COMPETITIVE INTELLIGENCE ON GOVERNMETAL LEVEL: THE CASE OF GREECE

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Introduction:

This paper is focused on adapting the concept of Competitive Intelligence (CI) on governmental level. More particularly, in the case of Greece and the lessons that can be learned from the global state "competition" on the entrepreneurship sector in order to boost the country's challenged economy. We live in a world of constant changes, the global economic environment, commerce and technological innovations shift the trends of competition day after day. However, states are forced to compete in an ever ending competition that tips the scales of the regional and global balances of power.

With the Global Financial Meltdown starting in 2007 and the subsequent domino effect in the European Markets, the European countries found themselves unprepared to face the political and economic prospect of a crisis and to anticipate the toxic contamination reaching the European Union's foundations. The differences between the "rich" North and the "poor" South became gradually more profound. The European South found itself struggling to compete with bigger economies and furthermore, utilize political and economic comparative advantages.

The main goal of this study is to introduce the concept of Competitive Intelligence, while identifying at the same time Greece's problems, performance indicators, the competitive environment as well as strategic competences. Finally, the study will display the fruits of a research conducted regarding the future business trends compared to Estonia's growth model, analyzed in order to provide solid recommendations that can assist Greece's efforts to upgrade its entrepreneurial and economic growth model.

Competitive Intelligence:

By definition, Competitive Intelligence (CI) can be defined as the knowledge and foreknowledge of the external "competitive" environment. The ultimate goal of each intelligence process is to facilitate decision-making that leads to action (Global Intelligence Alliance, 2004). By utilizing Competitive Intelligence, a business and furthermore a state can foresee industry changes and quickly adapt on the global capitalistic environment. It is important however to mention that Competitive Intelligence is an ethical business discipline, aimed to facilitate decision making.

On the other hand, obstacles exist on the road of achieving organizational and state goals. This study will use the tools of Competitive Intelligence by treating the state of Greece as a private firm. The ultimate goal of this "state firm" is the increase of its challenged competitiveness regionally and globally by utilizing techniques and practices that could be proven successful abroad and more particularly in Estonia, a former Union of Socialist Soviet Republics (USSR) state.

As a general rule, well established companies within an industry and in our case, countries which possess the know-how and the resources to maneuver within the global competitive environment can be considered easily adaptable to change. In the case of Greece, domestic matters, such as the rigid bureaucratic state, as well as the public sector's nepotism can be considered a traditional obstacles for the country's efforts for entrepreneurial and economic growth. Having a clear view of the competitive environment and knowing the obstacles blocking the road towards growth is important, especially in times of financial and societal crises.

Competitive Intelligence Cycle:

At this point, it is important to explain the fundamental Intelligence Cycle. More particularly, an Intelligence Cycle describes the process of planning, researching, analyzing and reporting intelligence. The Intelligence Cycle serves the needs of the intelligence "consumers", mainly policy makers, who are in need of crucial information in order to conduct their duties. Similarly, Competitive Intelligence has utilized the Intelligence Cycle tools in order to answer questions about the competitive environment.

As seen on the graph above, the Intelligence Cycle starts by identifying the questions needed to be answered. The second step involves researching and collecting raw data using ethical means on two research levels: the primary and the secondary. The primary level involves around lengthy and costly information gathered directly from experts or even the competition, while secondary research contains already processed information from open sources such as books, reports and the internet. Finally, the research gathered undergoes the analysis process, where analysts/experts produce reports that respond to the needs of the intelligence consumers. The final analysis product can be used as a tool for strategic and competitive policy making by helping policy makers and businessmen understand the actions of the competition today and "foresee" the future.

The Research:

Starting in 2007, large financial institutions in the United States and Europe faced a credit crisis and a slowdown in economic activity. The crisis rapidly developed and spread as a global economic shock, causing a number of American and European bank failures, declines in various stock indexes and large reductions in the market value of equities and commodities. Moreover, the deleveraging of financial institutions further accelerated the liquidity crisis and caused a decrease in international trade. While political leaders and central bank directors coordinated their efforts to reduce fears, the crisis continued as unemployment and poverty were booming in the transatlantic world.

However, a small country across the Atlantic Ocean found itself unprepared to face the crisis. In late 2009, the George Papandreou Government in Greece announced that the government's deficit to its Gross Domestic Product (GDP) was 13%, way beyond the 3% required by the Maastricht Treaty of 1992. Furthermore, in the spring of 2010, unable to borrow from the open markets, Greece was forced to ask the financial assistance of the European Union, the European Central Bank and the International Monetary Fund (IMF). In return, the country was asked to implement reforms and to adopt strict austerity measures (Lynn, 2011). Constant strikes and violence became a usual phenomenon in the streets of Athens, as Greece became the first Eurozone country to ask the assistance of the IMF.

The necessity of understanding and adapting to the global competitive environment by analyzing what other challenged but more adaptable states are doing, became crucial for Greece. By failing to adapt for years in the rhythms of the global free market trends, the financial crisis became the "coup de grace" for the financial leader of the Balkans. The corrupt political system and mechanisms, fraudulent officials in key-positions, the huge and recently unknown number of public servants, the huge public deficit and the growing national sovereign debt among others neutralized the immune system of the Greek economy.

The system was ailing since its early stages but only few did realize the threats, and even less foresaw and warned for the upcoming chaos. The extended financing during the 1990s, the sharp fall of the European interest rates (cheap money), the economic growth during the same period and in the case of Greece; creative accounting and financial cover-ups camouflaged the time-bomb of sovereign debt which was about to burst.

The Background:

With a relatively small population, Greece counts 10,772,967 citizens (July 2013 estimate). In 1981, the country joined the European Community (EC) (nowadays European Union) and in 2001 became the 12th member of the European Economic and Monetary Union (Central Intelligence Agency, 2014). As a consequence of the crisis, Greece's per capita Gross Domestic Product (GDP) in 2012 was equal to $23,260 which is 25% below the EU-28 median (Eurostat, 2012). Concerning the income of the country, Greece is still categorized as a high income economy despite the fact that its economy is still on a free fall.

The immense imbalance between the inflow and outflow of funds from Greek bank accounts has been accelerating rapidly, forcing the banking system to scale back their lending. Furthermore, the reduction of business financing is inevitably deepening the recession. Worse than that, financial turbulences continue, leading to the respective loss of lending capacity and to a bigger decline of money supply and liquidity in the market. With limited money circulation, small companies are forced to close their shutters not only because of operational losses, but also for being unable to gain access to cash and fulfill their short-term liabilities (Batzoglou, 2011).

Today, thousands of new unemployed are lurking and dragging down the Greek economy in a vicious circle between recession, deposit draining, reduction of lending capacity, bad debt and reduced financing and liquidity. However, in 2013 Greece moved seventeen positions upward reaching the 72nd place in the index for the best country globally in terms of ease of doing business, primarily because of the enforcement of measures to upgrade its regulatory framework in order to attract new Foreign Direct Investment (FDI) (The World Bank, 2013).

The Greek Problem & the Competition's Solution:

During the evolving schism of the "two-tier" European Union, where the indebted European states, the so called PIIGS (Portugal, Ireland, Italy, Greece and Spain) are evidently moving to right, the wealthier central and northern countries are gradually moving to the left. The implicit division of the Eurozone is vividly crystalized as an emerging "ideological divorce" that exacerbates the breach between the North and the South. Citizens of the Southern and Northern European member states are shifting their political attitudes in a manner that the increasingly polarized political views are evident and critical for the formation of new economic, political and territorial equilibriums. In reality, the Eurozone intensified inequalities between member states, leading to the creation of two economic zones: the central and the peripheral; putting into question the viability of an integrated Europe, the reflexes of the European Central Bank (ECB) and the durability of the common currency.

The European bailout packages and the whole process of protecting the core of the European Union from toxic debt contamination was backed-up by heavy austerity measures and groundbreaking reforms imposed to the indebted European states. Consequently, the increasingly divided European public opinion mirrors the parallel territorial economic division. Clearly, the interests of the creditors in the North are contradicting those of the debtors in the South.

At the moment, entrepreneurship is one of the few means to leverage the return of Greece to growth and prosperity. Greek entrepreneurship is slowly shifting; however a small number of start-ups cannot narrow the huge gap of unemployment (European Investment Bank, 2013). In recent years, more than fifty five institutions have been established to support, coordinate and guide the undeniably enormous potential of the Greek "entrepreneurial ecosystem," which is still to develop the appropriate conditions to assure its sustainability (Endeavor Greece, 2014).

According to *Endeavor Greece*, in 2013, 144 start-ups were founded in Greece, compared to only 16 in 2010, an impressive increase which together with the fact that the amount of funds invested in these companies reached €42 million, an amount 80 times larger than the respective figure three years prior, clearly indicates that the drastic changes in the field of business have opened widely the windows of hope (Endeavor, 2014).

Mentoring and networking, as well as finding alternative methods of financing (Venture Capitalism, Business Angels) have recently become known to the wider audience and act as mechanisms to encourage entrepreneurship. However, the buzz around entrepreneurship has become disproportionally unpopular, resulting in a "bottleneck" which in some extent communicates blind motivation and promotes entrepreneurship of necessity than entrepreneurship of opportunity.

Competitive Intelligence on Governmental Level in the case of Greece, is a multifaceted and complex task, primarily due the particularities of the Greek business environment. Analysis and adaption of international best practices in key areas is mandatory. As an example, an important strategic document that should not be neglected by Competitive Intelligence analysts is the Estonian Entrepreneurship Growth Strategy: 2020, an economic manifesto and a blueprint of the strategic action plan which mandates the future of the Estonian economy for the next six years.

Estonia intents to become a smart economy state, while increasing its wealth and most importantly lead its way into a prosperous future. The country plans to become the center of business start-ups within the Baltic States, Scandinavia and North-Western Russia. As a result, Estonia plans to become the most attractive country for major corporations' development centers in Europe and one of the best countries globally to establish a company.

The three pivotal challenges of Estonia's Growth Strategy are: 1) Increasing productivity, 2) Stimulating entrepreneurship and 3) Encouraging innovation. The government has given great emphasis on the needs of the approximately 3,700 companies which produce the biggest part of the country's exports and have the greatest impact on the growth of its economy. Estonian authorities are planning to facilitate the companies' efforts to increase their productivity with professional counselling together with analysis and multilevel support on different business projects (Republic of Estonia: Ministry of Economic Affairs and Communications, 2014).

Estonia has realized that encouraging entrepreneurship is of vital strategic importance, as the country needs more success stories that will provide employment to the population, increase their products export and produce more services. By facilitating various objectives within their competitiveness plan, the initiative aims to upgrade the output of the Estonian entrepreneurs and increase the country's income per capita (Republic of Estonia: Ministry of Economic Affairs and Communications, 2014).

In order to increase productivity, Estonia's focus is set on both nurturing the determination of entrepreneurs along with enhancing research and development activities, innovation, investments and exports. Regarding employment, attention is given on smoothing the structural transitions in the labor market by increasing the portion of businesses that generate higher added value. Adding to that, a Regional Development Strategy embracing regional businesses aims to amplify the rise of new start-ups in urban centers and beyond. In continuation, The Rural Development Plan and the Tourism Development

Plan concentrate on the expansion of entrepreneurship in hand-picked economic sectors (Republic of Estonia: Ministry of Economic Affairs and Communications, 2014).

Along with the Research and Development and Innovation Strategy ran by the Estonia's Ministry of Education and Research, the Lifelong Learning Strategy plays a catalytic role in the development of the country's human capital. The Lifelong Learning Strategy has set the goal of providing the next generation of resourceful individuals with up-to-date knowledge and skills. Consequently, in the context of business development, Estonia's Ministry of Economic Affairs and Communications places great expectations on the educational system as an effort to tackle structural unemployment and to produce highly skilled employees (Republic of Estonia: Ministry of Economic Affairs and Communications, 2014).

Concluding Comparison & Remarks:

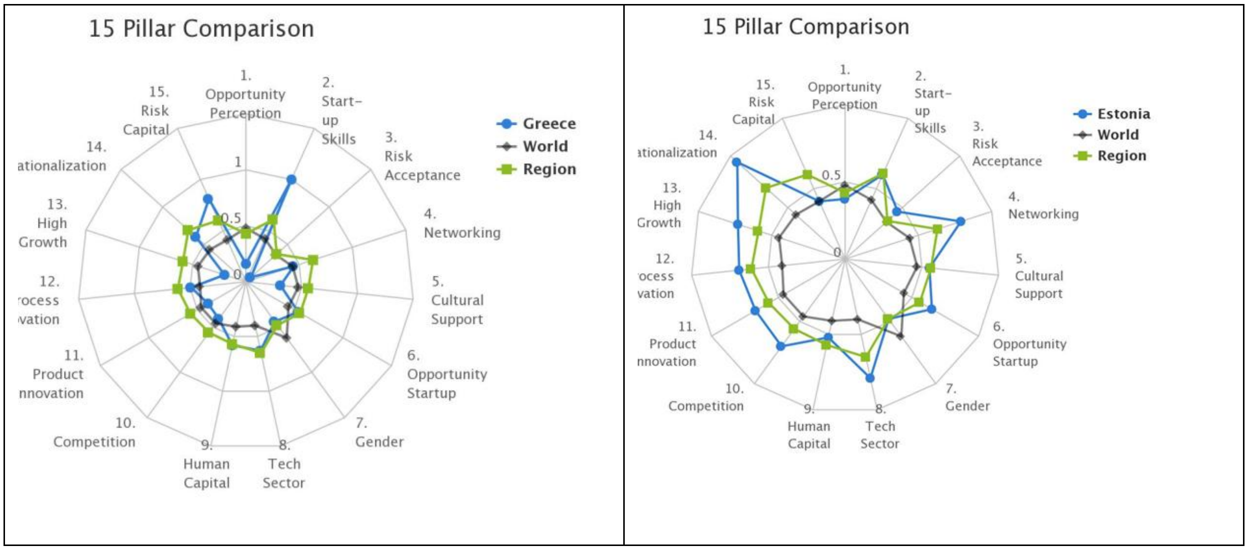
Greece is currently in a fast-track transition from a low performing and ailing to an efficiently higher and innovation driven economy. The recommendations are mainly focused on developing synergies between interrelated organizations, industries and building others from scratch. Fostering local and foreign competition ensures growth and dynamic effects on the economy as it reinforces product offerings and cost efficiency. As mentioned above, the development of skills and the boost of entrepreneurial activities is crucial.

For Greece, it is vital to exploit existing competencies and talent and focus on more profitable sectors by fostering and encouraging emerging companies. In addition, the promotion of structural modifications in the regulatory framework will ease and support the process of establishing new innovative firms in priority growth areas. The stimulus that lies behind the core principles of the Estonian Entrepreneurship Growth Strategy: 2020 manifesto is a good example to adopt. However, entrepreneurial accomplishments do not happen in a vacuum. In fact, entrepreneurs exist and operate in ecosystems with their own particular conditions, regional and/or international networks, economies and societies. This blend of structures, known as the “entrepreneurship ecosystem” can be evaluated and analyzed. More particularly, the Global Entrepreneurship and Development Index (GEDI) has become a useful tool that measures the health of “entrepreneurship ecosystems” amongst 120 countries and rank their performance both in regional and global scale (Global Entrepreneurship Development Institute, 2014).

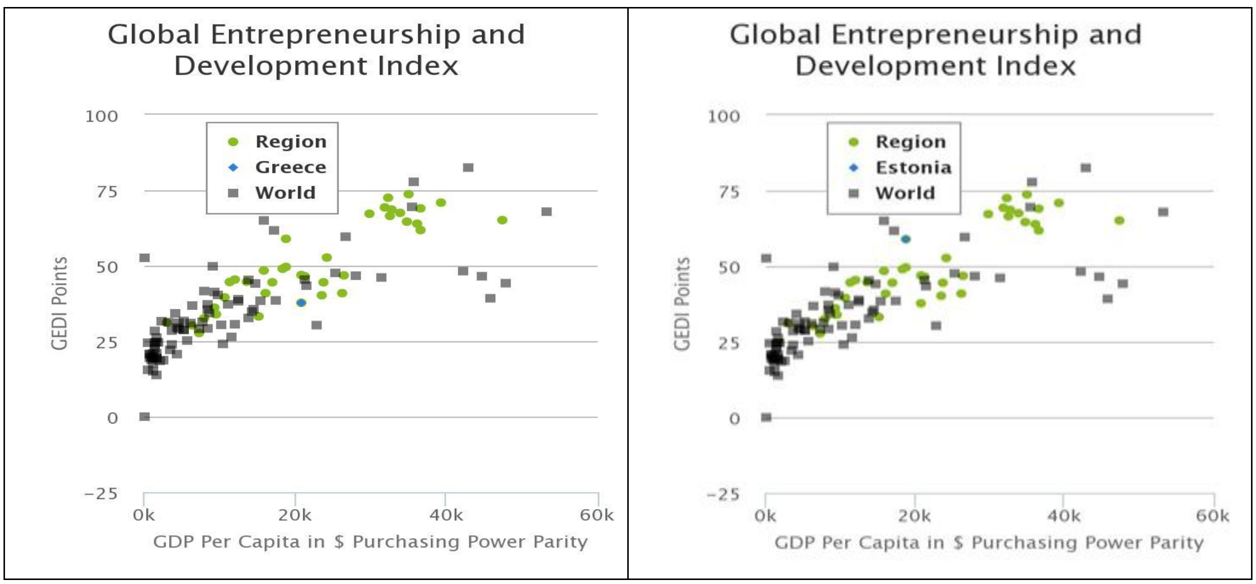
GEDI gathers data regarding entrepreneurial attitudes, capabilities and goals of local populations which in turn analyzes and evaluates in comparison to the dominant socio-economic infrastructure. By using fifteen pillars, the Index measures the health of a country’s ecosystem. Furthermore, a comparison of the Greek performance against the Estonian will provide a superficial portrait of the entrepreneurial ecosystems of both countries. Today, Greece is ranked 58th worldwide in the Index and 31st regionally; whereas, Estonia is ranked 21st and 14th respectively. It is interesting to take a closer look at the 15-pillar comparison shown in Graph #01 below, as well as the overall picture in Graph #02 (Global Entrepreneurship Development Institute, 2014).

Estonia has managed to developed an all-around skill-set which ranks above the global standards and relatively better than its neighbor countries. However, the graph does not show great discrepancies or spikes which corroborate the allegation above. On the contrary, Greece’s graph displays huge discrepancies with indications ranging from the lowest ranks in the scale, well below the regional and global average, to indications that range much higher than the respective standards, such as the start-up skills of the Greek human capital (Global Entrepreneurship Development Institute, 2014).

Graph #01



Graph #02



Source: Global Entrepreneurship Development Institute, 2014

In conclusion, by failing to position itself in the global competitive environment, Greece was left behind in the ever ending competitiveness race. The Global Financial Crisis and the subsequent crisis in Europe forced the leaders of Greece to seriously consider structural changes on a system which was doomed to fail from its birth. For years, the country failed to boost its economy by neglecting to promote domestic entrepreneurship and to attract Foreign Direct Investment (FDI). Today, Competitive Intelligence can help narrow this gap by producing crucial intelligence for the Greek State on how to compete regionally and internationally with players who possess concreate structural and business infrastructures, the competences, the know-how and the flexibility to maneuver in the highly competitive and dynamic free market economy.

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