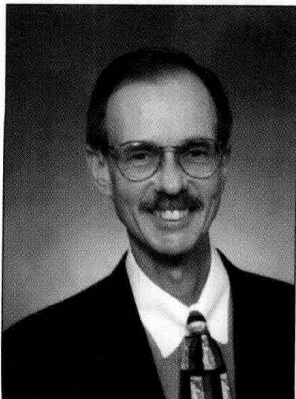
—Robert E. Hoskisson

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Brief Contents

Part 1 *Strategic Management Inputs* 1

- Chapter 1 Strategic Management and Strategic Competitiveness 2
- Chapter 2 The External Environment: Opportunities, Threats, Industry Competition, and Competitor Analysis 36
- Chapter 3 The Internal Environment: Resources, Capabilities, and Core Competencies 70

Part 2 *Strategic Actions: Strategy Formulation* 100

- Chapter 4 Business-Level Strategy 102
- Chapter 5 Competitive Rivalry and Competitive Dynamics 136
- Chapter 6 Corporate-Level Strategy 168
- Chapter 7 Acquisition and Restructuring Strategies 200
- Chapter 8 International Strategy 232
- Chapter 9 Cooperative Strategy 268

Part 3 *Strategic Actions: Strategy Implementation* 302

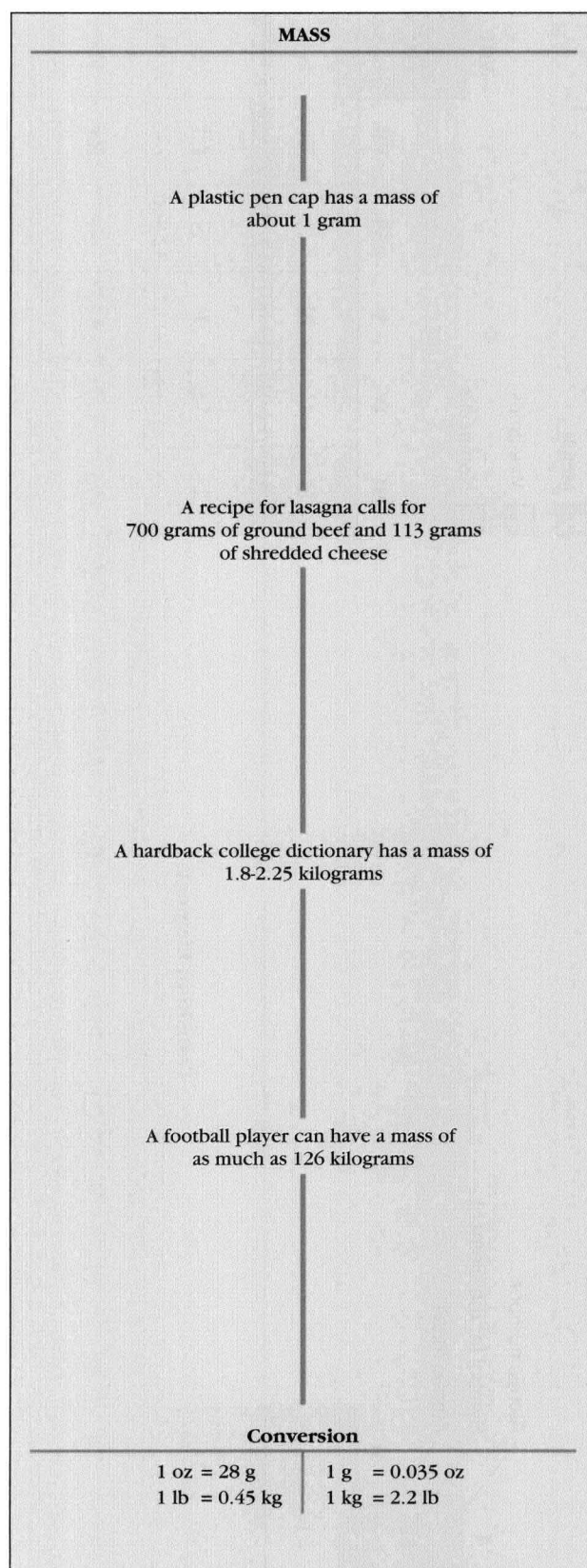
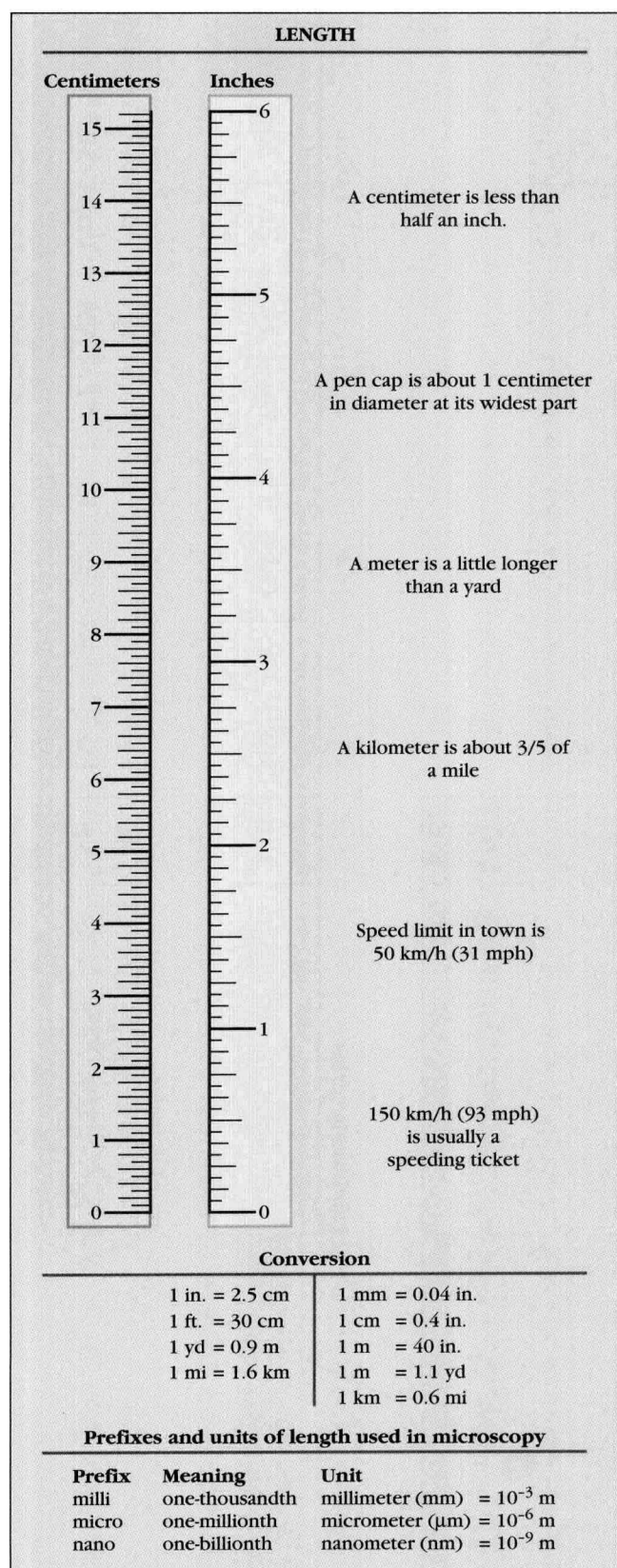
- Chapter 10 Corporate Governance 304
- Chapter 11 Organizational Structure and Controls 338
- Chapter 12 Strategic Leadership 372
- Chapter 13 Strategic Entrepreneurship 406

Name Index I-1

Company Index I-15

Subject Index I-19

APPENDIX B The Metric System



The Context of Internal Analysis	74
Creating Value	75
Strategic Focus: Sears, Roebuck and Co.: Still Where America Shops?	76
The Challenge of Internal Analysis	77
Resources, Capabilities, and Core Competencies	79
Resources	79
Capabilities	81
Core Competencies	82
Building Core Competencies	84
Four Criteria of Sustainable Competitive Advantage	84
Strategic Focus: Competitive Parity in the Airline Industry: The Best That Can Be Done?	86
Value Chain Analysis	89
Outsourcing	91
Strategic Focus: The Use of Outsourcing: Nothing but Positive Outcomes?	93
Core Competencies: Cautions and Reminders	94
Summary	95
Review Questions	95
Experiential Exercises	96
Notes	97

Part 2 *Strategic Actions: Strategy Formulation* 100

Chapter 4

Business-Level Strategy	102
Opening Case: Krispy Kreme—The Michelangelo of Doughnut Making?	103
Customers: Who, What, and How	106
The Importance of Effectively Managing Relationships with Customers	106
Reach, Richness, and Affiliation	107
Who: Determining the Customers to Serve	108
What: Determining Which Customer Needs to Satisfy	110
How: Determining Core Competencies Necessary to Satisfy Customer Needs	110
Types of Business-Level Strategy	111
Strategic Focus: Southwest Airlines' Activity System: Is It Imitable?	112
Cost Leadership Strategy	114
Differentiation Strategy	118
Focus Strategies	122
Strategic Focus: Satisfying Unique Needs: Of Shoes and Cars	124
Integrated Cost Leadership/Differentiation Strategy	126

Strategic Focus: Global Burgers: Are McDonald's Glory Days a Thing of the Past?	128
Summary	131
Review Questions	132
Experiential Exercises	132
Notes	133

Chapter 5

Competitive Rivalry and Competitive Dynamics	136
Opening Case: JetBlue and Song: Competitive Rivalry between Low-Cost Carriers	137
A Model of Competitive Rivalry	140
Competitor Analysis	141
Market Commonality	141
Resource Similarity	142
Drivers of Competitive Actions and Responses	144
Strategic Focus: Toyota and Volkswagen: Direct Competitors or Not?	145
Competitive Rivalry	146
Strategic and Tactical Actions	147
Strategic Focus: Water, Water Everywhere: Which to Drink?	148
Likelihood of Attack	149
First-Mover Incentives	149
Organizational Size	150
Quality	152
Likelihood of Response	154
Type of Competitive Action	154
Actor's Reputation	154
Dependence on the Market	155
Competitive Dynamics	156
Slow-Cycle Markets	156
Fast-Cycle Markets	157
Standard-Cycle Markets	159
Strategic Focus: Teradyne Inc.: Life in the Fast Lane	160
Summary	162
Review Questions	163
Experiential Exercises	163
Notes	164

Chapter 6

Corporate-Level Strategy	168
Opening Case: Sony's Chairman Idei Seeks to Foster Related Diversification	169
Levels of Diversification	171
Low Levels of Diversification	171
Moderate and High Levels of Diversification	173

Reasons for Diversification 173

Related Diversification 174

Operational Relatedness: Sharing Activities 175

Corporate Relatedness: Transferring of Core Competencies 176

Strategic Focus: Cendant: A Diversified Service Conglomerate 177

Market Power 179

Strategic Focus: Johnson & Johnson Seeks to Combine Diagnostic Devices and Drugs 181

Simultaneous Operational Relatedness and Corporate Relatedness 182

Unrelated Diversification 182

Efficient Internal Capital Market Allocation 183

Restructuring 184

Diversification: Incentives and Resources 185

Incentives to Diversify 185

Strategic Focus: Yahoo!'s Low Performance and Uncertain Future Have Led to Strategic Diversification 186

Resources and Diversification 190

Managerial Motives to Diversify 191

Summary 193

Review Questions 194

Experiential Exercises 194

Notes 195

Chapter 7

Acquisition and Restructuring Strategies 200

Opening Case: Comparing the Acquisition Strategies of News Corp. and AOL Time Warner 201

The Popularity of Merger and Acquisition Strategies 203

Mergers, Acquisitions, and Takeovers: What Are the Differences? 204

Reasons for Acquisitions 204

Increased Market Power 204

Strategic Focus: Oracle Tries to Build Market Power through Acquisition of PeopleSoft 205

Overcoming Entry Barriers 207

Cost of New Product Development and Increased Speed to Market 208

Lower Risk Compared to Developing New Products 209

Increased Diversification 209

Reshaping the Firm's Competitive Scope 210

Learning and Developing New Capabilities 210

Problems in Achieving Acquisition Success 211

Integration Difficulties 212

Inadequate Evaluation of Target 212

Large or Extraordinary Debt 213

Inability to Achieve Synergy 213

Strategic Focus: Consolidation in the Global Beer Industry and Firms Overpaying for Acquisitions 214

Too Much Diversification 215

Managers Overly Focused on Acquisitions 216

Too Large 217

Effective Acquisitions 217

Restructuring 220

Downsizing 220

Downscoping 220

Leveraged Buyouts 221

Strategic Focus: Leveraged Buyouts and Private Equity Restructuring Deals Experience a Revival 222

Restructuring Outcomes 223

Summary 225

Review Questions 225

Experiential Exercises 226

Notes 227

Chapter 8

International Strategy 232

Opening Case: China: Manufacturer for the World 233

Identifying International Opportunities: Incentives to Use an International Strategy 236

Increased Market Size 237

Return on Investment 238

Economies of Scale and Learning 238

Location Advantages 239

International Strategies 239

International Business-Level Strategy 239

International Corporate-Level Strategy 242

Strategic Focus: Large U.S. Auto Manufacturers and the Transnational Strategy 245

Environmental Trends 246

Liability of Foreignness 246

Strategic Focus: Uncertainty, Liability of Foreignness, and Regionalization 247

Regionalization 248

Choice of International Entry Mode 249

Exporting 249

Licensing 250

Strategic Alliances 250

Acquisitions 251

New Wholly Owned Subsidiary 252

Dynamics of Mode of Entry 253

Strategic Competitiveness Outcomes 253

International Diversification and Returns 254

International Diversification and Innovation	254
Complexity of Managing Multinational Firms	255
Risks in an International Environment	256
Political Risks	256
Economic Risks	256
Limits to International Expansion: Management Problems	256
Strategic Focus: Intellectual Property Rights in China and Southeast Asia	258
Summary	260
Review Questions	261
Experiential Exercises	261
Notes	263

■ Chapter 9 ■

Cooperative Strategy	268
Opening Case: Alliances in Response to Rivalry: Telecommunication versus Cable Firms	269
Strategic Alliances as a Primary Type of Cooperative Strategy	271
Three Types of Strategic Alliances	271
Reasons Firms Develop Strategic Alliances	272
Business-Level Cooperative Strategy	276
Complementary Strategic Alliances	276
Competition Response Strategy	278
Uncertainty Reducing Strategy	278
Strategic Focus: Competition Response Alliances in the Media Content, Internet, Software, and Cell Phone Equipment Industries	279
Competition Reducing Strategy	280
Assessment of Business-Level Cooperative Strategies	281
Corporate-Level Cooperative Strategy	282
Diversifying Strategic Alliance	282
Synergistic Strategic Alliance	283
Franchising	283
Assessment of Corporate-Level Cooperative Strategies	284
International Cooperative Strategy	285
Strategic Focus: Cross-Border Alliances Battle to Win the President's Entourage: S-92 versus EH101 Helicopters	286
Network Cooperative Strategy	288
Alliance Network Types	288
Competitive Risks with Cooperative Strategies	289
Strategic Focus: Rivalry and Mistrust: Failure and Success of Music Industry Alliances	290
Managing Cooperative Strategies	292
Summary	293
Review Questions	294

Experiential Exercises	295
Notes	296

Part 3 *Strategic Actions: Strategy Implementation* 302

■ Chapter 10 ■

Corporate Governance	304
Opening Case: Corporate Governance and CEO Pay: Has Controversy Changed Compensation Practices?	305
Separation of Ownership and Managerial Control	308
Agency Relationships	309
Product Diversification as an Example of an Agency Problem	310
Agency Costs and Governance Mechanisms	312
Ownership Concentration	313
The Growing Influence of Institutional Owners	313
Shareholder Activism: How Much Is Possible?	314
Strategic Focus: The Growing Activism of Shareholders	315
Board of Directors	316
Enhancing the Effectiveness of the Board of Directors	318
Strategic Focus: Controversy in the Boardroom	319
Executive Compensation	320
A Complicated Governance Mechanism	321
The Effectiveness of Executive Compensation	322
Market for Corporate Control	323
Managerial Defense Tactics	324
International Corporate Governance	325
Strategic Focus: Corporate Governance Is Changing across the World	326
Corporate Governance in Germany	327
Corporate Governance in Japan	328
Global Corporate Governance	329
Governance Mechanisms and Ethical Behavior	329
Summary	330
Review Questions	331
Experiential Exercises	331
Notes	332

■ Chapter 11 ■

Organizational Structure and Controls	338
Opening Case: Amaze Entertainment: Bringing Video-Game Excitement Directly to You!	339
Organizational Structure and Controls	341
Organizational Structure	341

Organizational Controls 342

Strategic Focus: Effective Timing of Structural
Change at Eastman Chemical Company 343

Relationships between Strategy and Structure 344

Evolutionary Patterns of Strategy and Organizational
Structure 345

Simple Structure 346

Functional Structure 346

Multidivisional Structure 347

Matches between Business-Level Strategies and the
Functional Structure 348

Strategic Focus: Thinking Globally, Acting Locally:
The Foundations of Procter & Gamble's

Multidivisional Structure 350

Matches between Corporate-Level Strategies and the
Multidivisional Structure 352

Strategic Focus: United Technologies Corp.: Where
Strategy and Structure Are Matched 357

Matches between International Strategies and
Worldwide Structures 358

Matches between Cooperative Strategies and
Network Structures 362

Implementing Business-Level Cooperative
Strategies 364

Implementing Corporate-Level Cooperative
Strategies 364

Implementing International Cooperative Strategies 365
Summary 366

Review Questions 367

Experiential Exercises 367

Notes 369

Chapter 12

Strategic Leadership 372

Opening Case: Strategic Leadership: The Good, the
Bad, and the Guilty 373

Strategic Leadership 376

Managers as an Organizational Resource 377
Top Management Teams 379

Managerial Labor Market 381

Strategic Focus: The Times Are Changing: Is
Wonder Woman Still Required for Top Executive
Positions in the 21st Century? 382

Key Strategic Leadership Actions 385

Determining Strategic Direction 385

Effectively Managing the Firm's Resource
Portfolio 386

Strategic Focus: Changing the House That Jack
Built—A New GE 387

Sustaining an Effective Organizational Culture 390
Emphasizing Ethical Practices 391

Strategic Focus: As Corporate Scandals and Ethical
Dilemmas Proliferate, Heads Roll 392

Establishing Balanced Organizational Controls 394

Summary 397

Review Questions 398

Experiential Exercises 399

Notes 400

Chapter 13

Strategic Entrepreneurship 406

Opening Case: Entrepreneurial Success: It Can Happen
Anywhere, Anytime 407

Strategic Entrepreneurship and Innovation 409

Strategic Focus: Social Entrepreneurship: Innovative,
Proactive, Risk-oriented, and Purposeful 410

Innovation 411

Entrepreneurs and Entrepreneurial Capabilities 412

International Entrepreneurship 413

New Product Development and Internal Corporate
Ventures 414

Incremental and Radical Innovation 414

Autonomous Strategic Behavior 415

Induced Strategic Behavior 416

Implementing New Product Development and Internal
Ventures 416

Cross-Functional Product Development Teams 417

Facilitating Integration and Innovation 418

Creating Value from Innovation 418

Cooperative Strategies for Entrepreneurship and
Innovation 419

Strategic Focus: Partnering to Innovate 420

Acquisitions to Buy Innovation 421

Capital for Entrepreneurial Ventures 421

Strategic Focus: Acquisitions as a Pathway to
Innovation 422

Creating Value through Strategic Entrepreneurship 423

Summary 424

Review Questions 425

Experiential Exercises 425

Notes 426

Introduction: Preparing an Effective Case
Analysis C-i

Name Index I-1

Company Index I-15

Subject Index I-19

Strategic Management Inputs