

*Competence-based Competition*, edited by GARY HAMEL and AIME HEENE, John Wiley and Sons (1994), 328 pp., £21.95.

This book explores the concept of 'core competence' popularized by Gary Hamel and C.K. Prahalad in their *Harvard Business Review* article 'The core competence of the corporation', May-June 1990. It comprises 12 of the 24 papers that were presented at a Strategic Management Society workshop of leading academics, business people and consultants held in November 1992 on the subject. According to the editors, review criteria for inclusion in this volume included coherence, clusterability, academic soundness, pragmatism and managerial relevance.

A notable feature of the post-conference editing is that all authors were requested to line up with common definitions and typologies, thereby avoiding to some extent a common fault in many publications resulting from conferences and workshops, namely a lack of conceptual coherence. The papers are well-chosen and range from theoretically oriented papers to ones exploring practical applications but all are written in an easy to read style. Even so it is worth reading the foreword to the book by Richard Rumelt and the editors' introductions to the different sections in order to understand the structure of the book.

The book is divided into three sections. The first attempts to define 'core competence' and related concepts and for those unfamiliar with the core competence approach to strategic management, Gary Hamel's paper provides an excellent introduction. However, as the various papers show there is still no universally accepted definition of the concept and, in spite of the attempts at standardization, practically all the papers differ in their interpretation. As Hamel states in his opening sentence 'the competence perspective on the firm is still too underdeveloped to permit a single, tight definition'.

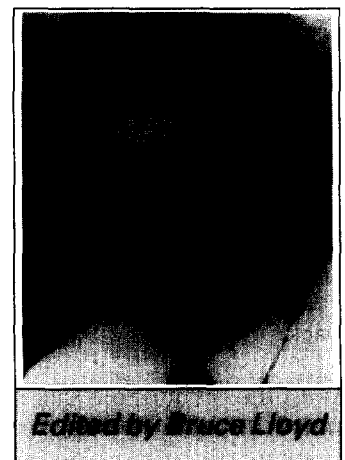
There is also no agreement on the roots of core competences. As De Leo asks in his paper, 'How far back do you need to go in the causality chain?'. He argues that corporate style logically precedes the development of core competences and product/market competition. On the other hand, Bogaert, Martens and Van Cauwenbergh argue that firm resources, whether in the form of assets or skills, lie at the head of a causal chain leading to collective learning.

The two papers in the second section both attempt to explain the link between the core competence concept

and competitive advantage although they take quite different approaches. Verdin and Williamson compared survival rates of independent start-ups with corporate affiliates and they found that corporate affiliates were 50% more likely to survive. They attribute this result to the core competences accumulated in the corporate group and they see core competences as facilitating the asset accumulation processes which they believe lie at the root of competitive advantage. On the other hand, Bogner and Thomas compare case studies of companies in the pharmaceutical industry and argue that competitive advantage derives from continuous learning processes.

The papers in the third section are more practically oriented and address two questions of concern to practitioners: How do we identify the core competence of the company and of competitors? How do we develop core competence and link the acquisition and the development of core competence to processes of organizational learning? It is not clear why the editors did not divide the section into two parts corresponding to the two questions and the papers in this third section are the less integrated of all. However, the section probably contains some of the most useful and interesting papers in the book, even if the theoretical basis is less well founded.

The first three papers describe different methods of comparing firms. Richard Hall develops a taxonomy of intangible resources and capabilities which allows profiles of different firms to be compared. Richard Klavans presents two methods of comparing firms based on bibliometric analysis of patents and scientific papers and psycho-linguistic analysis of public state-



ments. Klein and Hiscocks describe how firms can be compared by analysing their skills base.

The remaining papers attempt to answer the second question, 'How do we develop core competence and link the acquisition and the development of core competence to processes of organizational learning?'. Hel-leloid and Simonin describe different methods used by firms to acquire knowledge and argue that each method has different organizational implications. Turner and Crawford suggest that a crucial factor in successful competition is not only the competences to manage current operations but also the competences to recognize and implement changes. Beverly Winterscheid focuses on individuals' perceptions of competence and how these may enhance or inhibit development of new competences.

The final paper by Chiesa and Barbeschi departs somewhat from the organizational learning focus of the other papers but provides a useful attempt to link technology strategy to business strategy in a competence-based approach.

Although all the papers in the book are well written, one is left agreeing wholeheartedly with the editors in saying that 'much theoretical and empirical work still needs to be undertaken in order to develop theories of corporate strategy to a level where they can really support and sustain the ideas and paradigms incorporated in the core competence approach'. The editors' frequent claims that this represents a new paradigm in strategic management may also be a source of dispute for many researchers and practitioners.

Nevertheless, the book is highly recommended to those interested in the latest thinking on the core competence approach to strategic management. One might wish for a more extensive commentary and introduction to the sections but the editors achieve their aims admirably. They describe the purpose of the book as an invitation to academics, business people and consultants to engage in the debate on the core competence approach and all groups should find something of interest in the book, even if they do not always agree with the authors.

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*Investing in Information Technology: Managing the Decision Making Process*, GEOFF HOGGIN and DAVID V. THOMAS, McGraw-Hill (1994), 255 pp., £24.95 (hard-back).

With the pivotal role that information technology (IT) plays in many businesses, coupled with top management concerns about the return on their investment

in IT, the need for a book that can offer guidance on this topic is to be welcomed. The problem that many are grappling with is summarized succinctly in two sentences in the book's first chapter.

Many of the potential applications of new technology can be hard to cost-justify. They appear to promise sound benefits, but their quantification remains elusive.

The book goes a long way to addressing this issue, but also puts the IT investment decision into a much wider context. It is another in the IBM McGraw-Hill series, and like many of the others, is written by two members of IBM's Consulting Group and draws heavily on years of practical experience. Although there are detailed descriptions of some of the tools and techniques used by IBM consultants, the authors also draw on wide range of relevant published material.

The book is divided into two parts. The first part looks at the wider context, while the second part concentrates on the practical processes of IT investment decision-making, considered in five stages.

Topics covered in the first part of the book include:

- The relationship of IT to business planning and implementation.
- The measurement of overall IT performance, rather than just on a project basis.
- Alignment of IT with organizational objectives.
- Competitive strategies achievable through IT.
- Architectures and development methods.

Each topic is covered in a single chapter and although dealt with in an overview fashion, does bring out the key concepts and summarises key findings from published literature. Coverage is also wider than the themes above might suggest. For example, chapter 2 on planning looks at business planning, the IS department's strategic planning, operational planning and resource planning. Similarly, chapter 4 describes a complete project life cycle from pre-phase 0 (initial proposal) through to review and audit. The reader is offered many lists of factors that should be considered or of process steps that are recommended by experts. For example, in terms of measuring the information systems functional performance within the enterprise, IBM's information processing indices are outlined in four categories:

1. IT's Contribution to the business.
2. Information systems resources, e.g. head-count and expense.
3. IS functional performance, e.g. productivity, service quality.
4. IS health, e.g. alignment, change excellence.