

# FOUNDATION DAY

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## DIES NATALIS

*Foundation day speech and laudations*

Diesrede en laudatio's eredoctoraten

*doctores honoris causa, eightieth foundation day*

tachtigste dies natalis

*Erasmus University Rotterdam*

Erasmus Universiteit Rotterdam

The logo features a stylized, handwritten-style script of the word "Erasmus" in black ink. The 'E' is large and loops around the 'r'. The 's' at the end is long and sweeping.

ERASMUS UNIVERSITEIT ROTTERDAM

# Laudatio

## Doctorate Honoris Causa

### Professor Dr M.E. Porter

*Delivered by honorary promotor Prof.dr. F.A.J. van den Bosch  
Department of Strategic Management and Business Environment of the Faculty  
of Business Administration/Rotterdam School of Management*

With great pleasure I accept the task assigned to me by the rector magnificus.

The Faculty of Business Administration - or the Rotterdam School of Management as we are known abroad - has proposed to our University Michael Porter be awarded an honorary doctorate.

Michael Porter has made an outstanding and integrative scientific contribution to the field of Business Administration in general and Strategic Management in particular. His contributions relate especially to Competitive Strategy in Industries, Competitive Advantage of Firms, Global Competition and the Competitive Advantage of Nations.

Our Faculty added to these reasons the substantial impact Michael Porter has both on the development of the discipline of Business Administration and the business community and on governments. Michael Porter is not only an outstanding and very productive scientist, but has the capability to communicate the acquired knowledge to practice as well.

Let me now explain these reasons and make them somewhat more understandable for this occasion. I will do that from my own observations of the fields involved.

First, I will make some remarks about the object of research of Business Administration and Strategy. Secondly, I will elaborate somewhat about the

different levels of analysis to look at our object of research. With the aid of these levels of analysis I can position the work of Michael Porter. Thirdly, I will make some remarks on the methodology of his research design. Finally, I will make an observation of the interesting mix of capabilities of Porter.

Let me start with a description of the object of research in the discipline of Business Administration and in the Strategy field. Business Administration deals with organizations in their environments from a managerial perspective. And Strategy is the act of aligning an organization and its environment. The reasons why firms or organizations succeed or fail are considered as one of the central questions in Strategy. In his work he stresses that a sustainable competitive advantage may reside as much in the environment as in the individual organization itself, in the form of capabilities, resources, skills and organizational routines. An important aspect of his scientific contributions is the emphasis on both the influence of the business environment on firms and the influence firms can exercise on their own environments.

Michael Porter has used a variety of levels of analysis to look at this interplay between firms and their environments. In 1980, in his book "Competitive Strategy", he gave the analysis and management of the industry environment substance for the first time by, among other things, his very well known Five Forces Framework. He made clear that successful competitive strategy should be based on a well-developed understanding of the structure of the industry involved and how this structure changes. Five years later he published his book "Competitive Advantage", presenting a framework for understanding a firm's sources of competitive advantage and indicating how these sources could be enhanced. This second book focuses more on the level of the firm and showed that competitive advantage grows out of the way firms organize and perform activities. He introduced the concepts of value chain and value system. In the book "Competition in Global Industries", which he edited in 1986, he contributed to our understanding of management at the global level of analysis. He proposed that two dimensions, global configuration and global coordination, play a key role in global strategy.

Having spent most of his research work on firms and industries, he, as he himself noticed, "somewhat reluctantly" posed the question what the national environment can contribute to the international competitiveness of industries and firms. He published his findings in 1990 in the book "Competitive Advantage of Nations". He proposed an interactive four determinant explanatory framework. This framework highlighted the

national attributes that foster competitive advantage in particular industries and he described what the implications were for firms and government as well. The enormous amount of applications of this framework, for example in the Netherlands and in the EC, indicates the usefulness of it in practice.

Having given this short overview of Michael Porter's contributions at the industry, firm, global and national level of analysis, I will now make a few remarks about his research design. Although Porter has contributed many articles based on deductive models to very learned journals, in the books I mentioned he instead prefers inductively based frameworks. This approach to theory building has had the most beneficial effects on the advancement of both our knowledge and the practice of Strategic Management. Porter stresses that his frameworks have to identify "the relevant variables and the questions which the user must answer in order to develop conclusions tailored to a particular industry and company". A second aspect of his research methodology, or more broadly, his research approach, I find especially challenging for Management Education at the University level in general and for our School in particular. I am referring to the fact that important parts of his work are based on an integration of his research with his teaching responsibilities. In all the prefaces of his books he especially mentions the contributions of his students and PhD researchers in the empirical work and for stimulating his thinking.

In summary Michael Porter masters at least three capabilities that are important for our emerging discipline. One, as one of the shapers of the strategy field, being an excellent academic, both in researching and writing, two, being a very inspiring teacher, and three, being a world renown adviser to business and government.

The combination of these three capabilities in one scientist is so unique that the Erasmus University Rotterdam with very great pleasure accepted the proposal of my Faculty of Business Administration to award Michael Porter an honorary degree.