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**Positioning Versus Resource-Based Approaches as Competitive
Strategy: an Empirical Study of the HSBC Group, 1945 – 2002**

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Abstract

The positioning approach and the resource-based approach are two different schools of thought on how an organisation can achieve success in a competitive business environment. They have been at odds with one another regarding the magnitude and persistence of the effects of internal resources of the organisation. The positioning approach places most emphasis on adapting an organisation to its industry, while the resource-based approach places most emphasis on adapting the industry to an organisation. Which one – the positioning or the resourced-based approaches – is the best way for an organisation to manage its strategy remains unresolved, despite this is one of the fundamental issues in the study of strategy. This study reviewed the evolution of the HSBC Group from a local bank in Hong Kong at the end of the Second World War to a global multinational enterprise at the end of last Century, and attempted to find out which of the above schools of thought fits its strategy most. This study found that its relationship with the then Colonial government in Hong Kong had helped it to secure a quasi-monopolistic position in the banking industry of Hong Kong, and had enabled it to earn above-industry economic rents in the blooming economy of Hong Kong in the 1960s and 1970s. In the early 1980s, in anticipating the loss of such advantageous position as a result of the sovereignty change in Hong Kong in 1997, the HSBC Group adopted an ambitious diversification strategy by extending its banking activities to other parts of the world. This study noted that the competencies and capabilities nurtured by the Group have helped it to overcome the usual problems associated with managing overseas acquisitions. This study further found that some of the competencies and capabilities of the Group have been existed since the early years at its formation, and its abilities to preserve, develop and modernise them played an important part in the success of the HSBC Group. Moreover, this study further found that the ability of the HSBC Group to utilise these competencies and capabilities in managing the external industry structure has played a vital part in its success. The success of the HSBC Group thus provides an empirical example to support the resource-based approach to manage strategy. It further suggests that the best way for an organisation to manage strategy is to nurture internal resources, and then apply them to cater for external competitive environment.

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CONTENTS

Title Page	i
Abstract	ii
Acknowledgments	iii
Contents	iv
List of Figures	vi
List of Tables	vii
Chapter 1	INTRODUCTION 1
	Background and Significance of the Study
	Why the HSBC Group is Chosen for the Study?
	Limitation of the Study
	Summary of all Chapters
Chapter 2	LITERATURE REVIEW 14
	Positioning Approach
	Resource-Based Approach
	Research Questions and Hypotheses
	Chapter Summary
Chapter 3	METHODOLOGY 30
	Methodological Framework
	Research Philosophy
	Research Approach
	Research Strategy
	Data Collection Methods

Chapter 4	CHRONOLOGICAL DEVELOPMENT OF THE HSBC GROUP	45
	Introduction	
	First Period (1945-1980)	
	Second Period (1980-2000)	
	Chapter Summary	
Chapter 5	DISCUSSIONS	58
	Industry Structure Surrounding the HSBC Group	
	Competencies and Capabilities in Early Years	
	Competencies and Capabilities to Tackle Acquisitions and as a Multinational Corporation	
	Chapter Summary	
Chapter 6	EPILOGUE	95
	Future of the HSBC Group	
	Concluding Remarks	
Bibliography	100
 Appendices		
Appendix I	Relationships between the Headquarter of the HSBC Group and its Subsidiaries HSBC Group	
Appendix II	Check-list in Conducting Interviews on Middle-Level Managers of the HSBC Group	
Appendix III	Questionnaire to Shareholders and Customers of the HSBC Group	

List of Figures

Figure 1.1 Return on Equity (ROE) for Years 1998-2002 of the HSBC Group against its Competitors	7
Figure 1.2 Return on Assets (ROA) for Years 1998-2002 of the HSBC Group against its Competitors	8
Figure 1.3 Growth in Dividend (GDIV) for Years 1999-2002 of the HSBC Group against its Competitors	8
Figure 1.4 Growth in Total Net Assets (GTNA) for Years 1999-2002 of the HSBC Group against its Competitors	8
Figure 1.5 Share Prices of the HSBC Group from 1980 to 2002	9
Figure 2.1 Porter's Five forces Framework	16
Figure 2.2 Porter's Idea of Productivity Frontier	25
Figure 4.1 Geographical Distribution of Profits of the HSBC Group as at 31 December 1979	48
Figure 4.2 Geographical Distribution of Profits of the HSBC Group as at 31 December 2002	49

List of Tables

Table 1.1 Principal Subsidiaries of the HSBC Group	6
Table 2.1 Porter's Generic Strategies	17
Table 2.2 Barney's VRIO Framework.....	24
Table 3.1 Summary of Methodological Framework Adopted for this Study	30
Table 3.2 Demographic Details of the Sample Respondents.....	40
Table 3.3 Length at which the Respondents Have Held the HSBC Group's Shares..	41
Table 3.4 Reasons of the Respondents for Holding the HSBC Group's Shares	41
Table 3.5 Degree of Satisfaction of the Respondents with the Skill of the Top Management	42
Table 3.6 Degree of Satisfaction of the Respondents with the Overseas Diversification Strategy of the HSBC Group	42
Table 3.7 Types of Banking Services Required by the Respondents from the HSBC Group	43
Table 3.8 Reasons for Choosing Banking Services from the HSBC Group by the Respondents	43
Table 3.9 Principal Banker of the Employer of the Respondents	44
Table 5.1 Profits, Deposits and Advances of the HSBC Group from 1960 to 1980..	68