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ISSN: 1286-4692

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2013

Book review:

Giovanni Battista DAGNINO 2012

Handbook of research on competitive strategy

M@n@gement, 16(1), 106-112.

M@n@gement est la revue officielle de l'AIMS



M@n@gement is the journal official of AIMS

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M@n@gement is a double-blind refereed journal where articles are published in their original language as soon as they have been accepted.

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Book review

Giovanni Battista DAGNINO (2012).
Handbook of research on competitive strategy.
Cheltenham, UK: Edward Elgar Publishing

Hardcover: 616 pages
Publisher: Edward Elgar Pub
(Published August 2012)
Language: English
ISBN-10: 1847200443
ISBN-13: 978-1847200440

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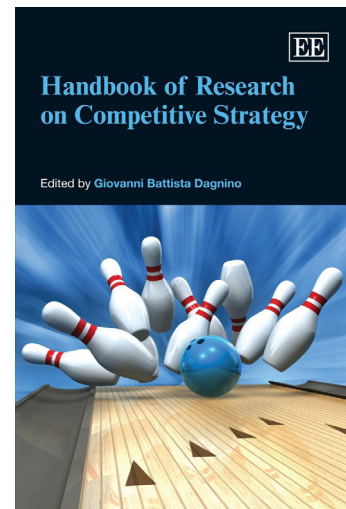
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Competitive strategies lie at the very heart of strategic management, as G.B. Dagnino clearly states in his introductory essay (p. 3). While this statement is intuitively true, it does not give an accurate idea of either the scale of or the overlap between the two fields in question. It is very important, however, to set out the scope of thinking being carried out in competitive strategy and the research carried out in the field so far before we come to the Handbook itself. Indeed, the best approach for examining the research carried out in a narrow area such as, say, organizational ambidexterity is not necessarily the best way to examine the full range of a field.

A few bibliometrics could be helpful here. The term 'competitive strategies' returns about 1.5 million hits on Google Scholar, as compared with 2.1 million for 'strategic management'; a combined keyword search yields about 1.1 million hits. What do we learn from these numbers? Firstly, that the field has been attracting massive research attention from management scholars. Secondly, that competitive strategies account for at least half of the body of knowledge relating to strategic management. Thirdly, that providing an overview is both justified as part of the need to report the state of the art at in the present time and extremely difficult to organize given the amount and diversity of insights on offer. When the above statistics are borne in mind, a number of questions and criticisms arise concerning the approach adopted by the *Handbook*.

G.B. Dagnino, the *Handbook's* editor, stresses that the work is not meant to be a complete overview or a dictionary. Rather, the book is aimed at helping researchers, students, consultants and managers to navigate through the complex and vast landscape of competitive strategies. In cartography, two approaches to navigation assistance proved particularly useful over time. One involved drawing a precise, complete and esthetic map to convey spatial information. Such maps are not only useful but also beautiful, and constitute a very effective method of communication. A cartographic endeavor *in stricto sensu* could not be implemented in a book. The other approach is meant more at orienting than picturing. Very often, outlining the general contours of continents and a couple of reference points can be quite sufficient. While this other approach seems incomplete and less visually appealing, it has the



merit of effectively assisting navigation through well-established pathways and leaving room for those whose aim is discovery. Since this *Handbook* is clearly a navigational tool, it might be useful to scrutinize the ways in which it helps in following established routes of reasoning in the field, the orientation points which it provides and the fields of further exploration which it indicates.

A GENERAL NAVIGATIONAL STRUCTURE

The *Handbook's* structure encourages easy navigation through the 25 contributions included in its 574 pages. The content is very concise: on average, each chapter is around 22 pages long. As always, though, averages turn out to be misleading, as some chapters, such as that on a historian's view of the genesis of competitive strategies, are significantly shorter than the others; some others, such as the one by J. Barney et al., is double the average length. For the reader, the structure of the work prevents the length of the volume from proving dispiriting, since the work is organized in a manner which is engaging and lucid rather than dull and predictable. The *Handbook* is divided into five parts; these sections vary in length, and display a clear inclination towards current and future research threads.

THE KNOWN CONTOURS OF COMPETITIVE STRATEGY

The non-expert reader will find the first part of the *Handbook* very accessible. In the four chapters which make up this part, the reader is led by the hand through the key paradigms of competitive strategy research: long-lasting debates, the military origins of the field, an historical sketch of a thousand years of history, methodological considerations in favor of reductionism, and growing research directions. Firstly, Pisano and Hitt draw a very smooth and clear picture of what competitive strategy is. They then provide key landmarks for research which encompass internal factors, external factors, and the knowledge base issue, concluding with firms' need to develop sustainable business models. A second chapter, by Stadler, then takes a more holistic strategy perspective which is centered around the need to adapt. It provides some pertinent examples of success relating to strategic fit over the ages, as well as historical failures relating to a lack of strategic fit. Like Baumard (2012), this second chapter clearly suggests that competitive strategy is about survival and central to mankind's historical achievements, thus straying far beyond the scope of a mere business concept. Then, in the third chapter, Foss approaches theory-oriented issues in strategic management research. Again beyond the mere scope of competitive strategies as dealt with in the *Handbook*, this chapter offers a convincing debate in favor of reductionism in research, concluding with a Foucault's pendulum moving between the micro and macro levels of analysis. This landmark helps guide the researcher's thinking. The fifth chapter, by Baum and Greve, highlights a number of new and growing research directions in competitive strategy. These authors' view is organized along three axes: (1) multiplicity of context, units or firms; (2) spatial issues which were absent before Porter's competitive advantage of nations; and (3) the ecology of business. One of the notable missing threads would probably be dynamics, both in terms of interorganizational relationships and mutual adaptive processes. An advanced

reader will probably be most interested in the research directions, which encompass a collective level of analysis and introduce networks, multiplicity and ecology.

All in all, Part 1 of the *Handbook* serves as a landmark for future reflection. By stressing key concepts, axes of debate and emerging research directions it provides the big picture of the established ideas in competitive strategy research. However, a slight lack of critical discourse appears, as knowledge gaps and unsolved problems are not explicitly outlined. The second part is rather different. Five chapters provide several theoretical perspectives: the resource base theory, the socio-cognitive perspective, the network approach, emerging strategies and competitive dynamics. Chapter 6, by Barney et al., tackles the fundamental, recognized and paradigmatic resource-based theory. A masterly piece of theory is offered here: from locating the resource-based view of the firm against other theoretical perspectives, through key concepts, we are being led into assumptions, then propositions and hypotheses. Following this, a debate with Priem and Butler's (2001) critique is developed and a number of empirical tests are proposed, along with conclusions that open the theory up to new applications. Chapter 7, by Ridnova et al., discusses the mind of the strategist in order to introduce the unsolved tension between behavior and performance, structure and process, though without scaring the reader with a paradoxical framework. In line with the two preceding contributions, this chapter acknowledges the role of interactions in future research. This same interaction-oriented view is magnified and developed in Chapter 8 by Ferriani and Giuliani. The discussion here is much more sophisticated than in preceding chapters. This suggests that competitive strategies are no longer simplified frameworks, and that the following chapters will only add to the complexity of insights. While Ferriani and Giuliani start with network structural variables to explain firm growth, they also introduce absorptive capacity as a moderating variable in order to exploit the framework of the knowledge-based view. Compared to network research, the deliberate-emergent debate laid out in Chapter 9 appears rather low-key. Researchers come back in line with practitioners to untangle new positions in the competitive landscape as a result of beliefs, practices and histories intertwined in a dynamic yet real world interplay. Chapter 10 strengthens the dynamics perspective initiated in the intended-emergent interplay, yet it is considered here from an innovation perspective. It is a concise overview of the key findings that have shaped competitive strategies in the last three decades or so.

In this second part, however, an essay bringing research gaps into focus, carrying out a critical analysis of research to date and highlighting paradigmatic tensions between research threads would be welcome. Each chapter discusses the limitations of theories presented, yet a further deconstruction of theory would be much more intellectually appealing. Here again, though, the editor has done a rigorous job of providing a landscape, and at the same time avoids the pitfall of offering a one-size-fits-all interpretation. What I find inspiring here lies between the chapters as much as within them.

ORIENTATION POINTS FOR EXPLORATION

While the two preceding parts provide a fundamental overview which lays the foundations for further research, the following parts have a different objective and display a clearly distinct approach.

To a limited extent, this distinctiveness can be spotted in the third part, which embraces a number of advanced topics. This part is the most significant in terms of volume (141 pages, roughly a quarter of the entire book), the number of chapters which it contains (7, almost a quarter of the book again) and its impact on further research.

Chapter 11, by Meglio and Capasso, draws a picture of the role of mergers and acquisitions in competitive strategies. The acquisition process and performance are discussed in helpful detail, yet this chapter plays a different role to the two preceding parts. Landmarks are missing, and future directions are only timidly elucidated. The same approach can be seen in Chapter 12, by Arino and Garcia-Canal, on alliance formation and dynamics. More precisely, this chapter deals not with alliances as a phenomenon, but rather their dynamics. It is only in the conclusion of this contribution that we are able to grasp the vast and increasingly widely recognized impact of strategic alliances on competitive strategy research. Then, Chapter 13, by Casiman and Di Guardo, looks at innovation and technology management in competitive strategy research. Knowledge sourcing and open innovation are the key issues discussed here, and some general implications for managers are outlined. Interestingly, the multi-firm scope of research and interorganizational phenomena are acknowledged as being crucial for competitive strategy research. Filatotchev then develops a corporate governance perspective by discussing board composition, roles and general strategic contingencies in relation to competitive advantage in Chapter 14. Similarly, Sorrentino devotes Chapter 15 to entrepreneurial issues in competitive strategies. A capabilities and dynamic capabilities framework is employed to discuss the role of entrepreneurship in competitive strategies. In the very same thread of reasoning that calls for recognizing phenomena and fields so far underexplored, the sixteenth chapter, by D'Allura and Minichilli, brings the family unit into competitive strategy research. Offering some evidence on the *differentia specifica* connected with family firms, these authors propose "distinctive familiness" as a factor to be explored further than has so far been the case. Finally in this part, the chapter by Santangelo discusses multinational firms, shifting the level of analysis (multi-firm) or phenomena (distinctive) to a separate unit of analysis and acknowledging the multinational enterprise as a separate object of study.

In fact, the *Handbook* displays a pleasing symmetry between Parts 1 and 3, with Part 2 playing the role of pivot. The reader is provided with basic inputs which are then coupled with advanced ones, and theories act as the link between the two. If this intent lies at the inception of the *Handbook's* structure, it calls for a meticulous analysis. Squeezing 1.5 million Google Scholar hits into a limited series of chapters requires a certain amount of selection. The selection trail used here is not clear, however. If Chapter 5 refers to certain research fields which are currently growing, why does the list not match those discussed in Part 3? A literal analysis shows that multinational firms, family firms, entrepreneurship, corporate governance, innovation, and mergers and acquisitions do not fully address the multiplicity or complexity of competitive

strategy research as outlined in Part I of the *Handbook*. While each of the topics approached in Part 3 is important, the reason for inclusion in this part has not been clearly highlighted. For instance, each of the chapters reflects a different research community within international academic societies, whether these communities are categorized as tracks, divisions or whatever else. Competitive strategy is typically one of those divisions, so categorizing the others alongside it shows a conviction that competitive strategies are somewhat inclusive, important or cross-sectional. This is a view that many scholars might share, yet the communitarization of research is a fact. Another fact is that the choice of advanced topics leaves some issues beyond the radar. For instance, sustainability, social issues and human capital are all missing here.

Part 4 draws our attention to methodological issues. It mirrors the current debate among management scholars regarding research rigor. The three chapters in this part focus on quantitative methodologies, semiotic methods and, finally, computer simulation and modeling. Chapter 18 provides bibliometric evidence relating to the quantitative data analysis techniques developed in the last two decades in the strategic management fields. It turns out that beyond dominating regression techniques, the field is becoming more and more sophisticated, including by comparison with general management methodology. The editor is to be commended for avoiding the pitfall of methodological considerations at large. The fact is that more than 80% of published research applies quantitative methods.

Cinici and Dunbar then shift the attention to qualitative methods, and more specifically to semiotic ones, which are presented in Chapter 19. A rigorous analysis of language and narratives is developed in relation to the content of a firm's annual report. Here, the authors timidly echo the need to turn back to the meaning of things from the mere pattern recognition which is so popular among researchers in the literature. Chapter 20, by Harrison and Walker, then turns back to quantitative methods and demonstrates the use of computer simulation in competitive strategy research. The gaps in the simulation literature in strategy are pointed out here.

If taken as a navigational tool, the *Handbook* conveys a clear message. The methodological mainstream requires quantitative studies, which are largely aimed at pattern identification. While regression analysis has been widely popular, some more sophisticated tools are increasingly expected to be employed by researchers. At the same time, a slim but growing portion of papers shifts attention to meanings, interpretation and the qualitative toolbox on offer.

TERRAE INCOGNITE OF COMPETITIVE STRATEGY?

The last, fifth part examines six research foci located at the intersection between theory and practice. Chapter 21, by Castaldo and Premazzi, focuses on trust management relevance in competitive strategy. It is depicted as an absorber of complexity and uncertainty, valued and proposed as a success factor that can be built into the firm and its relationships. Casadesus-Masanell and Ricart then develop a clear definition, representations, dynamics and evaluations of business models in Chapter 22. They also show how incomplete the evaluation of a business model is in isolation, and encourage us to explore its interactions.

The interactive approach is further discussed by Dagnino et al in Chapter 23, which is devoted to coopetition. Beyond the typical argument expounded in the alliances literature according to which coopetition is an intruder in collaborative settings, this chapter develops the view that competition has its own properties: complexity, instability and contextuality. The 24th chapter takes us away from conceptual abstraction and back to solid ground, as La Rocca and La Rocca elaborate on the connection between financial structure and competitive strategy. The interaction between financial stakeholders, managers and non-financial stakeholders provides an axis for discussing strategy-structure issues. The 25th chapter, by Faraci and Shen, is about the relationship between firm ownership and competitiveness. Theories of privately-held ownership are discussed and connected first to governance issues and then to the impact of competitiveness. Last but not least, the 26th chapter, by Markides, deals with the way in which research impacts practice. It in fact offers a bitter conclusion to the *Handbook*, and an opening for further research. Both rigor and relevance issues are sharply presented here—or, rather, their dark side is brought into view. Research is portrayed as a low-quality product, weakly defined, and lacking perspective or connection to practical considerations. In conclusion, the chapter unveils a number of ways out of this impasse: precision in definitions, closer collaboration with practitioners, be they consultants or managers, and quicker transfer of findings into the classroom. This sounds like a systemic manifesto for a new architecture of strategy research.

Again, the selection raises a number of questions. The topics discussed include trust, business models, coopetition, finance, ownership and impact on practice. Why, for instance, are ambidexterity and dynamic capabilities absent?

CONCLUDING REMARKS

The *Handbook* does indeed clearly indicate established ideas, theories and methods as a starting point for research on competitive strategies. It facilitates understanding for beginners, and allows most future research projects in the field to engage in a structured debate. A second criterion for this review was the extent to which the *Handbook* can assist in researching new areas for exploration. In this regard, a number of points of orientation are delivered in Part 3 which have been carefully selected to display the diversity of themes and approaches. Nonetheless, the need to provide a reasonably concise set of perspectives may drive the reader to miss some orientation points or growing lines of research. It would have been helpful here for the editor's choices to be explained, as the structure of the *Handbook* contributes to shaping further research. Similar concerns would lead the attentive reader to question and discuss the scope of Part 5.

Had the *Handbook* been intended to provide a complete picture of competition strategy research, this selection of scope for Parts 3 and 5 should have become a starting point for more vigorous criticism. A navigational tool provides help, but it does not replace the reader's opinions, expertise and interests. Hence, the *Handbook* stimulates reflection and helps one to select which avenues to explore, while at the same time preserving a strong link with established ideas. I would recommend that it be used as a navigational tool while bearing in mind that no such volume can serve as an exhaustive map.

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