Chapter 3
Factors Creating Competitive Advantage for Family-Owned Business

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ABSTRACT
Management concepts have evolved as a separate discipline after the industrial revolution. In connection with this development, this discipline has combined so many different theories from different disciplines and approaches from different researchers and applications from different managers and other professionals. This amazing development of management has reached its peak in today’s global business environment. Strategy concepts like vision, mission, SWOT, and competition on war footing for markets were influence of military science. Different contemporary management techniques, approaches, and implications are applicable in this unstable, dynamic, and knowledge-intensive environment. Among the various approaches, competitiveness, competitive strategies, and competitive advantage are at the core of organizational growth, development, and sustainability. Adopting a grounded theory approach with in-depth literature review, this study aims to discuss and deliberate on factors creating competitive advantage for organizations, especially family-owned SMEs, irrespective of their stage of development.

INTRODUCTION
An organization is a structure, which consists of two or more people who have a deliberate objective and intention to accomplish it. Therefore, about this definition, it is easily understandable that the organization concept has roots not only in our time but also in ancient times. Management concept is also derivable from an equation in which both people and their organization exist as vital variables. Both management and organization practices stem from ancient times and survive in today’s global era. Business management concept has evolved as a separate discipline during and after the industrial revolution. In connection with this development, this discipline has combined many different theories born from diverse

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disciplines and approaches from researchers and applications from managers and other professionals. This amazing development of management has reached its peak in today’s global business environment. Today’s dynamic, chaotic and complex environment makes it a must for managers to adapt contemporary approaches for maximizing both individual and organizational effectiveness. Different contemporary management techniques, approaches, and implications apply to this unstable, dynamic and knowledge-intensive environment. Among the various approaches to competitiveness, competitive strategies and competitive advantage are at the core of organizational growth, development, and sustainability.

Porter (1990) gave a first conceptual framework of competitiveness in the book *The Competitive Advantage of Nations*. Stajano (2010) argues that the prosperity of an economy stems from its ability to compete in the global market. The ability of businesses to survive and compete in increasingly global and sophisticated markets depends on a wide range of aspects such as the efficiency of public institutions, the excellence of infrastructure, health and quality of education as well as political and economic stability. Innovation has a massive defense as the key element for the creation of wealth from the countries (Gibson & Naquin, 2011). Innovation is the defining challenge for global competitiveness (Baporikar, 2014b). The increasing globalization of markets and the resulting increase in a competition associated with increased technological complexity, make innovation a key aspect of the competitiveness of companies, economies, and regions hosting them (Baporikar, 2018). Thus, there is a growing interest by governments to maintain the competitiveness of their economies with policies to stimulate advances in science and technology (Clark & Guy, 2010).

In industrialized countries, the promotion of networking among small manufacturers has resulted in enhancing the competitiveness of firms and economies, fostering new standards of business sophistication (Baporikar, 2015a). Porter, Schwab, and Sachs (2004) distinguished two broad categories: macro and microeconomic dimensions about drivers of competitiveness. Microeconomic foundations, identified as traditionally neglected by policymakers assume the foundations of macroeconomic reforms to achieve sustainable prosperity of economies. The drivers of competitiveness are many and complex. Adopting a grounded theory approach with in-depth literature review this study aims to discuss and deliberate on factors creating a competitive advantage for organizations especially SMEs irrespective of their stage of development.

**BACKGROUND**

Competition is a universal social process that exists in all types of societies either civilized or uncivilized. This may in the form of service or goods offered to their customers. Competitive advantage is a superiority that gives an organization an edge over its rivals and an ability to generate greater value for the firm and its shareholders. Organizations get a competitive advantage when it acquires or develops an element or a combination of elements, which are unique so that it can outperform its competitors. Firm’s competitiveness is the ability and performance of a firm to sell and supply goods and services in a given market capturing the awareness of both the limitations and challenges posed by firm’s competition for the scarce resources. A firm is competitive when it delivers products or services at a lower cost or higher quality than that of its competitors, or when it has unique characteristics that are not easily replicable elsewhere. Firm’s competitiveness inspires firms to excel and exceed expectations. If a company is competing with another company, they will produce more quality products at unbeatable prices.