

Chapter 13

Competitive Advantages in the Turkish Retail Industry

Bülend Avcı

Bahçeşehir University, Turkey

ABSTRACT

Retail is one of the most important industries that is continuously improving around the world and in particular in Turkey. Competitive advantages owned by firms keep businesses one step ahead of their competitors. The main objectives of this chapter are determination of the main competitive advantages and capabilities for firm performance, determination of competitive advantages and capabilities which are relatively important for firm performance, and determination of competitive advantages and capabilities that are mainly used under the effects of environmental dynamism for firm performance in the Turkish retail industry. In this chapter, retailers are evaluated into two groups as organized and traditional. Totally, 50 competitive advantages and capabilities were identified in the research. The results of the study would be beneficial both for retail literature and retail business life.

INTRODUCTION

Retail is one of the most important industries continuously improving around the world, particularly in Turkey. Competitive advantages owned by firms provide one step ahead of their competitors. The main objectives of this chapter are the determination of the main competitive advantages and capabilities for firm performance, determination of competitive advantages and capabilities which are relatively important for firm performance and determination of competitive advantages and capabilities that are mainly used under the effects of environmental dynamism for firm performance in Turkish Retail Industry. In this chapter, retailers are evaluated into two groups as organized, and traditional. 19 competitive advantages were identified as main competitive advantages, 19 competitive advantages were identified as a relatively important competitive advantage, and 12 competitive advantages were identified as mainly used competitive advantages under the effects of environmental dynamism for firm performance in Turkish retail industry. There are 50 competitive advantages and capabilities in the Turkish retail industry.

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LITERATURE REVIEW

Theoretical Framework

The nature of firms and activities in business have been changed due to global and tough economic conditions. According to Vibert (2004), theories of the firm, economics, marketing, finance and management have put forward the theoretical frameworks for explaining and predicting the existence of the firms. Firm strategy researchers have been interested in the nature of competition of firms because of the tougher and ever-challenging market environment. Consequently, it leads to economic theories of the firm. While economic efficiency and outcomes of competitions were the most emphasized parameters, most of the economic theories of competition have been focused on competitive advantages for exploring the strategy of firms and competition process actions (Grimm, 2006). In order to investigate determinants of competitive advantage in the retail industry in Turkey, the RA theory of competition and the resource-based theory of firms were reviewed.

Theories of Firm

Theories of the firms were tried to explain the existence of the firms, comparison of the performance of the firms and behaviors of the firms. (Conner, 1991; Vibert, 2004). According to the literature, four different perspectives were proposed for theories of firms (Vibert, 2004).

1. Economic theories.
2. Functional Organization theories.
3. Interpretive and social constructionist theories.
4. Radical humanist and structuralist theories.

Economic Theories of the Firm

The theory is generally discussed in the literature as managerially oriented and functional. (Vibert, 2004). Economic theories of the firm can be classified into seven categories;

1. The neoclassical theory of the firm.

Firms exist in order to produce services and products by using labor and capital. (Conner, 1991; Hunt, 2000; Vibert 2004). In this perspective, all the firms in the market are small and homogeneous.

2. The traditional industrial economics of the firm.

This perspective proposes the Structure-Conduct-Performance (SCP) paradigm (Seth & Thomas, 1994). It means in order to conduct firm performance there is unidirectional causal flow from industry to firm.

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