

Tomaž Čater

### **Interweaving of the Sources and Forms of a Firm's Competitive Advantage: A Critical Review of the Adequacy of Existing Schools**

Scientific literature discusses at least four schools about the sources of competitive advantage of a firm, namely the industrial organisation school, the resource-based school, the capability-based school, and the knowledge-based school. Competitive advantage can take many different forms which can all be roughly classified in only two groups, i.e. the price advantage and the differentiation advantage. In the empirical research (based on a sample of 225 Slovenian firms) we use the clustering and factor analysis methods to examine how the sources and forms of competitive advantage interweave and what this means for the existing theory on competitive advantage. A conclusion can be made that all sources of competitive advantage should be classified into the external or the internal category. Because of the strong interweaving of the resource-based, capability-based and knowledge-based schools we believe it is reasonable to discuss only two (instead of four) schools, i.e. the "internal" school based on resources, capabilities and knowledge, and the "external" school based on industrial organisation. The relation between them should not be understood as being solely competitive but also complementary, which means that the mystery of creating a competitive advantage cannot be explained by any of these schools alone.

**Key words:** firm, competitive advantage, industrial organisation, resources, capabilities, knowledge, lower prices, differentiation.

Miroslav Verbič

### **Analysis of Stated Preferences as an Approach to Economic Valuation of Environmental Values and Natural and Cultural Heritage**

The article presents an analysis of stated preference approach to economic valuation of natural and cultural heritage. This approach, which consists of contingent valuation and discrete choice analysis, enables us to value the most comprehensive range of environmental goods. The concept of hypothetical market that the approach is based on is simultaneously the source of its greatest advantages and greatest weaknesses. The methods being analysed are principally the only methods for economic valuation of environmental values that enable us to value non-use values through the analysis of expressed behaviour of individuals. The non-use values of goods cannot be observed directly, since individuals do not inquire about these aspects of goods in the market due to non-exclusiveness and non-rivalry in consumption. However, the approach generates various academic debates due to conceptual and empirical difficulties in acquiring the prices of economic values of environmental goods and is as such subject of dynamic interdisciplinary development

**Key words:** contingent valuation, discrete choice analysis, econometrics, economic valuation, environment, expressed preference approach, stated preference approach.

Jože P. Damijan, Andreja Jaklič, Matija Rojec

### **Impact of External Knowledge Flows on the Innovativeness and Productivity of Slovenian Firms**

The paper analyses whether, and to what extent, a firm's ability to innovate is determined by the firm's own R&D activity, and to what extent by factors external to firm. We first estimate the impact of firms' internal R&D capital and external R&D spillovers on firms' innovation activity within an integrated dynamic model. In the second step, we then

estimate the impact of firms' innovations on firms' productivity growth. Using the firm-level data on innovation activity combined with firms' financial data for a large sample of Slovenian firms in the period 1996-2002, the paper makes three main findings. First, a firm's own R&D expenditures as well as external knowledge spillovers, such as national and international public R&D subsidies, foreign ownership and intra-sector innovation spillovers do enhance the firm's ability to innovate. Second, innovations as a result of a firm's R&D do contribute substantially to the firm's total factor productivity growth. And third, foreign ownership has a double impact on a firm's total factor productivity growth - it first enhances firm's ability to innovate and then it additionally contributes to the firm's total factor productivity growth via superior organization techniques and other channels of knowledge diffusion.

**Key words:** innovation, external knowledge spillovers, FDI, Slovenia