

# Competitive strategy, rivalry and results

## Research Area Information

Four main issues are addressed along this line of research. The first examines the competitive dynamics that result when in an industry there are companies that coincide simultaneously in a large number of markets, a situation known as multi-market contact. The literature argues that these multi-market rivals tend to reduce their aggressiveness, in what has come to be called the mutual tolerance hypothesis. While studies so far have focused on analysing the consequences for firms that have multi-market contact, less attention has been paid to what happens to firms that cannot benefit directly from these contacts. In this sense, the group's research has extended to what we have called the externalities of multi-market contact, i.e. the analysis of the consequences for a company without multi-market contact of competing with companies that do.

The second of the questions studied focuses its attention on the phenomenon of entry into new markets and its consequences. On the one hand, the aim is to explain entry in terms of a series of characteristics of companies, the markets in which they can operate and the potential company-market relationship. On the other hand, it evaluates the extent to which pioneers obtain better results than follower companies and analyses whether there are differences in resources, capacities or strategies between them.

A third aspect that attracts our attention is the influence of the institutional context on the decisions that companies make and, by extension, on the results they obtain. The objective in this case is to show how the differences in cultural and formal norms between two markets condition both the strategic decisions and the results that companies obtain in each of them. Based on the institutional perspective of the strategy, this line analyses, first of all, how the cultural distance between two countries and the level of development of their formal norms influence important decisions of multinational companies (for example, their location, the mode of entry or the level of control over the companies).

subsidiary companies). Second, it discusses why two companies in the same industry, with a similar configuration of resources and operating in different geographic markets obtain different results when they make the same decision (e.g., commercialize a particular innovation).

Finally, the fourth of the questions it seeks to answer lies in the explanation of differences in levels of entrepreneurship between countries. Also based on an institutional approach, it studies how macro factors influence the volume of entrepreneurship of a country as well as the influence of such factors in the type of entrepreneurship generated. From this perspective we analyze how different types of formal institutions, such as labor flexibility or educational capital, influence entrepreneurial initiatives and how informal institutions (such as culture) moderate the relationship that exists between formal institutions and productive entrepreneurship.

### **Objective:**

The objective of this line is to advance in the understanding of the conduct of companies and the effect of such conduct on rivalry and the results obtained by them. To this end, attention is paid to various strategic decisions such as entry into new markets, the consequences of multi-market competition, the role played by institutions in corporate decision-making or the determinants of

entrepreneurship. The analysis of these decisions focuses mainly on the banking and telecommunications sectors.

## **Responsible and Members of the Line**

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