

# **Strategic Management**

## **Part 2 — Corporate Strategy**

*M. Res. Business and Finance*

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# Seminar structure

## First half



- Introduction to the topic
- Discussion of one core reading
  - Marked by ★ in the reading list

## Second half

- Debate of a theoretical statement
  - One group argues in favor 👍
  - One group argues against 👎
  - Questions from the audience
- Discussion of additional readings

# Schedule


**Session 7** Vertical integration

Debate: G1  vs. G2 

**Session 8** Diversification

Debate: G3  vs. G4 

**Session 9** Divestment and refocusing

Debate: G5  vs. G6 

**Session 10** Product strategy

Debate: G2  vs. G1 

**Session 11** Product proliferation

Debate: G4  vs. G3 

**Session 12** Strategic categorization

Debate: G6  vs. G5 

# Vertical integration

- Balakrishnan S., Wernerfelt B. (1986). Technical change, competition, and vertical integration. *Strateg. Manag. J.* 7(4):347–359.
- Mahoney J.T. (1992). The choice of organizational form: Vertical financial ownership versus other methods of vertical integration. *Strateg. Manag. J.* 13(8):559–584.
- Sorenson O. (2003). Interdependence and adaptability: Organizational learning and the long-term effect of integration. *Manag. Sci.* 49(4):446–463.
- ★ Rothaermel F.T., Hitt M.A., Jobe L.A. (2006). Balancing vertical integration and strategic outsourcing: Effects on product portfolio, product success, and firm performance. *Strateg. Manag. J.* 27(11):1033–1056.

## Debate statement

Vertical integration is a source of sustainable competitive advantage

# Diversification

- ★ Stern I., Henderson A.D. (2004). Within-business diversification in technology-intensive industries. *Strateg. Manag. J.* 25(5):487–505.
- Li S.X., Greenwood R. (2004). The effect of within-industry diversification on firm performance: Synergy creation, multi-market contact, and market structuration. *Strateg. Manag. J.* 25(12):1131–1153.
- Zahavi T., Lavie D. (2013). Intra-industry diversification and firm performance. *Strateg. Manag. J.* 34(8):978–998.
- Hashai N. (2015). Within-industry diversification and firm performance—An S-shaped hypothesis. *Strateg. Manag. J.* 36(9):1378–1400.

## Debate statement

Diversification positively affects the firm's chances of survival

# Divestment and refocusing

- Ruef M. (1997). Assessing organizational fitness on a dynamic landscape: An empirical test of the relative inertia thesis. *Strateg. Manag. J.* 18(11):837–853.
- ★ Zuckerman E.W. (2000). Focusing the corporate product: Securities analysts and de-diversification. *Admin. Sci. Q.* 45(3):591–619.
- Dobrev S.D. (2007). Competing in the looking-glass market: Imitation, resources, and crowding. *Strateg. Manag. J.* 28(13):1267–1289.
- Barnett W.P., Pontikes E.G. (2008). The Red Queen, success bias, and organizational inertia. *Manag. Sci.* 54(7):1237–1251.

## Debate statement

Environmental pressure forces firms to move across market segments

# Product strategy

- ★ Sorenson O. (2000). Letting the market work for you: An evolutionary perspective on product strategy. *Strateg. Manag. J.* 21(5):577–592.
- Cottrell T., Nault B.R. (2004). Product variety and firm survival in the microcomputer software industry. *Strateg. Manag. J.* 25(10):1005–1025.
- Dowell G. (2006). Product line strategies of new entrants in established industries: Evidence from the U.S. bicycle industry. *Strateg. Manag. J.* 27(10):959–979.
- Barroso A., Giarratana M.S., Reis S., Sorenson O. (2016). Crowding, satiation, and saturation: The days of television series' lives. *Strateg. Manag. J.* 37(3):565–585.

## Debate statement

Broader product lines lead to superior firm performance

# Product proliferation

- Barnett W.P., Freeman J. (2001). Too much of a good thing? Product proliferation and organizational failure. *Organ. Sci.* 12(5):539–558.
- Mainkar A.V., Lubatkin M., Schulze W.S. (2006). Toward a product-proliferation theory of entry barriers. *Acad. Manag. Rev.* 31(4):1062–1075.
- ★ Barroso A., Giarratana M.S. (2013). Product proliferation strategies and firm performance: The moderating role of product space complexity. *Strateg. Manag. J.* 34(12):1435–1452.
- Piazzai M., Wijnberg N.M. (2019). Product proliferation, complexity, and deterrence to imitation in differentiated-product oligopolies. *Strateg. Manag. J.* 40(6):945–958.

## Debate statement

Product proliferation enables firms to outcompete their rivals



# Strategic categorization

- Granqvist N., Grodal S., Woolley J.L. (2013). Hedging your bets: Explaining executives' market labeling strategies in nanotechnology. *Organ. Sci.* 24(2):395–413.
- Pontikes E.G. (2018). Category strategy for firm advantage. *Strategy Sci.* 3(4):620–631.
- Kodeih F., Bouchikhi H., Gauthier V. (2019). Competing through categorization: Product- and audience-centric strategies in an evolving categorical structure. *Organ. Stud.* 40(7):995–1023.
- ★ Barlow M.A., Verhaal J.C., Angus R.W. (2019). Optimal distinctiveness, strategic categorization, and product market entry on the Google Play app platform. *Strateg. Manag. J.* 40(8):1219–1242.

## Debate statement

Firms can strategically influence products' categorical positioning



Strategy is what you do when there is nothing to do.

S. Tartakower