Relations industrielles
Industrial Relations

Restructuring Strategy: New Networks and Industry Challenges, edited by Karel O. Cool, James E. Henderson and René Abate, Malden, MA: Blackwell, 2005, 299 pp., ISBN: 1-4051-2601-9.

Anthony Gould

Volume 61, numéro 4, automne 2006

Pistes de renouveau syndical : défis et enjeux
Paths to Union Renewal: Challenges and Issues

URI : https://id.erudit.org/iderudit/014775ar
DOI : https://doi.org/10.7202/014775ar

Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (imprimé)
1703-8138 (numérique)

Citer ce compte rendu

Gould, A. (2006). Compte rendu de [*Restructuring Strategy: New Networks and Industry Challenges*, edited by Karel O. Cool, James E. Henderson and René Abate, Malden, MA: Blackwell, 2005, 299 pp., ISBN: 1-4051-2601-9.] *Relations industrielles / Industrial Relations*, *61*(4), 753–755. https://doi.org/10.7202/014775ar

the low-cost business model, private equity funds and mutual funds are producing a social environment which is more favourable to defined contribution pension plans and group registered retirement saving plans. The ideal that "pension law should reflect a balancing of competing interests (…) and protect vulnerable groups such as employees and pensioners" (p. 8) may be harder to secure in this context. Some unions seem to respond to this challenge by favouring collective investment vehicles like unions' DC pension plans and labour-sponsored funds. It is not clear however to what extent this kind of social innovation may complement institutional reforms of Pension law in order to avoid poverty for current and future pensioners.

Frédéric Hanin
Université Laval

Restructuring Strategy: New Networks and Industry Challenges,
edited by Karel O. Cool, James E. Henderson and René Abate, Malden, MA: Blackwell, 2005, 299 pp., ISBN: 1-4051-2601-9.

This book is about corporate strategy. Its thesis is that influences external to a firm create a need for planning. The first chapter identifies relevant environmental change-factors as: globalization, the impact of technology, regulatory amendments and shifting consumer preferences. The book is different in its emphasis to some others addressing strategy. The authors do not stress the importance of firm or industry survival. Rather, they suggest that external events will inevitably make an industry alter and ultimately lead to its disappearance. Managers should respond by crafting an approach using generic, and sometimes counterintuitive, principles. The authors coin the term "*restructuring strategy*" to describe this process. The goal of such planning should not necessarily be to retain a firm or industry as intact and viable but rather to prepare it to transform. Hence, in chapter one, the notion of "*experimenting with change*" is linked to either of two outcomes: "*convergence to a new industry*" or a "*shift back to the status quo*."

The book has three sections. In the first, a relational-based view of the firm guides discussion of how, within a sector, strategic alliances can assist to secure overall prosperity. The argument advanced is that there can be commercial value in altruistic behaviour. In particular, when firms cooperate to preserve collective knowledge and assets through cultivating intra-industry networks they, as single entities, may also benefit. This case is demonstrated through analyzing companies that *prima-facie* seem to have little in common.

Part two of the book departs slightly in its format from parts one and three however the insights it offers draw on previously delineated principles. The focus is on identifying planning options during times of external change. Hence, environmental flux rather than a particular corporate strategy is the object of analysis. It is argued that when circumstances change, staying on an established course, consolidating strengths, and limiting growth is better than hurriedly altering. Examples are provided of firms benefiting through applying this approach in the face of a changing environment. In another chapter, mathematical modelling is used to predict the optimal time for new market entry. The discussion here is based on an algorithm. It is complex and de-contextualized. Some of the formula's variables may, in practice, be difficult to measure and are somewhat abstract. The approach is theoretically relevant but may have more limited appeal than the book overall. Another message concerning changing external circumstances focuses on how technology and enhanced product-development capabilities interact when a firm is new in a market versus when it is an incumbent. It is argued that new firms have an initial advantage with technology but incumbents are more competitive in the longer term.

The third section of the book is nominally about corporate governance. However, its substance addresses management judgment, entrepreneurial behaviour, and autonomous decision-making. It argues against an overemphasis on rigid application of accountability principles. Refreshingly, the book suggests that competitive advantage during industry restructuring is mostly derived from what mangers do; not necessarily a firm's assets. In the discussion, the resource-based view of the firm is augmented by the notion of management "cleverness" as the basis for competitive advantage.

An attractive feature of this publication is its structure. Each section deals with a different set of conceptually related issues. Within a section, chapters typically illustrate how adoption of a certain strategy can bestow advantage. A subsequent chapter in the same section will show how embracing a similar or analogous approach has conferred benefit in another industry. One result of this format is that the object of analysis, the strategy, is kept central to the narrative. Consistent with this, examples are used judiciously; in a way that supports the point being made and does not obscure the argument. Another consequence of a one section/one message arrangement is that strategies are established as generic or higher-order in nature. For example, the first four substantive chapters are about forming networks within an industry and the last four are about corporate governance. Such high-level delineation of strategies makes the book practical. The format gives readers confidence and scope to find or adapt a generic approach within a context of understanding the forces shaping industry restructuring. In this sense, the authors indicate a link between a particular management priority and numerous possibilities for enhanced corporate outcomes.

Another of the book's strengths is that it is iconoclastic. For example, it: discusses the advantages of cooperative behaviour amongst rival firms; argues that firms often need less emphasis on corporate governance; and, discusses the benefits of not rushing to reconfigure in the face of external change. These narratives are persuasive. The case studies which supplement them are appropriate and well researched. Material presented may broaden the scope of strategy considerations and ignite debates about issues that we mostly assume are resolved.

I consider that the book has two minor and associated limitations. First, its focus and level of technical complexity changes a great deal from chapter to chapter. Some ideas, for example those dealing with corporate governance, are presented through a straightforward argument and a case study to address principle implementation. Such material is intuitive and easy to read. It would benefit mangers with strategy formulation responsibilities and academics. Elsewhere, for example in chapters where empirical results are being used, some points are less understandable, more obscured by jargon, and require that readers have advanced training. The second criticism, also minor in the context of what the book has to offer, is that certain discussions reduce a rather complex phenomenon to a formula. This is not a condemnation *per se*. Statistical modelling of relationships may be important in an all-other-things-being-equal context. The problem is in practice. The book's appeal would be broadened if its ideas were more robust against assumption violation, and not completely reliant on quantitative measurement of a limited range of variables. Once again, chapter seven is an example of this. I read it several times to grasp its message. Its mathematical underpinnings are clever and elegant but left me with answered questions.

The book is replete with excellent analysis of firm planning decisions. It draws insightful overarching conclusions. It is generally clear. Claims made are conservative in that they do not overinfer from data but mostly interesting because they challenge some preconceptions. They are based on results obtained using multiple methods, sophisticated and appropriate analysis and sound interpretation. The book broadens the field of corporate strategy to include consideration of a temporal context; through time, industries emerge, evolve and disappear.

Anthony Gould
Université Laval