

COMPETITIVE ADVANTAGE:ITS IMPORTANCE AND IMPACT ON DESIGN OFSTRATEGY

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ABSTRACT:

This article defines the various aspects of competitive advantage and brings out its importance in order to achieve a better performance that is sustainable over a period of time. Globalization brings forth new opportunities but also puts forward new challenges to be countered in order to be successful. The essence of strategy is choosing to perform activities differently than rivals do. Strategic competition can be thought of as the process of perceiving new positions that woo customers from established positions or draw new customers into the market. Strategic positions can be based on customers' needs, customers' accessibility, or the varieties of a company's products or services.

Key Words: Competitive Advantage, Business Strategy, Sustainability.

INTRODUCTION:

The aim of every organization is to secure and sustained a superior position in the market place by gaining an edge over its competitors. This superior market position, which is also called competitive advantages, is usually achieved by organizations through their distinct policies, programmes and practices.

Every successful company enjoys one of more areas of competitive advantages that usually form the basis for all its future strategies. However, competitive advantages strategies need not be identical; they can differ on the basis of the nature and size of the organizations.

Meaning and definitions

- Competitive advantages as a unique position in the market achieved through factors that enable a company to consistency do better than its competitors.
- Competitive advantage is a status achieved by a company by gaining a superior market place position relative to its competitors.

-Lawrence S.Kleiman

- Competitive advantages is any factor that allows an organization to differentiate its product or service from those of its competitors to increase market share.

- Glary Dessler

Needs for competitive advantages

Human resources is increasingly coming to be seen as contributing to the overall effectiveness of an organization and accordingly, it has gained a new stature. Thus a company needs to have competitive advantages are as:

- ❖ To stay in control of the market and to play a dominant role in the industry,
- ❖ To engage in a proactive role in the market, thereby forcing the competitors to play only a reactive role.
- ❖ To improve operation efficiency constantly and lower the cost of production.
- ❖ To enable companies to attract and retain employees with ease, thus ensuring a better fit between the company and the employees.
- ❖ To focus continuously on research and development that will help invent new strategies to sustain its competitor's advantages since the existing strategies are sure to be imitated by the competitors in a short period.

Sources of competitive advantages

There are three kinds of resources available to achieve competitive advantage on a sustained basis:

- ❖ **Physical resources:**

Physical resources are those assets that are employed in the production process of an organization. These resources have a physical existence and are tangible in nature.

Example: plant and machinery, furniture and fittings and raw materials

- ❖ **Organizational resources:**

Organizational resources usually comprise organizational structure and processes. They may include, among others, strategic planning system, reward systems and control processes.

❖ **Human resources:**

Human resources mean the total skills of the employees of the organization. They may include, experience, competencies, knowledge, judgment and other job-related qualities of the members of the organization.

Developing competitive advantages through human resources management:

The growing realization among HR managers that HR will be central to any long-term, sustainable competitive advantage has strengthened their resolve to try new HR policy initiatives. They can adopt any one of the three methods to develop competitive advantages, after making necessary modification to suit their requirements.

Developing suitable strategies:

- An organization comes up with a new strategy whenever it presumes changes in the needs of the customers and the market.
- It formulates appropriate strategies every time to meet the changing needs of the customers without delay.
- This process of developing fresh and suitable strategies becomes its competitive advantage in due course of time.
- The role of HR managers is pivotal in the whole process. They must keep the employees constantly aware of the company strategic goals and mission.

Managing changes:

- Organizational usually exhibit greater flexibility and always remain prepared for changes in the environment.
- These dynamic organizational are generally more successful in attracting and retaining customers and thus enjoy a competitive advantage.
- Effective HR practices can enhance immensely the preparedness and capability of these organizations in tackling changes.

Establishing strategy integrity:

- Strategic integrity indicates the degree of sharing of core values with the customers, suppliers and employees alike and assumption about the business.

- The intension here is to develop certain core values that can distinguish the company from its competitors and provide it a unique in the market.

LITERATURE REVIEW

(Stonehouse et al, 2004) The business environment and scenario has changed considerably with the opening out of the economies. Development of business activities, competition and markets on worldwide basis is generally referred to as globalization. In economic terms, globalization is referred to as the increasing interdependence between national economies and markets.

(Kourdi, 2003) Globalization brings both opportunities and challenges; it liberates and constrains; it creates the largest markets ever known and allows the potential players to be smaller than ever.

(Craig & Douglas, 1996) The forces arising from globalization that affect strategy are as follows: (a) Power is increasingly out of proportion to size. In the global economy, it is not simply size that is important; it is other intangible factors such as scarcity or reputation. Firms are able to exert great power and influence if they have something scarce and valuable to offer as earlier they were competing only within the local or national market, but with globalization the demand was now much bigger. Business, thus, becomes better either through increase in prices or increase in volumes. (b) Globalization demands firms to act fast and be flexible, especially in technological developments so that they stay ahead of competition. (c) The more global we become, the more tribal is our behaviour. The more we become economically interdependent, the more we hold on to what constitutes our core basic identity. (d) Globalization has also led to the realization that there are many geographic opportunities beyond the current sphere of operations.

Challenges of Global Markets: Involvement in global markets present a number of challenges for the firms, which influence their competitive advantage in the global markets, and also determine how fast they can achieve economies of scale and scope, in the process realizing synergies from operations in a multi-country environment. While developing a strategy that would make it more competitive, the firm must deal with change, complexity, competition and conscience, which are four interrelated challenges of global marketing strategy.

CONCLUSION:

Competitive management focus will also help you market, promote and advertise your product and/or services through the implementation of effective strategies which is a pivotal factor in gaining advantage over your competitors. Another important requirement for effective competitive management is the continuous assessment of your strategies in terms of products and services. This will help your business maintain the advantage in the market, and also helps sustain your awareness of the image your business has in the market and most importantly the market value of you brand or product.

Efficient competitive management will work towards your advantage also in terms of enhancing your image in the field of your business and in the overall market. Knowing about the strategies of your rivals will give you solid information on how to outmaneuver them. The positioning of your product, quality controls and competent marketing strategies are the primary means of gaining competitive edge over others. Keeping these important factors in mind will help usher your business toward the road of success over your competitors.

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