

Competitive Environment and IT

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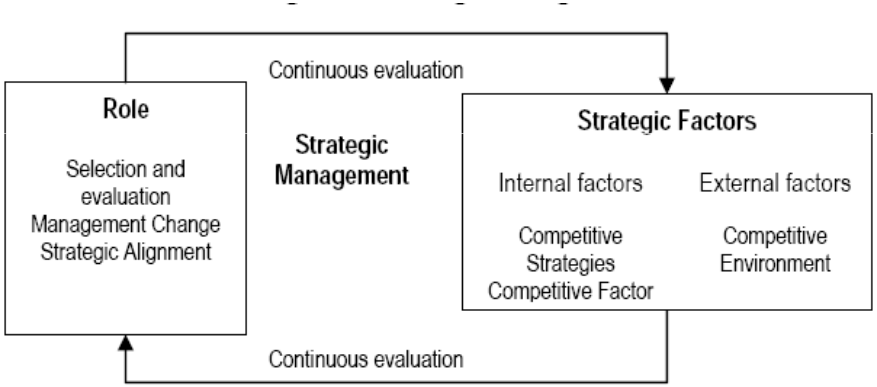
Reference

- [Flodström] Chapter 6-9

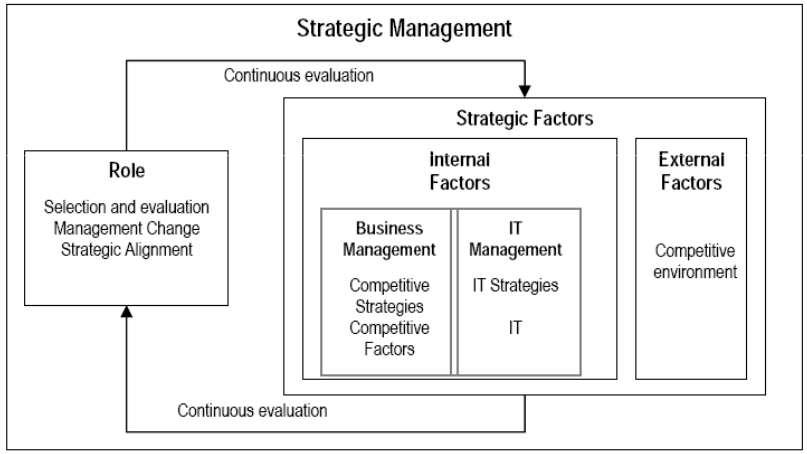
Characteristics of Strategic Management

Characteristics of Strategic Management	
Roles	Selection and Evaluation
	Strategic Alignment
	Management Change
Strategic Factors	Competitive environment
	Competitive Strategies
	Competitive Factors

Strategic Management



Framework for Strategic Management Roles and Factors



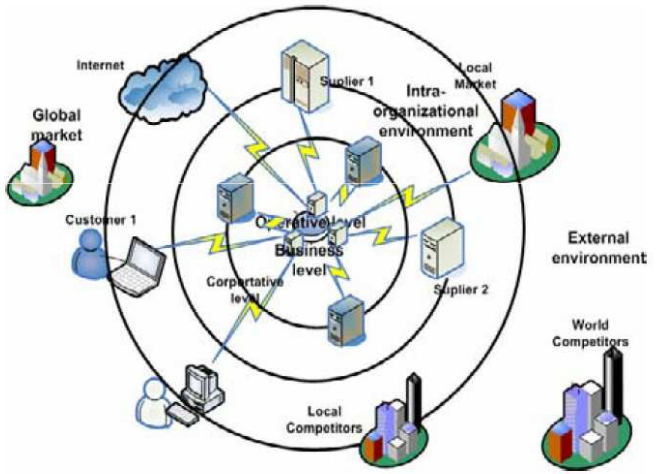
Role of Strategic Management

1. Identification of the future competitive environment
2. Identification and development of competitive strategies
3. Identification of competitive factors
4. Management of change
5. Achievement of strategic alignment

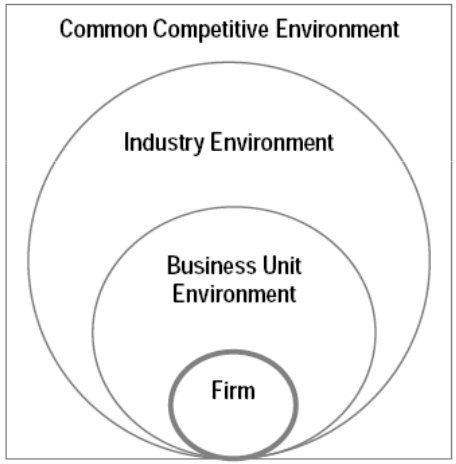
The role IT manager

Role of the IT manager	Author
Management of IT resources	Davis (1991, p. 3), Lucas (2005, p. 6), Lundeberg et al. (1995), Rodriguez et al. (1996, p. 47).
Management of IT strategies	Rodriguez et al. (1996, p. 47), Lucas (2005, p. 6).
Management of change	Lundeberg et al. (1995), Rodriguez et al. (1996, p. 47), Lucas (2005, p. 6).

Competitive Environmet



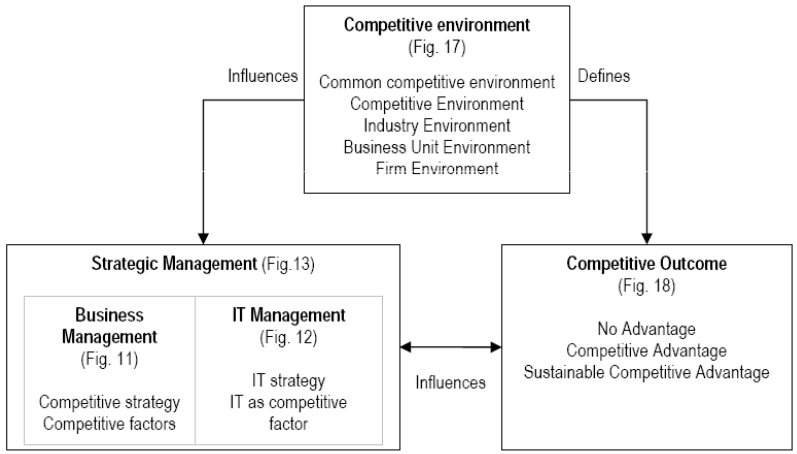
Scope of Competitive Environment



Identification of the common competitive environment (Pikethly, 2003)

1. **The identification of relevant factors: PEST Model**
2. **the identification of trends**
3. **The identification of the global environment**

Framework for Competitive Environment



Competitive Outcome

- **No Advantage**
- **Competitive Advantage**
  - Competitive advantages may also be achieved even when the results are not measured in economic terms
  - competitive advantages are also possible even when the company is notpositioned above the average industry
- **Sustainable Competitive Advantage**

Theory of Competition

- Economies of scale
- Economies of scope
- Core competence
- Resource based view theory
- Dynamic capabilities

Relation between Competitive Focus, Competitive Environment, and Competitive Factors

Competitive Focus	Competitive Environment	Competitive Factors	Competitive Outcome	Authors i.e.
Economies of Scale	Static	Lower costs	Competitive advantage	Porter (1979)
Economies of Scope	Static	Lower manufacturing cost	Competitive advantage	Kim (1987)
Core Competence	Static/ Dynamic	Core competencies	Competitive advantage	Prahalad & Hamel (1990)

Relation between Competitive Focus, Competitive Environment, and Competitive Factors

Competitive Focus	Competitive Environment	Competitive Factors	Competitive Outcome	Authors i.e.
Resource Based view Theory	Dynamic	Combination of inimitable internal factors	Sustainable competitive advantage	Barney (1986a, 1986b), Clemon & Row (1992), Eisenhardt & Martin (2000), Hall (1993), Mata (1995), Winter (1987).
Dynamic Capabilities	Dynamic	Dynamic Capabilities	Sustainable competitive advantage	Bowman (2003), Eisenhardt & Martin (2000), Teece et al. (1997).

Definitions of competitive factors

Author	Definition	Discipline
Bowman (2003)	"Strategic assets [competitive factors] are specific to the firm, and they either help the firm win business, or they assist in the delivery of products or services at lower costs than competitive firms." (Source: Bowman, 2003, p. 407)	Management Science (MS)
Lucas (2005)	"[competitive factor] it is one that enables a firm to implement strategies that increase its efficiency or effectiveness" (Source: Lucas, 2005, p. 5)	Management Information Systems (MIS)

Relation between Competitive Environment, Competitive Strategy, and Competitive Factors

Author	Competitive Environment	Competitive Strategy	Competitive Factors
Davis & Meyer (1998)	Blur Economy	Connectivity	Speed, connectivity, and intangibles. (Source: Davis & Meyer 1998, p. 5)

Author	Competitive environment	Competitive Strategy	Competitive Factors
Capodagly et al. (2001)	New Economy	Knowledge-based relationships	Business factors ,i.e. globalization, acquisitions and consolidations, alternative channels, segmentation, deregulation, and service business dominance. Technological factors ,i.e. mobile and fixed wireless; internets, intranets, extranets; IP telephony; voice, data video convergence; distributed networking. Social factors ,i.e. 24-hour consumer, self-service access and speed, individual customization, accelerated acceptance of internet, Euro currency, convergence of work and home. (Source: Capodagly et al., 2001, p. 32)
Turban et al. (2006)	Digital Economy	Digitalization	Information Technology (Source: Turban et al., 2006, p. 4)

Framework for IT as Competitive Factor

IT as Competitive Factor		
IT characteristics (Factors related to IT as factor)	**Complementaries** (Factors outside of IT)	**Competitive Impact**
Static factors	**Internalities**	**Micro effects**
IT factors Competitive factors Certainties Uncertainties	People skills Capabilities Knowledge Sharing Internal alignment Technology uses	Effects within the organization
Dynamic Factors	**Externalities**	**Macro effects**
Changes in Technology Changes in Technology prices Changes in Technology availabilities	Network externalities National infrastructure Changes in the Competitive Environment	Effects outside the organization