

CREATING AND IMPROVING OF THE COMPETITIVE ADVANTAGE BY THE ENTERPRISES

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Abstract

The competitive advantage is achieved through effective economic development through a process of continuous modernization and innovation. Businesses must not only recognize the necessity of innovation, but above all to act to develop the necessary skills. This paper presents the general concepts on competitive advantage and its importance for enterprises and a case study on directions of action to achieve a competitive advantage by a Romanian SME.

Cuvinte cheie: competitive advantage, competition, manager, innovation

Clasificare JEL : M40, M41

1. INTRODUCTION

The competition is "the struggle waged by economic means" as: reducing the price of production, launch new products into the market, purchase of shares and "extra-economic" - industrial espionage, etc., between producers, traders, countries, for production and sale of goods, expansion into new markets and achieve higher profits. Unfair competition is a "crime that consists of the manufacture and circulation of products bearing appellations of origin or indications of false provenance in order to mislead beneficiaries" [7].

The advantage is the "greatest benefit that you get someone over the other" is a favor or privilege enjoyed by anyone. The advantage can mean "someone or something superior to someone or something else, based on the situation, the circumstances favorable" [7].

The advantage means superiority (of case, position, etc.). The advantage may be "revenue material or spiritual benefit, gain, profit, superiority of one people over another, due to more favorable circumstances", a right granted to an individual or a corporate body which other members of society do not possess, a privilege ".The competitive advantage of a company is its ability to perform either at a lower cost activities or carry out activities in a way that generates differentiation and higher value product or service obtained "[7].

2. THE IMPORTANCE OF COMPETITIVE ADVANTAGE

The objective of any country is to provide its citizens a higher level of living standard and that to be on the increase. High standard of living means higher productivity of labor and capital. The productivity of employee generates the level of salary and capital productivity affects the profit that gave its holders. High standard of living means prosperity.

The prosperity of a company is created, not inherited. Company's competitiveness depends on its ability to innovate, to grow. Businesses gain an advantage over its nearest competitors due to the pressures and challenges which they must face. Is an advantage that by having strong rivals, aggressive suppliers and customers very exigent [4].

Competitiveness characteristics differ from one field to another. Competitive firms, the successful ones have an internal environment that is centered on success, it is dynamic, stimulating. The companies have gained competitive advantage on internationally through innovation. Innovation means change, which involves the company to support certain costs [2] (eg. the cost of changing a provider to another or a customer with one another much exigent). Now it is needs more opportunities for new entrants on the market, greater mobility of workers within companies and between companies, more investment in research, development and education [1].

Innovation can mean [4]:

- new production process;

- a new approach to marketing;
- a new way to motivate the employees etc.

Many innovations can be considered insignificant, trivial, based on an accumulation of small ideas that may have always existed and have never been applied before. Innovations generating competitive advantage for businesses, capitalize on market opportunity appears, a market segment that has been ignored.

Competitive advantage achieved through innovation by enterprises, at international level, anticipates customer needs domestic and international. Innovation can be generated in a new company by an experienced manager or can be plugged into an existing company that [4]: capitalize on emerging opportunities, diversify existing products; expand present activity.

The competitive advantage obtained from innovation can be kept by continuous improvement. If the companies do not this, competitors will catch up and exceed those companies which cease to innovate, improve. Competition will create, through innovation, cheaper products of a higher quality.

Strong internal competition among firms, forcing local companies to turn to international markets and prepares them for success abroad. The competitive advantage of enterprises can be achieved and maintained only by them.

3. CREATING AND IMPROVING OF THE COMPETITIVE ADVANTAGE BY THE ENTERPRISES

There is not an available universal management system, that to generates competitive advantage. [4]

Managers must learn to adapt to continuous changes. The competitive advantage obtained by an enterprise operating in a particular field of activity is the result of management practices, to a specific organization and existing sources of competitive advantage in that area.

However, if the enterprise has a strategy centered on competitiveness, means to differentiate from other companies. The strategy centered on competitiveness requires a specific set of activities that generate a unique combination of values [4]. This strategy, once implemented and continuously improved, creates competitive advantage and improves business.

In development of strategy centered on competitiveness is started with a careful analysis of actions that the company already does. Knowing that most reputable companies have something "unique" that differentiates them, it is necessary identifying the "unique" in answers to questions such as [4]:

- that the company's products and services are unique to it;
- what products and services are the most profitable;
- what customer segment is most satisfied;
- what channel of distribution is the most profitable;
- what activities within the company are the most different and profitable at the same time;
- that was the vision of company founder;
- what products and services have ensured the success of the enterprise.

The strategy centered on competitiveness is developed having the central element that something "unique" that belongs only enterprise itself.

The employee motivation to work, to develop their skills, contributes to obtain and improves the competitive advantage of enterprises. Competent employees, specialists in all areas are a valuable resource for every company. Preparing employees, the place where they choose to work and the effort that they submit generates competitive advantage.

Competition forces the companies to innovate, to improve their work to keep its competitive advantage.

Local competition, internal, generates cost reductions, quality improvement and customer relationship improvement, creating new products and services. Locally, competition can sometimes become very personal. Local firms in a certain field do not compete just to get better market share but also to be a "local name" [4].

Geographic concentration (more competitors operating in the same geographical area) amplifies the intensity of competition and forces the companies to turn its attention to foreign markets.

4. COMPETITIVE ADVANTAGE - THE ESSENCE OF EXISTENCE AND DEVELOPMENT OF ANY BUSINESS - CASE STUDY SC ILIANA SRL

A. COMPETITIVE ADVANTAGE - THE ESSENCE OF EXISTENCE AND DEVELOPMENT OF ANY BUSINESS

Competitive advantage is the summation of the performance of companies in a competitive market [3]. Businesses can achieve and maintain competitive advantage, especially through innovation, resulting from the pressures and challenges faced by companies during their economic existence.

Innovation is the result of a dynamic, stimulating environment, that is obtained having a good management. Sometimes "too facile ways that seem to lead to gaining competitive advantage in reality are shortcuts that lead to failure" [4]. Are presented as follows major directions of action that can help enterprises to hold and improve competitive advantage [4]:

a. Exercise continuous the pressure to innovate

Companies must seek and satisfy the most exigent customers in the market, customers who needs the most difficult to satisfy. They can realise this if are used the best suppliers, having the most competent employees, who are continuously motivated, using the latest equipment in the field and having a constantly increasing productivity.

b. Studying the most capable competitors in the market

Top managers observe and study the behavior of the most capable competitors in the field. Responding to challenges is considered a basic rule for companies that have a competitive advantage. It will fail the businesses that are based on customers without great pretensions, suppliers dependent and less able competitors.

c. The creation of early warning systems

Businesses must turn to their advantage all the changes occurring in the market. They must analyze buyers, distributors that come to market. Can bring new competent people into management team, can keep permanent links with research institutions.

d. Globalization for exploitation of national benefits

Addressing a comprehensive outlook leads to competitive advantage. Exigent customers are identified in other countries, which helps companies understand their different needs. The desire to respond external customer requirements creates pressure overwork at company level, that stimulate innovation.

e. Establish operational base of the company to achieve competitive advantage

Companies, especially multinational must decide which is the country that they will make the base activity. It is not excluded that an company to have more base activities, which to carry out in several countries. However, the competitive advantage is created in the home, and if the conditions to innovate are not favorable in the origin country, the company must find another country that would offer better conditions of global competitiveness. There locate their operational base, create the base product, innovate, establish manufacturing technology etc.

B. CASE STUDY SC ILIANA SRL

Romanian business economic fields with competitive potential and untapped entirely, are considered to be: tourism and ecotourism, textile and leather, wood and furniture, creative industries, automotive components, information and communication technology, food processing and beverage, health and pharmaceuticals, energy and environmental management, bio-economy (agriculture, forestry, fisheries and aquaculture), biopharmaceutical and biotechnology [6].

A 2015 study from the National Council of Private Small and Medium Enterprises in Romania, groups the main competitive advantages of SMEs thus: report price - quality (65.24%), quality of products / services (42.25%) low price of products / services (41.45%), quality of employees (20.07%), reputation of the company (16.44%), quality management practices (7.05%), distribution channels (5.67 %), innovativeness (4.22%), post-sale customer relations (3.93%) and relations with economic and political environment (1.82%) [5].

SC Iliana SRL is a Romanian enterprises having as main activity, manufacturing laminates of wood: plywood, veneer, wood chip boards, fiber boards, etc. The company is a medium-sized enterprise with a total of 120 employees, of which over half are women. Headquarters is located in Targu Jiu, Gorj County. Qualified personnel is 70%, with the following specializations: economist-engineer, economist, engineer, carpenter, electrician, fireman, locksmith. The staff worker is 98% of its workforce. SC Iliana SRL is equipped with high performance machines used in the manufacture of wood windows and doors (CNC machining centers, grinding machines, multiple circular etc.). The products are made of the highest quality and unique design. Most customers (90%) are external customers (Germany, Austria).

The main actions that company it realise constantly to maintain competitive advantage are:

- continuous investment in new technologies, performance;
- motivating employees;
- selling prices of products and services, differentiated by class of customers;
- ongoing study of business and especially of competition;

- expansion into new foreign markets;
- improvement and diversification of products and services.

CONCLUSIONS

In obtaining competitive advantage, the most important role in enterprise have the managers, because in today's competitive realities, they must believe in change, they should stimulate companies to continually innovate. Their aim must be not only survival but also achieve international competitiveness.

SC Iliana SRL is continuously connected to the economic realities of the present. It has good management and innovate constantly.

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