

**IMPERATIVES AND CHALLENGES OF ORGANISATIONAL
COMPETITIVENESS IN THE COMPETITION REGIME**

Navdeep Kumar Gandotra, Assistant Professor, PG Department of Commerce & Business Administration, Lyallpur Khalsa College, Jalandhar.

ABSTRACT

Competition is essential for increasing the potential of an economy to be competitive globally which compels organisations to explore new ways to increase their efficiency by extending their international reach to new markets. Globalisation has opened vast opportunities as well as challenges of fierce competition in developing economies. Survival and growth in such an environment require achieving global competitiveness. Since globalisation has changed and opened up the world as a market place for us, be it for products, people or financial resources, so to capitalize on this opportunity, organizations have to be moulded to become globally competitive. The present research paper focuses on the various parameters, challenges and competitive strategies for strengthening the organizational competitiveness in transition economies in the realm of global competition as well as exploring the further area of research in this context.

Key Words: Competition, Globalisation, Competitiveness, Issues of Future Research.

I. INTRODUCTION

The process of globalization and liberalization has brought a considerable awareness towards improving the competitive process in developing economies. Most of the developing economies, which were under the controlled regime, have opened their economies across the globe. It is now generally accepted that an increase in market competition provides a greater opportunity for efficiency gains among enterprises. One of the main objectives of economic reform is to increase economic efficiency to promote competition. A central issue in the economic debate on competitiveness is the creation of efficient industrial capacity in developing countries to cope with more intense global competition. This has drawn attention to mechanisms of technological advancement in developing economies, which lie behind international technological frontiers. The competitiveness of an open economy is the hallmark of its success in

the era of globalisation. Competitiveness is a multidimensional concept in the sense that being competitive requires superiority in several aspects. An organisation competes through creating the policy framework that encourage and enable its management to constantly upgrade themselves and keep on improving their productivity and enhancing the competitiveness and pursue competitive strategies for successful participation in the international markets.

II. LITERATURE REVIEW

In the extensive international literature survey, Sanyal (1993) view that the whole emphasis of globalization is on development of global market by removing all sorts of barriers in its way created by governments of the countries. This is supposed to increase competition between producers of a country with the most efficient producers in the world. The competition forces the producers of a country to enhance the competitiveness.

Ratnayake (1998) advocates that competition ensure allocative, technical and dynamic efficiency in the industry. Protection insulates domestic firms from the pressure of international competition. Kirakpatrick; et al. (1985); Martin (1998) and Kambhampati (1996) view that Firms in protected industries will lack incentive to innovate. Relatedly they will tend to focus on the domestic market, which will tend to be more profitable. This will not expose firms to international competition, reducing further these incentives to innovate so as to become internationally competitive. Domestic and international competition can be useful complementary means of providing incentives to firms to improve efficiency and innovate.

Chadha (2004) argues that free competition enhances industrial performance, efficiency and productivity because open market competition warrants optimal allocation of investments and resources and thus enables the attainment of maximization of output, profits, welfare and minimization of costs. Ricupero (2004) argues that competition compels firms to explore new ways to increase their efficiency by extending their international reach to new markets at an early stage by shifting certain production activities to reduce cost. Rao (2001) observes that competitiveness is not merely a question of having free markets, rather there are many

factors ranging from macro economic policies, presence of institutions, the educational system to micro policies at the level of the firm, that augment the capabilities and hence, the competitiveness of the Industry.

As the above review of literature points toward the role of competition in market oriented economy to be more competitive in the global context. The present study is an endeavor in this direction and aims to enrich the existing literature concerning the enhancement of organisational competitiveness by adopting competitive strategies.

III. OBJECTIVES AND METHODOLOGY OF THE STUDY

- To bring to light the assorted competitive strategies for enhancing competitiveness in the realm of global competition specifically in developing economies.
- To find out the further issues of research in this perspective.

The data used for the present study is secondary in nature based on various relevant publications in the form of books, journals, magazines, newspapers etc. and case studies of various transition economies.

IV. GLOBAL COMPETITION AND ORGANISATIONAL COMPETITIVENESS

The survival of the fittest is the mantra of globalisation. Global competition is a complex dynamic process, which could not characterize competitive capabilities amongst nations particularly when economic theory and logic rely in restrictive assumptions, which have evaporated with open global economy, which today, is the reality of changing times. In this era of cutthroat competition, it is a great challenge for every management to think innovative and creative in order to ensure its existence. It is possible only when an organisation is able to provide its services better than the competitors. The simple reason for this is that now the business is becoming global as compare to the national as earlier. Survival and growth in such an environment require achieving global competitiveness. Competitive forces break the monopoly of information about organisation conditions that may otherwise exist, and which tends to hamper the effectiveness of the regulatory regime. It creates opportunities for

innovation as rival firms might have the incentive to introduce new products or processes.

Developed countries have the capabilities to capture the market share in the global business as they have competitive advantages over the developing countries. The globalisation has brought global players in competition with the domestic players. Foreign enterprises are giving stiff competition to the enterprises of the developing countries. MNCs are able to deliver the products and services at lower prices and of better quality. Moreover, the competition, which is an essential element of free economy, is unfair due to the anticompetitive practices of the MNCs. There is no level playing field for the developing countries. Global markets are exerting the pressure for economic efficiency on businesses and operations. These challenges demand a well planned and implemented competitive strategy to cope with the changing business environment.

Competitiveness refers to the characteristics that permit a firm to compete efficiently. Competitiveness refers keenness or urge to compete. It indicates the capabilities of a firm or a sector or a nation to compete successfully (Djankov and Hoekman, 1998). Competitiveness is sustained through constant improvement and upgrading. It allows the maintenance and improvement of the enterprise's competitive position in the market that enables business to survive against its competition over a long period of time.

In the 21st century firms have to compete in a complex and challenging context that is being transformed by many factors like globalization, technological development, increasingly rapid diffusion of new technology and development and use of knowledge. This new landscape requires firms to do things differently in order to survive and prosper. They must look to new sources of competitive advantage and engaging in new form of competition.

V. COMPETITIVE STRATEGIES FOR COMPETITIVENESS

Competitiveness has become a prominent business and government concern in the era of globalisation. The competitive environment has put burden on the corporate sector

so as to play crucial role as an engine of growth. There is an urgent need to inject much seeded vitality into the economic system. This could be achieved by making industry, corporate houses and ultimately the entire nation globally competitive. Competitiveness is a multidimensional concept in the sense that being competitive requires superiority in several aspects. Mahmood and Harrison (2001) emphasize that competitiveness depends on the capacity of domestic industries to innovate and upgrade. Porter (1990) view that competitiveness depends on strong domestic rivals, aggressive home-based suppliers and demanding home markets. It calls for domestic firms to adopt highly efficient and productive methodologies such as faster innovations, effective marketing strategies and most appropriate labour-capital-resource combinations in production activities. Competitiveness or competitive advantage is normally defined as the ability to earn ROI constantly above the average for the industry. A firm is said to have a competitive advantage when it implements a value creating strategy not simultaneously being implemented by any current potential competitors. Sustainable competitive advantage results only from strategic assets.

KEY INDICATORS OF COMPETITIVENESS:

- ❑ **Basic Competitiveness** - implies a product/service with internationally competitive cost, quality, and after-sale service.
- ❑ **Revealed Competitiveness** – reflects market share.
- ❑ **Sustainable Competitive Advantage** - allows the maintenance and improvement of the enterprise's competitive position in the market.

Resource-based theory treats enterprises as potential creators of value added capabilities, and the underlying organizational competence involves viewers the assets and resources of the firm from a knowledge-based perspective. It focuses on the idea of costly to copy attributes of the firm as sources of business returns and the means of achieve superior performance and competitive advantage. Sound macro economic conditions, trade liberalization and an emphasis on supply side factors such as FDI, technological effort, human capital and communications infrastructure are closely associated with better competitiveness performance in the developing world. Other policy measures includes R&D, tax incentives and subsidies, initiatives for stimulating collaborative innovation, finance for innovation; and technology foresight.

A firm's resources and capabilities influence both the strategic choices that managers make and the implementation of those chosen strategies. To understand why certain competitive strategies are more effective than others, one must consider the distribution of resources in competing firms. Although a given firm may possess as more or less of any particular resource, only those resources that are rare, valuable and difficult to imitate provide a sustainable competitive advantage, when the strategies employees are successful in leveraging the firm's rare, valuable and difficult-to-imitate resources that firm is likely to gain an advantage over its competitors in the market place and thus earn higher returns.

FIVE SOURCES OF COMPETITIVE ADVANTAGE

(Source: Michael Porter, 1990)

- A unique competitive position
- Clear tradeoffs and choices vis-a-vis competitors
- Activities tailored to the company's strategy
- A high degree of fit across activities (it is the activity system, not the parts, that ensure sustainability)
- A high degree of operational effectiveness

POINTS FOR ACTION:

For creating, sustaining and enhancing the organisational competitiveness, the following points need due attention:

- A Global Vision with Strong Commitment.
- Garner Relevant Market Intelligence.
- Enhanced R&D Expenditure.
- Human Resource Management.
- Customer Delight.
- Global Innovation Management.
- Leveraging Knowledge Management.
- Distinctive Capabilities.
- Strengthening the organization's culture
- Cross-Functional Excellence.
- Results-based Leadership.

VI. CONCLUSION

The invocation of the forces of globalisation has exacerbated the pace of market competition. Globalisation has become an irresistible and irrevocable feature of the 21st century. The competitive challenges of globalisation demand a well-planned and implemented strategy to cope with the changing business environment. The competitive environment has put burden on the corporate sector so as to play crucial role as an engine of growth. In a globalising economy there is a dire need for every management to develop the strategies to enhance the competitiveness to become successful in the global competitive market. The ability to compete in the competitive market depends on the relative competitive strength. Management has to synchronize the efforts and focus the resources strategically in the right direction to enhance the competitiveness. For global competitiveness an organisation need global vision, exceptional human resource capital and consumer insight.

VII. ISSUES OF FUTURE INTENSIVE RESEARCH

- Measurement of Organisational competitiveness.
- Global innovation management.
- Customer centric competitive strategies.
- Policy framework for free and fair competition.
- Supply chain management.
- Flexibility management.

END NOTES:

Technical Efficiency: Producing high out put per unit of given input

Allocative Efficiency: Getting the mix of output right, given their relative prices

Operational Efficiency: It is a function of technical efficiency and allocative efficiency

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