Preface

Business competitiveness is a prominent discussion topic in both European and world economic circles. Competitiveness has a broad and changing definition depending on the school of thought and on the level of investigation. “Competitiveness” is a powerful concept at all levels of study, at the microeconomic level concerning the individual firm the market the industry or the chain, and the design of industry policies, or at the macroeconomic level concerning the competitive position of national economies. Competitiveness is a multidimensional concept. The competitiveness concept involves various disciplines and perspectives, such as comparative advantage, price competitiveness, strategy and management, as well as the historical and sociocultural perspectives. Whatever the levels of focus are, competitiveness is ultimately concerned with the long-term performance of the subject – whether, the firm, the industry, or a country, related to its competitors. The study of competitiveness is also concerned with what factors leading to being competitive, as well as the policies and strategies that can increase of competitiveness.

There is an abundance of literature on competitiveness. Researchers have written many articles, papers and books on this topic; most authors present and investigate either the country competitiveness or economic competitiveness and globalisation issues. A small number of authors investigate the competitiveness of specific firm or sector of the economy, and especially the introduction of specific competitiveness indices according to the several characteristics of firms (efficiency hypothesis) and structural characteristics of the sector, especially in the Modern Business World.

This book addresses the following questions: which are the key dimensions of firm competitiveness, which are the appropriate measures and practices to identify and achieve effective and innovative business models that lead to competitiveness. The innovation of this book is the focus on the firm dimension of competitiveness and performance.

Factors affecting competitiveness and performance are particularly critical for the overall economy and for entrepreneurship. Competitiveness measures and indices shed light on each firm’s strengths and weaknesses. Countries need to manage this carefully. The dynamism score provides an indication of the rate of progress
firms are making toward improving competitiveness given their current stage of development. There is a need today to refocus economic policies on microeconomic competitiveness. In moving from macroeconomic to microeconomic policies, governments need to find better ways to coordinate policies across a multitude of institutions, agencies and enterprises. This book reviews and synthesizes the relevant theory and research, putting emphasis on the measurement and innovative indices of firm competitiveness along with successful practices and policies in several sectors of the European area. Having a book that covers the most important parts and elements of firm competitiveness and also combines different disciplines relevant to this topic will hopefully be appreciated by academics, practitioners and other interested readers of this topic.

By bringing researchers from a number of distinct disciplines together this book helps exchange experiences, improve research results, and hopefully facilitate adoption by decision makers. This book is a collection of reviewed scholarly contributions written by highly respected and well known authors and experts in the discipline of competitiveness. Every chapter contributes to the literature with recent research findings, supported by relevant, unique examples while new models are introduced. These will hopefully make this book engaging and applicable to readers’ work, research and policy. The successful case studies are expected to illustrate the theoretical approaches and be used by researchers around the world. Experiences can be transferred and research in the multitude of scientific fields presented in the book can gain new momentum. The book is addressed to Policy makers, and academics, researchers, advanced-level students, entrepreneurs, managers and government officials, and other specialists who have high interest in firm competitiveness.

The focus of the first chapter written by Aspasia Vlachvei and Ourania Notta is to review the literature at the firm level competitiveness and to evaluate and compare the available competitiveness-related frameworks and models, to present the empirical evidence and to investigate the relevant competitiveness indices. Authors tried to organize and classify firm competitiveness measures into different theoretical areas in order to make it easier for practitioners and for researchers to frame their work and in order to make it more accessible for firms. There is no consensus on whether indicators are quantitative measures of competitiveness, methods to measure, components, or determinants/drivers of competitiveness. While reviewing the relevant literature of each theoretical area, an evident gap between practical implementation and theoretical research evidently came out.

In the second chapter Eve Rosenzweig and Elliot Bendoly go beyond a dyadic-based approach and investigate the ways in which the degree of competition among firms in a network influences performance. Using social network analysis techniques, they introduce a novel measure - competitor infighting - that captures the extent to
which a firm’s rivals compete amongst themselves. Their results suggest that a firm has a greater, unimpeded opportunity to demonstrate market gains as the degree of competition among its rivals increases, all else equal. In fact, competitor infighting is a better predictor of market performance than is a simpler, though perhaps more traditional, count of competitors. It serves an important moderating role in the relationship between a firm’s operational weaknesses and market performance. They prove that as competitor infighting increases, the relationship between operational weaknesses and market performance is diminished.

The key objective of the third chapter written by Ewa Baranowska-Prokop and Tomasz Sikora is to describe and evaluate the main sources of competitive advantages and market strategies. Previous research showed that in the case of firms from the developed countries, the consistent implementation of competitive strategy is the decisive factor of success. It appears that the best competitive strategy in case of Polish INVs is strong differentiation, because either it was related to higher evaluation of success or it has been at least “neutral” in the sense that it has never been related to lower (or worst) evaluation of success. The results of presented research brought an interesting observation of rather weak interdependence between the strategy type and the economic results of the Polish INVs. This conclusion may be explained by some macroeconomic factors, e.g. low labour costs, favourable exchange rate of Polish currency, etc., which heavily contributed to the success of Polish INVs and overweighed the shortcomings of strategy formulation.

In the fourth chapter Jacek Prokop analyses the impact of research and development activities on the profitability of oligopolistic firms. The analysis is conducted in a two-stage, game-theoretic model of duopolistic competition. In the first stage, firms decide about the size of R&D investments, and in the second stage, they decide about the supply of the final product. On the one hand, different levels of research externalities are considered. And, on the other hand, three types of firms’ behaviour in the final-product market are analysed: Cournot competition, Stackelberg competition, and cooperation within a cartel. The numerical analysis shows that the full cartelization of the industry generates the highest profits for both firms, independent of the size of technological spillovers. In the non-cartelized industry the performance of the Stackelberg leader is better in comparison to the Cournot firm, when the extent of research externalities is not too high.

The main purpose of fifth chapter written by Iraklis Karantonis, George Baourakis and Constantin Zopounidis is to evaluate the financial performance from a Multiple-criteria Decision Making perspective. The multi-criteria method PROMETHEE II, based on outranking relations, will be implemented based on five different criteria. The original financial data are obtained through financial statements for the recession period 2008-2012. According to the availability of data, the sample consists of 194 hotel companies in Crete. Crete is one of the most developed tourist destinations
in the Mediterranean basin and the hotel sector plays a major role constituting the main driving power towards economic growth. The present study provides valuable insights for a number of stakeholders in such a dynamic competitive sector.

In the sixth chapter José Vargas-Hernández, Ioannis Antoniadis and Luis Eduardo González-Armenta aim to examine the main strategies multinational companies implement to enter new markets, and more specifically emerging ones, by reviewing the determinants of the strategic choice between establishing a joint venture formed by a multinational and a local partner, and the merger/acquisition of a local firm. By reviewing the relevant literature authors explore the strategies that multinational enterprises follow to enter new markets in emerging economies. Finally authors test the literature by presenting a case study of a clothing retail company that has been a platform for multinationals wishing to enter the market of Mexico.

In the seventh chapter Androniki Kavoura and Leszak Koziol examine the implementation of Information and Communication Technologies (ICTs) as innovative tools and the use of social media by Polish medium and small sized companies. The chapter aims to present the scope and importance of the use of information technology and social media in the process of companies’ functioning and management. Companies’ assessment of IT tools and SM’s effective use as a prerequisite to improve the company performance is also examined. This is an exploratory study based on a sample of 166 southern Polish firms and it adds to the scant literature on firms’ internal IT capabilities to support SM. The chapter makes a theoretical and practical contribution in that it brings forth the emerging theme of IT resources that small and medium-sized enterprises adapt to their processes. It further examines the SM use from these firms based on the IT technology they implement as a whole. Managerial implications for marketers are provided since findings illustrate the tendency not to implement ICTs and SM to a full extent.

In the eighth chapter Angela Besana discusses the contemporary importance of the not-for-profit and social economy and builds on a cluster analysis of performances and roles of grant-making foundations, who are the essential node of the cooperation and coopetitiveness, today. This chapter aims to present worldwide grant-making foundations for their performances and profiling according to the latest accounting data and mission reports, which collect results of their projects according to the classification of pure grant-making, networking, leadership, partnership and pooling. The cluster analysis emphasizes the profiling of the sample and it allows to separate groups with significant features. The main focus remains on the issues of the finance of the social economy, when the Public Welfare State is too much indebted. Complementary and substitute roles of the Private Welfare State can emerge for the support the not-for-profit economy.
In the ninth chapter, Alexandra Homata, Athanasios Mihiotis and Alexia Mary Tzortzaki study the development and growth of franchising through the collection and comparison of statistical data from several countries with a special focus on Greece. The business concept of franchising, its different types as well as its advantages and disadvantages are investigated especially under the pressures of the current economic crisis. With Greece being one of the worst hit countries, this study, suggests that that franchising is one of the most viable, low risk business models and possibly a pathway to re-igniting entrepreneurial activity. To argue the case, the authors present a historic account of the development of franchising in Greece; an analysis of the current Greek business climate and the ease of doing business in Greece; Greek market trends in relation to franchise activity; Greek franchise market prospects and limitations. The chapter ends with proposed implications especially aimed towards managers of franchise businesses in Greece.

The tenth and final chapter focuses on the international competitiveness of a country as its ability of its domestic production to participate commercially in foreign markets, is investigated by Carlos Encinas-Ferrer. There are many elements that influence in the long run this competitive ability, some of macroeconomic nature as low inflation and real exchange rate, others of microeconomic character such as the productivity of its offer and its labour and wage level in relation to their Business partners. The problems that monetary parity has on the competitiveness of a country’s productive plant seemed to be overcome in Europe with the establishment of the euro as the common currency in many of its countries, the so called Eurozone. The first years seemed to confirm this. However, the global crisis in 2008, as a prelude to that the Eurozone would live in 2011, put on the table for discussion the weak economic theory of currency areas in which it was based and, therefore, the irresponsibility with which it was established.

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