

Bridging the gap in competitiveness of Russian companies with intangible bricks

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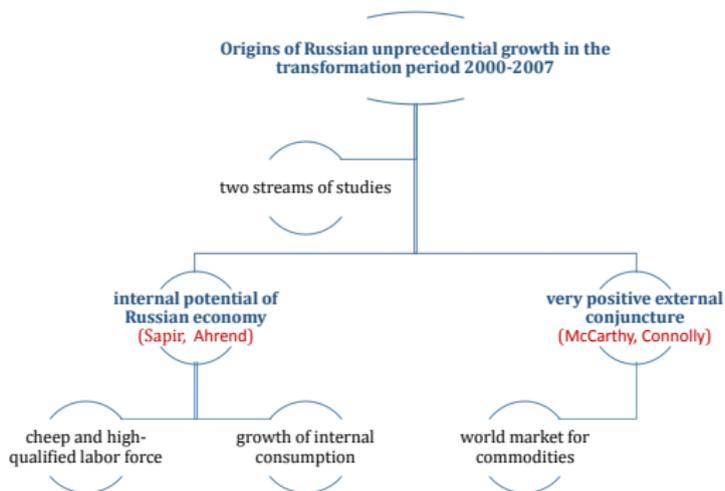
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- Russian economy falls behind in productivity and intensifies low value-added production (McCarthy et al., 2014)

Research question

- whether a gap in the most important intangible resources of Russian companies with respect to their European rivals cause a dearth of competitiveness

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 - unbalanced development of sectors
 - competitive advantages in resource-based and energy-intensive sectors
 - disadvantages in machinery, consumer durables, medicinal and pharmaceutical goods

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- Regional trade infrastructure (Sapir, 2001).

Research Design and Methodology: gap in competitiveness

- **EVA** - measure of competitiveness
 - $EVA_{gap} = (EVA_R - \overline{EVA_{EU}})|_{ind\ year} > 0$ - then Russian companies outperform their European rivals
 - $EVA_{gap} = (EVA_R - \overline{EVA_{EU}})|_{ind\ year} < 0$ - then Russian companies underperform their European rivals

Research Design and Methodology:

gaps in intangible endowment

Gaps in intangible endowment (GIE) is specified as follows

$$GIE = \begin{cases} \text{if } x_{ij} - \text{continues, } (x_{ij} - \overline{x_{EU}})|_{ind \text{ year}} \\ \text{if } y_{ij} - \text{dummy, } y_{ij}^R \end{cases}$$

Core econometric specification:

$$EVA_{gap} = f((x_{ij} - \overline{x_{EU}}), y_{ij}^R, CV)$$

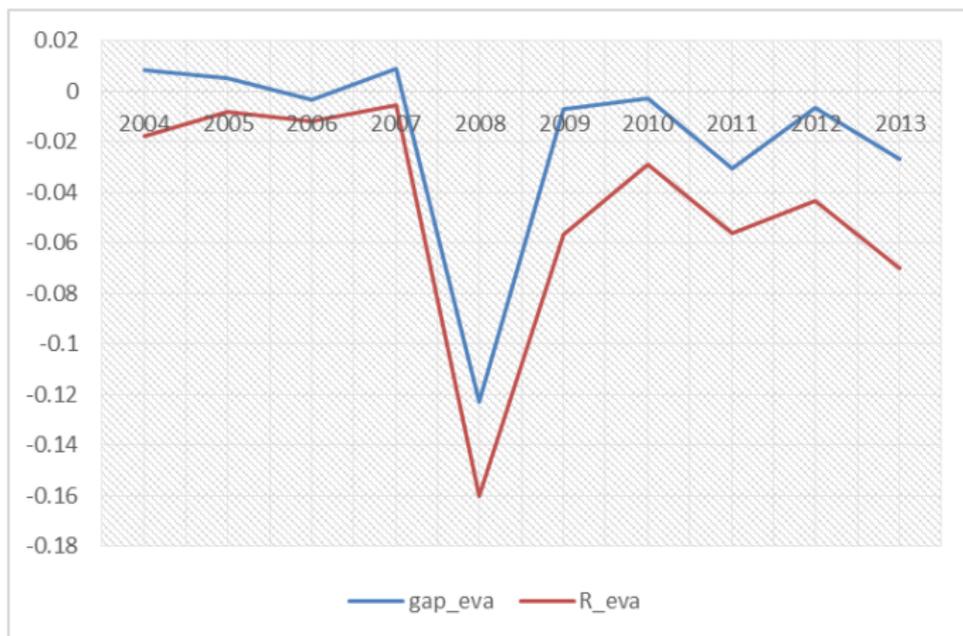
- The following determinants are examined:
 - Productivity
 - Strategic long-term orientation of companies
 - Quality of human capital
 - Innovative behavior of companies
 - Foreign investments
 - Corporate networks

Descriptive analysis and T-test for EVA

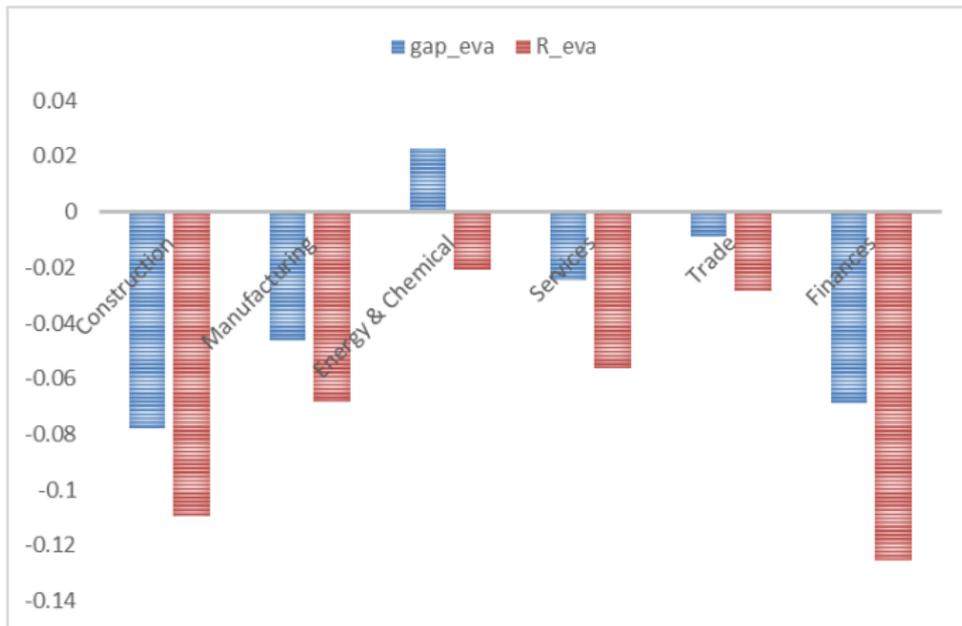
Group	Number of observations	Mean	Std. Err.	Std. Dev.
Russian companies	8072	-0.062	0.0038	0.349
European companies	14441	-0.029	0.0007	0.089
Combined	22513	-0.041	0.0015	0.221
Difference		-0.033	0.0031	
	diff = mean(RC) - mean(EC)	t	-10.7667	
	Ho: diff = 0	degrees of freedom	22511	
	Ha: diff < 0	Ha: diff = 0	Ha: diff > 0	
	Pr(T < t) = 0.0000	Pr(T > t) = 0.0000	Pr(T > t) = 1.0000	

Source: self-elaboration

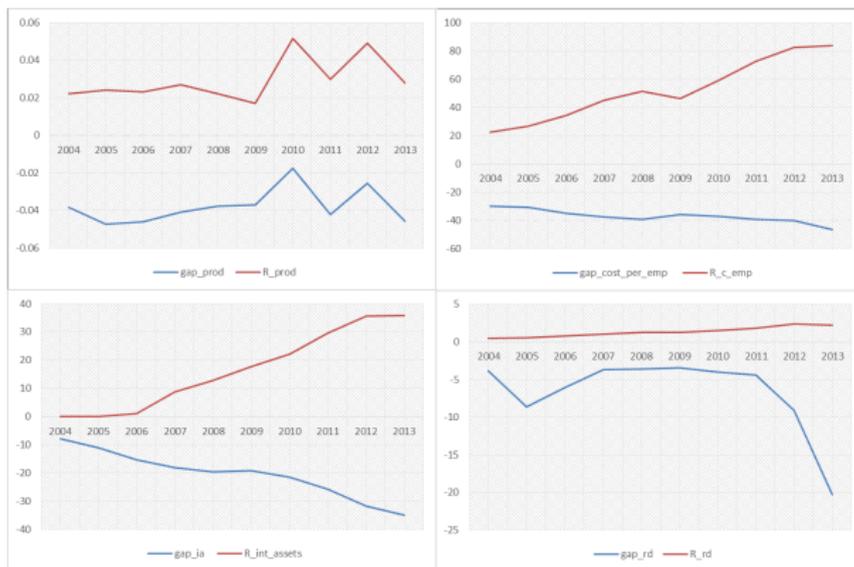
Gap in competitiveness of Russian companies in dynamics



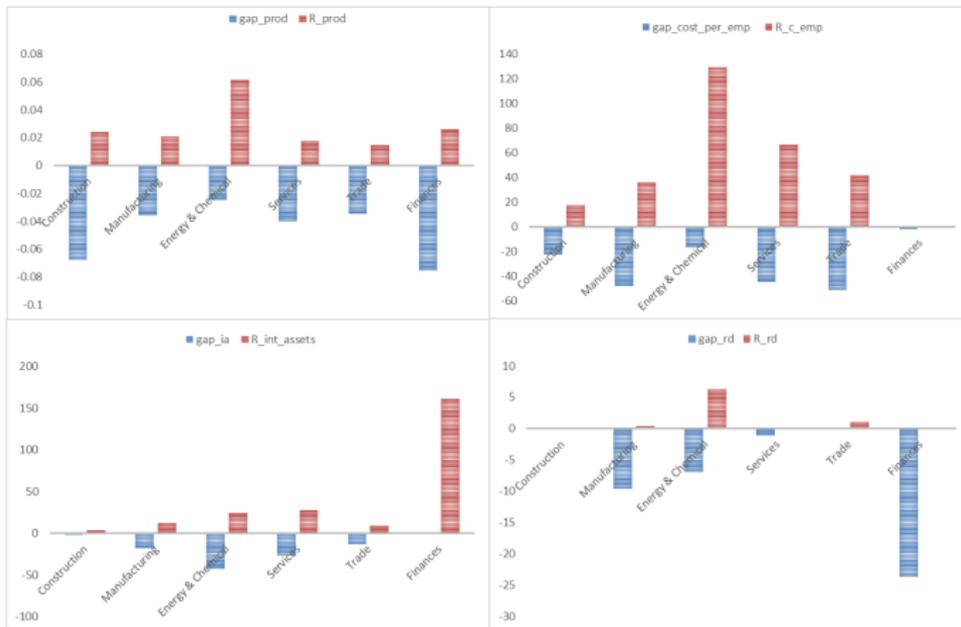
Gap in competitiveness of Russian companies by industries



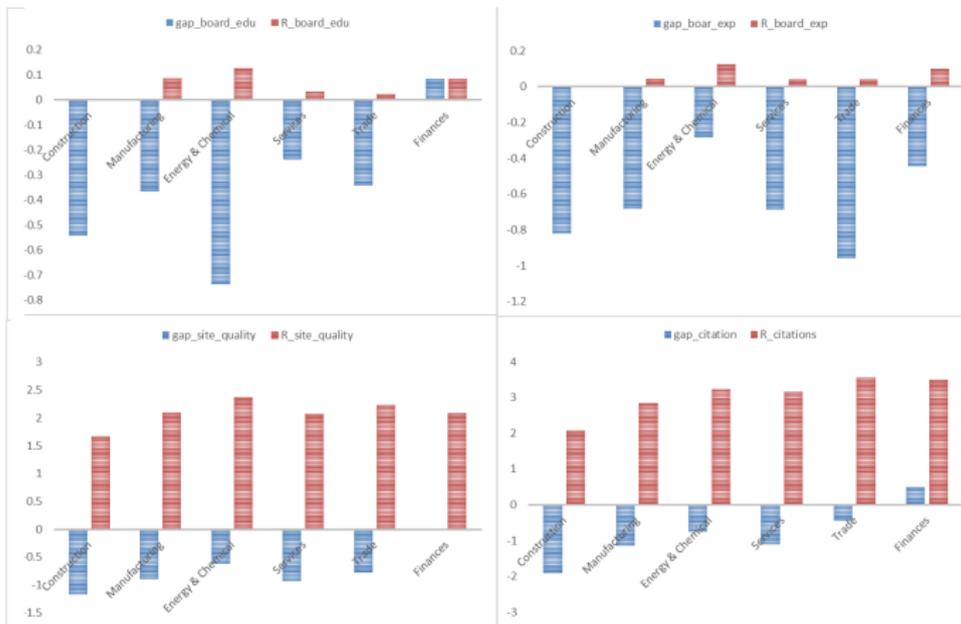
Gap in intangible endowment of Russian companies in dynamics



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Determinants of the gap in EVA

Gaps in intangible endowment	(1)
Productivity by output	0.170*** (0.0214)
Cost of employees	0.000853 (0.000528)
ERP implementation	-0.0142** (0.00582)
Strategy implementation	0.0117*** (0.00451)
Qualification of board of directors	0.0400*** (0.0137)
Intangible assets	-0.000787*** (0.000175)
R&D investments	-0.000399 (0.000533)
Foreign capital	0.000976 (0.00978)
Participation in professional associations	0.0185 (0.0242)
Corporate site quality	-0.00341 (0.00380)
Site citations on the Internet	-0.00495 (0.00396)
Company location	0.0217** (0.0106)
Number of subsidiaries	-0.000226 (0.000232)

Number of observations 5,654

 $R^2 = 26\%$ 

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 - short-term strategic orientation