

Strategic Management: Text & Cases, 9e

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Detailed List of New Features

Big Data/Data Analysis. A central theme of the Ninth Edition, it has become a leading and highly visible component of a broader technological phenomena—the emergence of digital technology. Such initiatives have the potential to enable firms to better customize their product and service offerings to customers while more efficiently and fully using the resources of the company. Through the text, we provide examples from a wide range of industries and government. This includes discussions of how Coca Cola uses data analytics to produce consistent orange juice, IBM’s leveraging of big data to become a healthcare solution firm, Caterpillar’s use of data analytics to improve machine reliability and to identify needed service before major machine failures, and Digital Reasoning’s efforts to use data analytics to enhance the ability of firms to control employees and avoid illegal and unethical behavior.

Greater coverage of international business/international management (IB/IM). As we noted at the beginning of the Preface, we have invited Seung-Hyun Lee, an outstanding IB/IM scholar, to join the author team and we are very pleased that he has accepted! Throughout the book we have included many concepts and examples of IB/IM that reflects the growing role of international operations for a wide range of industries and firms. We discuss how differences in national culture impact the negotiation of contracts and whether or not to adapt human resource practices when organizations cross national boundaries. We also include a discussion of how corporate governance practices differ across countries and discuss in depth how Japan is striving to develop balanced governance practices that incorporate elements of US practices while retaining, at its core, elements of traditional Japanese practices. Additionally, we discuss why conglomerate firms thrive in Asian markets even as this form of organization has gone out of favor in the US and Europe. Finally, we discuss research that suggests that firms in transition economies can improve their innovative performance by focusing on learning across boundaries within the firm compared to learning from outside partners.

“Executive Insights: The Strategic Management Process.” Here, we introduce a nationally recognized leader and explore several key issues related to strategic management. The executive is William H. McRaven, a retired four-star admiral who leads the nation’s second largest system of higher education. As chief executive officer of the UT System, he oversees 14 institutions that educate 217,000 students and employ 20,000 faculty and more than 70,000 health care professionals, researchers, and staff. He is perhaps

best known for his involvement in Operation Neptune Spear, in which he commanded the US Navy Special Forces who located and killed al Qaeda leader Osama bin Laden. We are very grateful for his valuable contribution!

Chapter by Chapter Changes

Chapter 1 addresses three challenges for executives who are often faced with similar sets of opposing goals which can polarize their organizations. These challenges, or paradoxes, are called (1) the innovation paradox, the tension between existing products and new ones—stability and change; (2) the globalization paradox, the tension between global connectedness and local needs; and, (3) the obligation paradox, the tension between maximizing shareholder returns and creating benefits for a wide range of stakeholders—employees, customers, society, etc. We also discuss three theaters of practice that managers need to recognize in order to optimize the positive impact of the corporate social responsibility (CSR) initiatives. These are (1) Focusing on philanthropy, (2) Improving operational effectiveness; and, (3) Transforming the business model.

Chapter 2 introduces the concept of big data/data analytics—a technology that affects multiple segments of the general environment. A highly visible component of the digital economy, such technologies are altering the way business is conducted in a wide variety of sectors—government, industry, and commerce. We provide a detailed example of how it has been used to monitor the expenditures of federal, state, and local governments.

Chapter 3 includes a discussion on program hiring to build human capital. With program hiring, firms offer employment to promising graduates without knowing which specific job the employee will fill. Firms employing this tactic believe it allows them to meet changing market conditions by hiring flexible employees who desire a dynamic setting. We also include a discussion of how Coca Cola is leveraging data analytics to produce orange juice that is consistent over time and can be tailored to meet local market tastes.

Chapter 4 discusses research that has found that millennials have a different definition of diversity and inclusion than prior generations. That is, millennials look upon diversity as the blending of different backgrounds, experiences, and perspectives within a team, i.e., cognitive diversity. Earlier generations—the X-Generation and the Boomer Generation) tended to view diversity as a representation of fairness and protection for all—regardless of gender, race, religion, etc. An important implication is that while many millennials believe that differences of opinion enable teams to excel, relatively few of them feel that their leaders share this perspective. The chapter also provides a detailed example of how data analytics can increase employee retention.

Chapter 5 examines how firms can create strong competitive positions in platform markets. In platform markets, firms act as intermediaries between buyers and sellers. Success is largely based on the ability of the firm to be the de facto provider of this matching process. We discuss several actions firms can take to stake out a leadership position in these markets. In addition, we include a discussion of research outlining how firms can develop organizational structures and policies to draw on customer interactions to improve their innovativeness. The key finding from this research is that it is critical for firms to empower and incent front line employees to look for and share innovative insights they take away from customer interactions.

Chapter 6 includes a section on different forms of strategic alliances and when they are most appropriate. In discussing the differences between contractual alliances, equity alliances, and joint ventures, students can better understand the range of options they have to build cooperative arrangements with other firms and the factors that influence the choice among these options.

Chapter 7 explains two important areas in which culture can play a key role in managing organizations across national boundaries. First, we discuss situations in which it is best to not adapt one's company culture— even if

it conflicts with the culture country in which the firm operates. We provide the example of Google's human resource policy of providing employees with lots of positive feedback during performance reviews. Why? Google feels that this is a key reason for its outstanding success in product innovation. Second, we address some of the challenges that managers encounter when they negotiate contracts across national boundaries. We discuss research that identifies several elements of negotiating behaviors that help to identify cultural differences.

Chapter 8 identifies factors investors can examine when evaluating the risk of crowdfunded ventures. When firms raise funds through crowdfunding, they often have limited business and financial histories and haven't yet built up a clear reputation. This raises the risks investors face. We identify some factors investors can look into to clarify the worthiness and risk of firms who are raising financial resources through crowdfunding.

Chapter 9 discusses the increasingly important role that activist investors have in the corporate governance of publicly-traded firms. Activist investors are investors who take small but significant ownership stakes in large firms, typically five to ten percent ownership, and push for major strategic changes in the firm. These activist investors are often successful, winning 70% of the shareholder votes they champion and have forced the exit of leaders of several large firms. Additionally, we discuss a corner of Wall Street where women dominate, as corporate governance heads at major institutional investors. These institutional investors hold large blocks of stock in all major corporations. As a result, these female leaders are in a position to push for governance changes in these corporations to make them more responsive to the concerns of investors, such as increasing opportunities for female corporate leaders.

Chapter 10 discusses how firms can organize to improve their innovativeness. Often managers look to outside partners to learn new skills and access new knowledge to improve their innovative performance. We discuss research that suggests that efforts to look to create novel combinations of knowledge within the firm offer greater potential to generate stronger innovation performance. The key advantage of internal knowledge is that it is proprietary and potentially more applicable to the firm's innovation efforts.

Chapter 11 includes discussions of multiple firms that have changed their leadership and control systems to respond to challenges they've faced. This includes Marvin Ellison's efforts to revive JC Penney after prior bad leadership, Target's efforts to change its supply chain system to meet changing customer demands, and the decision procedures JC Johnson Inc. has put in place to improve its ability to lead its industry in sustainability efforts.

Chapter 12 highlights the potential to learn from innovation failures. Too often, firms become risk averse in their behavior in order to avoid failure. We discuss how this can result in missing truly innovative opportunities. Drawing off research by Julian Birkinshaw, we discuss the need for firms to get their employees to take bold innovation actions and steps firms can take to learn from failed innovation efforts to be more effective in future innovation efforts. We also discuss research on the consequences of losing star innovation employees. Firms worry about the loss of key innovation personnel, but research shows that while there are costs associated with the loss of star innovators, there are also potential benefits. Firms that lose key innovators typically experience a loss in exploitation-oriented innovation, but they also often see an increase in exploration-oriented innovation.

Chapter 13 provides an example of how the College of Business Administration at Towson University successfully introduced a "live" business case completion across all of its strategic management sections. The "description" and the "case completion checklist" includes many of the elements of the analysis-decision-action cycle in case analysis that we address in the chapter.

Issue for Debate"--at the end of each chapter. We find that students become very engaged (and often

animated!) in discussing an issue that has viable alternate points of view. It is an exciting way to drive home key strategy concepts. For example, in Chapter 1, Seventh Generation is faced with a dilemma that confronts their values and they must decide whether or not to provide their products to some of their largest customers. At issue: While they sympathize (and their values are consistent) with the striking workers at the large grocery chains, should they cross the picket lines? In Chapter 4, we discuss an issue that can be quite controversial: Does offering financial incentives to employees to lose weight actually work? We will explain a study by professors and medical professionals who conducted a test to explore this issue. And, in Chapter 7, we address Medtronic's decision to acquire Covidien, an Irish-based medical equipment manufacturer for \$4.3 billion. Its primary motive: Lower its taxes by moving its legal home to Ireland—a country that has lower rates of taxation on corporations. Some critics may see such a move as unethical and unpatriotic. Others would argue that it will help the firm save on taxes and benefit their shareholders.

“Insights from Research.” We include six of this feature in the Ninth Edition—and half of them are entirely new. Here, we summarize key research findings on a variety of issues and, more importantly, address their relevance for making organizations (and managers!) more effective. For example, in Chapter 2 we discuss findings from a meta-analysis (research combining many individual studies) to debunk several myths about older workers—a topic of increasing importance, given the changing demographics in many developed countries. In Chapter 4, we address a study that explored the viability of re-hiring employees who had previously left the organizations. Such employees, called “boomerangs” may leave an organization for several reasons and such reasons may strongly influence their willingness to return to the organization. In Chapter 5, we summarize a study that looked at how firms can improve their innovativeness by drawing on interactions with customers but only if the firm empowers front line employees to lead innovative efforts and provides incentives to motivate employees to do so. In Chapter 10, we discuss research on firms in transition economies that found firms which learn from both external partners and by spanning boundaries within the firm can improve their innovation. However, learning between units within the firm produced higher innovation performance.

“Reflecting on Career Implications...” We provide insights that are closely aligned with and directed to three distinct issues faced by our readers: prepare them for a job interview (e.g., industry analysis), help them with current employers or their career in general, or help them find potential employers and decide where to work. We believe this will be very valuable to students' professional development.

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