

# **COST LEADERSHIP STRATEGY ENHANCING COMPETITIVENESS: A CRITICAL STUDY ON MNC RETAILS**

**Suwendu Narayan Roy**

*CEO & Chief Editor, Learnet Publishing*

## **ABSTRACT**

An effective cost control helps to reach the targeted cost, which is the most important part of cost leadership. For example, Walmart is one of the largest companies in the world, which has advertised slogans, such as “*always-low prices*” and “*save money, life better*”. These communicate the emphasis of the said company on price slashing to potential customers. One of the important challenges to the financial management is to show the ability to charge low price, but to make a profit. Nowadays, a few cost leaders is spending little on brand promotion and research and focusing on the achievement of high sales growth through charging lower price. This study, based on secondary evidences and case-based illustrations, has hypothesized that COST LEADERSHIP STRATEGY have most important role to play when it comes to making impact on competitiveness. In this research study, three hypotheses have analytically and critically been illustrated and tested with references to scholarly sources-positive impact of financial decisions upon business performance, strategic implementation of cost leadership and quality for effective implementation of financial decisions and lesser priority of increased allocation on brand promotion for the augmentation of business’ profitable growth. Findings have been discussed with regards to the case studies of three organisations, Aldi, Walmart and Jerónimo Martins and based on the findings, application of hypotheses has critically been discussed.

**Key Words:** *Cost Leadership, Cost Leadership Strategy, Financial Decision & Business Performance, Competitiveness, Financial Decision & Competitiveness*

## **1. INTRODUCTION**

“Finance is the lifeblood of business. Financial performance starts before launching a product or service. It has far-reaching effect on the marketability either of a product or of a service in terms of cost, price and product differentiation within budget. Therefore, an effective financial performance seems to be achieved when the competitive advantage of a product or service is witnessed.” In the age of cutthroat competition, it has become imperative for companies to leverage financial decisions’ efficiency for creating positive impact upon competitiveness. Marketability of product or service portfolio is greatly dependent upon financial decisions. Increase in spend upon R & D has become a trend in competitive market scenario and companies are becoming aware of the need of increasing efficiency of financial decisions through cost control, budgetary control and investment decisions. Achievement of high sales growth is possible if financial decisions are made in accordance with changing scenarios of business environment and changing demands with respect to market responsiveness.

## **2. BACKGROUND OF RESEARCH PROBLEM**

In the changing paradigm of rapidly evolving business environment, business experts, scholars and stalwarts cannot deny the fact that financial decisions make positive impact upon business performance. At the same time, strategic implementation of cost leadership and quality is of importance compared to the increase in cost for brand promotion when it comes to effective application of financial decisions. In an attempt of facilitating augmented growth of profitability and competitiveness, multinational retailers are investing their earnest efforts in adhering to strategic vision to ensure long-term success. In recent years, there has been an emerging emphasis placed upon the strategic effectiveness of financial decisions and cost leadership approach for increasing level of profitability and competitiveness. With the purpose of increasing business unit performance associated with retail market, Menguc, Auh & Shih (2007) laid placed emphasis on transformational leadership and market orientation along with low-cost strategies. Rapid enhancement in profitability and continuous growth in competitiveness is becoming matters of concern for organisations. At this point of time, it has become important to assess positional advantage of MNC retailers in competitive marketplace in terms of their orientation towards cost-leadership approaches’ strategic and managerial implications and financial decisions’ effectiveness.

### 3. LITERATURE REVIEW

Many scholars have come up with different interpretations though extensive research for assessing impact of financial decisions upon competitiveness. In the age of rapid growth of globalisation, conceptual aspects of competitiveness are attaining unprecedented significance. Owing to the increased change in global economy and changing pattern of globalisation, many organisations have been investing earnest efforts for accelerating competitiveness through financial decisions. In many current and past studies, scholarly discourse is developed for shedding light on the impact of financial decisions upon firms' performance and in this context; many prominent industrial practices are highlighted. In multinational companies across the globe, chief financial officers or CFOs are incorporating financial decisions with strategic goals for producing better outcomes in business in terms of cost efficiency, price elasticity and R & D oriented-differentiation.

Liargovas & Skandalis (2010) measured firms' competitiveness level in terms of financial performance, which are highly impacted by effectiveness of financial decisions and it is notified that various financial performance measures are used for measuring the level of firms' competitiveness, such as return on sales, return on assets and return on equity. Companies' earnings in relations to their growth of sales are taken into consideration while measuring return on sales. With respect to return on assets, it is said that companies are involved in the process of making use of its current assets for achieving expected growth in annual sales. At the same time, increasing the rate of return on equity has become one of the top priorities for industrial players when it comes to ensuring shareholders' satisfaction. The different measurement criteria are applied across industrial landscape for measuring competitiveness of organisations in terms of delivering desired financial performance. In the process of assessing factors affecting firm competitiveness based on evidence from an emerging market,

Akben-Selcuk (2016) pointed out to the interrelations between financial performance and competitiveness. In this context, it is notified that firms' competitiveness can be denied in the light of their abilities to survive in competitive business environment and delivering effective responsiveness to market. Competitiveness of organisations is equated with the concept of long- run profit generation.

Capon, Farley & Hoenig (1990) referred to empirical research conducted upon 320 empirical studies and highlighted the impact of different factors upon financial performance of organisations, such as growth of market share and the increase in R & D expenditures.

Miculescu & Grui (2011) shed light upon financial decisions and its impact upon organisations'

financial potential as well as competitiveness. Emphasis upon cost reduction is regarded as the key to gaining competitive advantage. Sustainable efforts for cost reduction contribute to obtaining profit to a greater degree. However, there are certain risks, which are associated in this context, such as technological changes and increase in inflation rate. When it comes to differentiation, additional costs are taken into consideration. In generic strategy, cost is treated as an important strategic element. In order to pave the way for the differentiation, companies are involved in the process of enhancing R & D expenses instead of promotional costs, which in turn created major and unprecedented impact upon financial decision-making efficiency. Companies incorporate focused strategy with financial decisions for meeting needs at targeted high-level market segment. While devising competitive strategy at corporate and business level, circulating funds and investments are provided for generating better return on outcomes. Firms seeking international competitive advantage are focusing on the allocation of funding so that investment strategies can be supported in the long-run. Usually, organisations are concerned about the increase internal cash inflows, external long-term and short-term fund through adopting effective financial decisions. (Arnold, Brooks & Nixon (2004) remarked that viable financial planning is required for financial managers and decisions-makers when it comes to deciphering impact of impending decisions upon financial performance and position of organisations. While making financial decision, various factors are encompassed ranging from changes in cash flow to current operating conditions.

In financial decisions, firms consider various determinant factors, which are instrumental in improving financial performance and optimising shareholders' wealth. Multinational companies across the globe are becoming inclined to enhancing firm value and competitiveness through applying combinations of debt and equity. Daud *et al.* (2016) notified how erroneous financial decisions contribute to pushing organisational financial structure to optimal level. In this context, opinion of Abor (2005) can be referred, who consider capital structure as a determinant factor with respect to financial success and capital structure's selection is very crucial for business entities in enhancing business performance. In this context, it is said that organisations raise capital through issuing equity when economic conditions are satisfactory. Based on the interpretations of Bancel and Mittoo (2002), it can be notified that interest rate and market value of equity are considered while implementing financial decisions irrespective of economic situation. In addition to these market values are also taken into consideration while taking financial decisions.

#### **4. METHODOLOGIES**

This study has been developed based on facts and evidences, which have been collected from secondary sources of information. Case relevant case studies and scholarly sources have been used validating research hypotheses in the light of relevant theoretical underpinnings. Case studies of Walmart, Aldi and Jerónimo Martins have been considered for demonstrating the application of financial decisions in the process of enhancing competitiveness for firms. Based on scholarly evidences, validity of research hypotheses has been tested.

#### **5. FINDINGS**

This section has presented results based on the critical analysis of secondary data, especially financial statements and growth trends of different organisations for measuring the impact of financial decisions upon competitiveness. In addition, this section has referred to few case studies of organisations in order to show how competitiveness of firms is influenced through financial decisions efficiency.

##### **5.1 Case 1: Walmart**

Cost leadership is at the core of Walmart's financial decisions and business model, which enabled it to lead the USA-based retail market through setting lowest range of price. Selling products' range at the least price is the main focus of Walmart and it has been putting entire focus upon three most important aspects- convenience of customers, availability of products at cheaper and competitive prices and utmost focus on quality. In the year 2017, Walmart's investment upon cost reduction has helped it in generating over 485,000 million USD. Walmart reduced prices on chief items in its targeted markets since consumers are becoming inclined to purchasing products with comparatively cheaper price range. There are different factors with respect to applying Walmart's fundamentals of everyday low prices, such as reduction in operational expenses and providing quality products at possible lowest prices while being profitable and generating higher return in investment. Walmart had focused on saving costs through offering high-volumes upon standardized products. In addition, it had focused on providing basic products and limiting service customisation. In the year 2017 and 2018, Walmart applied high asset turnover approach and increased the sale of quality products for generating high volume of output. In addition to this, Walmart adhered to the economies of scale approach for creating positive impact on financial performance. Its competitive financial decisions taken by upper level of management and board played a pivotal role in increasing rate of revenue generation. In the year 2017, it earned 485,873 million USD in the form of revenue. Revenue generation was increased

in the year 2018 (500,343 million) because of effective application of cost control, quality control, budgetary planning and cost reduction. Despite this trend of amelioration in business growth and profitability, there are risks and uncertainties, which are displayed in Walmart's annual report and they have potential of affecting business performance and financial growth. In this context, it is notified that fluctuation in market rates of interests and wage level are to be considered along with transportation, energy and utility costs. In addition to these, there are other factors ranging from changes in currency control laws to generally accepted accounting principles.

<i>(Amounts in millions, except per share and unit count data)</i>	As of and for the Fiscal Years Ended January 31,				
	2018	2017	2016	2015	2014
<b>Operating results</b>					
Total revenues	\$ 500,343	\$ 485,873	\$ 482,130	\$ 485,651	\$ 476,294
Percentage change in total revenues from previous fiscal year	3.0%	0.8%	(0.7)%	2.0%	1.6 %
Net sales	\$ 495,761	\$ 481,317	\$ 478,614	\$ 482,229	\$ 473,076
Percentage change in net sales from previous fiscal year	3.0%	0.6%	(0.7)%	1.9%	1.6 %
Increase (decrease) in calendar comparable sales <sup>(1)</sup> in the U.S.	2.2%	1.4%	0.3 %	0.5%	(0.5)%
Walmart U.S.	2.1%	1.6%	1.0 %	0.6%	(0.6)%
Sam's Club	2.8%	0.5%	(3.2)%	0.0%	0.3 %
Gross profit margin	24.7%	24.9%	24.6 %	24.3%	24.3 %
Operating, selling, general and administrative expenses, as a percentage of net sales	21.5%	21.2%	20.3 %	19.4%	19.3 %
Operating income	\$ 20,437	\$ 22,764	\$ 24,105	\$ 27,147	\$ 26,872
Income from continuing operations attributable to Walmart	9,862	13,643	14,694	16,182	15,918
Diluted income per common share from continuing operations attributable to Walmart	\$ 3.28	\$ 4.38	\$ 4.57	\$ 4.99	\$ 4.85
Dividends declared per common share	2.04	2.00	1.96	1.92	1.88
<b>Financial position</b>					
Inventories	\$ 43,783	\$ 43,046	\$ 44,469	\$ 45,141	\$ 44,858
Property, equipment, capital lease and financing obligation assets, net	114,818	114,178	116,516	116,655	117,907
Total assets	204,522	198,825	199,581	203,490	204,541
Long-term debt and long-term capital lease and financing obligations (excluding amounts due within one year)	36,825	42,018	44,030	43,495	44,368
Total Walmart shareholders' equity	77,869	77,798	80,546	81,394	76,255
<b>Unit counts<sup>(2)</sup></b>					
Walmart U.S. segment	4,761	4,672	4,574	4,516	4,203
Walmart International segment	6,360	6,363	6,299	6,290	6,107
Sam's Club segment	597	660	655	647	632
Total units	11,718	11,695	11,528	11,453	10,942

**Figure 1: Annual Financial Performance Summary from 2014 to 2018**

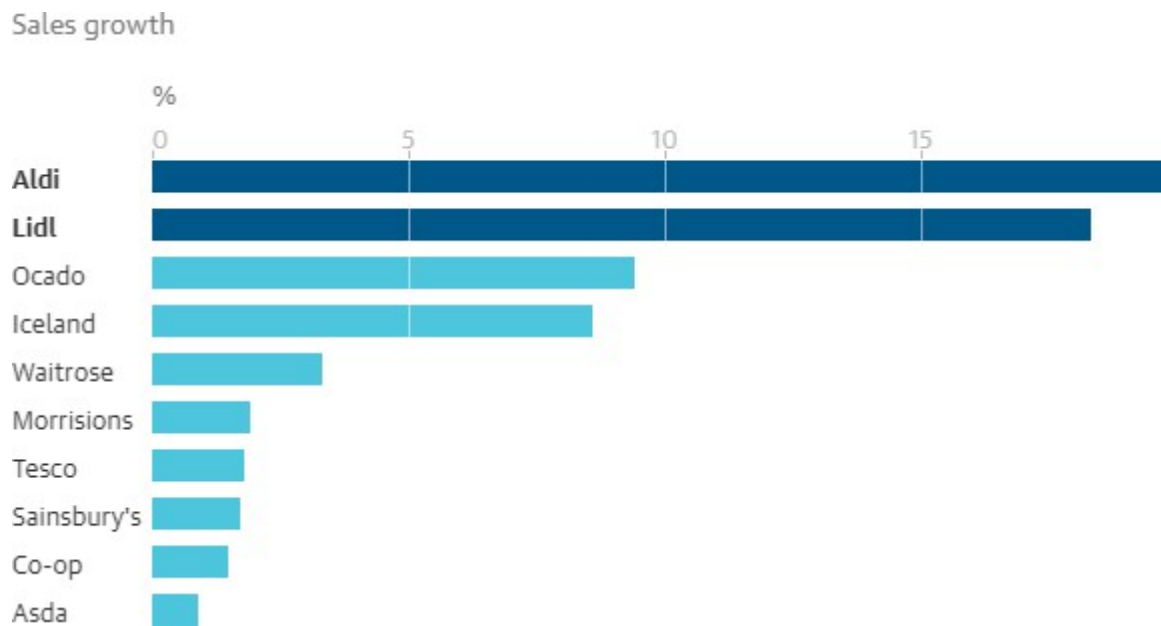
(Source: Walmart, 2018)

As notified by Martínez, Galván&Alam (2017), sale of Walmart is equated with big three retailers across the globe, such as Carrefour in France, Home Depot in USA and Metro in Germany. Walmart lays emphasis on various performance metrics for augmenting level of growth in business and profitability, such as improvement in value of shareholders, leveraging growth in financial profitability, application of low-cost labor policies and others. In addition, lower prices are attained from vendors and in addition to

this; new technologies are adopted for increasing quality of products. Application of everyday low prices strategy has been proved as useful for leveraging profitable growth and in addition, store managers are provided with high powered incentives. Because of effective financial decisions, Walmart has been able to witness significant changes in net sales and revenue generation. However, there as a slight decrease in operating margin between the fiscal years 2014 to 2015. In the fiscal year 2015, there was 1.90% increase in net sales with 486 billion USD. On the other hand, Walmart earned 12.2 billion in the form of net sales with 22% growth rate. In addition to these, Walmart attained 16% increase in shareholders return.

## **5.2 Case 2: Aldi**

Germany-based Aldi or Albrecht Discount is not lagging behind when it comes to the application of cost-leadership strategy. “Everyday top quality” is associated with Aldi’s philosophy to which retail stores functioning under its brand name are committed. While highlighting implications of strategy for entry into highly competitive market, Dunford, Palmer & Benveniste (2005) notified that Aldi stocks one size of each product for reducing cost and different products are available at stores. Value proposition and long-term approach are important pillars of Aldi’s strategic decision-making strategy. Despite being a successful brand name in global retail industry, Aldi in the United Kingdom and Germany was struggling in applying cost leadership strategies against rivals in global supermarket industry. Aldi reported a 17% fall in profit between the years 2016 to 2017. In the year 2016, its total profit was 255.6 million GBP and in the subsequent year, it was reduced to 211.3 million GBP (Butler, 2017). Aldi was facing these issues in profitability and financial growth since the increase in inflation costs and decline in the value of pound against the euro and dollar during post-Brexit era. Following the decline in pound’s value since Brexit, import goods’ cost was raised and sales growth was increased by 19.8% in 84 days to 21<sup>st</sup> may 2017.



**Figure 2: Grow Rate in Sales in UK Super Market Industry**

(Source: Butler, 2017)

### 5.3 Case 3: Jerónimo Martins

Jerónimo Martins is regarded as a subsidiary organisation operating in Portuguese supermarket. It is a retail organisation dealing with food distribution and retail activities. Jerónimo Martins persisted with commercial strategy on the basis of competitive price along with intense level of promotions. Apart from effective budgeting decisions and cost control policies, Jerónimo Martins effective strategies for enhancing financial performance and accelerating sales growth, such as everyday low prices, loyalty programs, promotional pricing and others. In accordance with fundamentals of promotional pricing, products are offered at lower price compared to market price so that consumer purchasing behaviour can be influenced. As per loss leader pricing strategy, high-demand products are sold at lower price so that potential consumers can be attracted (Leal, 2014). On the other hand, EDLP or everyday low pricing strategy has helped Jerónimo Martins in increasing the rate of growth in terms of net sales and net profitability. In the year 2016, Jerónimo Martins attained sales of 14,622 million Euros. Compared to previous year, Jerónimo Martins attained 6.5% growth in sales. In addition, the retail organisation 673 million in the form of funds from operations related activities. Based on these data, it is deduced that Jerónimo Martins has embraced effective strategies of cost control and it is focused on the process of gaining efficiency at operational level through applying effective financial

decisions. Cost control, quality control and cost effectiveness are the key aspects of competitive advantage for Jerónimo Martins in Portugal's domestic retail market.

	Derivatives defined as hedging instruments	Borrowings and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
<b>2016</b>							
<b>Assets</b>							
Cash and cash equivalents	-	643,512	-	-	643,512	-	643,512
Available-for-sale financial assets	-	-	1,000	-	1,000	-	1,000
Debtors, accruals and deferrals	-	322,025	-	-	322,025	101,941	423,966
Derivative financial instruments	1,277	-	-	-	1,277	-	1,277
Other non-financial assets	-	-	-	-	-	4,615,887	4,615,887
<b>Total assets</b>	<b>1,277</b>	<b>965,537</b>	<b>1,000</b>	<b>-</b>	<b>967,814</b>	<b>4,717,828</b>	<b>5,685,642</b>
<b>Liabilities</b>							
Borrowings	-	-	-	339,410	339,410	-	339,410
Derivative financial instruments	610	-	-	-	610	-	610
Creditors, accruals and deferrals	-	-	-	2,945,327	2,945,327	221,993	3,167,320
Other non-financial liabilities	-	-	-	-	-	187,791	187,791
<b>Total liabilities</b>	<b>610</b>	<b>-</b>	<b>-</b>	<b>3,284,737</b>	<b>3,285,347</b>	<b>409,784</b>	<b>3,695,131</b>
<b>2015</b>							
<b>Assets</b>							
Cash and cash equivalents	-	441,688	-	-	441,688	-	441,688
Available-for-sale financial assets	-	-	1,758	-	1,758	-	1,758
Debtors, accruals and deferrals	-	288,212	-	-	288,212	107,667	395,879
Derivative financial instruments	250	-	-	-	250	-	250
Other non-financial assets	-	-	-	-	-	4,493,140	4,493,140
<b>Total assets</b>	<b>250</b>	<b>729,900</b>	<b>1,758</b>	<b>-</b>	<b>731,908</b>	<b>4,600,807</b>	<b>5,332,715</b>
<b>Liabilities</b>							
Borrowings	-	-	-	657,932	657,932	-	657,932
Derivative financial instruments	93	-	-	-	93	-	93
Creditors, accruals and deferrals	-	-	-	2,682,665	2,682,665	189,865	2,872,530
Other non-financial liabilities	-	-	-	-	-	208,941	208,941
<b>Total liabilities</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>3,340,597</b>	<b>3,340,690</b>	<b>398,806</b>	<b>3,739,496</b>

**Figure 3: Financial Statement of Jerónimo Martins**

(Source: Jerónimo Martins, 2018)

## 6. DISCUSSION

Based on the critical analysis of these three case studies, it is interfered that retail companies are keen to gain competitive advantage through embracing effective cost leadership strategy. With reference to given case studies, it is seen how application of cost leadership can lead to augmenting profitable growth at retail sector. Chief financial officers are involved in the process of applying financial decisions for increasing level of value creation in business process. On one hand, they are concerned about creating value in business process. On the other hand, they are concerned about the enhancement in the level of competitiveness and economic value. With reference to corporate financial

theory, (Escalera-Chávez, Rojas-Kramer & García-Santillán (2015) notified about the existence of three aspects when it comes to value creation, such as establishment of investment decisions, conformance with appropriateness and accuracy while establishing financing structure and implementation of optimal investment policy. In retail sector, conceptual aspects of economic value added are applied for measuring the creation of value. When it comes to applying economic value-added strategies, three aspects are taken into consideration, such as investment upon new projects for generating greater level of return of capital, increase in profitability without enhancing capital and reduction in capital without lowering level of profitability. If value is increased, price is also increased. However, reduction in cost has become a strategic objective of business in retail sector when it comes to maintaining continuous flow of cash and profitability. In retail sector, investment decisions are taken based on various criteria, such as fixed assets, intangible assets, account receivables, inventories and others. In operational decisions, price, cost, product differentiation and technological differentiation are considered.

## 7. INFERENCE

In accordance with the opinion of López Salazar, Contreras Soto & Espinosa Mosqueda (2012), financial environment of business is regarded as the main factor, when it comes to decision-making and competitiveness. Because of lack of emphasis of financial planning and capital, organisations experience failure in dealing with business challenges and industrial competition. In addition, financial decision-makers consider other aspects while making financial decisions, such as limited access to funding and lower level of financial projection. Michael Porter came up with several arguments with regards to the enhancement of competitive strategies and in this context, he referred to the roles of microeconomic context, which determines organisational success at regional and global level. Ross, Jordan & Westerfield (1997) notified that development of financial strategies and decisions revolves around three important aspects, such as capital, investment and funding. Investment decisions have relation to the capital allocation, which are instrumental in carrying out opportunities for investment dealing with risks of future cash flows of investment. Funding decisions revolve around the idea of applying and using financial resources in order to carrying out operational activities. Long-term debt and capital are considered, while making up financial decisions and both of them are included into optimal capital structure. Executives associated with firms have been focused upon lowering operating costs and market prices simultaneously, which can eventually lead to the attainment of competitive advantage (Nzisa, Njeje & Namiida, 2017).

***Strategic implementation of cost leadership is of prime importance when it comes to making decisions of increasing profitability effectively. In age of competitive business environment,*** it has become essential to apply cost leadership strategies as a means of gaining competitive advantage and improving profitability level in an effective manner. Considering its advantageous aspects, financial decisions are kept in line with cost leadership strategies and quality management strategies. Cost leadership and quality are of prime importance when it comes to accelerating business growth effectively. In supermarket and retail industry, these criteria are incorporated with overall strategies financial decisions for increasing competitive advantage. Quality is the vital factor for making positive impact on overall balance sheet. While making working capital decisions, managing short-term assets and liability becomes top priority for organisations. *Financial decisions cannot be implemented in a proper manner if financial strategies and practices are not consistent with business requirements and operations.* In many organisations, emphasis is laid upon the establishment of optimal leverage ratio along with the application of investment evaluation mechanisms and assessment of return on investments. ***Nowadays, organisations are putting less focus on brand promotion and major emphasis is given on cost leadership strategies.*** In other word, many organisations associated supermarket and retail industry are giving focus on decreasing cost for increasing size of customers' base, which in turn can help in augmenting financial profitability to a greater degree. Based on scholarly and factual evidences, it is hypothesized that organisational conformance to quality and cost leadership is of significance compared to the increase in cost for brand promotion.

## 8. CONCLUSION

*This qualitative study is utilitarian in deciphering various aspects of the impact of financial decisions on competitiveness with reference to the case of global retail industry. Based on entire discussion, it can be concluded that it is important to understand how effectiveness in financial decisions can lead to desired market performance. At the same time, quality and cost leadership are equally important components for attaining success in competitive market. Hence, cost leadership strategy is to be framed in according with the changing aspects of market dynamism and quality requirements. While deciphering different facets of managerial implications of cost- leadership strategies, earnest efforts can be invested upon the comparison between results to the action standard and what actions ought to be taken for maximising value of competitive efficiency through cost-leadership. It can be said that organisations pursuing cost leadership strategies will be enabled in generating more benefits from the use of advantage with respect to enhanced managerial efficiency. With the help of applying cost-*

leadership strategies, concerned organisations, as evident from the study, have been able to attain stronger competitive position. Since cost-leadership strategy has become effective tool for spurring growth in terms of profitability and competitiveness, many MNC retail organisations are applying this strategic tool for thriving in rapidly changing business environment. On the basis of critical assessment and evaluation of financial and business performance, it is evident that the concerned organisations have been able to gain a sizable market share in retail industry and at the same time, they have been able to gain a steady clientele. At the same time, it can be said that the concerned MNC retail organisations have been enabled in withstanding fluctuating situations in market through leveraging competitiveness through cost-leadership strategies and approaches.

## 9. REFERENCES

- Abor, J. (2005), The effect of capital structure on profitability: An empirical analysis of listed firms in Ghana. *The Journal of Risk Finance*, 65(5), 438-445.
- Akben-Selcuk, E. (2016). Factors affecting firm competitiveness: Evidence from an emerging market. *International Journal of Financial Studies*, 4(2), 9
- Arnold, T., Brooks, L., & Nixon, T. D. (2004). Understanding The Impact Of Financial Decisions on Financial Statements: A Pedagogical Note. *Advances in Financial Education*, 2, 10-21.
- Bancel, F., & Mitoo, U. (2002). *The Determinants of Capital Structure Choice: A Survey of European Firms*. University of Manitoba. Mimeo.
- Butler, S. (2017). Aldi's UK profits drop for third successive year despite growth. *The Guardian*.
- Butler, S. (2017). Strong sales growth at Aldi and Lidl takes their market share to 12%. *The Guardian*.
- Capon, N., Farley, J. U., & Hoenig, S. (1990). Determinants of financial performance: a meta-analysis. *Management science*, 36(10), 1143-1159.
- Daud, W. M. N. W., Norwani, N. M., Mansor, A. A., & Endut, W. A. (2016). Does Financing Decision Influence Corporate Performance in Malaysia?. *International Journal of Economics and Financial Issues*, 6(3), 1165-1171.
- Dunford, R., Palmer, I. C., & Benveniste, J. (2005). Strategy for successful entry into a concentrated and highly competitive market. In *Australian and New Zealand Academy of Management Conference*. ANZAM.

- Escalera-Chávez, M. E., Rojas-Kramer, C. A., & García-Santillán, A. (2015). Financial Decision and Its Relationship with Economic Value Added. *Mediterranean Journal of Social Sciences*, 6(1), 278-284.
- Jerónimo Martins (2018). Financial Statements. *Jerónimo Martins*.
- Leal, J. L. D. F. S. (2014). *Pricing strategies of the supermarket sector* (Doctoral dissertation).
- Liargovas, P., & Skandalis, K. (2010). Factors affecting firm competitiveness: The case of Greek industry. *European Institute Journal*, 2(2), 184-197.
- López Salazar, A., Contreras Soto, R., & Espinosa Mosqueda, R. (2012). The impact of financial decisions and strategy on small business competitiveness. *Global Journal of Business Research*, 6(2), 93-103.
- Martínez, A. B., Galván, R. S., & Alam, S. (2017). Financial Analysis of Retail Business Organization: A Case of Wal-Mart Stores, Inc. *Nile Journal of Business and Economics*, 3(5), 67-89.
- Menguc, B., Auh, S., & Shih, E. (2007). Transformational leadership and market orientation: Implications for the implementation of competitive strategies and business unit performance. *Journal of business research*, 60(4), 314-321.
- Miculescu, C., & Gruï, S. (2011). Company Strategies and Long-Term Financial Decisions In the Conditions of the Present Economic Environment. *Quaestus Multidisciplinary Research Journal*. 188-201.
- Nzisa, J., Njeje, D., & Namiida, B. (2017). Influence of Cost Leadership Strategy on Growth of Hotel Chains: A Perspective from the Kenyan Context. *IOSR Journal of Business and Management*, 19(12), 64-71.
- Ross, S. A., Jordan, B. D., & Westerfield, R. W. (1997). *Fundamentos de finanzas corporativas*. McGraw-Hill.