Competitiveness of a Company: Dimensionality of Competitiveness

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Abstract

This article discusses ‘Competitiveness’ as an organization goal from a proactive and ‘inside-out’ perspective in contrast to the prevalent reactive and ‘outside-in’ perspective. Understanding the fundamentals of competitiveness and the determining factors of competitiveness are of prime importance for any company to be competitive. The critical success factors (CSFs) of competitiveness, suggested are: 1. Customers 2. Employees 3. Systems and Processes 4. Business Environment 5. Business Intelligence and Competitors 6. Technology.

The article discusses as to how each of the factors contributes to enhancing the competitiveness of a company. It is suggested that a dynamic balance of the six factors enables a company to be competitive. The highly competitive company is different from the less competitive company in terms of the importance given to the six parameters, and the balancing of these factors.

The implication of the article is for research on competitiveness in terms of:

1. measuring the extent of prevalence of these factors in companies/industry
2. the relative importance of each of the factors in contributing to ‘competitiveness’ and variations across industry sectors
3. differential weightages to each of the factors in determining the ‘competitiveness’ of a company, and
4. Validating the relevance of these factors by comparing highly competitive companies (determined on the basis of industry success) and low competitive companies.
The word ‘Competitiveness’ has originated from the Latin word, *competer*, which means involvement in business rivalry for markets. *Competitiveness can be defined as sustained increase in productivity to offer more value to customers.* It is the ability to provide products and services more effectively and efficiently than others. Also, it is to sustain success in national and international markets without protection or subsidies of any type. Competitiveness, therefore, refers to performance that is earned rather than borrowed.

In the present Global era markets have become so competitive that mere understanding of competitors is no longer sufficient. Companies are constantly on the run for reactive strategies if not creative, to grab more market space than their competitors. Some companies focus their attention on their opponent’s moves to understand their strategic strengths, while some other companies look for competitor’s weaknesses and how to exploit them to their advantage. Apparently, few companies seem to concentrate on customers to enhance their competitiveness. They do immerse in customer surveys and design marketing strategies to deliver superior value to customer as per customer’s choice. Sometimes, this may create customer inertia where a customer is happy with the existing product and does not bother to demand better products.

The obsession with either competitors or customers may disorient the locus of competitiveness, as it is inherently reactive. It is basically, an *outside-in* orientation. The Good to Great study (2001-160) provides an empirical evidence to prove that one cannot become great by following reactive strategies. The study tells ‘……………they never talked in reactionary terms and never defined their strategies principally in response to what others were doing. They talked in terms of what they were trying to create and how they were trying to improve relative to an absolute standard of excellence.’

The winners in the market say that one has to go beyond customers as well as competitors. Management gurus say more than competitors and customers it is the fundamentals of competition and knowing the determining factors of competition that are of prime importance. This is *inside-out* orientation i.e. understanding the critical success factors of competitiveness. The following diagram depicts various orientations of players in the market.
There are many players in the market who will be happy to get a few customers. The challenger in the market will be happy if he can get a more market share. The leader thinks differently. The leader doesn’t worry about competitors. The leader serves customers proactively by offering a unique value that probably cannot be duplicated by others. Being proactive is to understand the determining factors of competitiveness and formulating a strategy (ies) to offer a unique value proposition. Porter says, “The worst error in strategy is to compete with rivals on the same dimension. ……… Strategy means creating a unique and sustainable competitive position. It is choosing to run a different race. Strategy means offering a unique value proposition (Porter, June 3, 2008)”.

There are many types of players who play various strategies in the market. There are imitators, copycats, innovators etc. In this context, being competitive is to shift from narrow economic strength to customer value strength.

Competitiveness can be measured at two levels: Macro at the national level and micro at the firm level. At the macro level, competitiveness of nations is reflected in the standard of living of their citizens. The locus of national level competitiveness however rests at the firm (Micro level) level. At the micro level, a company’s competitiveness depends upon its ability to provide goods and services to the market by optimum utilization of resources and increasing productivity.

Traditionally managers thought that the factors of production provide competitive advantage to any firm or a nation— such as: Land, Location, Natural Resources (Minerals, energy), Labor, and Local Population Size. These factors, though important, yet scarcity of them has not hindered being competitive. The best example is Japan-- being a small island with few resources, it has flooded US market with its cars giving tough competition to American Motor companies. Porter argues that land, location etc., are inherited factors or passive factors and sustained organizational success can never be built on such factors alone. On the contrary, Porter insists, that abundance of inherited factors could actually undermine competitive advantage. The example of this is seen in few studies of ‘resource curse’.

**Competition and Competitiveness.**

Competitive Advantage is a noun where as Competitiveness is verb-- the action part. **Competitive Advantage** refers to the position of superiority within an industry that a firm has developed in comparison to its competitors. It is an advantage gained by offering greater value than others.

**Competitiveness**: Competitiveness is a dependent variable that measures the outcome of competitive advantage and a set of independent variables that are a source of competitive advantage.

Competing in business involves performing a set of discrete activities (Call them as independent variables), which contribute to competitive advantage. These independent variables are the ‘determining factors of competitiveness or critical success factors (CSFs). The CSFs must be enhanced consistently by a company to maintain its leadership position in the market.
It is not doing well alone in each element of the critical success factors that enhances competitiveness but the act of balancing all the CSF elements. The following diagram shows the various critical success factors of competitiveness. We will discuss them in the following pages.

I. Employees and Competitiveness:

In the knowledge economy it is the employees who provide true competitiveness to a company with their attitudes, skills and knowledge (ASK). The competencies of employees (the tacit and explicit) provide unique strength to a company—the individual capabilities as well as the collective capabilities among employees. These are difficult to be understood or copied by others. Employees’ competencies and competitiveness of a company are mutually reinforcing. That is why successful companies invest in employee training and development. Infosys training motto is ‘learn once, use any where’ It trains employees in many domains like software development, managerial skills, soft skills, leadership skills and industry-specific skills—banking, retail, insurance, manufacturing etc. Infosys Leadership Institute (ILI), in Mysore trains nearly 4000 employees at a time.

Employees ought to be sensitized about the expectations of customers. It is the employees who generate solutions to customer problems. FedEx has its own Leadership Development Institute to ensure that its employees are committed for customer service. FedEx is world renowned for the reliability of its next-day package delivery guarantee (Thompson, 2009-421).

ARE EMPLOYEES UNIQUE? Employees are unique by themselves because they have four unique dimensions according to Resource Base View (RBV). The four important dimensions are – being Valuable, Rare, Imitable, and Nonsubstitutable. HCL recognizes this and puts its employees first even before customers. Employees are RARE which explains why companies poach best employees of other companies.
An Employee’s chemistry cannot be easily copied or imitated by others. For example, the role of Steve Jobs could not be substituted by anybody else in Apple computer when Steve left. Once Steve rejoined many new products viz. iPod, iPhone etc. came into market through his initiative and passion for customer solutions in the form of advanced products.

EMPLOYEE EMPOWERMENT: Employee empowerment and employee involvement accelerate the delivery of superior product/service value to the market. Hence the current strategy of team based approach in organizations. In a team, members have complementary skills, accountability, and collective responsibility for results and able to produce more value through synergy. For example, Reliance Industries is known for its project management skills where work groups complete projects with utmost speed. Teams create peer pressure and pull everyone in the team towards organizational goals. Team incentive plans coordinate group effort for higher productivity and better value.

The 2008 BT survey says “the success of Ashok Leyland can be seen in its cross-functional teams”. “The ‘iBus’, with anti-lock braking system, electronic engine management, anti-collision device and other rich features was conceptualized, designed and developed by a cross-functional team of 25 young executives – all less than 30 years of age – in 11 months” (Madhavan N, 2009-72).

II. Customers and Competitiveness:

Customers are the essential beneficiaries of competitiveness. Companies exist for customers and the extent of customer base is the true measure of a company’s competitiveness. Customers demand competitive value every time, which a company has to meet with to keep their businesses go on. For example, Wal-Mart follows Every Day Low Price Strategy (EDLP) because it wants to show its customers that it provides them a higher value at lower cost. Intel offers a new version every time to communicate that Intel is on the path of enhanced value addition/creation. Microsoft comes out often with latest version of MS-Office to give customers consistently a better value for money. ‘Tata Nano’ offers a competitive price to Indian lower middle class to afford a car.

Sophisticated customers demand advanced products and higher value and this pressure creates space for desired products. Whoever meets the customers’ expectations leads the market. Apple Computers have developed iPhone to provide a high-end value product. Cell phone companies are replacing 3G technology with 4G technologies. Nokia, Sony, Motorola etc. are competing very hard to occupy more customer space with their advanced features. Demand sophistication is a reflection of consumer behavior and who ever uncovers this behavior and offers a superior value stands to lead the market. Infosys maintains good client relationships that result into repeated or loyal customers. Infosys gets 97% of revenue from the existing customers and its customer equity is much higher.

Customer intimacy helps companies to understand the special needs of customers and build close relationships that enable them to provide desired products/services. American Express is able to provide customized services because of its detailed customer database. Wal-Mart provides variety products at the store because its sales people read customers thoroughly. It is more than a truism that a company is no better than what it knows about the customers. Toyota is a great success in India with its products Toyota-qualis and Toyota-Innova due to its understanding of Indian customers’ expectations. Toyota Motors follows the concept of
Genchi Genbutsu (the philosophy of “Go and See’) which helps the company to understand exactly what the customers who buy its products need. Honda Motors marketing managers conduct telephone interviews with all car owners to know their satisfaction level which also assists in seeking new ideas for improvements. Ratan Tata’s cost-effective ‘Nano car’ is to woo the Indian middle class from a motorbike/scooter to own an affordable car for their family. Mohammed Yunus, the father of Grameen Bank has offered loans even to beggars because he has understood them very closely and foresaw the transformation of beggars into small and micro-business owners in Bangladesh. He treaded where other banks were scared to do.

Customer empowerment allows companies to design products according to their taste. Nike’s website provides an option to customers to make choices among many models of sneakers in different price ranges and even customize using several colors and features including laces. Customers can also have a personal ID on each shoe, and have it shipped directly to them. Levi-Strauss manufactures customer-fit jeans using design technology with the help of computerized systems so that customers get the desired size by themselves. The Ritz-Carlton hotel chain keeps information in its database about each customer’s desires as to room size, floor level, smoking or non-smoking option, fruit or flowers preference in the room, extra pillows, and so on. The Dell computer is able to assemble customer-specific computer with the desired hardware and software.

Market creation makes a company get ahead of its competitors and keep customers surprised and competitors at bay. Microsoft has created the market for MS Office leaving competitors way behind. Apple Computers always introduces products ahead of competitors, whether it is the Macintosh, iMac, iPod, iPhone or flat-panel monitor. Apple has been surprising customers for the last three decades with its product designs, new products – always many steps ahead of its competitors. Steve jobs, is a marketing and creative genius with the rare ability to get inside the imagination of consumers and understand as to what captivates them.

Steve Jobs says that Apple scoffs at the notion of a target market. It doesn’t even conduct focus groups. At Apple, new product development starts in the gut and gets hatched in rolling conversations that go something like this: what do we hate? (Our cell phones). What do we have the technology to make? (A cellphone with a Mac inside). What would we like to own? (You guessed it, an iPhone). “One of the keys to Apple is that we build products that really turn us on” (Morris Betsky, 2008, 45-46).

Customer tastes, customer pressures, customer intimacy, customer empowerment, customer creation etc. enhance competitiveness of a company. A Company should also be able to surprise customers consistently.

III. Competitors and Business Intelligence & Competitiveness:

Competitiveness is providing a better value to customers than others. A Company must be vigilant about current competitors and their products, potential competitors and their potential products and substitutes. A better way to avoid head-on competition is to find an innovative way to offer greater value to customers by locating a breakthrough opportunity by studying competitor’s strengths and weaknesses. Competitor analysis provides with business intelligence of markets and rivals. The importance of business intelligence system is to get the right information at the right place and at the right time. Dirubai Ambani, the founder of
Reliance Group, used to say that he cannot wait till the permission from government to start his business. He knows an opportunity cannot wait the grant of permission. Otherwise, he would lose the first mover advantage of cashing on an opportunity.

Mohammed Yunus identified a greater opportunity for Grameen Bank in providing micro-credit while other banks ignored such an opportunity. Assessing competitors’ strength is very crucial while offering Value to customer, though at times a competitor may emerge from altogether a different sector. Kodak’s competitor was not from film maker Fuji but from the digital camera makers, like Sony, Canon etc.

The latest developments in a market may not come from traditional rivals. Microsoft has developed operating system software ‘MS Windows’ and office package ‘MS Office’ to fight IBM, Lotus and WordPerfect but ignored Internet technology. The new competitor Netscape has used Java applets in its user friendly, graphically oriented browser program with the potential to make operating systems unnecessary. By the time Microsoft realized this threat, Netscape had already established itself as the industry-standard for browsers. Consequently, Microsoft was forced to spend huge amount of time and resources trying to catch up to Netscape’s dominant market share with its own Internet Explorer browser.

FedEx, so reputed for its overnight cargo and letter delivery business had competition not from UPS but from fax machines and Internet which assist in reaching a customer faster, cheaper with more convenience. Competition for FedEx is not from the same industry but from an unexpected source.

Business intelligence is one of the essential competencies of an organization that enables it to take preemptive steps in dealing with competitors. Data mining (through various sources—reports, press, word of mouth etc) by meaningful ways provides strategic cues of competitor moves that alert a company to face future threats. For example, Bill Gates forewarned his company of intending competition from Google, when he noticed an Add by Google looking for engineers who had nothing to do with web-search but more with software business.

Motorola has an intelligence department that monitors the latest technological developments taking place in the world, by attending scientific conferences, studying technological journals, and employing scores of other ways of information gathering. Based on this information, ‘technology roadmaps’ are drawn for assessing likely breakthroughs in R&D, and how they can be incorporated into current/new products, and investment in further Research. For example, Japan had studied American motor industry very meticulously and intensively so as to offer greater value in Japanese cars even before hitting the American roads.

The positive dimension of intensive competition is that fight takes place on earned competencies rather than on inherited competencies.

**Company’s Inner Intelligence:** Business intelligence is also about having an awareness of and realization of one’s own strengths (manifest and latent). Organizational introspection is very important to withstand competition and for organizational renewal. Understanding true strengths in terms of one’s core competencies is critical to make differentiation from the rest. Starbucks’ distinctive competence in store ambience and innovative coffee drinks has
provided greater customer value than any other coffee retailers. Imagination and wholesomeness as its core values have given Walt Disney a ‘visionary’ company status.

Company analysis helps when a company sees itself as a portfolio of competencies rather than as a portfolio of business units. C.K. Prahlad says core competence is a bundle of skills that are not widely available in industry. Sony is successful because its core competence is in ‘miniaturization’ which is not available with its competitors. Honda’s core competency is ‘making engines’ that provides competitive advantage for all its products i.e. cars, motor cycles, lawn mowers and generators. Core competencies help us in understanding how one is different from others in being able to provide a distinctive product and assume market leadership for that product.

Self analysis/organizational introspection is an organizational necessity to move from reactive orientation to proactive orientation and enrich one’s strengths and overcome one’s limitations.

IV. Business Environment and Competitiveness:

Business environment provides the context in which companies can exploit opportunities for their advantage. For example, Singapore ranks first in business environment quality, a position that it gained for the first time in 2007 and has retained since then!!!(SCR-2009,-61). The international business environment, and the government policies, legal scenario, and industry structure within a country determine its business environment and industry/company competitiveness. The business environment in India after 1990 has been very encouraging due to the liberalization and privatization policies and programs introduced under the stewardship of the then prime minister P.V. Narasimha Rao.

Networking for Competitiveness: Suppliers, buyers, competitors, and collaborators who stimulate each other either through rivalry or collaboration act like catalysts for providing superior value to market. When companies and suppliers from a particular sector are interconnected in geographically proximate groups (clusters), efficiency is heightened, greater opportunities for innovation are created, and barriers to entry for new firms are reduced. Individual firm’s operations and strategies (branding, marketing, value chain, and the production of unique and sophisticated products) all lead to sophisticated and modern business processes. (GCR-2010, P-7). Networking provides more opportunities for a company’s success rather than facing competition independently/unilaterally.

Infosys is successful in global markets because it is able to leverage the IT clusters in Bangalore and Hyderabad. Networking with suppliers, buyers, even competitors etc. provide the right environment to leverage the potential of business environment, which also facilitates outsourcing. Outsourcing contracts from developed countries like US and Europe have created right business environment in India and currently Indian companies are slowly transforming themselves from outsourcing status to insourcing status by delivering high-end services to global customers.

Networking provides opportunities for collaborative relationships. For example, Larsen&Toubro and Siemens have entered into a co-branding pact covering low-voltage switchgears. Siemens would manufacture a low-voltage switchgear product for L&T, which would be sold under the latter’s brand name and Siemens would source other switchgear model from L&T,
which would be sold under the Siemens brand name. L&T, though the market leader in low-voltage switchgears with a market share of 40 percent went for the co-branding with Siemens, as it recognized this as an opportunity for widening its product portfolio. It is a case of arch-rivals making alliances for gaining competitive advantage (Ramaswamy, 2009-230).

**Governmental Intervention:** Government shapes the business environment by enacting economic and financial policies. The patent laws, the taxing system, industry policies, tariff and trade policies etc. are the areas where government role is very significant. The sophistication of home demand derives in part from regulatory standards, consumer protection laws, government purchasing practices, and openness to imports etc. Government must set the right rules and incentives needed for a productive economy.

The opening of Indian economy in 1991 has intensified competition in business. Privatization and globalization has made Indian companies competitive. Some of the public enterprises (which were over protected in the Peruvian era) have gone for privatization shaking themselves of the shackles of inefficient bureaucratic practices. Privatization has brought intense competition. Decision making based on market environment has become the mantra for survival. Speed, quality, cost-effectiveness, value etc. have become the guiding principles to survive and compete. Government has opened the economy for market forces while limiting its role to a regulatory mechanism.

Protection of intellectual property rights is another important domain of the government. Only under strict intellectual property rights any true competition takes place. The service sector is purely an intellectual sector where such protection marks the distinction between one company and another. Substitute products create real threat to an innovator if there is no protection for intellectual property rights. Earlier many of the products in India were a cheap imitation of some of the very successful products.

In the market economy customers occupy very central position. Consumer protection laws monitor customer response and companies cannot be competitive unless they verily satisfy their customers. For example, Toyota Motors had faced tough resistance from its customers for the defective breaking system in its Prius models. Toyota admitted its failures in dealing with faults and recalled nearly 3, 00, 000 Prius models in the year 2010 to set right the problem. Since consumer protection laws are very stringent in West, surely one cannot sustain in such markets providing defective products. Customers’ ire has also been faced by Pepsi and Cock in the form of legal battles for their defective bottling and cleaning practices. Consumer protection laws pressurize all players to offer higher value to customers.

**Banking and Financial Markets:** A well developed banking system and financial market creates the right business environment for an industry. A well regulated stock-market provides the necessary financial capital. A right Business environment allows Foreign Direct Investment (FDI) flows into a country. FDI creates a healthy competition as country barriers get minimized. Local companies compete with the foreign companies and competition helps in offering a better value to market.

The entry of foreign competitors in India has changed the complete scenario of ITS telecommunication market. The entry of DOCOMO with the strategy of low talk-time tariff has transformed the entire cell phone customer base. All the players in the telecommunication market had to respond positively and have changed their price structure to retain/attract
customers. Thus, FDI in the telecommunication market has led to better products and services. Companies like Nokia, Motorola, and Samsung etc. have opened their research and development centers in India to provide better products/services to customers.

The transparent laws of banking and financial market have given rise to confidence among foreign investors. This also has led to efficient regulatory financial laws and procedures to check wrong/corrupt practices (e.g., the episode of Enron and Satyam Computers).

**Industry Structure:** If a firm operates in an unattractive industry, it cannot be successful. Competitive companies instead of reacting to the existing industry structure must take proactive steps to influence industry attractiveness and also design industry attractiveness in their favour. Industry barriers and borders change with the creative strategies of companies. For example, Apple Computers, a software company has totally transformed music industry. The rules of music industry, its attractiveness, and barriers between software industry and music industry etc., have radically shifted in favor of Apple computers. So much so, the industry differentiation has almost disappeared with customers thinking Apple computers as a music company.

Competitiveness is very dynamic in nature and only companies that have a futuristic perspective tend to be successful. In the game of competition one should not only concentrate on where the competition is located but more on how the competition is going to move in future. As a great hockey player used to say, “I don’t skate to where the ‘puck’ is. I skate to where the ‘puck’ is going to be.” Whoever moves fast and provides a higher value will get the first mover advantage which reinforces his competitive advantage.

Carlos Slim Helu, the CEO and Chairman of Telmax, Telcel and America Movil, credits his success in telecom industry to his understanding the future dynamics of Mexican-telecom industry. Competitive companies create future industry than reacting to the current industrial trends. To note, Disneyland has created the animation industry. Apple Computers the software music industry and Google the knowledge industry. Wikipedia has created the open-source for knowledge use and creation. Mohammed Younus, father of Grameen Bank has created an industry for micro-finance.

**V. Systems & Processes for Competitiveness:**

It is the systems and processes that exist in a particular company that decide its competitiveness. The ‘Toyota Way’ is the determining process of Toyota to offer a higher value to its customers. The benchmarking practices, the next practices systems, the quality certifications, the technology followed in a company etc., are all the leverages to competitiveness.

**Benchmarking Practices:** Benchmarking practices have helped many successful companies to go for innovative products and optimum operational excellence that benefitted them with higher productivity, cost advantage and quality leadership. For example, Aravind Eye Care has developed Assembly Line Production Surgery System where a surgeon performs on average 2000 cataract surgeries a year, significantly exceeding the national average of about 400. This operational excellence occupies a global leadership position in ophthalmic treatment. The application of ‘serial production model’ facilitates a doctor to attend two
patients in sequence in the cataract surgery room. Thereby, A doctor normally performs fifty surgeries in a day which is a world standard till date.

Ford Motor Company’s ‘Taurus’ has been the best example of benchmarking. The Ford team gathered data on the best features of all the top-selling cars in the world. No car was omitted and no feature over-looked. The team in fact, developed data on more than 400 features ranging from door handles to the sound system and even the glove compartment size. The aim was that Tarus should represent the best of all cars. (Ramaswamy, 2009-226)

Tata Business Excellence Model (TBEM) has been developed by Tata Group to bring in excellence in all its operations. TBEM emphasizes seven management areas viz. leadership (125 points), strategic planning(85), customer and market focus(85), information and analysis(85 ) etc., human resources(85), process management(85) and business results (450 points). Infosys uses Global Delivery Model (GDM) where global customers are provided cost-effective solutions round the clock. The Global Delivery Model is based on the concept of taking the work to the location where the best talent is available. Thereby, Infosys is able to internationalize its operations (Businessline, April 17, 2004).

C.K. Prahlad(2008) says it is not the best practices but the ‘next practices’ that leaps a company to higher level of competitiveness. Best practices makes you to reach the highest existing level of standards hence, one has to go beyond the best practices to offer better value than the existing good value.

**Quality Certification:** Quality certifications provide the credibility of products and services in the market. TQM approach makes quality a continuous activity. Every element of the organization is consistently improved to provide total customer satisfaction. Quality certification has become a prerequisite to enter the present global market. Customers assess the performance of a company based on the quality levels. Infosys has reached CMMi5 level, Mumbai Dabbawalas six sigma level etc., which reflects the process maturity level and competitiveness of these companies. A company’s maturity level of people practices can also be known by quality certifications like PCMM, people capability maturity model. Infosys has reached PCMM5 level along with other quality certifications like Six Sigma, BS7799, AS9100 etc. which speaks about the maturity level and competitiveness of the company in the global market.

**Fit among All Processes and Systems:** Proper Fit among all the activities, processes and systems contribute to value optimization of the product/service offerings. For Achieving a Proper fit a company may take to iteration in its relationships with and among the stakeholders, activities, processes and systems.

Wal-Mart has a strategic fit with distributors, suppliers, retailers hence the possibility of the EDLP (every day low price) strategy. Wal-Mart follows a set of activities to deliver a unique mix of value that is getting possible because of the ‘strategic fit’---- an integrated combination of distribution, logistics, just-in-time order fulfillment, stocking stores differently as per the local customers’ requirements, and very close relationships with suppliers etc. This has created the first-mover advantage that could be difficult for others to imitate. (Becker and Huseklid, P-902). Strategic fit creates better competitive advantage, credibility and higher profitability.
Another example of Strategic-fit is Hewlett-Packard, which sells four hundred thousand computers through the four thousand Wal-Mart stores worldwide on one day during the Christmas season, by organizing its supply chain, to make sure that all of its standards interface with Wal-Mart’s, so that these computers flow smoothly into the Wal-Mart river into the Wal-Mart streams, into the Wal-Mart stores (Friedman, 2005-129).

What makes southwest Airlines so successful is not a bunch of separate activities, but rather the strategy that ties all knots together. The relationships among all the activities viz. logistics, ticketing, customer relationship management, relationships with suppliers, etc. fit optimally that other competitors find it difficult to imitate or copy. Toyota Motors is able to reach six sigma level of quality, zero inventory or JIT due to its ability to optimize relationships among all its activities.

Strategic fit among many activities is fundamental not only to competitive advantage but also to sustain it. It is harder for a rival to match an array of interlocked activities than it is merely to imitate a particular sales-force pitch, match a process technology, or replicate a set of product features. Positions built on coordinated systems of activities are far more sustainable than those built on individual activities (Porter, 1996-73).

Achieving a dynamic Fit among its systems makes the difference between successful and less successful companies.

Decentralized Local Structure: The traditional hierarchical structures are getting replaced by lean, flat, agile and responsive organizational structures to make quicker, better, and effective decision making. Functional orientation is being replaced by strategic orientation of activities to have a holistic perspective of all the operations of a company. Employee empowerment for local decision making, cross-functional teams for cross-fertilization of ideas, and consistent reengineering for efficient and effective operations are replacing bureaucratic organizational structures. Rigid organizational structure cannot respond promptly and properly to increasingly changing demands and business environments. For example, Infosys works on project-based relationships among its employees. Virtual relationships are rampant among multi-projects where each member is a team member in multiple projects. The old hierarchical unity of command practices do not fit with project based companies.

Global vision and local action, also called as glocalization is the strategy of many successful organizations for transforming a bureaucratic organization into a decentralized organization. The purpose behind decentralization is not to unburden the top management but allowing decision making to happen where action is to be taken.

HSBC follows the strategy of ‘Think Globally, Act Locally’ because customers want global organizations to treat them as individuals; at the same time their culture is respected i.e. they want their identity with a focus on global standards. HSBC has gone for its promotional strategy as ‘The World’s Local Bank’ in all the countries where they are present. In Malaysia, it has used a tagline in Malay, “Bank Sedunia Memahami Hasrat Setempat” which means ‘a global bank that understands local needs’. The chairperson of HSBC John Bond says, ‘In China we’re Chinese Bank; in the U.S. we’re an American Bank. Local markets shape our culture.’
VI. Technology and Competitiveness:

Technology is a prime enabler of competitiveness whether it is indigenously developed or adopted from outside. Companies have adopted new technologies to reach/enhance/satisfy their customers. Amazon.com is able to provide mass customization providing individual services as per the tastes of the readers. Zara, the Spanish retailer doesn’t keep inventories and instead benefits by its by using its technologically advanced SCM network. Zara operates its own Internet-based worldwide distribution network, linked to the checkout registers at its stores around the world. This lets it continuously monitor store sales. When its headquarters in Spain sees a garment “flying” out of a store, Zara’s computerized manufacturing system swings into action. It dyes the required fabric, cuts and manufactures the item, and speeds it to that store within days.

Google though considered as an Internet search engine has entered into many fields to give a tough competition to multiple players like mobile phone companies, MS Operating system, and e-commerce with its technological advancement. Google has plans to offer mobile phones to compete with Nokia and others. Google is a competitor to Microsoft in its operating system and browsers. It has already entered e-commerce domain with its shopping search site Froogle to provide direct competition to eBay, the current leader in online shopping. Google is emerging as a boundary less, domain less, business enterprise with its seamless technological leverage keeping other successful companies at bay.

Technology should be incorporated with a holistic perspective to add value to the operations rather than implementing technology with a fragmented perspective. The Good to Great study (2001-162) notes “How a company reacts to technological change is a good indicator of its inner drive for greatness versus mediocrity. Great companies respond with thoughtfulness and creativity, driven by a compulsion to turn unrealized potential into results; mediocre companies react and lurch about, motivated by fear of being left behind (Cillins, 2001, p-162)”.

In the knowledge era the cost of employees is very high. Technology comes to the rescue of all the successful companies as they can be operated with fewer employees and be most efficient and effective.

Conclusion:
The thrust of the article is to understand what factors contribute to the competitiveness of a company. It focuses on six factors as most important: customers, employees, systems and processes, business intelligence and competitors, business environment and technology. Companies can enhance their competitiveness by studying the relative importance of these factors in contributing to competitiveness. The ‘dynamic balancing’ among the six factors also plays a vital role in enhancing the competitiveness of a company.

It would be of great research interest to validate the relevance of each of these factors by comparing highly competitive companies and low competitive companies (delineated on the basis ‘success ranking’ in the industry), the differential weightages of these factors, and how these factors are optimally balanced for higher competitiveness across different industry sectors.
Bibliography:

3. Ibid, p-162
5. Ibid, p-129
15. Ibid, p-226

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