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Business Environment and Competitiveness in Portugal

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ABSTRACT

The context for this research was the lack of data and studies on how to improve the business competitive environment and make it more interesting for foreign direct investment, in particular in Portugal Economy. Two research questions were formulated to understand the main perspectives of Portugal competitiveness and main ideas to Portuguese companies become more competitive using a qualitative methodology based on in depth interviews of sixty-seven persons from entrepreneurs, economist, researchers and academics. The main findings identify a set of factors that turns the Portuguese economy more competitive, as well the types of investments that matches with Portuguese dynamics and environment, and a roadmap for economic development.

1. Introduction

Competitiveness is an increasingly used term, which in turn can be analyzed at the company level or at the level of the whole country (Horvathova & Mokrisova, 2020). At the firm level, competitiveness can be defined "*as the ability of a firm to compete, with other entities in the market, that offer a similar product or meet similar needs*" (Zagoršeková et al., 2017:2409).

Therefore, it should be mentioned that there is not only one definition of competitiveness, where Nicolau (2005:74) defines business competitiveness "*as the ability to form profitability, doing it as well or better than competitors*". Thus, the research problem is Portuguese business competitiveness, which arises in the need to combat the scarce scientific information and studies that address the issue of competitiveness in Portugal, which in turn, will bring added value together with possible recommendations, which aim to improve the competitive capacity of Portugal and its companies.

Given the above, this study has as main interest, the investigation of the current and future competitive situation of Portuguese companies, as well as the competitiveness of the Portuguese market said by our national entrepreneurs and other public figures. Taking into account that Portugal is a country with several limitations, namely in terms of size, among others, it is easy to understand the need to study what could be the future of Portugal in terms of competitiveness and how it can articulate itself in order to be increasingly competitive, to the extent that it is possible to overcome and/or circumvent its limitations and thus make Portuguese companies more competitive. However, Shaulska & Kovalenko (2021) refer that there is no competitive strategy that is ideal for all businesses/companies, and that each company should take into consideration the scale of its activities and its position in the industry in which it operates.

Having said this, a brief literature review divided into three parts will be presented. The first part of the review is about entrepreneurial competitiveness, where the concept and its particularities are alluded to, while the second part is about economic competitiveness and the third part is about the competitiveness of Portugal. Still within the previous chapter, that is, at the end of the literature review, a critical analysis is presented, which speaks in a general way, of the concepts portrayed in the review presented.

Then follows the methodology chapter, which in very simple terms, explains how the work order will proceed, as well as the methods and means to be used to achieve the proposed objectives. Then follows the data analysis, where the practical part of this research will be addressed, followed by the discussion of results, which will aim to explore and clarify the results achieved, with the exposure of the remaining sets to answer the research questions.

Finally, there will be a brief conclusion to highlight the points to be retained from this study, as well as possible future research recommendations and the limitations of the study.

2. Literature Review

2.1 Business Competitiveness

Today competitiveness is a widely used term and for Horvathova & Mokrisova (2020) this can be analyzed at two levels: at the firm level or at the level of the whole country. That is, at the micro (firm competitiveness) or macro (economic competitiveness) level. Taking into account, that competitiveness is the mutually dependent package of ten pillars - product, human capital, *networks,* home market, strategy, marketing, decision making, technology, internationalization and online presence, that allow a company to compete effectively with other companies and to serve customers with valuable goods and/or services (Lafuente et al., 2020).

According to Shaulska & Kovalenko (2021) a firm's competitiveness is an essential component of a market economy, which ensures an entity's ability to adjust to market conditions and to maintain strong market positioning in the long term.

Therefore, companies, in order to become more competitive, have to be able to adapt to their environment. In this way, it also Shaulska & Kovalenko (2021) mentions that the method to assess the competitiveness of commercial organizations also involves assessing the competitiveness of products/services, since the latter has a direct impact on the former. In very simple terms the competitiveness of the product/service can be measured by the difference between the price paid by the consumer and the cost of production of the product/service, bearing in mind that the greater this difference, the greater the competitiveness of the product and/or service, which consequently implies directly in the competitiveness of the company. That said, for companies to compete successfully in the market is necessary to have: low costs, the latest technologies, highly qualified employees, organized logistics service, quality control of products / services, implementation of *merchandising* that aims to increase their profits, as well as the implementation of a technical and commercial process of high quality. (Shaulska & Kovalenko, 2021).

Already for Horvathova & Mokrisova (2020) ensure that any company with an interest in developing and increasing competitiveness should first, assess its current situation in terms of its financial health and *performance* in order to improve its competitive position. The

organization should focus on internal processes and increasing business potentials, efficiency and performance.

In addition, that Abuzyarova (2017) advises the use of the following criteria to evaluate competitiveness, these being, the indicators of the productive activity and the work of the company, indicators of competitiveness of the product and marketing activity, index of the financial situation of the company and finally the market share occupied by the company, which aims to reflect the impact of the external factors of competitiveness.

Given, that organizations are increasingly concerned with environmental issues, there arises the capital investment in green information technologies, which in turn is an ongoing process, which in addition to improving business competitiveness, can also strengthen the green image of business, thereby ensuring the sustainability of the business(es). Thus, it is necessary to place a long-term focus on the influence of green activities on business competitiveness. (Chuang & Huang, 2018). That said, Chuang & Huang (2018) believe that environmental performance has a positive effect on business competitiveness, based on their study, however it should be noted that there is still no further evidence from the scientific community that this is true.

Being that, the *"...transparency and corporate sustainability, based on economic efficiency, environmental balance, social justice and corporate governance, affect the movement of assets, sales and current liquidity. Points that are essential for a company to remain competitive in the market and attract good investors..."*(De Carvalho et al., 2019:126). In addition to this, *corporate governance*, environmental and social actions improve business competitiveness, as they act positively on the image and financial indicators of companies (De Carvalho et al., 2019). In this way it is possible to attract more and new investors that take an interest stance on ethical and/or sustainable and socially responsible aspects (Pereira et al., 2022).

In weak or fragile Entrepreneurial Ecosystems (EE), several complexities are faced to implement strategies to effectively increase competitiveness (Lafuente et al., 2021). It is possible that in situations where EE are consolidated, the stock of resources available to entities is higher, in addition to the fact that entrepreneurial competitiveness is connected to strategies that privilege those resources more connected to the source of entrepreneurial competitive advantage (Lafuente et al., 2021). On the other hand, in contexts with an underdeveloped Entrepreneurial Ecosystem, the ability of firms to implement strategies to increase competitiveness would be affected by the poor availability of key resources and, consequently, these strategies would not produce the desired results in terms of higher levels of competitiveness (Lafuente et al., 2021).

It is often thought that more competitive entities choose fields of competition that are more suitable for customers, than the fields selected by less competitive firms, which in reality is not true because according to the study of Contador et al. (2010) the fields of competition used by the more competitive firms are neither better nor more adequate than those used by the less competitive ones, and the strategies followed by the more competitive ones do not differ much from the strategies adopted by the less competitive ones, and this difference does not exceed the significance level of 5% between the fields of competition of both (Contador et al., 2010).

Gulski (2012) mentions that different styles of knowledge management can alter business competitiveness, so the author states that knowledge management style is an aggregate category that characterizes the course of learning processes in companies. In which, those that make more frequent use of various organizational learning methods (strong variants) achieve much better gains in competitiveness than firms that use these methods less regularly (weak variants) (Perlines et al., 2022).

Competitive intelligence taken at the level of an organization must inevitably highlight the role of entrepreneurial orientation in determining competitive advantage. That said, entrepreneurial competitive intelligence is a cross between competitive intelligence and entrepreneurial orientation of certain offensive, firm-induced decisions, materialized by a clear effort in R&D (Tarek et al., 2019). In this way, it is possible on the one hand, to have a greater transfer of technological knowledge, based on a continuous search for new market opportunities (e.g.: niches) and on the other hand, the ability to make defensive decisions integrated into the safeguarding of information assets and risk management (Ekel et al., 2022).

Therefore, business competitive intelligence is a decisive factor in determining the competitive advantages and survival of the firm in a highly competitive global environment (Tarek et al., 2019). Keeping in mind, that *business intelligence* is a response to an immediate need for information, while business competitive intelligence is rather a response to a strategic decision that requires a more thorough and in-depth analysis of the information gathered (Tarek et al., 2019). In this way, the process of business competitive intelligence is longer, focused, globalized and essentially more cost-effective than *business intelligence* . (Tarek et al., 2019).

Following the growing trend of internationalization, multinational companies with diverse activities, can expand activities across multiple locations (cities/countries). Capabilities such as knowledge and innovation are the main determinants of the competitiveness of companies, where the creation of knowledge and innovation, based on it are major sources of competitive advantage, with greater strength for multinational companies that have the resources to internalize the benefits of the geographical distribution of their activities (Momaya, 2016).

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Based on the study "*Influence of Internationalization and Innovation on Business Competitiveness*" by Albuquerque Filho et al. (2020), focused on the following countries: Brazil, Russia, India, China and South Africa, it obtained as a result that the "*...internationalization indicators and those of innovation do not exert influence on competitiveness...* "(Albuquerque Filho et al., 2020:11). In other words, according to him and given the results he obtained, there is no significant relationship of influence between internationalization and innovation on business competitiveness.

However Yamova et al. (2018), mentions that the large-scale use of innovations operations in the economy, is becoming one of the main sources of competitiveness and sustainable economic growth. Where innovation has become a fundamental condition for the development of major sectors of the economy.

In a world of constant change, for an organization to adapt it is important to remain flexible through innovative processes and products/services, in which the efficient integration of innovation into the day-to-day activities of companies is crucial to ensure a competitive advantage (Ignatov, 2018).

The link between innovation and business competitiveness can be conveniently justified, given that greater innovative capabilities enable firms to respond to market changes in a more effective manner, in which more admirable financial performance results can be achieved (Sukumar et al., 2020).

Being that from the financial performance point of view, there are several indicators to measure business competitiveness, both financial and non-financial indicators. However, since corporate financial performance can be influenced by many indicators, longitudinal observation is necessary. Therefore, financial status may not fully represent business competitiveness (Chuang & Huang, 2015).

2.2 Economic Competitiveness

In analyzing and predicting competitiveness, it is important to mention the determinants of economic competitiveness. Thus, for Pengfei & Haibo (2017) economic competitiveness is a country's ability to create wealth and promote national welfare. Therefore, economic competitiveness can be broken down into three levels: *input* (environment factor), process (industries) and *output* (value and wealth) (Pengfei & Haibo, 2017).

Finance, talent and science, education and technology are the main factors of competitiveness, the industrial system and the quality of enterprises are also pillars of competitiveness, as well as the cost of business and market demand are basic factors of competitiveness, in that the cost of business is a subtraction of wealth creation and welfare, the size and level of market demand are fickle and this change depends on the wealth creation itself (Pengfei & Haibo, 2017). The cultural environment, infrastructure, global connectivity and governmental competence are environmental factors that determine competitiveness, in which the government is the main actor, administrator and provider of public services for economic and social activity (Pengfei & Haibo, 2017).

However, the level of entrepreneurial activity depends on the level of economic development, as well as the competitiveness characteristics of countries vary according to their state of economic development (Rostami et al., 2019). Even though macroeconomic stability alone cannot increase the productivity of a country, it is recognized that macroeconomic disorder harms the economy (Rostami et al., 2019)

For the economy to be competitive, it must be productive. Productivity is often referred to as one of the most important factors of economic growth. However, a competitive economy also requires that economic growth is sustainable and inclusive (Zagoršeková et al., 2017).

Therefore, the level of competitiveness of a country can determine the specific growth potential of the economic system. The different factors embedded in national competitiveness prove to be the underlying structural bases for truly sustainable growth. These dimensions can drive the associated strategies and policies implemented with respect to increasing competitiveness (Rontos et al., 2020)

According to Ignatov (2018) applied innovation leads to growth in the aggregate competitiveness of an economy that determines significant development in the medium term. Under these circumstances, governments should provide a stable business environment by minimizing their interference in markets. To the extent that the potential of economic innovation is able to increase the competitiveness of society, while excessive bureaucratization reduces the efficiency of the business sector.

Intellectual capital is considered by several researchers as one of the most prevalent sources to create competitive advantages, as the use of competitive advantages from human fields, organizations and cyberspaces, as well as the competitive advantage derived from customer or relationship capital, are intended to create economic competitiveness (Zohdi et al., 2020).

Based on the Global Competitiveness Index (GCI) Rostami et al. (2019) states that a country's competitiveness index is described through twelve pillars, broken down through three

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groups, with the first related to the basic requirements of infrastructure, institutions, macroeconomic stability, health, and primary education. The second group represents efficiency factors and resources, including higher education, product and labor market efficiency, financial market development, technological readiness, and market size. The third group comprises factors of innovation and business sophistication.

Which according to (Knežević et al., 2020) the pillar of institutions are of the main and most important pillars of global competitiveness. Where according to the same author, he considers that in the basic requirements of competitiveness of an economy, institutions hold an impact equal to the other pillars of the same group (Knežević et al., 2020).

In which, a broad and efficient infrastructure is crucial to ensure the effective functioning of an economy. Besides being an essential factor in determining the location of economic activity that collaborates in the development of a country (Rostami et al., 2019).

2.3 Portugal's Competitiveness

When talking about the Competitiveness of Portugal it is important to first refer the Portuguese position in the Global Competitiveness Index determined by the *World Economic Forum*, this way, Portugal in the year 2019 was ranked 34th of a set of 141 countries (World Economic Forum, 2019). This is a combination of several factors, namely through the twelve pillars mentioned in the previous point and presented in the Figure 2.1.

The *Institute for Management Development* (IMD), according to its studies based on four areas: economic development, government efficiency, infrastructure and business efficiency, determined that Portugal ranked 39th in 2019, from an analysis of 64 economies (countries) in *The IMD World Competitiveness Ranking*. And in 2021 it was ranked 36th according to the same institute (*IMD World Competitiveness Online*, 2021).

Performance Overview 2019   Key   ◇ Previous edition   △ High-income group average   □ Europe and North America average

Figure 2.1. - Portuguese Competitiveness Index 2019

Source: Global Competitiveness Index Report 2019, p.470

A significant improvement with an increase of three positions compared to 2019, due to the fact that the increase in business efficiency, as we can see in the Figure 2.2 as well as by the worsening of the positions of other countries, namely Spain that literally swapped positions with Portugal varying in inverse ratio.

In a small open economy like Portugal's, long-run microeconomic growth factors are especially important to increase productivity and improve the competitiveness of Portuguese firms when seeking to implement economic policies in order to accelerate economic growth and increase the welfare of the population. And that is why, short-term macroeconomic imbalances can be rectified with painful temporary adjustment measures, but will be recurrent if growth convergence does not resume (Alves et al., 2019).
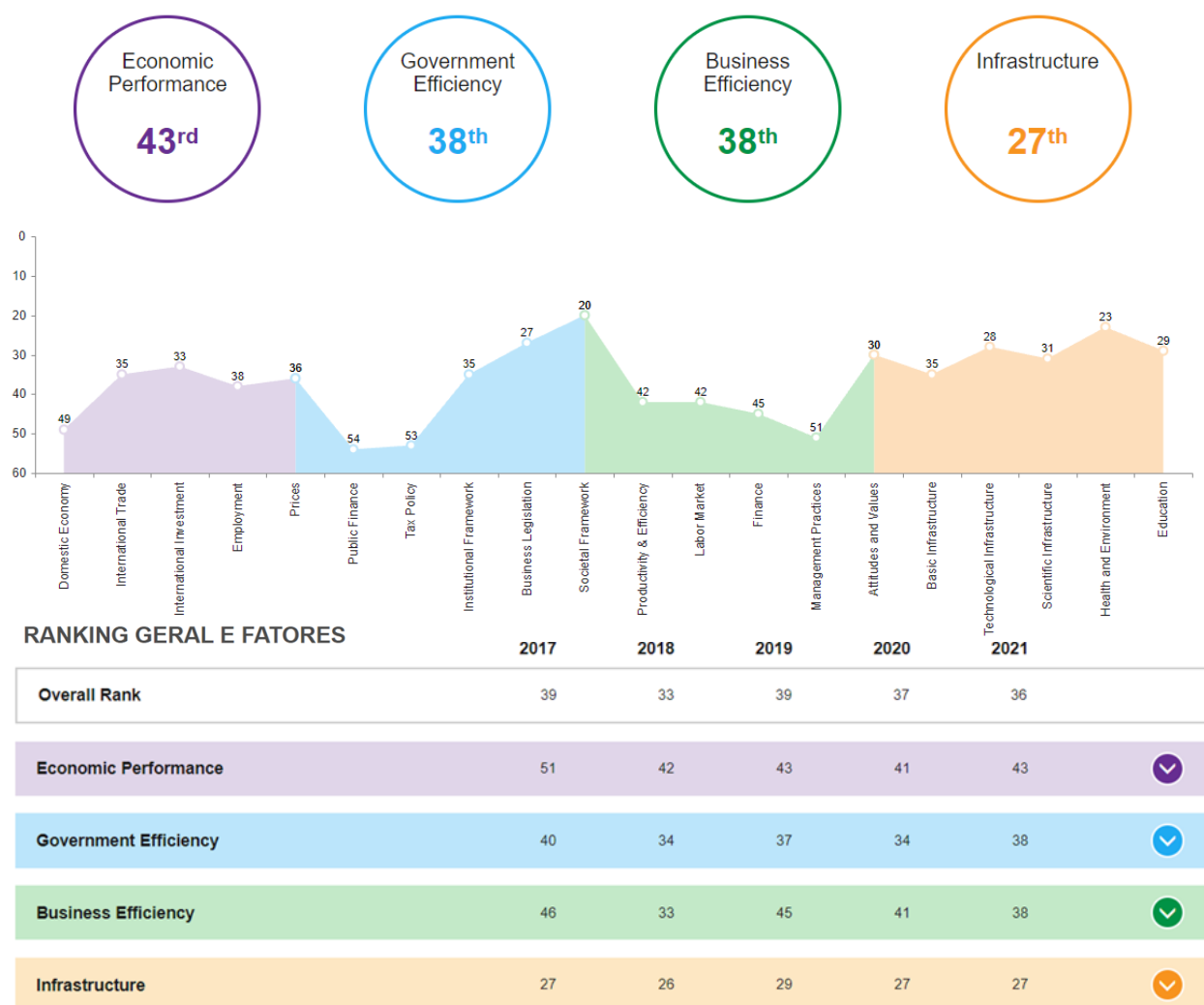
Figure 2.2. - Portuguese Competitiveness Ranking

Source: IMD World Competitiveness Online

Based on the last twenty years Blanchard & Portugal (2017), they argue that Portugal has gone through several periods called a "*...boom, a crash, a sudden stop and now a recovery...*"(Blanchard & Portugal, 2017:165). Being that the recovery period previously mentioned is always put into question, due to the influence and consequence of the pandemic that affected the whole world through the SARS-CoV-2 virus, better known as Covid-19, which aggravated the Portuguese economic framework and that in this way caused a crisis, to the extent that several companies were forced to close activity. So that Boikova et al. (2021) mentions that the coronavirus outbreak led to unstable economic performance, high market volatility, uncertainty and challenges never before experienced, which affected the entire global economy, with greater impact on small and medium-sized enterprises (SMEs) that usually struggle with profitability and liquidity.

Therefore problems such as unemployment, debt (public and private), lack of investment, production levels below its potential capacity, as well as excessive tax burden, among many other factors that lead to the loss of competitiveness of Portugal, essentially in economic terms is the reflection of past and present measures that define the economic and competitive future of Portugal.

When comparing Portugal with other members of the European Union (EU) it is possible to verify different competitiveness scores in the EU economies, which in turn refer to dissimilarities in competitiveness factors that determine a country's ability to achieve sustained growth and improve economic well-being (Boikova et al., 2021).

Considering that Portugal historically was and continues to be left out of the industrialization of Europe (Lopes & Simões, 2020). It is necessary to improve the mechanisms for attracting Foreign Direct Investment (FDI), in which Lopes & Simões (2020) state that FDI, in general, clearly plays a positive role in the modernization of Portuguese society, in the collaboration for structural change in Portugal as well as for the development of industries and the appreciation of the capabilities of Portuguese companies.

Tourism is one of the most critical sectors for Portugal, as well as for many other countries, in that it is one of the fastest growing sectors and favors the development of others with which it is directly or indirectly related (Martínez-gonzález et al., 2021).

In addition to the fact that tourism has been an asset in the country's recovery after a prolonged period of economic and social crisis, as well as the tourism sector is composed of many SMEs that carry out a multitude of key activities for the economic and social development of Portugal (Martínez-gonzález et al., 2021). Thus, "*Tourism in Portugal represents more than 25% of GDP and has grown since 2011 by more than 10% per year and contributes more than 15% to employment in the country*" (Martínez-gonzález et al., 2021:5). In addition, as a consequence of the expansion and local accommodation in cities, real estate and rent prices have increased, forcing residents to move away from large urban centers, so that Portugal has implemented a 2027 Tourism Strategy which is to promote sustainable development, as the goal is to position Portugal as one of the most competitive and sustainable tourism destinations (Martínez-gonzález et al., 2021). Among its pillars, the boost to the economy stands out by increasing the competitiveness of the tourism sector, despite the importance of tourism and its tourism competitiveness in Portugal, which in turn have been little studied according to Martínez-gonzález et al. (2021).

2.4. Critical Analysis

Taking into account that business competitiveness is a multidimensional term and that much has been said about this subject. Namely in terms of how companies can be more competitive and how they can adapt and readjust to become even more competitive, thus being and according to several authors referenced earlier argue that terms such as innovation, entrepreneurial ecosystems, competitive intelligence, internationalization, sustainability, social responsibility, among many others can somehow affect business competitiveness. However, not all authors agree with the terms previously mentioned as factors that contribute to competitiveness, some claim lack of scientific confirmation so that they can defend such a statement with some degree of certainty. Others because of studies conducted that in their sample failed to detect a relationship between certain terms mentioned with business competitiveness.

In this way it is fundamental to analyze and understand how business competitiveness is a crucial piece in the development of a business.

To besides the fact that economic competitiveness is considered the source of wealth and promotion of the population's well-being, having said this, it is possible to verify that in Portugal there are several factors that hinder economic development, which in turn retracts the competitive capacity of the Portuguese economy. Therefore, the existing conditions in terms of capabilities and added value that could be used to create competitive advantages are often misused or simply wasted.

In fact, Portugal is a small country in terms of area (size), as well as having other limitations, namely, being a country where bureaucracy and taxes are clearly a major obstacle to economic and business development.

That said, Portugal's competitiveness varies over time, but the truth is that it never reaches great heights for all that has been mentioned above, as well as the crisis that Portugal is going through, even more so with the worsening of the consequences of the Covid-19 pandemic that affected not only Portugal but the entire world, where Portuguese capacities already had several weaknesses that worsened with the confinements and with the closure of business activities and consequently the collapse of the economy. This period in which companies were forced to keep their doors closed caused the economy to shrink and thus resulted in Portugal's loss of competitiveness.

In light of all of the above, there is a need to study and deepen the theme of Portuguese business competitiveness, thus collaborating with the scientific community in the search for one or more possible solutions to the problem of Portuguese business competitiveness.

Table 2.1 - Conceptual framework

Author, Year	Main Topics (Current Research)	Main Issues (Future Research)
(Lafuente et al., 2020)	It assesses the effect of both competitiveness and competitiveness system configuration on performance.	Strengthen the robustness of the competitiveness index in other industries, and in public companies that are exposed to external market pressures and whose managers tend to prioritize short-term profits over long-term strategic objectives
(Abuzyarova, 2017)	The adoption of effective measures aimed at improving business competitiveness requires the availability of an objective tool for its determination; The choice of the method for assessing the company's business competitiveness becomes the most important decision, because the assessment must be comprehensive and accurate, objective quantitative and qualitative information, and at the same time should not require a significant investment of time and money.	The problem of improving the business competitiveness of the organization is closely linked methodologically to its evaluation because it is a reference point in making decisions about strengthening the market positions of the economic entity and, at the same time, indicates the effectiveness of ongoing activities.
(Chuang & Huang, 2018)	This study aims to examine the influence of environmental corporate social responsibility and the consequences of the green information technology capital effect on environmental performance and business competitiveness.	They suggest conducting longitudinal studies to understand the relationship between environmental performance and business competitiveness.
(De Carvalho et al., 2019)	To evaluate corporate sustainability in a comparative manner among a sample of 19 companies that are joint stock companies in Brazil.	Analysis of business competitiveness, reaching a fusion point between the financial, the social, and the environmental, both in the image and in the effective performance of the company.

(Lafuente et al., 2021)	This study evaluates the relationship between the entrepreneurial ecosystem (EE) and business competitiveness.	Future work should examine how policy interventions affect the functionality and evolution of EE's.
(Yamova et al., 2018)	The study tests one of the evaluation methods and provides a critical understanding of the possibility of obtaining adequate estimates of the level of competitiveness of a company in relation to the realities of the contemporary industrial economy.	The article states that future assessments of the competitiveness of firms required factors to be included in integral indices to keep pace with the industrial economy. These factors involve innovation and R&D potential which are the main components that enable the development of major sectors of an economy.
(Sukumar et al., 2020)	This paper aims to provide a thorough empirical investigation of the potential link between corporate innovations and business competitiveness in the context of the UK IT industry.	The context of this paper was limited to IT companies in the UK. Therefore, future studies may apply the same analysis in different contexts as well as in other industries.
(Boikova et al., 2021)	The study in question covers a holistic approach to competitiveness and economic growth by revealing the factors that determine and contribute to the growth of the European economies, as well as identifying clusters of EU countries.	Considering the importance of digitalization for the competitiveness of all sectors today it is suggested to analyze the factors of the digitalization index and their individual effect on the competitiveness of European countries.
(Lopes & Simões, 2020)	This paper analyzes the impact of foreign direct investment (FDI) on firms in Portugal over a three hundred year period, where it develops a framework of the types of knowledge *spillovers*, based on the behavior and interactions between foreign and local investors.	This study suggests a new framework, to help refine future analyses to accurately identify the impact of FDI knowledge spillovers on countries in the long run.

Source: Own preparation based on the scientific articles.

3. Methodology

The research technique chosen was In-Depth Interviews that were collected from December 2020 to May 2021 in a convenience sample. The criteria used for the invitation was the public recognized person based on public or economic merit and/or contribution. The aim was to collect information through the opinions of more than 50 Portuguese personalities that represented different areas such as business, politics, and arts, in order to obtain multidisciplinary perspectives over the country's competitiveness scenario. The research methodology applied to the information obtained in the interviews was a Text Mining and Content Analysis tools. It is expected that the opinions of the interviewees, after careful analysis, may contribute to answering the research questions, achieving the research objectives, and contributing to this subject by corroborating or contradicting the current literature.

3.1. Research Objectives

For the elaboration of this research, a literature review was carried out, whose main interest was to know what has already been studied by other researchers and what results these people obtained, as well as the conclusions they reached through their studies, within this great area that is business competitiveness.

Thus, the main objective of this study is to answer the research questions by developing a set of hypotheses with the conclusions and results achieved, which in this way can somehow answer the questions posed in the

Table 3.*1* in this way, they can somehow answer the questions posed in the research questionnaire, which clearly presents the instruments and objectives of the research.

Table 3.1. - Research Instrument and Objective

| **Key research questions:** |
| What are the perspectives of what could be the future of Portugal's competitiveness? |
| What are the main ideas of how Portuguese companies can be more competitive? |

Main Issues	**(Author, year)**	**Research question**	**Research goal**
Digitalization and its individual effect on the competitiveness of European countries.	(Boikova et al., 2021)	Given the crisis Portugal is going through, aggravated by the pandemic, what impact does digitalization have on Portuguese business competitiveness?	To understand from the interviewees how and if the investment in digital brought competitive advantage to their organizations.

Managers tend to prioritize short-term profits over long-term strategic goals.	(Lafuente et al., 2020)	How can Portuguese companies outline their competitive future if they adopt a policy that favors short-termism?	To study the indications of the interviewees, in order to understand if this method is viable for them in order to strengthen the competitive capacity of their institutions.
Analysis of business competitiveness with a merging point between the financial, the social, and the environmental.	(De Carvalho et al., 2019)	How can Portuguese business competitiveness approach this melting point?	To understand the indications of the interviewees, in order to understand the way or the possibility of reaching this fusion point.
The problem of improving business competitiveness is linked methodologically to its evaluation.	(Abuzyarova, 2017)	Is the problem of Portuguese business competitiveness the methodology of its evaluation?	Through the set of answers, it will be gauged whether the said problem is associated with an evaluation methodology or the problem is bigger and more complex than the said one.

Source: Elaborated by the author

In order to meet the defined objectives, the methodology to be used involves the qualitative analysis of secondary data, comprised of a set of 67 interviews already conducted and published in the book "*67 Vozes por Portugal – A grande oportunidade*" to entrepreneurs, managers and other national renowned individuals.

Having said this, this set of interviews will be reused to perform the qualitative analysis, where they have been translated from Portuguese to English, so as to be able to be introduced and analyzed in the "*KH Coder*" program, and the biographical part of the interviewees has been removed so as not to distort the analysis. In this way, the "*KH Coder*" program allows us to build infographics, i.e., informative graphics that will show, for example, the most pronounced words, through the frequency of words, as well as the association of words that allows us to understand their conjugation and their relationship with others, the bigrams and trigrams that are essential in order to understand which two or three words are most often used together, among other text mining techniques, namely correlation, mental mapping and text grouping that will be fundamental in order to better explore and enrich the analysis, as well as to make it possible to draw conclusions after the constitution of the graphs and tables, in order

to respond to the objectives and research questions allied to the foundations of the theoretical basis.

4. Data Analysis

4.1. Content Analysis

In order to start the practical development of this research, it is relevant to understand and analyze the secondary data under study, thus, the same focuses on a set of sixty-seven interviews, as already mentioned in the methodology chapter, of which 15 of the interviewees are female and the remaining 52 are male.

The following graph represents the distribution of the professions of the sixty-seven interviewees, thus it is possible to verify that 10 are *Chief Executive Officers* (CEO's), such as most interviewees have a high level of knowledge and experience in the subject under study. Having said this, it should be noted that given the positions held and the challenges to which the interviewees are subject daily, no one better than themselves can determine the problems of their companies, as well as the problems of Portugal.

In light of the above, graph 3.1 shows the reliability of the indications of the interviewees for present and future issues to improve Portuguese business competitiveness.

Graph 3.1. - Distribution by occupation of the respondents.
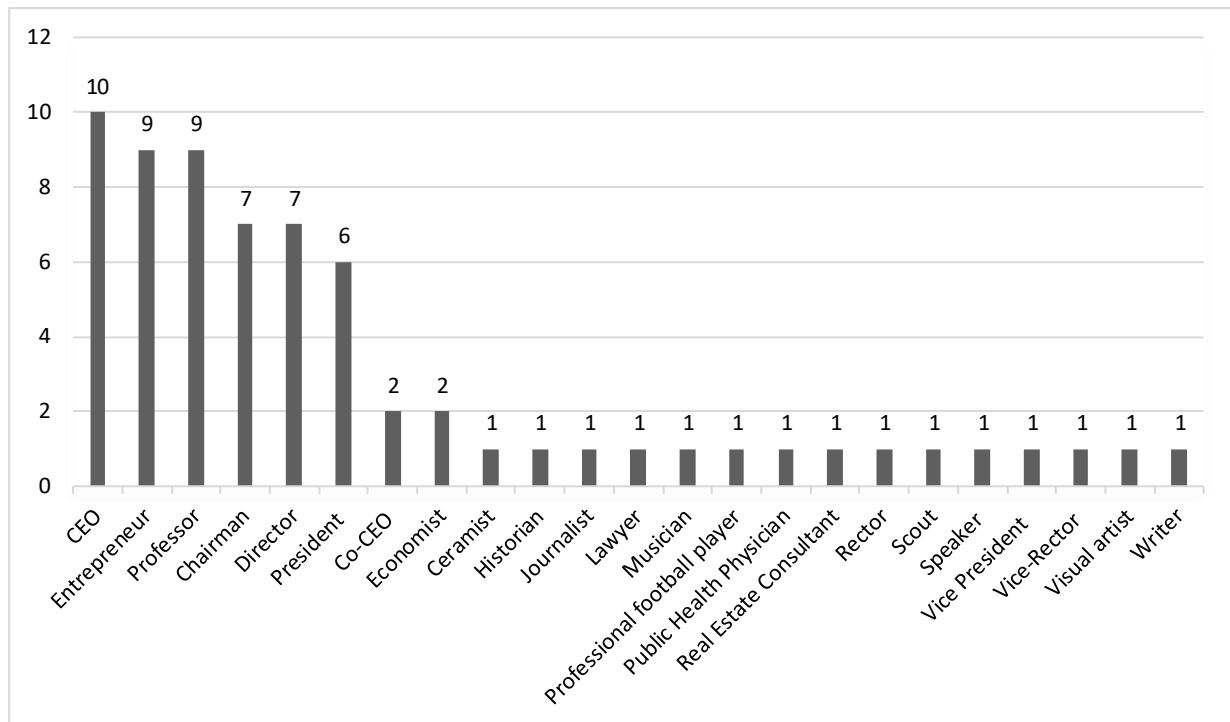
Source: Own elaboration.

4.1.1 Word Frequency

Following the data analysis and with the help of the program *KH Coder* was possible to determine the list of frequency of words, as well as represent in word cloud format through the use of *WordClouds* represented in Figure 4.1 where the most pronounced word by the high public figures and other national businessmen was "Portugal", with this we understand that there is a great desire to promote an environment of improvement in the economic, financial and social life of this country, by them. Besides that, the theme proposed to the interviewees was in general about Portugal, with this it is also understood that this great incidence on the word previously mentioned, tends to come from the questions asked to the interviewees.

The word frequency list is particularly interesting as it allows you to easily visualize the words most commonly used by the respondents, and thereby be able to draw inferences about their ideas of thought, as well as this list is crucial for leveraging a set of possible considerations.

With the word cloud represented in the Figure 4.1 Portugal format, which in turn was the most pronounced word as mentioned before.

Thus, it is interesting to consider other words such as: "country", "company", "investment" and "crisis". These terms can be understood through two ways, the first would be to combine them all and thus try to understand the key ideas of the interviewees following an ideological line of thought, or the second way would be to interpret each of them separately, in order to extract the true objective of each word and thus project an ideology in relation to the research problem.

That said, both forms will be adopted for this small selection of words, but we will start with the second form.
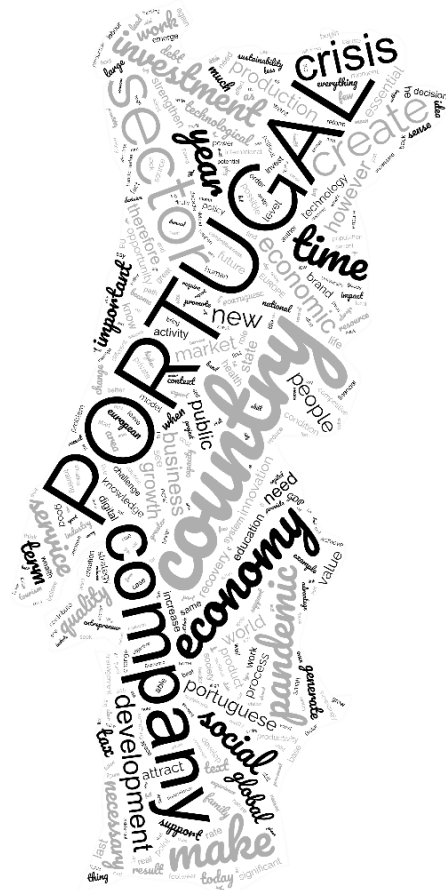
Figure 4.1. - Word cloud.

Source: Elaborated by us based on WordClouds.com

As for the first word we have "country". When we speak of this country, it is naturally associated with Portugal, of which it would not be surprising to have the word Portugal as the most pronounced, logically it comes from that. Thus, the term "country" refers to Portugal, which in turn refers to the problems of the latter. Regarding the word "company" it is easily perceived that they are the main entities so that a country can turn and move forward, as mentioned, companies are the organizations that are able to generate wealth for the country with the payment of taxes, as well as the payment of wages to their workers in which these individuals will spend these earnings in the economy and thus rotate an economic cycle. In addition, it is with the taxes collected by the state that makes it possible to have a set of public bodies such as security, education, national health system, among others. However, high taxation makes large companies move their headquarters from Portugal to other countries in order to have more accessible taxation, which in this way, Portugal loses business

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competitiveness by having a smaller set of companies, as well as, the fear that exists on the part of micro-companies in billing in order not to lose a certain type of exemptions or get a considerable increase in taxes. This is clearly a brake on the increase and growth of competitiveness, but it's something that happens in this country, which shouldn't happen, where those who invoice the most, at the end of the day, may have less income than they would have if they hadn't accepted the work.

Regarding the word "*investment*", it is clearly one of the main needs of Portugal, i.e., it is necessary to be able to attract more investment, as well as to create conditions for this attraction, insofar as Lopes & Simões (2020) refer that FDI, in general, obviously plays a positive role in the modernization of the Portuguese society, in the collaboration for structural change in Portugal as well as for the development of industries and the enhancement of the capabilities of Portuguese companies. That said, investment brings with it a set of positive factors that improve society, as well as Portuguese business competitiveness.

As for the word *"crisis"*, it appears through evidence that Portugal is undergoing a serious crisis with a worsening of the pandemic caused by SARS-CoV-2. When interviewees mention the word "crisis", this comes unequivocally from the fact that it belongs to a word in the set of questions asked, thus, the term not only indicates the current situation of the country, but also a major problem that Portugal will have to overcome.

Now, by combining the small set of selected words, we can do the exercise of crossing ideas by creating possible lines of thought. Thus, as a possible line of thought we could understand it as follows: In order to be able to create conditions to get the country out of the crisis, it will be necessary to have public and/or private investment for the creation of new companies in order to create wealth and thereby leverage the Portuguese economy through the other sectors of activity and consequently increase Portuguese business competitiveness.

4.1.2 Word Association

In order to give continuity and better understand the analysis, the word association aims to link a word with other more frequently associated words. This is a very interesting tool to create a link between concepts and ideas.

When identifying the three most popular words linked to competitiveness, one identifies "increase", "company" and "strengthen". This can be taken as a strong indication that respondents insist that in order to increase competitiveness it will be necessary to strengthen the competitive capacity of companies. Or if we analyze the words individually, we get as an

association: increase competitiveness, company competitiveness and strengthen competitiveness.

Figure 4.2. - Network of the association of the word "*competitiveness*".

Source: Own elaboration based on KH Coder 3.

In Figure 4.2 it is represented the network of the association of the word competitiveness, through the sixteen subgraphs, where it is also possible to verify the level of frequency of association, according to the size of the circles, i.e., the larger they are, the greater is their relationship with the word competitiveness. Having said this, the first subgraph holds the largest network, which by consolidating and adding to what was mentioned in the previous paragraph, we notice the appearance of the term opportunity and other terms associated with the word increase, such as gain, technology, acceleration, development, market and consequently. Based on these last words it is interesting to relate them to the word increase, which is mistakenly associated with the main term, which is competitiveness. Thus, with the current gain in technology, i.e., in face of the acceleration of the development of technological tools that allow the emergence of opportunities that will favor the market and consequently allow an increase in business competitiveness. According to the same logic and in order to make the increase of

competitiveness possible, the subgraph that most frequently uses the term competitiveness is number five, which effectively shows what Portugal needs in order to consistently increase its competitive capacity. Which is nothing more than increasing its productivity. With this, it is understood that most of the interviewees recognize the full need to increase productivity in order to also increase Portuguese business competitiveness.

In this way, the association of the word business, presents interesting results to the extent that, according to the set of responses by the sixty-seven interviewees, it is understood that they indicate that to be possible to boost the Portuguese business competitiveness, they suggest continuous investment in manufacturing, as well as in new business models allied with innovation. Given this, the complementarity between all terms is increasingly notorious, so the strategy to be followed passes equally through the involvement of all recommendations adapted to each particularity of each activity sector.

As for the network map of the business word association represented in Figure 4.3 in contrast to the network map represented in Figure 4.2 this one presents a more connected network, i.e., this network map presents a larger number of links as well as a larger number of words with more frequency, which in turn joins three and two subgraphs, these being subgraphs number one, two, three and seven and subgraphs number four and five respectively.

With this, we obtain a greater interconnection between concepts, from which we can highlight the words that presented the highest frequency, these being: *"model"*, *"company"*, and *"strategy"*. Therefore, the interviewees mentioned the previously mentioned terms several times throughout the course of their interviews, relating them to the business theme. Although the terms are not the ones that presented the greatest association, they are nevertheless the most pronounced. Thus, it is understood that the interviewees believe that in order to save and improve the Portuguese competitiveness, as well as protect its economy from crises, the strategy also involves the implementation of more and better business models aimed at entrepreneurial development.
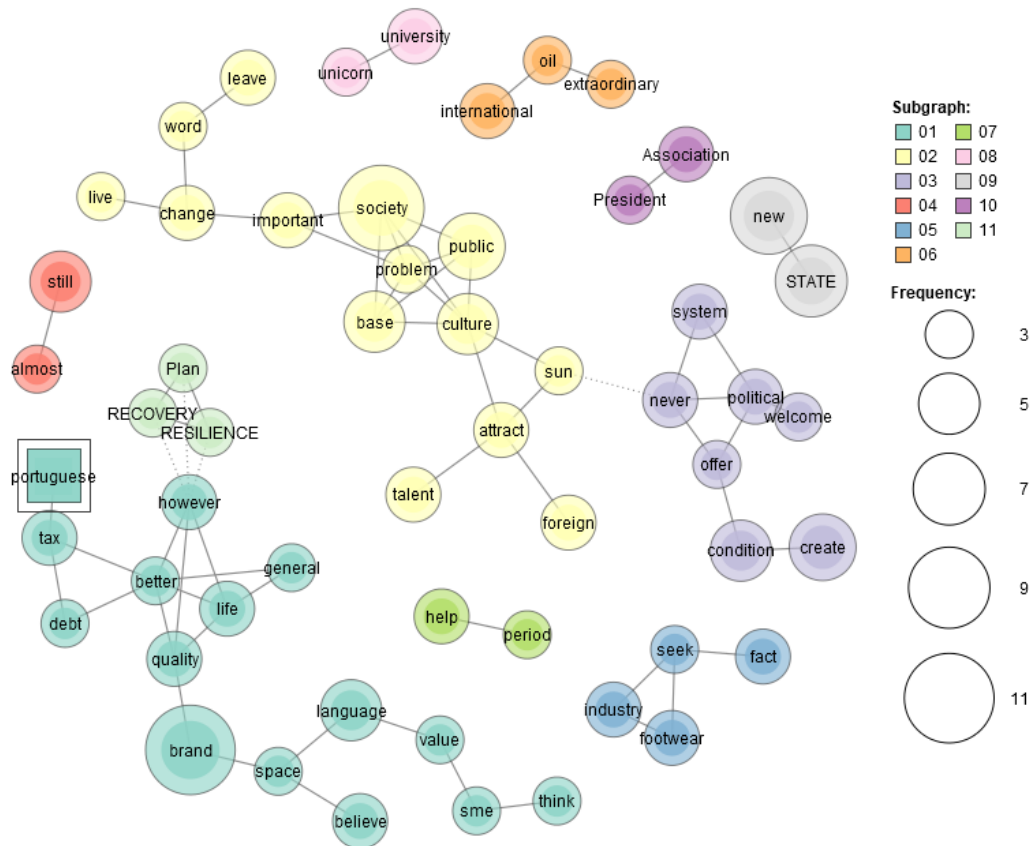
Figure 4.3. - Network of the association of the word *"business"*.

Source: Own elaboration based on KH Coder 3.

Regarding the association of the word "*Portuguese"*, we obtain the relationship of all qualitative data under study, with Portugal. Thus, the words that showed the highest association were the following: *"economy"*, *"company"* and *"*people" as shown.

With these words, it is understood that the interviewees suggest a set of measures, so that Portugal may come to have a stronger economy, as well as a more competitive one, for which the investment in companies and in people is fundamental. Having said this, it can be seen- that in order to be able to increase Portuguese competitiveness it is crucial to primarily improve the economic environment, i.e. it is necessary to create conditions for all economic agents to develop their function more efficiently and effectively. With this, it should be noted that the better the economy is, the better the economic environment will be.

Figure 4.4. - Association network of the word *"portuguese"*.

Source: Own elaboration based on KH Coder 3.

Through the Figure 4.4. - Association network of the word "portuguese". it is possible to visualize the association network of the word Portuguese, which curiously is linked to the word taxes, with this, the interviewees relate Portugal to taxes. Thus, the connotation of the interviewees about Portugal is that it is a highly taxing country, i.e., it charges a lot of taxes to its companies and population, which rules out the possibility of having a higher value in terms of investment for the creation of companies, because those who invest like to be paid back as soon as possible, however the level of taxation practiced in Portugal is so high that makes the *payback* a more distant value.

Finally, the association of the word *"future"* arises from the need to relate the interviewees' opinions with the future of Portuguese business competitiveness, which, in this way, makes it possible to know more about their indications of the future. Thus, it is highlighted the three words that revealed greater association, these being: *"near"*, *"generation"* and *"prospects"*.

In view of these words, Portugal's near future must essentially involve a strategy of combat and hard work in order to create better prospects for the next generations. To this end, it is vital that Portugal prepare itself for the other challenges that may come its way, namely economic,

political, and social crises. As such, the path to follow will not be easy, but necessary. Where thinking and planning projects are central in that they project scenarios and thus allow the set of problems with possible chances of resolution.

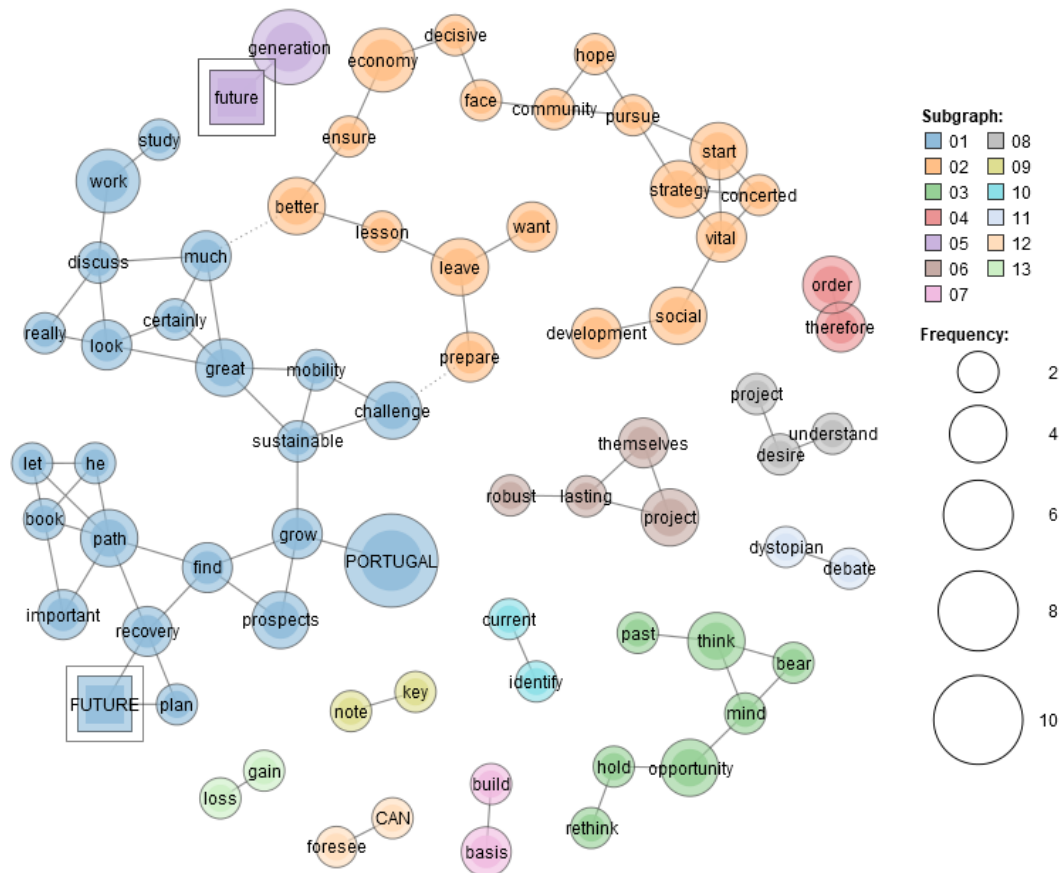Next is shown through the Figure 4.5 the association network map of the word future.

Figure 4.5. - Network of the association of the word *"future"*.

Source: Own elaboration based on KH Coder 3.

In light of this, when analyzing the same, it is easy to see two squares with the aforementioned word in the center, where these explicitly indicate the association relationship, which in the case of subgraph number five the relationship of future is exclusive with the generation, this way, once again indicates the emphasis and concern of respondents with future generations. As for the other square, of which subgraph number one is a part, this one represents a larger network, but on the other hand, this one links to the words plan and recovery, which in turn, it is implied is the same as saying recovery plan and resilience better known as RRP. This RRP is nothing more than a plan for the application of European funds, which according to the

results it is understood that respondents see this plan as a means that will improve the future of Portugal with the application of investment in various bodies and areas of activity of society.

Thus, word association makes it possible to understand the frequency of words by segments, whereas in Figure 4.6 provides a general interpretation of the words presented.
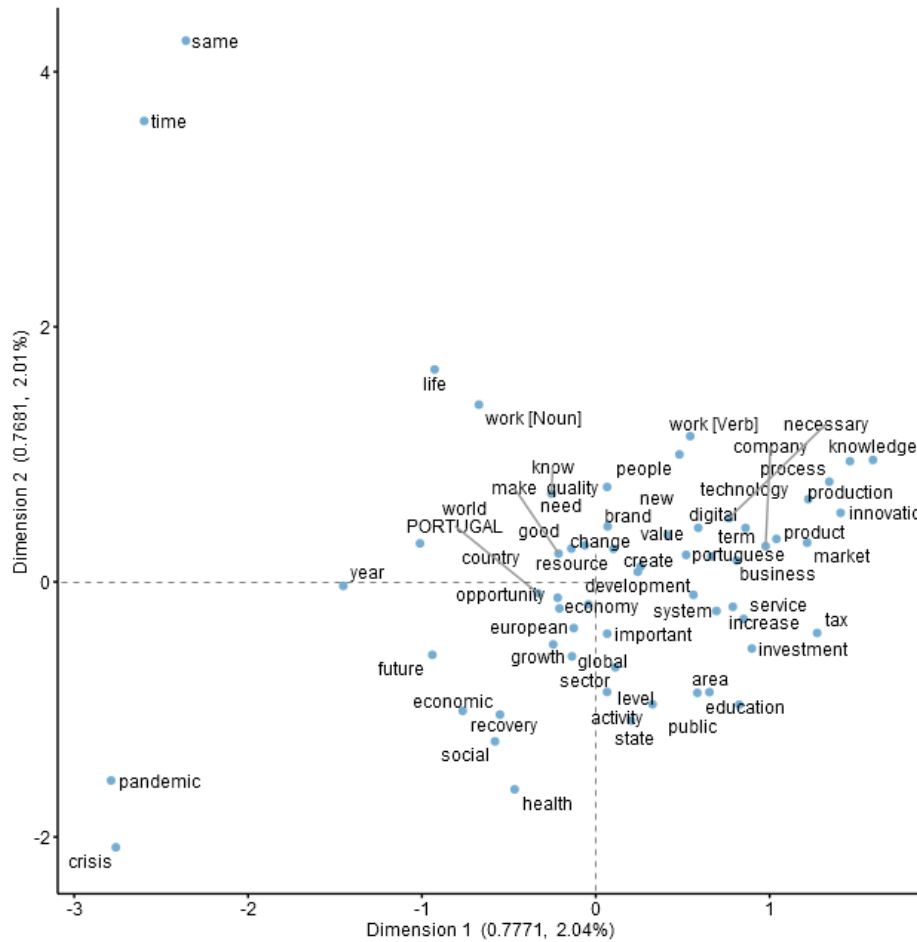

Figure 4.6. - Word correspondence analysis

Source: Own elaboration based on KH Coder 3

While it is pertinent to analyze specific words and word associations individually, the Figure 4.6 allows for an overview of the whole subject under analysis, where it is legitimate to analyze several aspects at the same time. Thus, when analyzing this figure, in graph format, it can be seen that the terms present in this figure are no different from the words that have already been presented in the word association tables depicted and discussed above. However, in having this overview it is interesting to talk about the words that are more out of the cluster of words, which are the following: *"pandemic"*, *"crisis"*, *"same"* and *"time"*. With these terms one implies the thoughts of the interviewees in indicating these as uncontrollable factors, i.e. it is not

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possible to have total control over these, which makes pandemics and crises that arise simultaneously have a high impact on the economy, also on society. Thus, the combination of these words results in several suggestions by the interviewees in proposals to strengthen the economy, as well as the competitive capacity of companies in order to protect themselves for future crises.

4.1.3. Bigrams and trigrams

Bigrams and trigrams are an excellent tool for content analysis, allowing a wide range of multi-words to be checked, from which it is possible to draw conclusions, often better than by analyzing each word individually. Therefore it should be noted that most of the bigrams with high frequency refer to linguistic bridges mentioned several times by the other interviewees, thus words like "*of the"*, *"in the"*, *"to the"*, *"and the"*, *"for the"*, *"on the"*, *"with the"*, among many others, come precisely from the above mentioned. These, in turn, were blocked, since they do not bring any benefit to this research.

However, it is relevant to mention that there are terms such as "*in Portugal"*, "*the Portuguese"*, "the *economy"*, "*development of"*, "*the future",* "the *crisis",* among others, that make it possible to understand a hypothetical line of thought, and this is the indication that the entrepreneurs and other nationally renowned individuals interviewed, consider that it is time for change with the imminent need for all the Portuguese to work to prepare Portugal for the future, as well as to act in other areas in order to make Portugal stronger and more resistant to economic and social crises.

That said, the trigrams are also mostly bridges to the content that the interviewees transmitted through their narratives, which in turn were also blocked, so as not to harm the analysis. However, it is worth mentioning some words that indicate hypothetical lines of thought, which in this way, may help in the resolution of the problem at hand, as follows: "*the development of"*, "*of the Portuguese"*, "of the *economy",* "*in the world"*, "*the creation of"*, "of the *country", "the European Union"* and "*for the future"*.

Based on these words, one can create the line of thought, by understanding that as already mentioned throughout this analysis, the future of Portugal is somehow in the hand of the Portuguese, through the present decision making that directly or indirectly influence the future of Portugal. With this, one understands the indication of the importance of creating companies that will develop the Portuguese economy, by creating wealth for the country, as well as,

maximize the use of the benefits granted by the EU, in order to make Portugal more competitive worldwide.

4.1.4 Text Correlation and Mind Mapping

After entering the interview content fully into the *KH Coder*, the resulting mind map can be examined below in Figure 4.7. In this diagram it is possible to observe and study the relationship between the concepts and lines of thought presented by the interviewed national businessmen and other public figures. First it should be noted that the diagram is divided into small sub-graphs, which clearly represent the questions asked in the interview. However, it is also easy to see how the questions are related to each other.
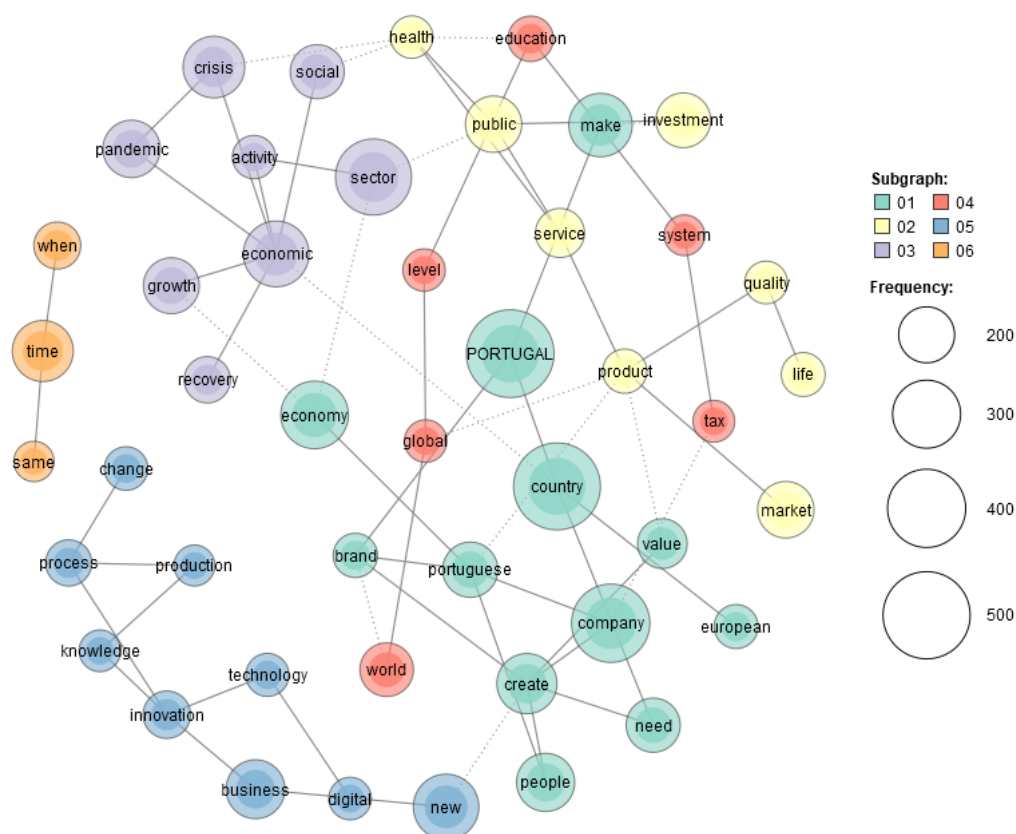

Figure 4.7. - Text correlation and mind mapping.

Source: Own elaboration based on KH Coder 3

Therefore, the subgraphs will be analyzed individually, allowing a final comparison and interconnection. In sub graph number one it is possible to verify the relation to the question posed in the interview, which is, how can Portugal recover and where should it bet to come out of this crisis? Given this question it is interesting to highlight the idea that Portugal needs to

create value. Namely through the creation of new companies, as well as the creation and consolidation of the importance of "brands" as a differentiating factor and as a representation of their own image, that by combining all these and other factors it is intended that these companies contribute positively to the economy.

Next, in subgraph number two the idea of transition between the first and second question is highlighted. Thus, it reports Portugal's problems at various levels, as well as sectors and areas of activity requiring intervention. That together with sub-graph number three, these arise, in order to give answer to the second question asked to the interviewees, being this, which sectors and activities should guide the various bets and how to concretely implement the ideas for these sectors of activity? Having said this, it is essential that various investments be made in the areas represented above.

5. Discussion of Results

The results with the set of hypotheses answering the research questions that have been reached will be explored and presented in this chapter. Thus, it will begin with the approach in general terms.

Therefore, the study of Portuguese business competitiveness arises from the need to study and research more on this subject in order to create a set of solution hypotheses, as well as, to make a contribution towards more content and scientific information on the competitiveness of Portugal, such that this contribution to the literature is able to clarify relevant issues about what may be the future of Portuguese business competitiveness and some of its particularities.

Having said this, we have two key questions, with the purpose of serving as impulse for the study of this theme, which also allowed reaching the remaining questions. Given the above, the research questions (RQ), already presented in the second chapter of this research, are as follows:

RQ1: Given the crisis Portugal is going through, aggravated by the pandemic, what impact does digitalization have on Portuguese business competitiveness?

It appears that throughout the data analysis, terms such as digital and technology are part of the recurring vocabulary of the interviewees, so it is easy to understand that most of them faced with the limitations imposed on the fight against the pandemic caused by Covid-19, created awareness among national entrepreneurs of the importance of investing in the digitization of their companies in other sectors of activity as a crucial factor of competitiveness, this bet was and continues to be decisive for the viability of many companies, as it allowed

there to be sales, or in more direct terms *cash flow* entry, ie, money. However, digitalization or the implementation of new technologies do not have the same impact in all sectors of activity, i.e. a greater investment in technology does not represent, in direct terms, a gain in the same proportion in production, sales. In other words, investment in new information and communication technologies actually contributes positively to improving the efficiency and effectiveness of the organization, as argued by Lafuente et al. (2020), Shaulska & Kovalenko (2021), Pengfei & Haibo (2017), among others, that technology is a central piece for improving business competitiveness, but depending on the entity's line of business the variation between the amount spent and the real gain is different.

RQ2: How can Portuguese companies outline their competitive future if they adopt a policy that favors short-termism?

The short-term focus is as important, if not more important, than the long-term one, considering that if organizations cannot meet their immediate commitments, the likelihood of a future for these organizations is close to zero or even zero, because the only reason for companies to become insolvent and consequently bankrupt is simply because of lack of money. That said, it is essential to safeguard the ability of companies in the short term, and they must have the ability to invest in long-term sustainable measures in order to have the ability, tools and means to have a strongly competitive future. As well, Shaulska & Kovalenko (2021) mention that companies that manage to maintain a strong market positioning in the long term, guarantee a good competitive capacity.

In this way it should be noted that it is the immediate and short-term decision measures that project the future of the organization. In other words, the present decision making defines the short, medium and long term, now it's up to the decision makers to understand what is the temporal effect they want with the application of the measures. After all this, the short term is undoubtedly a period where all decision makers want to bet, insofar as they want to obtain and present results as soon as possible, however it is not feasible to build a solid, sustainable and more competitive future with measures of imminent effect.

RQ3: How can Portuguese business competitiveness approach this melting point?

The fusion point is the combination of the financial, the social, and the environmental. In this way, this fusion point can be interpreted as the point where sustainability is reached.

That said, Chuang & Huang (2018) mentions that environmental performance has a positive effect on business competitiveness, similarly, De Carvalho et al. (2019) refers that environmental and social actions improve business competitiveness, so that it acts positively on the image and financial indicators of organizations. Therefore, Portuguese companies can

approach this fusion point by making conscious decisions according to the perspective of sustainability in that it will be possible to prepare and work the present to improve the future. According to the results obtained, it is verified that the interviewees indicate the need to contribute positively to the economic and social growth, at the point where for example the reduction of waste, reuse of waste, among other measures, allow cooperation to reach the said point of fusion, making organizations more efficient. Having clear advantages in financial terms, by spending less money on the acquisition of raw materials by reducing the amount needed, as well as environmentally and socially.

RQ4: Is the problem of Portuguese business competitiveness the methodology of your assessment?

In fact, there are several methodologies for assessing business competitiveness, where each assessment institute or organization measures competitiveness according to its parameters. Therefore, economies are compared in terms of *rankings*, which do not always reflect the true reality of business competitiveness, but represent their approximation to it. With this, the goal is not to point defects to the evaluation models, but the reality is that the models need to be increasingly integrated, as Yamova et al. (2018) this need has already been pointed out, in the sense that the methodologies themselves follow the industrial rhythm of the economy, however it is clear that it is a very difficult job to implement given its amplitude and amount of data to be completed/compared. In addition to the above, Horvathova & Mokrisova (2020) ensure that any organization that intends to develop and strengthen its competitiveness should assess its current situation.

Therefore, the problem of business competitiveness is distinct across different industries. On the other hand, Abuzyarova (2017) mentions that, a poor assessment of the company's competitiveness can cause the company to make bad decisions, significantly harming its competitive ability. However, the same problem should not be attributed to the evaluation methodology, since it only mirrors the other indicators necessary for the evaluation of competitiveness.

We can summarize that the main contributions for theory and practice that comes from the study are that investing in new information and communication technologies helps the organizations to become more efficient and effective, however, depending on the entity's business, the difference between the amount invested and the actual gain varies from each situation. Another important remark of contribution is that, investing in long-term sustainable and highly competitive need to be balanced to secure their ability to operate in the short term.

It is also relevant to mention the importance of making a positive contribution to social development in particular areas as waste reduction and reuse and eco-system collaboration.

6. Conclusions

Portuguese business competitiveness needs several measures to work on the present in order to build a more competitive future.

Therefore, as an answer to the key questions, it should be noted that the competitive future of Portugal depends on all Portuguese and foreigners who want to invest in Portugal, as they are the ones who have the ability to risk and invest in the creation and construction of other companies capable of raising the Portuguese business competitiveness. In order for companies to be more competitive, the state should not adopt measures that are harmful to them, namely with tax increases. Likewise, it will be necessary to follow a strategy of consolidation of the entities, with special attention to sustained growth. Companies should be productive in an efficient manner, while keeping their ambitions and future goals clear.

Having said this, it is not possible to indicate a solution for improving competitiveness across all sectors of activity, as already mentioned Shaulska & Kovalenko (2021). But improving the efficiency of processes, whether through the use of new technologies or innovations, will certainly strengthen competitive capacity.

Regarding the findings, the first one states that digital transformation, as well as the adoption of new information and communication technologies, are considered by national entrepreneurs and other public figures as crucial factors to the viability of their organizations. As for the second, short-term measures are relevant, but the impact of present actions that aim to bear fruit in the future tend to be more appreciated in the medium and long term. As for the third, Portuguese companies should get closer to the melting point, with conscious decision making according to a sustainability perspective. Finally, the fourth indicates that Portuguese business competitiveness has numerous problems, but the evaluation methodology is not the biggest problem. These problems can be mitigated by accepting the need to change and invest in new companies that innovate the way commerce is done, in digital transformation, with new technologies that make productive processes increasingly efficient and effective.

Finally, the theoretical and practical contribution of this research is evidently pertinent, so that throughout the exposition of the study, it brought with it several indications with means and ways to raise Portuguese business competitiveness.

As future lines of research it is suggested to study business competitiveness in other countries, following the same methodology or apply the interviews through primary data. Another line could be to investigate the entrepreneurial competitiveness in a certain activity sector. It's also important to have quantitively analysis and contrast different economies and countries to understand and summarize the macro and micro factors that correlates with positive and negative performance and competitiveness.

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