

Fourth Edition

# Gaining and Sustaining Competitive Advantage

Jay B. Barney  
*The Ohio State University*

PEARSON

Boston Columbus Indianapolis New York San Francisco Upper Saddle River  
Amsterdam Cape Town Dubai London Madrid Milan Munich Paris Montreal Toronto  
Delhi Mexico City Sao Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

# CONTENTS

Preface xi

## **PART I: The Logic of Strategic Analysis 1**

### **Chapter 1 Introduction: What Is Strategy? 1**

- 1.1 What Is Strategy? 3
- 1.2 The Strategic Management Process 5
- 1.3 Emergent Strategies 11
- 1.4 Summary 13 • Review Questions 14 • Endnotes 14

### **Chapter 2 Firm Performance and Competitive Advantage 15**

- 2.1 Firm Performance and Competitive Advantage 15
- 2.2 Measuring Competitive Advantage 17
- 2.3 Stakeholders' Alternatives 37
- 2.4 Summary 38 • Review Questions 39 • Endnotes 40

### **Chapter 3 Evaluating Environmental Threats 44**

- 3.1 The Structure-Conduct-Performance Model 45
- 3.2 The Five Forces Model of Environmental Threats 48
- 3.3 Applying the Five Forces Model 65
- 3.4 Another Industry Force: Complementors 69
- 3.5 Other Implications of Threats Analysis 70
- 3.6 Threats in an International Context 71
- 3.7 Summary 72 • Review Questions 72 • Endnotes 73

### **Chapter 4 Evaluating Environmental Opportunities 76**

- 4.1 Environmental Threats as Opportunities 76
- 4.2 Opportunities and Industry Structure 79
- 4.3 Strategic Groups Analysis of Environmental Threats and Opportunities 105
- 4.4 Limitations of SCP-Based Models of Environmental Threats and Opportunities 108
- 4.5 Summary 111 • Review Questions 111 • Endnotes 111

### **Chapter 5 Evaluating Firm Strengths and Weaknesses: The Resource-Based View 115**

- 5.1 Traditional Research on Firm Strengths and Weaknesses 116
- 5.2 Analyzing Organizational Strengths and Weaknesses 120

5.3 Applying the VRIO Framework 136  
5.4 Implications of the Resource-Based View 140  
5.5 Limitations of the VRIO Framework 144  
    5.6 Summary 146 • Review Questions 146 • Endnotes 146

## **PART II: Business Strategies 152**

### **Chapter 6 Cost Leadership 152**

6.1 Defining Cost Leadership 152  
6.2 The Economic Value of Cost Leadership 164  
6.3 Cost Leadership and Sustained Competitive Advantage 167  
6.4 Organizing to Implement Cost Leadership 172  
    6.5 Summary 176 • Review Questions 176 • Endnotes 177

### **Chapter 7 Product Differentiation 180**

7.1 Defining Product Differentiation 180  
7.2 Identifying Bases of Product Differentiation 187  
7.3 The Economic Value of Product Differentiation 189  
7.4 Product Differentiation and Sustained Competitive Advantage 193  
7.5 Organizing to Implement Product Differentiation 198  
7.6 Implementing Product Differentiation and Cost Leadership Strategies 210  
    7.7 Summary 213 • Review Questions 213 • Endnotes 214

### **Chapter 8 Flexibility: Real Options Analysis Under Risk and Uncertainty 216**

8.1 Introducing Risk and Uncertainty into Strategic Choices: Traditional Approaches 217  
8.2 Defining Flexibility and Options 221  
8.3 The Economic Value of Flexibility 224  
8.4 Flexibility and Sustained Competitive Advantage 239  
8.5 Organizing to Implement Flexibility 241  
    8.6 Summary 242 • Review Questions 242 • Endnotes 243

### **Chapter 9 Tacit Collusion: Cooperation to Reduce Competition 246**

9.1 The Problem of Cooperation 247  
9.2 Defining Collusion 249  
9.3 The Economic Value of Collusion 250

- 9.4 Tacit Collusion and Sustained Competitive Advantage 265
- 9.5 Organizing to Implement Tacit Collusion 266
  - 9.6 Summary 267 • Review Questions 268 • Endnotes 269

## **PART III: Corporate Strategies 271**

### **Chapter 10 Vertical Integration Strategies 271**

- 10.1 Defining Vertical Integration 271
- 10.2 The Economic Value of Vertical Integration 273
- 10.3 Vertical Integration and Sustained Competitive Advantage 287
- 10.4 Organizing to Implement Vertical Integration 292
  - 10.5 Summary 297 • Review Questions 298 • Endnotes 298

### **Chapter 11 Diversification Strategies 301**

- 11.1 Types of Corporate Diversification 301
- 11.2 The Economic Value of Corporate Diversification 303
- 11.3 Diversification And Sustained Competitive Advantage 323
  - 11.4 Summary 325 • Review Questions 326 • Endnotes 326

### **Chapter 12 Implementing Corporate Diversification 332**

- 12.1 Agency Costs 332
- 12.2 Organizational Structure 336
- 12.3 Management Control Systems 347
- 12.4 Compensation Policies 357
  - 12.5 Summary 358 • Review Questions 359 • Endnotes 359

### **Chapter 13 Strategic Alliances 363**

- 13.1 Types of Strategic Alliances 363
- 13.2 The Economic Value of Strategic Alliances 364
- 13.3 Strategic Alliances and Sustained Competitive Advantage 376
- 13.4 Organizing for Strategic Alliances 379
  - 13.5 Summary 385 • Review Questions 385 • Endnotes 386

### **Chapter 14 Merger and Acquisition Strategies 391**

- 14.1 The Value of Merger and Acquisition Strategies 391
- 14.2 Mergers and Acquisitions and Sustained Competitive Advantage 401
- 14.3 Organizing to Implement a Merger or Acquisition 414
  - 14.4 Summary 415 • Review Questions 416 • Endnotes 417

**Chapter 15 International Strategies 419**

15.1 The Value of International Strategies 420

15.2 International Strategies and Sustained Competitive Advantage 437

15.3 The Organization of International Strategies 440

15.4 Summary 446 • Review Questions 446 • Endnotes 447

*Bibliography* 450

*Index* 481