

THE DETERMINANTS OF COMPETITIVE ADVANTAGE AND SUCCESS FACTORS OF FIRMS WITHIN THE GLOBAL COMPETITION

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Özet

Bu çalışmada, firmaların global rekabet ortamında başarı faktörlerini ve rekabet avantajı elde etmelerini belirleyen başlıca konular ele alınmaktadır. Yazında konu ile ilgili olarak firmaların rekabet evantajını belirleyen unsurlara ve kritik başarı faktörlerine yönelik olarak farklı yaklaşımlar bulunmaktadır. Bu çalışma, sözkonusu stratejik yönetim ve uluslararası işletmecilik yazınındaki temel görüşleri inceleyerek firmaların global rekabet ortamında başarı sağlayabilmelerini belirleyebilecek olan temel konuları açıklamaya çalışmaktadır.

Anahtar Kelimeler: Rekabet avantajı, global rekabet, uluslararası işletmecilik.

Abstract

This paper examines the determinants of competitive advantage and success factors of firms within the global competition. In the literature there are different perspectives about determinants of competitive advantage and various approaches about the firms' success factors. The paper tries to provide a general background of literature on competitive advantage in the international management and the strategic management. The paper firstly reviews the relevant literature on competitive advantage, then provides the determinants of competitive advantage in the global arena and presents concluding remarks.

Key Words: Competitive advantage, global competition, international business

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1. Introduction

How firms can achieve and sustain competitive advantage is a key question in the field of strategic management and the study of international competitiveness has emerged as fundamental area for international business research¹. With the increasing involvement of industrial firms in overseas markets, global development strategy planning and management across borders have received increasing attention for those corporations to achieve maximum performance on a global basis. From a national perspective, the future prosperity of a country actually depends increasingly on the international competitiveness of its firms and industries².

In last decades a lot of theories have tried to analyze the sources of sustained competitive advantage. Those theories have indicated the competitive forces approach; the strategic conflict approach; the resource-based perspective; and the dynamic capabilities approach³. These researches have valuable contributions on competitiveness advantage and firm success, however, there are still some other points to be discussed on factors contributing to international competitiveness of firms.

In this respect, the objective of this paper is to evaluate the sustaining and safeguarding firm-level competitive advantage in a general way and to present implications about the succession factors with in the global competition and that can be sufficient in exploring how and why only certain firms succeed in building up international competitiveness in the global arena. In other words, this paper tries to seek the features which seem to have crucial importance for international competitiveness and the interest of this study is to determine how companies can effectively improve their global competitiveness in the global markets.

2. Theoretical background

The study of international competitiveness and competitive advantage of firms come from the researches of competitive strategy⁴; internationalization processes⁵; and export behavior⁶. Besides these basic studies in the international management literature,

¹ Buckley, P. J., The frontiers of international business research. **Management International Review**, Vol.31, 1991, pp.7–22.

² Wilkinson, I. F.; Mattsson, L. G.; Easton, G., International competitiveness and trade promotion policy from a network perspective. **Journal of World Business**, Vol.35, No.3, 2000, pp.275–299.

³ Teece, D.J.; Pisano, G.; Shuen, A., Dynamic capabilities and strategic management. **Strategic Management Journal**, Vol. 18, 1997, pp. 509-533.

⁴ Rugman, A., National strategies for international competitiveness. **Multinational Business**, Vol.3, 1985, pp.1–9; Porter, M.E., **Competitive Advantage**, Free Press, New York, NY, 1985.

⁵ Johanson, J.; Vahlne, J. E., The mechanism of internationalization. **International Marketing Review**, Vol.7, No.4, 1990, pp.11–24; Welch, L. S.; Luostarinen, R., Inward-outward connections in internationalization. **Journal of International Marketing**, Vol.1, No.1,1993, pp.46–58.

⁶ Bonaccorsi, A., What do we know about exporting by small Italian manufacturing firms?. **Journal of International Marketing**, Vol.1, No.3, 1993, pp.49–75; Styles, C.; Ambler, T., Successful export practice: The UK experience. **International Marketing Review**, Vol.11, No.6, 1994, pp.23–47; Dalli, D., The organization of export activities: relationships between internal and external arrangement. **Journal of Business Research**, Vol.34, 1995, pp.107–115.

there are other few studies that have focused on examining the determinants of international competitiveness and have integrated innovation capacity, technological capacity or managerial know-how, sources of advantage, and cultural control systematically.

According to the literature, some researches have tried to conceptualize the determinants of firms' international competitiveness. In this framework, Albert⁷ indicated seven factors which he derived from the experiences of a global corporation as the factors affecting the successful global competition of a firm. Nicole, Ghauri and Martin⁸ demonstrated several factors contributing to international competitiveness which he identified under the headings of performance, potential, and process. In his research Stevens⁹ found that focusing on the core businesses was the key and the most powerful structural decision of the companies to become more globally competitive. According to Holmlund and Kock¹⁰, agents or the expatriates of the firms had the most important roles as being the entry modes in the international markets. Holmlund and Kock¹¹ also mentioned that high quality products, a flexible organization and competent human resources were the most important competitive tools within the global competition. Kimberly¹² stated that combining strategic contexts, characteristics of appropriate process in decision-making, and perceived procedural justice within multinational corporations had a strong work on the effectiveness of the global competitiveness. Luo¹³ demonstrated a dynamic capability perspective on international business and he proposed three essential ingredients of dynamic capability that include capability possession (distinctive resources), capability deployment (resource allocation), and capability upgrading (dynamic learning) as the fundamentals for the effectiveness of international expansion and global operations.

Moreover, Nolan and Zhang¹⁴ investigated the competitiveness of Chinese large firms on the global level in two strategic sectors: oil and aerospace. They found out that China's leading firms were facing critical challenges in all of the sector that they have achieved successes. Yam, Guan, Pun, and Tang¹⁵ examined innovation audit and studied the relevance of seven technological innovation capabilities for building and sustaining the

⁷ Albert, C. B., Global competitiveness. **Executive Excellence**, Vol.14, No.12, 1997, pp.7-8.

⁸ Nicole, E. C.; Ghauri, P. N.; Martin, K. A.M., International competitiveness: Empirical findings from SME service firms. **Journal of International Marketing**, Vol.6, No.2, 1998, pp.8-27.

⁹ Stevens, T., Winning the world over. **Industry Week**, Vol.248, No.21, 1999, pp.25-36.

¹⁰ Holmlund, M.; Kock, S., Relationships and the internationalisation of Finnish small and medium-sized companies. **International Small Business Journal**, Vol.16, No.4, 1998, pp.46-63.

¹¹ Holmlund, M.; Kock, S., pp.46-63.

¹² Kimberly, M. E., Strategic contexts, knowledge flows, and the competitiveness of MNCs: A procedural justice approach. **Competitiveness Review**, Vol.10, No.1, 2000, pp.9-24.

¹³ As cited in Ma, N.; Liao, M., A firm-level study of the international competitiveness: theoretical analysis and empirical findings. **International Journal of Innovation and Technology Management**, Vol.3, No.1, 2006, pp.21-41.

¹⁴ Nolan, P.; Zhang, J., Globalization challenge for large firms from developing countries. **European Management Journal**, Vol.21, No.3, 2003, pp.285-299.

¹⁵ Yam, R. C. M.; Guan, J. C.; Pun, K. F.; Tang, E. P. Y., An audit of technological innovation capabilities in Chinese firms: Some empirical findings in Beijing, China. **Research Policy**, Vol.33, No.8, 2004, pp.1123-1140.

competitiveness of Chinese firms. They suggested that Chinese firms should much more focus on their technological innovation capabilities' harmonizing enhancement.

Recently, Ma and Liao¹⁶ explored the relationship between technological innovative capability and international competitiveness at the firm level. They identified several factors contributing to international competitiveness considering the interactive relationship of these factors in innovative process and concluded that technological capability (R&D capability, manufacturing capability), managerial capability (organizing capability, marketing capability, strategic capability), and resource exploiting capability (technology learning capability, human resource, financial resource) were the main factors which may provide the firms to strengthen their international position.

In this context, these models can be the implications for the understanding of the determinants of the firms' global competitive advantage within the global arena. Therefore, this study tried to explore the findings of the previous researches and studies and tries to put forward new contexts by combining the initial international competitiveness models at the firm level. The paper is organized as follows. It first reviews the relevant literature on competitive advantage. Then it presents the 4Cs framework and provides the determinants of competitive advantage in the global arena, followed by concluding remarks.

3. Conceptual framework

Many industries have witnessed globalization in the 20th century and such a trend of globalization in the international economics has affected fierce competition in the industries. Consequently, such globalization forces many firms, multinational corporations and local companies, to reassess their competitive strategy and consciously create, renew, and sustain their competitive advantages in the global market place¹⁷.

In this respect, what the determinants of competitive advantage are in global competition and what strategic directions the firm could engage in to gain global competitive advantage are the questions to be examined from both international management and strategic management point of views.

In the strategy literature, there are a number of knowledge on the characteristics and causes of competitive advantage, including the industry positioning approach¹⁸, the commitment explanation¹⁹, the resource based view²⁰ and the dynamic capability

¹⁶ Ma, N.; Liao, M., pp.21-41.

¹⁷ Porter, M., 1985; Powell, T.C., Competitive advantage: logical and philosophical considerations. **Strategic Management Journal**, Vol. 22, 2001, pp. 875-888.

¹⁸ Porter, M., 1985.

¹⁹ Caves, R.E.; Ghemawat, P., Identifying mobility barriers. **Strategic Management Journal**, Vol.13, 1992, pp. 1-12.

²⁰ Barney, J.B., Firm resources and sustained competitive advantage. **Journal of Management**, Vol. 17, 1991, pp.99-120; Peteraf, M.A., The cornerstones of competitive advantage: a resource-based view, **Strategic Management Journal**, Vol.14, 1993, pp. 179-191; Wernerfelt, B., A resource-based view of the firm. **Strategic Management Journal**, Vol.5, 1984, pp. 171-180.

approach²¹. Besides these approaches, the dynamics of competition, innovation and cooperative strategy also help to give definition on competitive advantage²².

In order to face the upgrading technologies and intense global competition, firms must be innovative with respect to their product offerings and must make investments for the improvement of their innovative capability. It should be considered that without serious efforts for innovation in organizations, research and development activities production, marketing, financial, and managerial approaches, firms may lose their competitiveness.

Therefore, it can be proposed that the crucial determinants of the firms' competitiveness are highly dependent on the interaction between technological capability, managerial capability and resource based capabilities. Resource based capabilities appear at the beginning of the innovative process, or as one of initial stages of the innovative life cycle, the technological capability allows firms to gain a competitive advantage in time, cost and value, and it also influences the creation, shape and renewal of a firm's skills and knowledge base²³. Managerial capability is linked to technological process and resource capabilities for the success of the firm in competition because it can be a powerful driver for reshaping a firm's technical base and resource assets and managing the firm's overall international strategies, environmental aspects, and human resources policies .

Based on the review of both international management and strategy literature, the basic concepts of the competition, competitive advantage, and the basic determinants of competitive advantage will be tried to be integrated and examined in this study.

3.1. Global competition

In macroeconomics ambiguities in the notion of global competition are recognized and it is seen as a complex system²⁴. In a global and a complex system, to behave rationally is to respond to the rapid changes in the external environment and to assess the ambiguity and uncertainty in the environment. As Porter have indicated, success is seen from the point of view of the stockholder and is indicated not so much by survival, but by sustaining competitive advantage by earning economic rent better than average profits in an industry, risk class, or sector²⁵. In efficient markets competitive advantage is reflected in stock prices and affected by the limitations of cognition and calculation on the part of individuals through the concept of bounded rationality, and rational expectations²⁶.

The global version of competition can be summarized as the speed of change currently is unprecedented, deregulation of markets, financial globalization, the diffusion of

²¹ Teece, D.J.; Pisano, G.; Shuen, A., pp. 509-533.

²² Ma, H., Toward global competitive advantage creation, competition, cooperation, and co-option, **Management Decision**, Vol.42, No.7,2004, pp. 907-924.

²³ Ma, N.; Liao, M., A firm-level study of the international competitiveness: theoretical analysis and empirical findings. **International Journal of Innovation and Technology Management**, Vol.3, No.1, 2006, pp.21-41.

²⁴ Arthur, as cited in Matthews, R., The myth of global competition and the nature of work. **Journal of Organizational Change Management**, Vol.11, No.5, 2004, pp. 378-398.

²⁵ Porter, M., 1985.

²⁶ Matthews, R., p.382.

information technologies, the evolution of flexible organizations, and shorter product cycles are interrelated stimuli that have been changing the dynamics of competition, on a global scale, since the early 1980s²⁷.

Many firms are experiencing the trauma of a supply shock from developing nations. Deregulation of capital markets has made it possible to transfer capital and technology from industrially advanced countries. So developing nations can compete, not just in commodity products, but in those requiring sophisticated technologies. They have three times as many people at working age as the OECD countries, and the transfer of skills, added to their acquiescence in significantly lower wages, means that the scope of competition has widened, and there is an international market for labor as well as products.²⁸ To survive, international firms must increase productivity, and shed labor in high wage areas, or shift activities to low wage economies. The discourse of global competition has evolved to contain teamwork as well as rivalry. Various collaborative strategies, evoking cooperation like alliances, integration, networking, responsiveness, learning, and leveraging are the trends of the 2000s, (cross-border acquisition, mergers, control, asset stripping, corporate raiding, and unbundling).

In this respect, as Buckley and Casson²⁹ stated, cooperation is a form of competition. It reflects a defensive instinct to survive, and an offensive drive for competitive advantage, by reducing transactions costs, gaining scale economies, reshaping competition, reducing risk, and having competitive advantage.

3.2. Competitive advantage

The evolution of the competitive advantage is a function of the way the firm organizes and manages the activities. The functioning of an enterprise may be divided into various activities: Solicitation of the customers by the sellers, maintenance, conception, realization of new products by the R&D department. Each of these activities creates value to the customers. Then, the final value created is sized by the price the customers accept to pay to get the product or the service. The enterprise is profitable if this value is greater than the global cost. To get a competitive advantage against its competitors, the firm should supply its customers with the same value than the competitors and be more efficient in the production (domination by the cost), or elaborate specific activities that generate a greatest final value and authorize higher purchase prices (differentiation). These activities can be classified in what M. Porter called a "Chain Value"³⁰.

According to Ma³¹ competitive advantage can be defined as the asymmetry or differential in any firm attribute or factor that allows one firm to better serve the customers than others and hence create better customer value and achieve superior performance. Such

²⁷ Oman, as cited in Matthews, T., p.382; Ohmae, as cited in Matthews, R., p.382.

²⁸ Matthews, R., p.378-398.

²⁹ Buckley, J. and Casson, M., Joint ventures in Buckley, P.J. and Michie, J. (Eds), **Firms Organizations and Markets**, Oxford University Press, Oxford, 1996.

³⁰ Passemard D.; Brian H. K., Competitive Advantage in Global Industries. **Management Research News**, Vol.23, No.7/8, 2000, pp.88-103.

³¹ Ma, pp.21-41.

attributes, for instance, could be a superior location, e.g. Wal-Mart's often monopolized location in rural areas in the USA; domination of shelf-space in retail, e.g. Coca-Cola's or Pepsi's dominance in supermarkets; exclusive or favorable access to supply, e.g. De Beers in the diamond market; a well-known brand name, e.g. Cartier; employee know-how, e.g. the experience and expertise of Lincoln Electric's well-trained technicians; efficiency in business operation, e.g. Toyota's just-in-time manufacturing and inventory system.

Based on an extensive review of literature in both IM and strategy, we choose to organize our integration around four major groups of determinants of competitive advantage, denoted as the 4Cs: **creation and innovation**³², **competition**³³, **cooperation**³⁴, and **co-option**³⁵. As an initial effort, the choice of 4C is neither meant to be exhaustive or exclusive, nor entirely random or arbitrary. The major criteria of their inclusion are threefold: first, each has a long established research tradition with solid theoretical foundations. Second, there is empirical evidence attesting to their relevance to competitive advantage. Third, they have to be relevant and meaningful to global competition. More detailed explanations of the rationale of the 4C treatment are offered in the literature.³⁶

The competitive advantage is born as soon as a firm discovers a new or a more efficient way to come into the industry and put the discovery in concrete form, than its competitors: That is to say, as soon as it innovates. However, the word innovation should be understood in its largest meaning. Defining the source of innovation is equivalent to describing the ways to create competitive advantages. According to Passermard³⁷ it is in fact possible to distinguish five main sources of innovation:

- * The new technologies;
- * The modification of the demand or a new demand;
- * The occurrence of a new segment;
- * The changes in the costs or the availability of means of production;
- * The changes in the regulation.

As a matter of fact, the creation of a competitive advantage is a tough task, but preserving it is much harder. The preservation of a competitive advantage depends on three conditions. One depends on the sources of the advantage: There is a hierarchy among the

³² Prahalad, C.K.; Hamel, G., The core competence of corporations, **Harvard Business Review**, 1990, pp. 79-91.

³³ Chen, M.-J., Competitor analysis and inter firm rivalry: toward a theoretical integration. **Academy of Management Review**, Vol. 21, 1996, pp. 100-134.

³⁴ Contractor, F.J.; Lorange, P., **Cooperative Strategies in International Business**, Lexington Books, Lexington, MA.1998; Dyer, J.H.; Singh, H., The relational view: cooperative strategy and source of Interorganizational competitive advantage, **Academy of Management Review**, Vol.23, No.4, 1998, pp. 660-679.

³⁵ Doh, J.P., Entrepreneurial privatization strategies: order of entry and local partner collaboration as sources of competitive advantage. **Academy of Management Review**, Vol. 3, 2000, pp. 551-572.

³⁶ Ma, pp.21-41.

³⁷ Passermard D.; Brian H. K., Competitive Advantage in Global Industries. **Management Research News**, Vol.23, No.7/8, 2000, pp.88-103.

advantages, which can be minor (costs reduction of the work force), or major (possession of a special technology whose obtaining requires a higher skill level. The second determining factor is the number of sources of competitive advantage (the more, the better). The third factor of preservation is related to the continuous effort of modernizing and perfecting: every advantage is virtually susceptible of being copied. Then the preservation of the competitive advantage requires the firm to adopt an antinatural behavior consisting of keeping changing their strategies (naturally no one would change a winning team)³⁸

But, according to new developments, competitive advantage has to be sustainable. Especially after the Chinese threat on global economy, to continue the competitive advantage is very difficult. So, firms have to make it into sustainable competitive advantage. The term “sustainable” considers the protection such attributes and resources have to offer over some usually undefined period of time into the future for the organization to maintain its competitiveness. Within this context, “sustainable” can assume a number of meanings depending on the frame of reference through which it is viewed. It can be interpreted to mean enduring, defensible, bearable, and tolerable, live able, supportable, passable, acceptable, justifiable, negotiable and penetrable.³⁹

According to Chaharbagi and Lynch⁴⁰ sustainable competitive advantage is the product of enjoying both competitive advantage and strategic advantage. Viewed in this way, sustainable competitive advantage represents a process that meets the competitive needs of the present without compromising the ability of the organization to meet future competitive needs. Such a process develops organizations as a dynamic concept, encompassing the following fundamentals⁴¹:

- Sustainable competitive advantage is conservation- oriented as no organization has unlimited resources. Given such a limitation, conscious management of existing resources is necessary.
- Sustainable competitive advantage is needs-based whereby the economic activity of the organization must be concerned with the need of the market for the goods and services produced from such an economic activity.
- Sustainable competitive advantage is future-oriented, placing itself beyond day-to-day management for the long-term development of resources to bring about strategic advantage.

To create sustainable competitive advantage, firms have to be customer need oriented and apply trust based marketing activity. As known, customers have many alternatives like new products, new producers, new styles, new values and they are faced with offensive and defensive business activities especially on marketing. So, they are more distrustful now than before. Under the circumstances firms have to regain customers

³⁸ Passemard D.; Brian H. K., pp.88-103.

³⁹ Chaharbaghi, K.; Lynch R., Sustainable competitive advantage: towards a dynamic resource-based strategy, **Management Decision**, Vol. 37, No.1, 1999, pp.45–50.

⁴⁰ Chaharbaghi, K.; Lynch R., pp.45–50.

⁴¹ Chaharbaghi, K.; Lynch R., pp.45–50.

confidence. Because of that, firms would like to have sustainable competitive advantage must adopt a view of customer.

3.3. The determinants of competitive advantage and success factors in global competition

Facing the ever-changing environment of global markets, differences in cross-country customer cultures have affected global marketing and business strategies⁴². In the literature, debates exist regarding the origins of global competitive advantage. While some researchers focus on the merits of globalization and globally coordinated marketing or competitive moves⁴³, others choose to focus on country-specific origins for competitive advantage in the global market⁴⁴, and still others argue for a more balanced pursuit of global integration and local adaptiveness in the search for global competitive advantage⁴⁵.

What are the determinants of competitive advantage in global competition? What strategic maneuverings could the firm engage in to gain global competitive advantage? These questions are very important practitioners of international management (IM) and strategy researchers. When, determinants of competitive advantage in global markets are defined by firms, some circumstances should be considered as follow:

The pattern of international competition: The pattern of international competition differs markedly from industry to industry. Industries can be classified along a spectrum from multidomestic to global in their competitive scope

Obtaining a competitive advantage thanks to a global strategy: To have a global strategy consists, for the firm, in selling a product in several countries according to a worldwide approach. It will require the firm to sell this product in the totality of the country where there exists a significant market. In this situation, the firm can reach a large enough scale of production to pay off the R&D costs and to use an advanced technology in the production.

⁴² Chih-Wen, H.; Ai-Ping, T., A cross-cultural comparison of customer value perceptions for products: consumer aspects in East Asia. **Cross Cultural Management**, Vol.10, No.4, 2003, pp.113-129.

⁴³ Levitt, T., The globalization of markets. **Harvard Business Review**, Vol.61, No.3, 1983, pp.92-102; Ohmae, K., **The Invisible Continent: Four Strategic Imperatives of the New Economy**, Nicholas Brealey, London, 2000; Yip, G., **Total Global Strategy: Managing for Worldwide Competitive Advantage**, Prentice Hall, Englewood, Cliffs, NJ., 1995.

⁴⁴ Porter, M.E., **Competitive Advantage of Nations**, Free Press, New York, NY, 1990.

⁴⁵ Bartlett, C.A.; Ghoshal, S., **Managing Across Borders: The Transnational Solution**, Harvard Business School Press, Boston, MA, 1989; Gupta, A.K.; Govindarajan, V., Knowledge flows and the structure of control within multinational corporations. **Academy of Management Review**, Vol.16, 1991, pp.768-792; Prahalad, C.K.; Lieberthal, K., The end of corporate imperialism. **Harvard Business Review**, August, 2003, pp.109-117.

The choice of a global strategy: There is no ideal global strategy; there are several ways to get involved in international competition which imply for each of them geographical choices, and choices about the activities' co-ordination.

The processes of globalization: It is the evolution of the technologies, of the demand, of the governmental politics, or of the country's infrastructure that launches the processes of globalization by creating among the enterprises some major inequalities in the competitive positions.

The precursor's advantage: react early to any structural change is as important in the international context as in the nation alone. In lots of global industries, those who win are usually those who were the first to perceive a new strategy, and to put it in concrete form at a global scale. The precursor's advantage is geared down by the global competitiveness.

Alliance and global strategies: strategic alliance which is usually called coalition is a key option in global strategy.⁴⁶

As said before, innovation is in the heart of both strategy and entrepreneurship, two fields deeply concerned with how competitive advantage arises out of entrepreneurial creation and innovation (Hitt et al., 2001). As the world economic system has been increasing globalize and the free market gains wild popularity in emerging and transitional economies⁴⁷, innovation in creating new products/markets and new organizational practices become more and more important for firms in global competition. A firm can gain competitive advantage through managerial initiatives that facilitate innovation⁴⁸, efficiency, and learning⁴⁹; initiatives that bring out the best in people to perform in winning oriented culture⁵⁰; initiatives that generate a host of multi-purpose knowledge and competence that are not dependent on any narrowly defined product or business⁵¹, as well as dynamic capabilities that help the firm creatively apply these knowledge and competence to specific market opportunities⁵²; as well as initiatives that creatively align a firm's organizational structure and system to its global strategy⁵³

4. Conclusion

Finally, to create a competitive advantage, the enterprise is required to progress, to innovate, and to discover the best competitive opportunities and exploit them. The firm should not stop improving the quality of its products and its methods. To create sustainable

⁴⁶ Chaharbaghi, K.; Lynch R., pp.45-50.

⁴⁷ Tan, J.J., Innovation and risk taking in a transitional economy: a comparative study of Chinese managers and entrepreneurs. **Journal of Business Venturing**, Vol.16, 2001, pp. 359-376.

⁴⁸ Prahalad, C.K.; Hamel, G., pp. 79-91.

⁴⁹ Williamson, O.E., Strategizing, economizing, and economic organization. **Strategic Management Journal**, Vol.12, 1991, pp. 75-94.

⁵⁰ Pfeffer, J., **Competitive Advantage Through People**, Harvard Business School Press, Boston, MA., 1994.

⁵¹ Prahalad, C.K.; Hamel, G., pp. 79-91; Ma, pp.21-41.

⁵² Teece, D.J.; Pisano, G.; Shuen, A., pp. 509-533.

⁵³ Bartlett, C.A.; Ghoshal, S., 1989; Gupta, A.K.; Govindarajan, V., pp. 768-792; Ma, pp.21-41.

competitive advantage, firms have to be customer need oriented and apply trust based marketing activity. As known, customers have many alternatives like new products, new producers, new styles, new values and they are faced with offensive and defensive business activities especially on marketing. So, they are more distrustful now than before. Under the circumstances firms have to regain customers confidence. Because of that, firms would like to have sustainable competitive advantage must adopt a view of customer.

A country succeeds in a sector when the national frame creates a favorable environment to this continuous effort, and when the capacity is given to the enterprise to be strategically aggressive and to react quickly. The preservation of a competitive advantage, in the long run, requires this advantage to be continuously improved thanks to a policy of sustained investments especially on marketing. To keep this advantage, the firm has to adopt a continuous evolution, which is not comfortable from an organizational point of view. Internationally, to succeed it is required to be able to transform a domestic position into a global one.

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