ı competencies. Argue that firms with Valuable, Rare and hard to imitate ources *(property based/tangible and knowledge based/intangible resources)* have potential of achieving superior performance. The firm must also have the propriate organisation in place to take advantage of these resources. This is a **source-based view** on competitive advantage

firms **competitive advantage and performance** increases, the more VRIO's are ked eg. If it is valuable, rare, difficult to imitate and supported by organisation, it l have a sustained competitive advantage and above normal performance

iticism – little research on the relationship between the **O**rganisation and the '**VRI**' sources) and it's effects on performance.

iklund & Shepherd (2003) found that a firms resources and organisation nsidered conjointly provide a more complete explanation of a firms performance n when these variable are considered independently.

mpetitive advantage – an advantage over competition gained by offering tomers greater value, either by means of lower prices or by providing greater cost nefits and service that justifies higher prices.

wman's Strategic Clock (Bowman and Faulkner 1997) – 8 strategic positions ich compare relative price to perceived value. Assists in exploring the range of ions a company has in positioning a product in the market and identifies what is most competitive position that enables it to be an advantage. Little to no ferentiation in 1,2,3. Uncompetitive – 6,7,8.

To remain competitive is to be on and hope you are not under cut by low cost ders. Can often lead to price wars between competitions. ***3.*** *Offers more product ferentiation, effective if added value is constant.* ***4.*** *Product quality and branding is as well as brand loyalty.* ***5.*** *Adopted by luxury brands* ***6. High risk margins*** *high ce with no added value* ***7. Monopoly pricing*** *no concern of how the customer ceives the value of the product as there is no competitors.* ***8. Loss of market share*** *tomers will find a high value alternative.*

rter's Generic Strategies – ggested two overall business ategies in order to gain competitive vantage – **differentiation** or **low st**.

w cost – objective become the lowest t operator. Involves large-scale oduction. Unit costs fall as output reases. Eg. Ryanair, Poundland, Lidl.

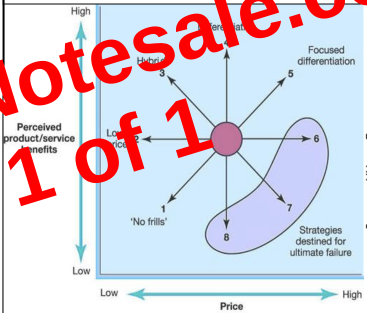
ferentiation – aims to offer a oduct which is distinctly different m the competition with the customer uing this and being prepared to pay. ter quality, more features, branding, e of purchase. Eg. Apple, dyson, ury brands.

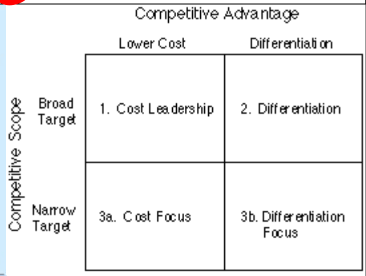
orter identified if you are neither low t or differentiated you get 'stuck in middle' – likely to suffer competitive advantage eg. Mcdonalds, whsmith , rrisons(stagnant and declining es).

orter did not identify that a product ıld be low cost and differentiated brid) eg IKEA

EVR Congruence – Thompson 1990 *(congruence – an agreement or harmony)*. Creating and maintaining *effective* strategic management requires a congruence between its environment, values and resources. Environment – a source of opportunities and threats – key external factors. Resources – constitute strengths and weaknesses , strategic competencies and capabilities which either match, or fail to match, environmental needs. (in basic terms a SWOT). The values and culture determine the effectiveness of the E+R match as well as the ability and will of the organisation to change and strengthen this matching. **Lost organisation** – *all factors are out of alignment.* **Consciously incompetent** – *company are aware of need for success in marketplace and a satisfied customer but are not achieving the desired level of service quality.* **Unconsciously incompetent** – *enjoys strategic positioning without real commitment,* **Strategic drift** – lost touch with environment competition may make the company's product less attractive.

related to a companies operations. Audits are important components of a company's risk management as they help to identify issues before they become substantial problems. Audit committees are composed of outside directors who have lead responsibility for overseeing the decisions of the organisations financial officers and consulting with internal and external auditors to ensure that financial reports are accurate and that adequate financial controls are in place. Prawitt et al (2009) state that little research attention has focused on the effects of internal auditing on companies external financial reporting. A **Chief Auditing Executive** is responsible for establishing and monitoring a quality assurance program to ensure the department meets it mission and complies with professional standards, they must select performance measures that adequately reflect the department's performance and progress. Kaplan & Norton's Balanced Scorecard method can be used for internal audits.





Activities *(supply chain management, operations, distribution, marketing, services, profit margin)* and **Support A** *(Development, HR management, General admin)*. These vary d on industry, the above are basic illustrations. The order of the make up a process.

*Each activity in the chain increases costs and ties up a companies must perform tasks cost effectively in order to competitive. After identifying activities, a company must identify of each activity (eg. Assets, time, money etc). These costs compared against each activity as well as the chains of supp competitors.

*A **value chain analysis** facilitates a comparison, activity-by-a how effectively and efficiently an organisation delivers valu customers relative to its competitors.

Seven Components of the Macro environment

Demographics – size, growth rate, age distribution, geographic dispersion, income, and trends of different sectors of the popula

Socio-cultural forces – societal values, attitudes, cultural factor lifestyle

Political, legal and regulatory factors

Natural environment

Technological factors

Global forces – changes in the global market

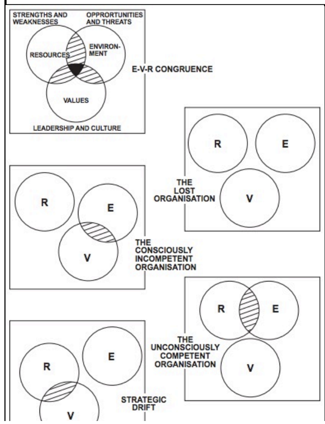
General economic conditions – at a local, national or internatio scale. Economic growth, inflation, unemployment rates etc.

Delphi - a flexible, mixed method research technique- *(P+4M+O)/6*

Strengths: ability to develop qual and quan data, provide controlled anonymous feedback, tolerant of panellist diversity, forward- looking. **Criticisms** – definition of **'expert'** questioned (Kitson et al 1994), **anonymity** between panellists leads to a lack of exploratory thinking (Milkovitch et al 1972), no ideal **panel size** has been stated (Bowles 1999), potential for **research bias** at all stages from designing of open questions to content analysis. (Sackman 1975).

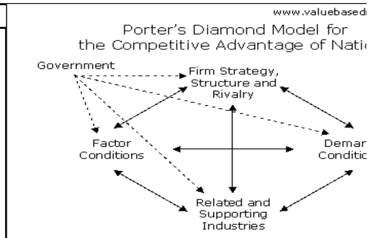
There has been a decline of Delphi use possible due to the financial and workload factors as well as a change in methodology fashions as this is a dated technique (1944).

Porter's Diamond 1990 – is a model that is designed to help understand the competitive advantage that nations or groups due to certain factors available to them, and to explain how governments can act as catalysts to improve a country's positi global competitive economic environment. Firm strat – compe in the home market that drive innovation and quality. Demand conditions- a country with sophisticated home buyers who ha awareness and demand for advanced, quality and innovative products which can create international competitiveness. Rela supporting industries – inputs for a company which drives its (eg materials sent into Italy drive it's fashion market). Factor conditions – the factors of production that includes skilled, lab education, capital, climate and infrastructure.



MINTZBERG 5 P's for Strategy 1987 – There are 5 definitions of strategy: Plan – some sort of consciously intended course of action, a guideline to deal with a situation. Made in advance to the actions they apply and are developed consciously and purposefully. **Ploy** – a manoeuvre intended to outwit an opponent or competitor. **Pattern** – a pattern in a stream of actions of resulting behaviour from the plan. **Position** – the act of located an organisation in a specific environment (this definition can stand alone as well as after its preceding ones). External. **Perspective –** An organisation consists of an ingrained way of perceiving the world, the personality of the organisation. Internal.

Crafting strategy – strategy is deductive not inductive. Strategists recognise patterns rather than plan them Planning actually distorts and misguides. Believed in the personal touch of managers and sees them as craftsmen. The whole purpose is to manage the stability of strategy, not change. Notice the trends



Application Example

- German high power car manufacturing industry → eg **FRS:** Strong rivalry between lots of manufacturers → and keep developing more innovative products
- **DC:** No speed limits in Germany → home buyers want powerful cars → Industry tries to develop innovative cater for this need
- **RSI:** Iron and steel industry, high level of education an in the workforce, banks, and component suppliers an infrastructure
- **FC:** Skilled engineers from renowned universities, gov focus on scientific research