

The Formation of Strategic Groups in the Athens Stock Exchange

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Abstract

The purpose of this academic research was to create taxonomy of strategic groups on the Athens Stock Exchange. Furthermore, scope of firm's activity and their resources and competences were established and measured with means of appropriate variables. Finally, the obtained results were compared and discussed.

Keywords: Strategic groups, taxonomy, ASE, sector

JEL Classification: M21

Introduction

The opening of the Athens Stock Exchange took place in 1876. Currently, 17 sectors are present on it, which are: Oil and Gas, Chemicals, Basic Resources, Construction and Materials, Industrial Goods and Services, Food and Beverage, Personal and Household Goods, Health Care, Retail, Media, Travel and Leisure, Telecommunications, Utilities, Banks, Insurance as well as Financial Services and Technology. The most noticeable number of companies is present on the Food and Beverage as well as Personal and Household Goods sector. The entry to the European Monetary Union in 2000 resulted with monetary and economic stability of the Greek economy. Since then, increasing interest from local and foreign investors have been observed. Companies on the ASE has been chosen for their leading position in the industry and the reliability of the data in their annual financial statements.

According to Johnson, Scholes and Whittington (2005), strategic groups are defined as organizations within industry or sector which have similar strategic characteristics, follow alike strategies or compete on similar bases.

To provide an explanation of sustained differences in financial results of particular companies within an industry, and to estimate the significance of difference in profitability between particular groups. It is important to consider certain parameters which may impact the competition within an industry. As for Santos Alvarez (2004), the structure of strategic groups offers solid basis for deeper research into very important areas such as intergroup reactions, rivalry, process of strategical change, both strategical stability and convergence, dynamics of organisational behaviour and

rivalry and reputation as well. The number of the strategies that can be potentially adopted by a company is limited and the choice of one strategy results in its participation in a certain group.

Literature Review

The first studies of strategic groups were described and presented by Hunt (1972) and later on, by McGee and Thomas (1986), to whom diversification in product degree as well as "extent of vertical integration and differences in product differentiation were basis for strategic group formation. What is more, strategic groups can be defined as group of firms in the industry, which show high level of symmetry "with respect to cost structure, formal organization, control systems and management rewards & punishments, and the personal views and preferences for various possible outcomes" (Hunt, 1972).

In 1980, Porter provided another definition, used most commonly nowadays, describing strategic group as a "group of firms in an industry, following same of similar strategy along the strategic dimensions". The strategic dimensions in this case could be "specialization, brand identification, product and channel selection, product quality, technological leadership, vertical integration, cost position, service, price policy, leverage and relationship to home and host government". Porter also extended Hunt's initial definition with the term of mobility barriers and the consequences of their existence. According to Reger and Huff (1993) strategic group can be defined as a set of firms whose decision-makers hold shared mental strategy models within the industry they are in. For Bogner, Mahoney and Thomas (1993), there are at least eight theoretical bases for dividing the industry into subgroups. Firstly strategic choice and endogenous mobility barriers, secondly organizational structures that influence strategic behaviour, and thirdly, the dependency of the firms with various ways of obtaining resources. Furthermore, difficult market conditions and the surrounding competition, as well as firm's objectives and risk preferences are included. Finally "game-theoretic formulations and cognitive taxonomies" are mentioned.

Porter (1979) with Hatten and Hatten (1987) explained three reasons why strategic group form. Firstly, firms have various risk aversion postures since investments in creating mobility barriers are very risky. It can lead to different groups considered in terms of research and development (R&D) and advertising outlays as defensive mobility barriers. Secondly, units in business that show differences in their relation to a parent company, may differ in goal in ways that eventually lead to variety in strategy. Moreover, demand nature together with production technology and product characteristics, understood as historical development of an industry, influenced the firms which appears as different advantages and disadvantages. Porter (1979) however, provides also fourth explanation. According to him, changes within industry structure can make group formation easier, or result in homogenous groups. Technological changes or behavioural changes in buyers can work to bring completely new groups by "increasing or decreasing product stability and hence shifting relevant industry boundaries". Within a strategic group, members make similar decision in pivotal areas, while their similar strategies can be described with similar values of certain strategic variables or dimensions. As it was noticed by Koller (2001), strategies of the members of a strategic group are in noticable degree equal, while the

differences among particular groups can be noticed easily. Bogner, Mahoney, and Thomas (1993) concluded that, strategic groups together with their mobility barriers, are "partly structural and partly endogenous [which is to say, they] are determined partly by the competitive environment and partly by strategic choice".

There are several effects of the existence of strategic groups (Porter, 1979) provided a hypothesis that the presence of the groups within industry can change the level of rivalry at industry level. The size of the moderating effect depends upon: the number and share distribution of groups in an industry (more groups and more equal shares, the greater rivalry among them). Secondly, the greater 'strategic distance' between groups (level of differences on key dimensions), the greater rivalry on industry level and finally, the greater 'market independence' (degree to which the groups have the same customers groups as their target) the greater rivalry on industry level.

In the studies of Caves and Porter (1977) the term of mobility barriers is firstly mentioned and defined as "barriers to mobility between groups rest on the same structural features as barriers to entry into any group from the outside". In other words, mobility barriers can be described as a wall separating one group from the outside competition and in the same time preventing the movement of a company to another group. Furthermore McGee and Tomas (1986) defined mobility barriers in a different approach, as an inseparable part of groups which are a result of several and different strategic decisions made by company. Sources of mobility barriers, that may prevent the free movement of companies, were divided by McGee and Thomas (1986) into three categories including strategies related to market, characteristics of both supply and firms. In the same paper, McGee and Thomas concluded that the decisions which determine the size of the mobility barrier cannot be copied by competitive companies without extra costs, time and uncertainty of the results of the taken decisions. Mascarenhas and Aaker (1989) provided another definition of strategic group, this time underlining the key value of the mobility barriers. The definition is as follows: "(Strategic group is) a grouping of business within an industry that is separated from other groupings of business by mobility barriers, barriers to entry and exit".

Caves and Porter (1977) concluded that mobility is higher between less protected similar groups due to the smaller number of the barriers to entry into the market. It was later confirmed by the research of Mascarenhas and Aaker (1989).

Lahti (2006) provides sources of mobility barriers. Into market related strategies product line, user technologies, market segmentation, distribution channels, brand names, geographic coverage and selling systems can be included. Economics of scale of production, marketing and administration, together with manufacturing process, R&D capability and marketing and distribution systems can be included into industry supply characteristic. Finally into firm characteristics ownership, organization structure and control systems, management skills, boundaries of firms diversification and vertical integration followed by firm size and relationship with influence groups can be included. Some of these sources were mentioned in earlier papers, e.g. ownership (Peng et al. 2004), production function (Day et al. 1995;

Prior and Surroca, 2006) and managerial skills (Prior and Surroca, 2006).

Oster (1982) and Primeaux (1985) assumed that the strategic groups invest in one or more mobility barriers, which provides obstacles to allow important and stable differences to exist between strategic groups (Leask and Parker, 2006). According to Ferguson (2000), one of mobility barriers can consist of good position in a market, recognized brand or good reputation of companies within group. In such case mobility barriers can be created as a result of similar activities taken by the companies, or also as a result from offering similar range of products. (Żochowski and Hałaj, 2006). All of these factors can be considered as impediments for the companies and can prevent their movement to another group. Dranove et al. (1998) and later on, Lahti (2006), made a conclusion that mobility barrier must exist to prevent imitation of the outside competition, as well as the effect on a group level must occur as a result of the interactions inside the group. Lahti (2006) suggested that due to the mobility barriers, strategic group structure may not exist or may not be apparent. Żochowski and Hałaj (2006), provide three conclusions from the existence of mobility barriers. Firstly, there is a possibility of creating hierarchy in a strategic group. Groups that consist of more effective companies can present higher mobility barriers in comparison to these with lower profitability. More over, groups can react differently in the face of the environmental changes, due to the level of the impact of external factors. However, companies belonging to the same group will probably react in the same way to the changes in these factors.

The first to emphasise the value of strategic group as an analytical device was Porter (1985). Grouping allows the researcher to look at the industry as a whole together with considering each firm on its own. It also enables examination and detailed analysis of the group's structure, estimate the competition within the group and among the groups present on the market. More over, McGee, Fiegenbaum and Thomas (1987) stated that strategic group may help to understand which firms are the competitors on the market place. His opinion was later shared by Mascarenhas and Aaker (1989) who underline the importance of the strategic groups as a tool to find the diversity in performance among firms.

In accordance to Leask and Parker (2006) dividing firms into different groups can be a useful tool in the research area as well as in the practical one. First it provide : "a meaningful classification of strategies employed within an industry recognized by managers within that industry as valid; allow competitive dynamics over time to be effectively measured and evolutionary pathways traced; permit flexibility in the use of a wide range of different strategies utilizing both quantitative data and qualitative and perceptual information; enable a fine-grained analysis of strategies within an industry, allowing a detailed and meaningful classification based on multiple possible groupings rather than a highly restricted set; and be readily accessible to, and useable by, managers."(Leask and Parker, 2006). Similar opinion was expressed by Panayides (2002), who states that strategic grouping can help in the identification of differences among competitors in the market-place, which can lead into better understanding of the approach of the rivals and induce the adoption of strategies which can provide persistent competitive advantage. Prior and Surroco (2007) use strategic group membership as a variable to provide an explanation the persistent differences in the performance

of the firms in Spanish banking sector, due to the fact that strategic group theory suggests that the profitability of the firm derives from the structure of industry, except from its dependence on industry source and firm specific course. Also the strategic group analysis is very important for the development of the firms' strategy on the micro level and for the state's strategy on the macro level (Blanas, 2007a).

Strategic group analysis can lead to reliable estimation to the main direction of the company's politics as well as allows to predict possible mobility barriers that the specific company may approach, while entering into a group. Also Blanas (2007a) has mentioned the importance of the analysis of strategic groups both on micro and macro-level of economics.

Feka, Xouris and Tsiotras (1997) underline on their research, that firms with similar strategies are expected to face equal strengths and weaknesses on the internal environment. That may lead to an assumption that the companies may behave in a similar way in environmental fluctuations. The analysis reveals also the "existing companies the oncoming threat of the ambitious investors, so they can protect themselves". Furthermore, the companies that produce the same range of products and target the same market can be put into one group. In that case, level of rivalry among the companies is estimated to be high, due to their efficiency and size and determination to penetrate the same market

Methodology

The qualitative analysis of this research is based on secondary data published on the site of ASE (www.ase.gr) as well as from the companies web sites. From these sources, data about the capitalisation of the company, general information such as e.g. foundation year and listing year, stock activity and number of seasonal and permanent employees of both company and the group, are gathered. Also from the companies web sites the information of the vision, the mission, the statement, the policy of the company together with information about corporate social responsibility (CSR) and Human Resource (HR) have been collected.

For the strategic group identification numerous characteristics can be used. Porter (1980) provided list of variables which should be analysed in strategic group research. These are:

- Specialization
- Cost position
- Brand identification
- Service
- Push vs. pull
- Price policy
- Channel selection
- Leverage
- Product quality
- Relationship with parent company
- Technological leadership
- Relationship to home and host government
- Vertical integration

Mascarenhas and Aker (1989) considered as a best source of information in-depth interviews with top managers and functional experts in the firm, because they can provide data about alternative strategies, key success factors, assets and skills as well as mobility barriers.

According to methodology applied by Blanas (2007a) on his research, two measures can be followed, the scope of firm's activity and resources and competences. Firstly, brand name and diversity should be analysed on a detailed level due to its importance in the financial network. Further more, human resource capabilities, capitalisation and number of indexes should be established. The most often used variables are geographical coverage, target market, strategy of development and the position of the company (Blanas, 2007b).

In accordance to Ruiz (1998) also the geographical range and the product market are two areas that allow the researcher to perform more precise analysis. Furthermore, Johnson et al (2005) mention diversity of the product or service, number of market segments served, product and service quality, size of organisation and distribution channels used as a tool for identification of strategic group.

The variables used in this research are: scope of firm's activity and resources and competences.

1 Scope of firm's activity

- Brand name
- Diversity

2 Resources and competences

- HR Competences
- Financial Capability

These measures are explained below (Blanas, 2007a).

Brand name: includes recognisability in the financial network, geographical coverage and foundation year.

Limitation on the parameter of brand name is the necessity of questionnaires to measure the recognisability due to the time borders.

Diversity: consist of number of employees in group to which a company belongs vs the number of employees of that company.

HR Competences: is based on the number and qualifications of the employees; allows to estimate company's effectiveness and further its size.

Financial Capability: Total current value of the stocks (capitalization), economic index, participation index.

Large scales of sales (international expansion) differentiate a product from the competition and creates a mobility barrier for the competition (Leask and Parker, 2006). The number of the export countries can inform the researcher of the companies' orientation and also of their policy. The level of captured market shares creates the area of competition and the companies' performance, so the leader of the market can be distinguished (Feka et al., 1997)

In many companies, workers are constantly trained and can take part in educational courses and seminars. In this way company and society at large can benefit from the continuous development of the personnel.

Employee educational background can provide a comparative advantage against competition present on the market place. Scientific training, technological know-how and profound knowledge of market conditions with the ability to take initiatives and put innovative ideas into practice, allows the company, by its employees, to respond successfully respond to the customer needs and adapt corporate strategy on them, which can fully justify the researcher choice of HR as a vital variable for this research.

Analysis

The variables of scope of firm's activity and resources and competencies, based on the secondary data collected from the companies websites and the ASE website, lead in the formation of the following strategic groups.

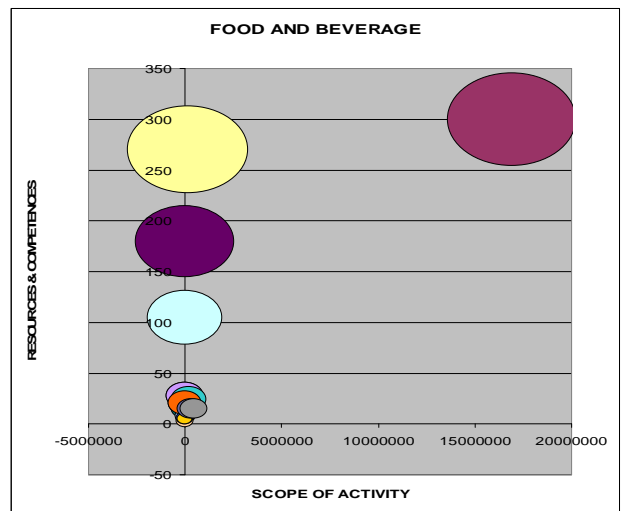
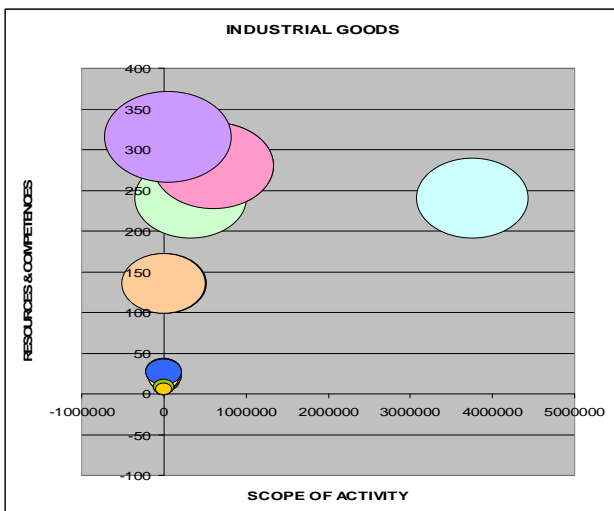
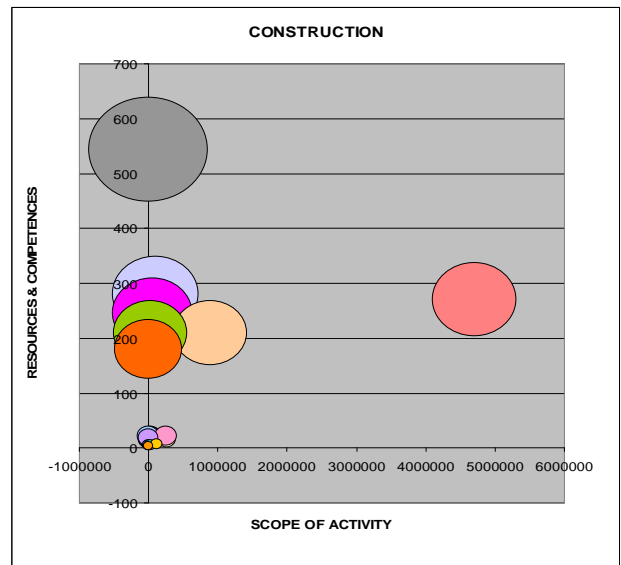
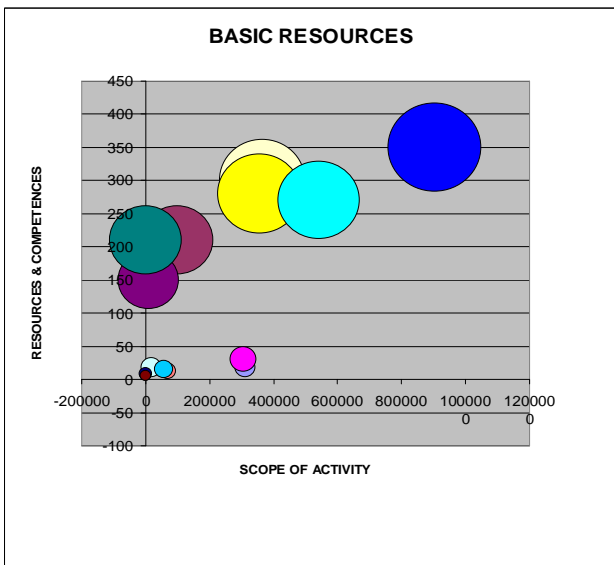
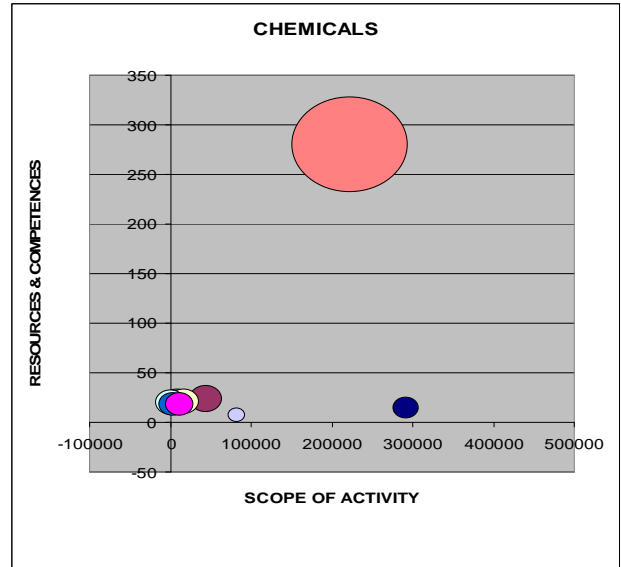
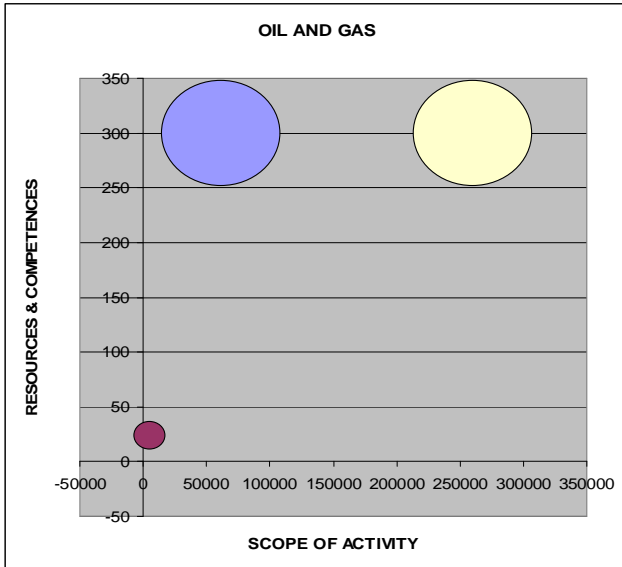
First strategic group: On that group are large companies that are operating like monopolies and their competitive advantage is based on the control of key assets of the Greek state.

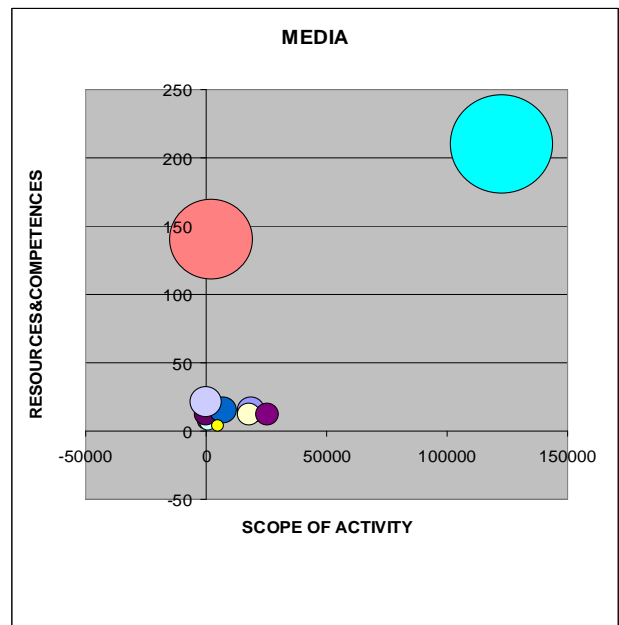
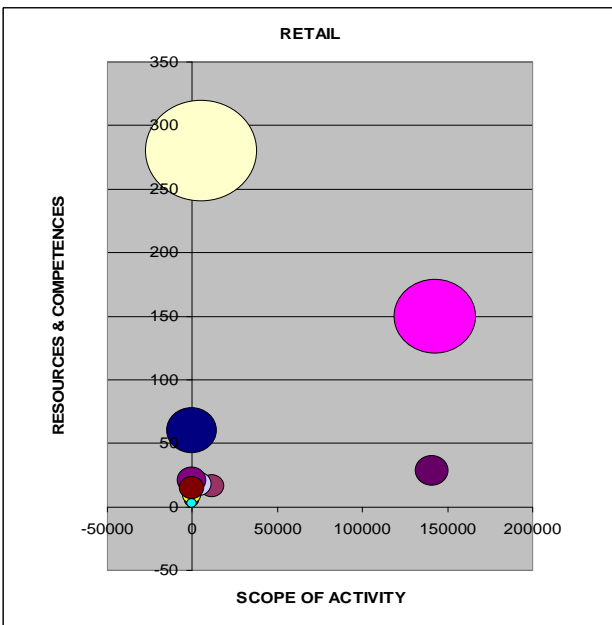
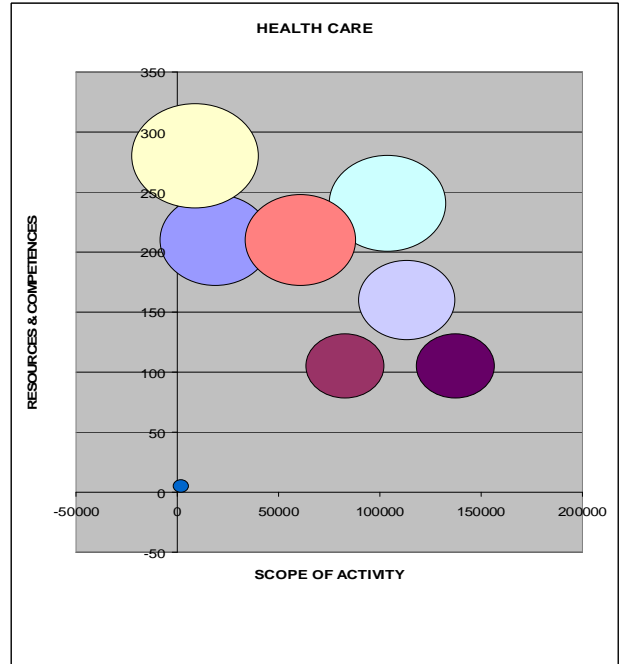
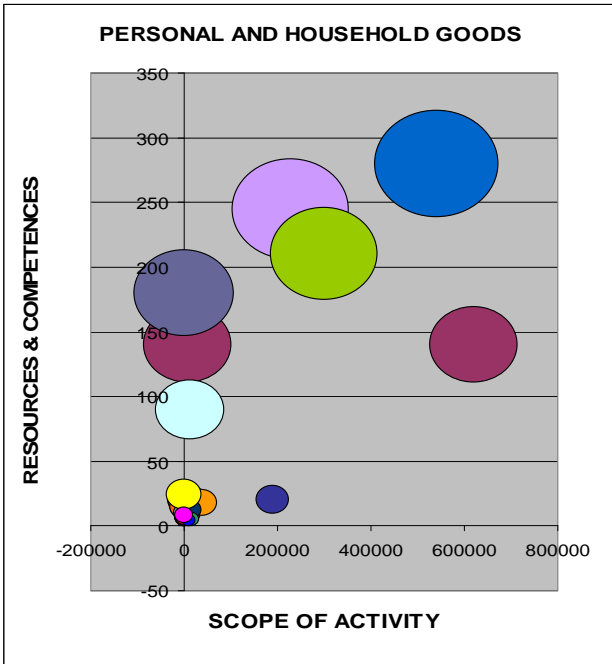
Second strategic group: On that group are large companies, with big capitalization, financial strength and strong international presence. They are also leaders on the markets that are operating and are not vulnerable on acquisitions.

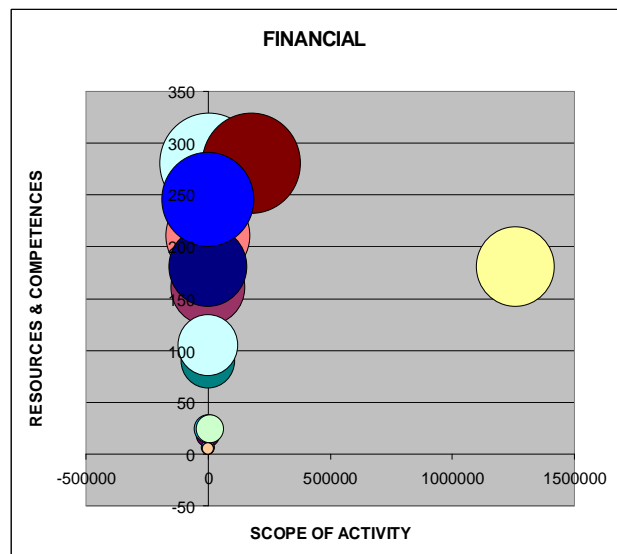
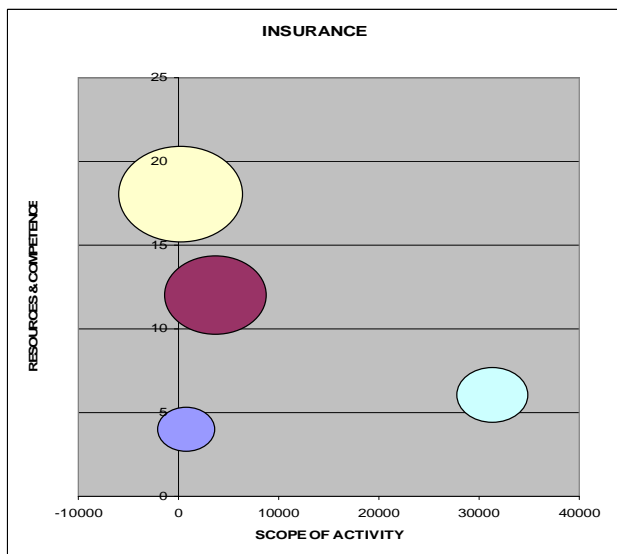
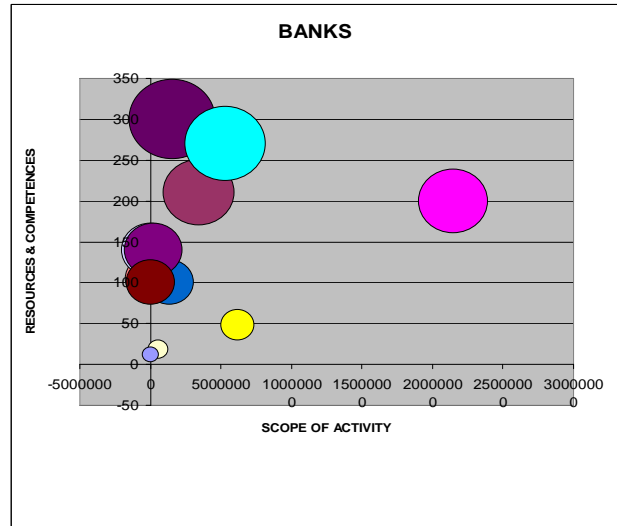
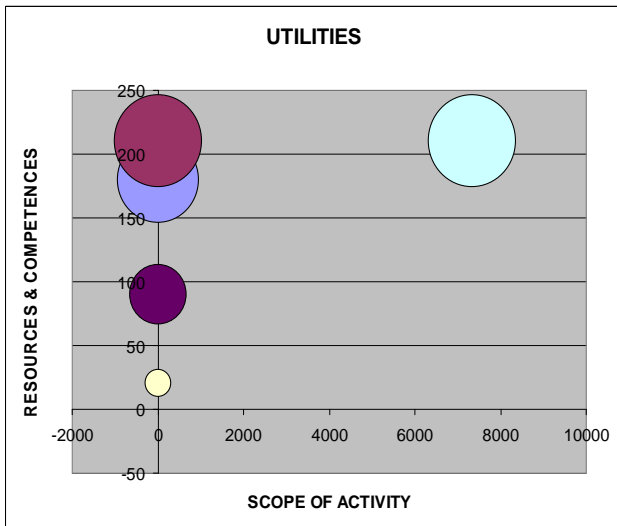
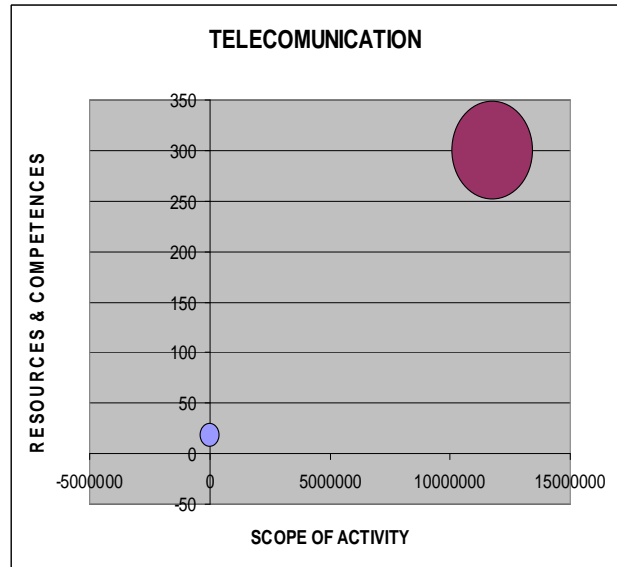
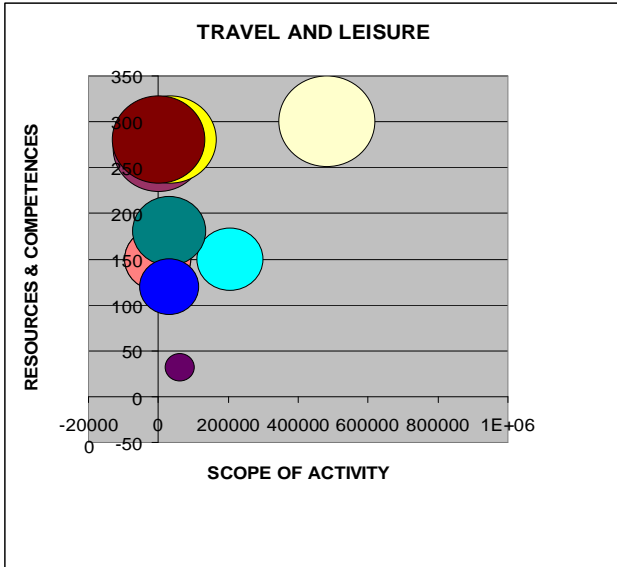
Third strategic group: the third strategic group is formed with medium and small companies, some of them are not competing only on regional market, but have expand their businesses mainly on the Balkan market and the central-east European countries. Furthermore have developed unique capabilities that are difficult to imitate.

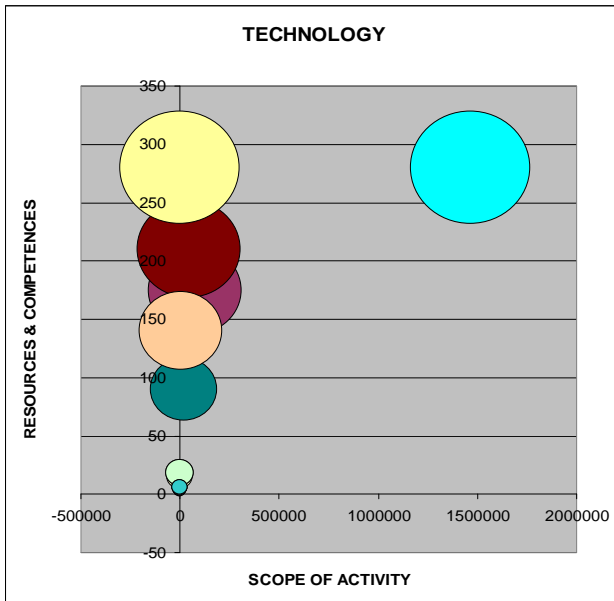
The collected data are categorised and presented on the graphs, to match with the stated research objectives. The way to categorise data is from the terms that emerge from existing theory and literature. The categories consist of firm's activity and its resources and competences.

The outcomes from the analysis show three categories of strategic groups. First with large companies, acting like monopolies and with control over the key assets of the Greek market. Second group consists of big companies, with big capitalization, financial strength and strong international presence. Final, third one, is formed with medium and small companies, mostly competing on the local market, but with developed unique capabilities for prevention of imitation.









On the sector of Oil and Gas are only 3 companies, which form two strategic groups. The two companies that forming the second strategic group are Motor oil Hellas (MOH) and Hellenic Petroleum S.A. (ELPE). These are companies with big capitalization and important international expansion. They also hire a significant number of employees and pay attention to the development of the companies' HR. These two companies can be characterized as important players for the Greek economy and society. Elinoil S.A. (ELIN), on the other hand, form the third strategic group. Elinoil S.A. (ELIN) is a medium company with international expansion, which has developed, in order to be competitive, unique capabilities that are difficult to imitate.

Chemicals is a sector with quite old companies in majority, with important international presence, mainly with expansion in the Balkans. Neochimiki (NEOCHI) is the company that belongs to the second strategic group. NEOCHI is a company with strong international presence, experience of the market and strong brand name. Most of the companies are of medium and small capitalization, that stresses the importance of training of their employees and the development of the CSR of the company, in order to remain competitive and put high barriers of entry for new entrants on the market. These companies form the third strategic group. Also Thrace Plastics C. (PLAT) and Crete Plastics Co. (PLAKR) are two companies that does not belong to no one of the strategic groups.

Basic resources is a sector with a variety of companies. Most of them are operating for many years in the market, as they were created long time ago. The companies hire an important number of employees, which is crucial for the Greek economy.

Five of the companies have passed the Greek borders and are operating in different markets around the world, on Balkans and not only. These companies are usually of big size and can be included into second category strategic group. Four of them, present big capitalization and significant level of HR and CSR development. Other companies are usually of small or medium capitalization.

Considering the fact, that all the companies were established before 1991, makes them experienced companies, with vast knowledge of the Greek market and the Balkans.

These companies, obviously, make stable, less risky, steps on their market movements. They also can improve their strengths with the development of international expansion on the new countries that have entered the European Union and are mainly Balkan countries.

Construction and Materials sector is represented by 33 companies and is crucial for the Greek economy. On the figure 4, presented above, the researcher can identify the two strategic groups formed.

Thirty three companies are listed on that important sector for the Greek economy. The number of employees on the construction industry is quite high.

Four of the companies, characterized as big, with financial strength and important international presence, have also international fame. These companies developed high level of HR and CSR, becoming very difficult to imitate. On the second strategic group, seven companies are included, J&P- AVAX (AVAX), Michaniki S.A. (MHXAK), Elliniki Technodomiki TEB S.A. (ELTEX) are some of them.

Other companies, of medium and small size, are competitors on the local market as well as on the Balkans. These companies are vulnerable to acquisitions from larger companies, Greek or foreign. They could improve their international presence, following the opportunities arising from the Balkan or central-east European countries that are new entrants in the European Union, as their market is less saturated. These companies, like Dioter S.A. (BIOT), Domiki Kritis S.A. (DOMIK), form the third strategic group.

Companies on this sector are vulnerable to decisions of the Ministry of Public Works and changes in the relevant legislation (Blanas, 2007a).

Goods and services is represented by 29 companies. Important number of employees is hired in this branch of industry.

The second strategic group can be identified, and consists of four companies. Are big companies in size, with big capitalization, operating on international level. They also developed high diversification and show maturity on the market place. Imitation can be very difficult in this sector. Viohalco (BIOX), Metka S.A. (METKK), Frigoglass S.A. (FRIG) and Hellenic Cables S.A. (ELKA) are these four companies.

The rest of the companies operate in more regional market, like Greece and Balkan countries. These companies can be included into third category of strategic group. Their risk is higher in comparison to second category strategic group and they try to develop unique capabilities, in order to establish barriers of entry. Pireus Port Authority (PPA), Vogiatzoglou Systems S.A. (VOSYS), Inform. P. Lykos S.A. (LYK) are some of the companies belong to the third strategic group.

The Greek food and beverage industry is described as dynamic, developing and also fragmented, however it is very attractive for investors, especially foreign ones (Feka et al., 1997). On this sector, as the biggest company operating in industry can be considered Coca-Cola E.E.E. S.A (EEEEK). It has the largest international presence, big capitalization, the biggest number of employees, and it exhibits large financial strength. All of these elements make the company difficult to imitate.

The rest of the companies operate mainly on regional level, with exceptions such as Vivartia S.A (VIVART) or Katselis Sons S.A. Bread ind. (KATSK) that expanded their international presence. These companies operate mainly locally and take effort to take over the biggest market share as possible, and, at the same time, try to develop unique capabilities, difficult to imitate, in order to remain viable in the long term.

The majority of the companies on Personal and Household sector are competing on a regional level like Rilken S.A. (RILK) and Biokarpet S.A. (BIOKA) (third category group), with exception of some companies that are well known and operate on international level like Technicals Olympic S.A. (OLYMP) and Fournalis S.A. (FOYRK) (second category group). Most of the companies are subject to acquisitions and mergers from larger companies and try to gain the bigger market share is possible in order to be viable in the long term. They have also develop management capabilities and unique resources that are difficult to imitate.

On Health Care sectore one second category group can be identified, with companies of large size, big capitalization and international presence. They also present financial strength which enables them to remain economically stable and minimize the risk. The rest of the companies, three in total, operate on local level and are of medium or small size, with smaller international orientation and lower flexibility. These companies form the third strategic group. Also Medic is a company that do not belong in none of the three strategic groups, that the researcher has identified on this research.

Retail is only sector that most of the companies listed haven't international presence and they compete locally, on the Greek market. Also most of the companies are of medium and small capitalization. Most of them are companies that have developed unique capabilities that are difficult to imitate and if this is possible, that cost is high. On this sector, the ninth sector of the ASE, two main strategic groups, can identified. The second with one company, and the third strategic group with almost the rest of the companies. Hellenic Duty Free Shops S.A. (HDF) and Sprider Stores S.A. (SPRDER) do not belong in a strategic group.

Media is a sector with particularities. Most of the companies are vulnerable to government decisions, such as obtaining new license for a new TV or radio station.

The companies that are listed on that sector to have artificial mobility barriers. Only one company can be identified as a second category group with large size, big capitalization, and with high diversification that allows to minimize the risk.

The rest of the companies are medium and small companies, third category strategic group, with medium and small capitalization and they are competing for the larger share on the Greek market. Their risk is higher as they are vulnerable to acquisitions from bigger companies.

For all the companies that are listed on that sector the expansion on the new members of the European Union may allow them in the future to gain a bigger market share and make them move into another group.

Seventeen companies are listed on Travel and Leisure sector of the ASE and the formation of the strategic groups can be identified on figure 11. In the majority they are old companies with importance in the Greek economy. In the second category group the researcher can identify large companies, with big capitalization and international presence (e.g. INTRALOT). On the other hand, on the third strategic group, are companies that are competing mainly in a local level, for the bigger market share.

On the sector of Telecommunications there are only three companies, but this is not a problem for the formation of strategic groups, two to be more precise. Two of the companies, Hellenic Telecom. Org. (HTO) and Cosmote Mobile Telecommunications (COSMO), have a big geographical coverage and strong international presence, in the Balkans and in the central-east Europe. These two companies have also, an important number of employees for the Greek economy. These two companies developed high level of CSR and HR, showing this way maturity. Both of them can be included into second category of strategic groups.

The third company is a small local company, that operates as internet provider and lately, on their effort to achieve differentiation on their services, they offer also landline services, in cooperation always with the Hellenic Telecom Org. This company (LANNET) is a local market competitor and can be included into third category of strategic groups.

There are only 5 companies listed on Utilities sector, and two of them act as a monopoly. These are Thessaloniki Water Sewage company SA (EYAPS) and Athens Water Supply and Sewage Co. (EYDAP) Also on that sector is listed the Public Power Corporation SA, a company that hires and important number of employees for the Greek economy.

None of the companies seem to have an important international expansion and for the moment, as they compete on the local market. On that sector, all the three strategic groups can be shown, on Fig.13. on the first strategic group are two companies, on the second strategic group is one company and on the third strategic group are two companies.

Most of the companies present in Banks sector, have been operating for many years, they are mostly with long tradition. The geographical coverage is similar for some of the companies. Some of them operate locally, other however, expand their activity abroad with significant international presence. The countries to which the banks expand their activities are in Balkans and central-east Europe, so are countries characterized as emerging economies.

This is a sector of high importance due to the number of employees hired. Some similarities can be noticed between the companies present, mainly in HR and CSR policy. The companies try to increase the quality of services, educate and keep the personnel up-to-date with the newest trends, environmental concerns. All of these actions create competitive advantage. Most of the banks are also of big capitalization.

Further more, on the bank sector, a company from first category of strategic groups can be identified. This company is the National Bank of Greece (ETE), that acts as a monopoly. The rest of the companies can be identified on the second strategic group and on the third.

Insurance sector consists of only four companies, with quite long history. They are of small and medium size, operate on regional level, with exception of Eurobrokers S.A. (EUBRK), operating on wider level. These companies share similar characteristics and compete to capture as big market share as possible.

All of the companies can be classified as third category of strategic groups.

On the Financial services sector of the ASE, one of the companies acts in the market as monopoly. This company is the Hellenic Exchanges S. A. (EXAE) holdings and belongs to the first strategic group.

Further more, on that sector are large companies with noticeable geographical coverage, and some of them, like Eurobank and Marfin investment group holdings S.A. (MIG), with strong international presence. Companies with such characteristics can be included into second strategic group. The rest of the companies, show more local orientation, and they developed some unique capabilities which causes somehow creation of mobility barriers, so this group, the third strategic group, is difficult one for a new company to enter.

Most of the companies on the Technology sector are new, both as companies and as of date of listing on the ASE. It can easily be explained, due to the development of the technology in the last years and, to the fact that Greece as a country is not a technological leader on the world scene. It is also quite understandable that these companies don't have important international expansion. The researcher mentions on that point that Intracom S.A. Holdings (INTRK) and Nexans Hellas S.A. (ALKA) are two companies that show an important international presence in the biggest world markets.

From the analysis of the data collected from the companies websites it is easily noticeable that most of the companies on the technology sector pay attention on HR development and share similar characteristics on that point.

Another interesting finding on important number of companies on that sector, is the fact that they try to expand the variety of the services or products they provide, in order to achieve differentiation and maintain their market share. This can also be a barrier of entry for new companies that they might want to enter on that group. Characteristic is the example of Altec S. A. (ALTEC), a company that started business on 1988 as an assembly and supplier of desktop computers and because of the international development of the internet and the opening of the telecommunication market, they expanded their

services as an internet and landlines provider. This way they offer to the customer the whole variety of the services connected with desktops.

Conclusions

The initial taxonomy of the strategic groups present on the Athens Stock Exchange is presented in this paper. Lack of relevant research and vast source of reliable information result in the choice of this subject. Also the fact that the companies listed on the ASE are the biggest companies of the Greek economy was another important factor to take under consideration.

The first category of strategic groups is identified only in three sectors of the ASE, more specific, only four companies can be described to have previously mentioned characteristics. The sectors and the companies are as follows:

Table 3: Companies on the first category of strategic groups.

FIRST CATEGORY OF STRATEGIC GROUPS	
UTILITIES	ATHENS WATER SUPPLY & SEWAGE Co.
	THESSALONIKI WATER AND SEWAGE COMPANY SA
BANKS	HELLENIC EXCHANGES S.A. HOLDING CLEARING SETTLEMENT AND REGISTRY
FINANCIAL SERVICES	NATIONAL BANK OF GREECE S.A.

These companies operate on their sectors as monopolies. The most important variable for formation of the first strategic group is the environment. Second and third categories of strategic groups appear in all of the sectors, with the majority of the companies that belong to the third category. Regarding the companies of the second category of strategic group, these are large companies that hire a significant number of employees for the Greek economy.

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