



Competitiveness In Europe

Could Europe's perceived weaknesses actually be a source of strength? INSEAD launches a school-wide initiative to find out.

There is a widespread perception that Europe is currently undergoing a crisis of confidence and much evidence seems to justify this. In a recent Forbes Magazine study of the world's most admired companies, in the U.S. six of the ten most successful companies cited were created after 1970 – in Europe none of them were. Clearly small companies doing business in the U.S. have less trouble expanding their markets and scaling up their operations quickly.

Explanations for this disparity include greater cultural and linguistic diversity in Europe and a perception that European governments regulate business too rigidly. But are these inevitably handicaps or could European companies' experience in dealing with these obstacles actually be turned into an advantage?

INSEAD is embarking on a comprehensive, school-wide European Competitiveness Initiative, bringing together more than 25 faculty members from different academic areas on the school's three campuses (France, Singapore and Abu Dhabi) and INSEAD's 40,000+ alumni network of business leaders in all market sectors. Research, case studies, conferences and events will be the basis on which business leaders can draw lessons from the practices of globally successful companies and apply those lessons to industries based in Europe.

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For INSEAD Professor of Strategy **Javier Gimeno**, who heads the initiative, the creation of the INSEAD European Competitiveness Initiative was a natural step for the business school: "INSEAD was founded in France three months after the Treaty of Rome was signed in 1957 that created the European Economic Community (the forerunner of today's European Union) and throughout our history we have been the leading pan-European institution for business education. But INSEAD's identity has never been defined by one country in particular. And, from the beginning, the school has focused on globalisation and so can bring a knowledgeable perspective from outside Europe as well," says Gimeno.

Using Diversity

"There is an opportunity," contends Gimeno, "to take the diversity of cultures and languages and turn it from a negative to a positive. The traditional perspective when comparing Europe to the U.S. was that the U.S. had a large standardised market where you could scale up easily whereas European markets were more fragmented and thus had higher barriers to expansion. But now China will have an even larger scale so it's no longer a competitive advantage for the U.S."

On the other hand, Gimeno points out, "Luxury goods and cultural products do not compete on cost

but on innovation and diversity of ideas. And Europe already has a very sophisticated market so companies here have more experience with more discriminating customers who value innovation.”

Private and public sector benefits

By getting a closer look at the experiences of highly-competitive firms in Europe, business leaders will be better able to see the key issues that make the difference between failure and success.

For policy makers, the initiative will contribute to understanding the role of government regulation in encouraging competitiveness, enabling them to define the political and economic reforms needed to make it easier to start a business in Europe.

Concludes Gimeno: "By disseminating research findings, developing new case studies, compiling rankings and awards, as well as presenting conferences and events to engage with business leaders and policy makers, INSEAD's Global Competitiveness Initiative will make a real contribution to the transformation and progress of Europe."

For more information on INSEAD's Global Competitiveness Initiative click [here](#).

Javier Gimeno is Professor of Strategy and Aon Dirk Verbeek Chaired Professor in International Risk and Strategic Management at INSEAD.

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