

Review on the Theory of Parenting Advantage

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Abstract: The concept of parenting advantage provides a clear framework and guiding principles for decision-making at the enterprise level, including enterprise portfolio management and enterprise organization. Since its introduction in the mid-1990s, the concept has quickly been adopted by many standard textbooks on strategic management and is part of most business school curricula. In this paper, we examine the influence of the concept of maturation dominance through a systematic analysis of existing literature. Our analysis shows that this concept is widely accepted in qualitative research and is widely applied to enterprise funds, enterprise tasks, specific industries and business environments. Finally, we have drafted a future research agenda that advances the parenting advantage as an effective concept for enterprise-level strategy.

1. Introduction

In the mid-1990s, Goold, Campbell and Alexander introduced the concept of parenting advantage as a guiding principle for corporate strategic decision-making, including corporate portfolio management and corporate organization. They assume that companies should strive to gain the advantage of being the best owner of a business in a company's portfolio, or sell the business to a better owner at a good, fair price. The basic principle and key premise of the concept of parenting advantage are widely accepted in the study of enterprise strategy. We systematically reviewed the existing literature on the parenting advantage and found that more than 30 papers have been published in well-known strategic management journals since their introduction.

In addition, the concept of parenting advantage was quickly adopted by many standard textbooks on strategic management and became part of the curriculum of many international business schools. After reviewing the relevant literature, we find that strategic management scholars have not fundamentally criticized the advantages of mother cooperation, nor have they discussed the concept from the most extensive and advanced perspectives. Our team review, classification, and systematically evaluated the existing literature about mother and advantage, and the revelation of the existing research on, finally it is concluded that the future research direction and the structure of the paper is as follows: an overview of the mother and advantages and its major premise, the concept of system of literature review and in-depth discussion of related literature, finally put forward the proposal and the future research direction is put forward.

2. The concept of the parenting advantage

The theory of parenting advantage was put forward in 1994 by Harvard University professors goold and Campbell et al., who called parenting advantage the advantage that diversified companies create value by virtue of the influence of parent organization on various businesses or create more value than competitors. The parent company is the core of the strategic decision-making of an enterprise group. The creation of the parent company's parent-enterprise advantages mainly depends on whether the parent company's skills and resources are in line with the needs of the business unit. Only by matching the two can the parent company support the business unit to create more value. The concept of parenting advantage can be understood from the following aspects: (1) The nature of parenting advantage is relative to competitors; (2) The formation and nature of matrixes are also influenced by external circumstances and trends; (3) Parenting advantage is more manifested in the

parent company's ability to deal with "fit opportunities".

Such connotation determines that the parent company needs to form a highly tacit or matching relationship with its business subsidiaries to seek improvement opportunities, so as to achieve value creation. Based on this premise, this theory wants to solve the two major questions of strategic decision-making at the company level. One is how the company invests resources into what industries; the other is how the parent company influences its subsidiaries and handles the relationship with them. In general, the parent company that succeeds in value creation tends to have unique characteristics that are particularly beneficial to its business, such as mind maps, structures, systems, processes, resources, people, and skills; There are opportunities to improve business performance in their business portfolios and to focus on some opportunities on that basis, while passing up or ignoring others; It does not possess the characteristics of the parent company that are not compatible with its business and thus lead to value destruction. The parenting advantage is aimed at the value creation and management of multi-business companies, which leads the management thinking to a logical level again, that is, the characteristics and advantages of the mother enterprise are indispensable, and the parenting advantage provides a logic for managers to create and maintain the value of contemporary enterprises.

3. Application of the concept of parenting advantage

3.1 Application to company functions and tasks

Many publications further refine the concept of parenting advantage by applying it to specific corporate functions and tasks, including corporate planning, corporate portfolio analysis, collaborative management, organizational design, and corporate social responsibility.

Campbell (1999) applied the concept of mother advantage to enterprise planning (Campbell, 1999). He claims that the planning process creates unique, company-specific advantages for the parent company based on its characteristics, strengths and resources. Processes should be customized to the specific needs of the business, rather than being built based on best practice examples. If there is a wrong outline in the planning process, there is a risk that the parent company will waste time and money (for example, inefficient communication, feedback loop: Alexander, Campbell, and Goold, 1995), send wrong signals (for example, inadequate goal setting), or provide poor advice.

Sadtler (1999) complements the more traditional corporate portfolio analysis method by using the concept of "mother bond advantage" (Sadtler, 1999). He claims that the two questions of the most mature portfolio framework (1) is this an attractive industry? (2) are we competitive? Not enough to know if the business can be expected to perform well. Sadtler (1999) believes that the enterprise environment must also take into account the third question: do we have the right parent company? The different combinations of answers to these three questions lead to different meanings and roles of business in a company's portfolio.

Goold and Campbell(1998) further operated the linkage influence lever of enterprise value creation and associated it with broader collaborative management research (Goold and Campbell,1998).It explains why the coordinated action did not meet the expectations of the management department: (1) the cooperative bias, (2) the mother cooperation bias, (3) the skill bias, and (4) the upward bias. They found that management often set strategic goals too high, interfered too much in business realization, overestimated their capabilities and failed to reflect key risks.

An earlier study by Baiman, Larcker, and Rajan (1995) found empirical evidence that parenting advantages are related to organizational structure decisions: the task expertise of the parent company relative to the enterprise is the main determinant of task allocation and organizational structure design (Baiman, Larcker, and Rajan, 1995).

Finally, the concept of parenting advantage is applied to more specialized enterprise tasks. (Cramer, Kim, and Erik, 2004) analyze enterprise value creation from the perspective of enterprise social resources by taking advantage of the mother company. In a sample of responsibility procedures from Dutch companies, they found evidence that CSR activities can be a source of parenting advantage, and that all four levers of enterprise value creation can be used as corporate

mechanisms to benefit from these initiatives.

3.2 Application in industry and business environment

Other studies seek to further enrich the concept of parenting advantage by applying it to specific industries (such as construction, fashion and luxury) or business environments (such as spin-offs, emerging markets and multi-tier management structures).

Owen and Harrison (1995) discussed the historical growth environment and impact of the mismatch between the characteristics of a firm's parent company and the key needs of an individual firm. By outlining an inevitably large fragmented and diversified company, they detail how different businesses need unique corporate partnerships to operate effectively, gain competitive advantage, and maximize enterprise value. They concluded that the parenting advantage skills developed at one stage of industry development might become less important to the affected companies at the next. Therefore, business managers should respond in a timely manner, carry out appropriate activities, develop new parent-partner skills policies, focus on core business, or change the structure of the corporate interest rate portfolio.

Junnonen (1998) focuses on the strategic development of construction enterprises and calls for the concept of parenting advantage as a guideline for enterprise portal selection and corporate parent organization design (Junnonen, 1998). In this industry, clear organizational structure and clear assignment of tasks, as well as the division of responsibilities between corporate units (corporate parent and business unit) based on a good understanding of the advantages of parent-parent relationships, are very important.

Moore and Birtwistle (2005) studied the application and nature of parenting advantage in luxury fashion retail (Moore and Birtwistle, 2005). Through a ten-year longitudinal study of gucci group's brand management strategy, resource investment and business development activities, they found that (1) the transfer of brand skills and (2) the cultivation of synergies within the group are the main dimensions of gucci's integrated advantages. Both are considered the primary drivers. It transformed itself from a company on the verge of bankruptcy into one of the world's largest luxury goods groups.

Mishra and Akbar (2007) extend the concept of mother advantage to the context of emerging markets and business group structures (Mishra and Akbar, 2007). They found that the four basic sources of enterprise value creation are equally applicable to firms within a conglomerate as they are to independent firms. Of particular importance in the emerging market environment are the benefits of reputation and socio-political influence, economies of scale from the concentration of certain functions, synergies from resource coordination opportunities, and corporate development activities (portfolio management).

Another application of the concept of parenting advantage involves a shift from a two-tier management structure (corporate parent and single unit) to a multi-tier management structure (Goold and Campbell 2002b). The more complex the underlying organizational structure, the more complex and specific the assignment of tasks and responsibilities. As a result, the traditional concept of matching educational features with business needs is vague and the role of focus and the parent company of value creation are not obvious. (3) the control process is more complex and complex; (4) organizational Settings require constant fine-tuning. By eliminating the obvious differences between the two main organizational factors, parenting advantage activities are established at more than one organizational level.

The concept of parental dominance remains the same. Therefore, the question of optimal ownership remains important, each level of management should still have unique and complementary responsibilities, and the role of the parent company remains crucial in designing and managing an effective interdependent organizational structure.

To sum up, the qualitative application of the concept of parenting advantage in industrial and commercial environments is broad and versatile. However, all publications consider their articles to be related to the real world, but do not empirically test them..

4. Seeking the advantages of maternalization and the prospect of future research

4.1 Recommendation

(1) Value creation insights

According to Goodell, Campbell and Alexander in their book *Strategy at the Company Level*, "the general expression of value-creating insights can be: for certain types of business, the parent company can achieve value creation through value-creating influence or activities; Value creation insights not only identify which businesses the parent company can create value for, but also identify ways to achieve value creation. Success is the most fundamental common ground between the parent company, their company strategy based on value creation based on their insights, these insights for the company value creation all decision-making and provides the basis for decisions on business portfolio have clear and powerful vision is to be able to realize value creation mother and advantages of the company and do not have the fundamental difference between this kind of advantage.

(2) Unique maturation characteristics

The parenting advantage lie more in parenting advantage features than in value-creating insights. parenting advantage features provide the means needed to implement value-creating insights. Even if the parent company does not have much in common with its competitors in terms of value creation insights, the parent company can still gain the advantages of the parent company as long as it has the unique characteristics of excellent execution. In general, the characteristics of corporate amalgamation consist of the following aspects: (1) the mental map of the parent company. The management of the parent company often has its own rules of thumb and mental models, which exert varying degrees of influence on the planning and implementation of corporate strategies by the managers of the parent company. (2) structure, system and process of the parent company. The structure, system and process of the parent company are the mechanism by which the parent company creates value. These mechanisms determine how the parent company controls and coordinates the activities of each business unit and staff. (3) Intelligent department, service department and resources of the headquarters. (4) people and skills. The value creation of the parent company is often due to the fact that it has certain employees with specific expertise or characteristics. (5) Degree of decentralization. The degree of decentralization determines the matters that the parent company can influence on the business unit and the matters that the business unit can be authorized to manage by itself.

(3) Core business selection and definition

When a successful parent company develops its own diversification strategy through business development. They all have their own standards in choosing their business combinations, and these successful parent-partner companies use the standards based on a deep understanding of their parent-partner characteristics, and clearly point out the businesses that should be consistent with their parent-partner characteristics, and take this as the center to build their business combinations and develop the diversification strategy of the parent company.

4.2 Future research prospects

(1) Relevance and application

Our review of the available literature clearly shows that there are inadequacies in the empirical evidence for the presupposition of the concept of mate-partner dominance. Therefore, future efforts should focus on analyzing the perceived relevance of concepts, their current use in management practices, and their actual participation in portfolio and policy decisions. This paper studies the impact of the implementation of parent-partner strategy on corporate performance and firm-specific characteristics (size, market economy and port structure). In terms of relevance, for example, how important are the principles and means of parenting advantage from the perspective of business managers? To what extent is the concept of parenting advantage actually used to manage a corporate portfolio? For example, how do business managers measure their specific behavioral strengths (qualitative and quantitative assessment)? What are the key obstacles to the wider and more effective application of the concept of match-advantage?

(2) The formulation of parenting advantage strategy

It is far from enough to rely on guidance and publicity alone. We should improve regulatory bodies, increase regulatory input, refine regulatory measures for environmental pollution and ecological damage, and improve the reward and punishment system. The contents and methods of disclosure can be regulated and guided, and relevant information can be required to be disclosed by heavy polluting industries such as steel enterprises. Strengthen environmental legislation, inform and educate enterprises that do not comply with environmental regulations, and make them deeply realize the importance and necessity of environmental protection. At the same time, enterprises with positive environmental policies and high level of environmental disclosure will be rewarded with reputation, which can promote consumers' attention.

(3) Empirical study

The qualitative application of the concept of match-advantage in industrial and commercial environments is broad and versatile. However, most of the publications that describe their articles as relevant to the real world do not empirically test them.

5. Conclusion

The mastership advantage is aimed at the value creation and management of multi-business companies, and it leads the management thinking to the logical level again, that is, the characteristic advantage of the mastership enterprise is indispensable, and the mastership advantage provides logic for managers to create and maintain the contemporary enterprise value. Mother close advantages in all aspects of the integrated enterprise internal factors, such as the parent company, business characteristics, the nature of the rivals, as well as the trends and future scenarios, etc., these factors constitute the mother and the basis of decision-making and the business combination, can help achieve a female parent company advantages in development and management of multiple business units within the company. Parenting advantage especially emphasizes the high degree of fit between the characteristics of the parent company and the characteristics of the business, which can promote the implementation and success of the company's diversified business expansion strategy, so as to truly create value. A systematic review, classification and evaluation of the available literature on the advantages of matings are a necessary first step to better illustrate the gaps in current research. The future research in this field is presented and the work to be done to further consider the match-advantage as an effective concept for enterprise decision-making is preliminarily prospected.

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