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Innovation and global competition

EDITORIAL LETTER

The papers that constitute this special issue are the result of the selection of works presented at the Global Innovation and Knowledge Academy (GIKA) Annual Conference, held in Valencia from March 20th to March 23th, 2016. One of the aims of the GIKA Conference is to select high-quality papers to publish. The track of this special issue and main criterion for the selection of papers is how firms face the present environment of innovation and global competition.

Peter Schumpeter (1942), in his book "Capitalism, socialism and democracy", considers that the economic activity evolves in the long run by a succession of waves of change. The waves are caused by the eruption of "industrial revolutions". The effects of these industrial revolutions can take decades to be absorbed and assimilated in the economic and social life. These revolutions periodically modify the industrial structure and provides new methods of production, shaping the general tone of business activities. History affords us with multiple examples of technical improvements that have changed the way goods are produced and distributed, raising the standard of life of society as a whole. Nevertheless, the material improvements produced by the technical breakthroughs are not always introduced without controversy and vicissitudes proportional to the speed and importance of the advance. Some of these technical revolutions are so important and affect so deeply how society is organized that give a name to an era. There is no doubt that the present era is the information age.

For Schumpeter, and according to previous experiences, the cyclical changes have a typical duration of about 40 years, since the dawn of the technical advance to its full deployment in the productive system. Information technologies (IT) in data processing, storage and communication are with us more than fifty years, and their width of penetration (percentage of companies and individuals using these technologies) and their depth of use (e.g. 24/7 individual connectivity; big data processing and storage) can be considered full-fledged. Now, the IT effects on society can be assessed with a perfect understanding of their reach. The development of IT has fostered a knowledge-based society surrounded by a global economy, and at the same time, this global economy, although based on complex economic and political circumstances, is intensified by IT themselves. This special issue focuses on this business context and on how firms cope with it.

The effects of the information revolution on the business context is multifaceted, but two characteristic stand out clearly. First, a knowledge-based society is more complex. Products and services, and the processes to produce them in an efficient and convenient way, incorporate knowledge much faster than in the

past. This implies that firms need to set active policies to incorporate strategic knowledge and to integrate this knowledge to their products and services in the form of innovations. The first four papers of this special issue are devoted to this theme. The first paper "Connectivity in the technology transfer process among local ASEAN firms" analyses the absorptive process from which outside information is transformed into firm's innovation capability. The second paper "An empirical approach to marketing innovation in small and medium retailers: An application to the Spanish sector" put forward the importance of marketing innovation in the value chain of an organization and how new marketing methods have a positive impact on propensity to carry out all kinds of innovations. The third "Types of agglomeration economies: effects on business innovation" and fourth "Competitiveness and resilience of the productive districts in Sicily" papers tackle the complex phenomenon of agglomeration and districts and its effects on firm's innovation and competitiveness. These first four papers configure a set of interesting strategies to cope with innovation.

The second group of papers deal with some aspects of global competition. Access to information and direct contact to clients eliminate barriers of entry, augmenting competition. This competition is exacerbated by the global economy. Global competition creates a world-wide standardization of the levels of efficiency and performance. Companies in any country are compared with the best competitors in the world. The fifth paper "Comparing dividend puzzle solutions by Polish, Canadian, Norwegian and American executives" shows how similar the patterns in dividend policy are in Poland compared with the most developed countries. The sixth paper "Two-Stage data envelopment analysis of Spanish regions: Efficiency determinants and stability analysis" analyses the contextual and exogenous variables that can explain the level of efficiency and the performance of tourism in Spain. Finally, the last paper "Franchise fairs: A relevant signal in franchise choice in social activity" deals with a simple strategy to cope with a competitive knowledge-based economy: The franchise. In this case, the franchisee adopts a business model, a well-established brand and all the know-how and innovations of a reputed franchisor.

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