

Competitive Advantage and Its Impact on Organization Expansion

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Abstract:

This Study Adopts A Resource-Based View To Investigate The Impact Of Competitive Advantage And Its Impact On Organization Expansion. Three qualities that an associations culture must need to produce upper hands are disengaged. Past discoveries propose that the way of life of a few firms have these properties; consequently, these societies are a wellspring of such focal points. The regulating ramifications of the investigation are talked about. Firms that don't have the required societies can't take part in exercises that will alter their societies and produce managed predominant budgetary execution on the grounds that their changed societies ordinarily will be neither uncommon nor defectively imitable. Association that have societies with the required qualities can get supported predominant monetary execution from their societies.

Keywords: organization expansion, competition, economics

Introduction

Competitive advantage refers to a company's ability to maintain market share and profitability. Any competitive advantage enjoyed by an organization tends to be short-lived because other

companies are likely to imitate it. This is as true for HR advantages as for technological and marketing advantages. Foreexample, many high-tech firms have "borrowed" reward programs for key scientists and engineers from other successful high-tech firms. The challenge from an HR perspective is to develop strategies that offer the firm a sustained competitive advantage. For instance, a company may develop programs that maximize present employees' potential through carefully developed career ladders while at the same time rewarding them generously with company stock with strings attached (for example, a provision that they will forfeit the stock if they quit before a certain date)

Achieving competitive success through people involves fundamentally altering how we think about the workforce and the employment relationship. It means achieving success by working with people, not by replacing them or limiting the scope of their activities. It entails seeing the workforce as a source of strategic advantage, not just as a cost to be minimized or avoided. Firms that take this different perspective are often able to successfully outmaneuver and outperform their rivals.

The three essential ingredients of dynamic capability—capability possession (distinctive resources), capability deployment (resource allocation), and capability upgrading (dynamic learning)—have become increasingly fundamental to organizational expansion and global operations. Capability possession is critical to gaining competitive advantages and determining firm-level strategies to exploit such advantages. Capability

deployment is crucial to mitigating the disadvantages of foreignness and preempting emerging opportunities. Capability upgrading is essential to the evolutionary development of sustainable advantages and creating new bundles of resources. Each of these capabilities is a necessary condition for sustained success in today’s world economy characterized by increasing technological advancement and business globalization.

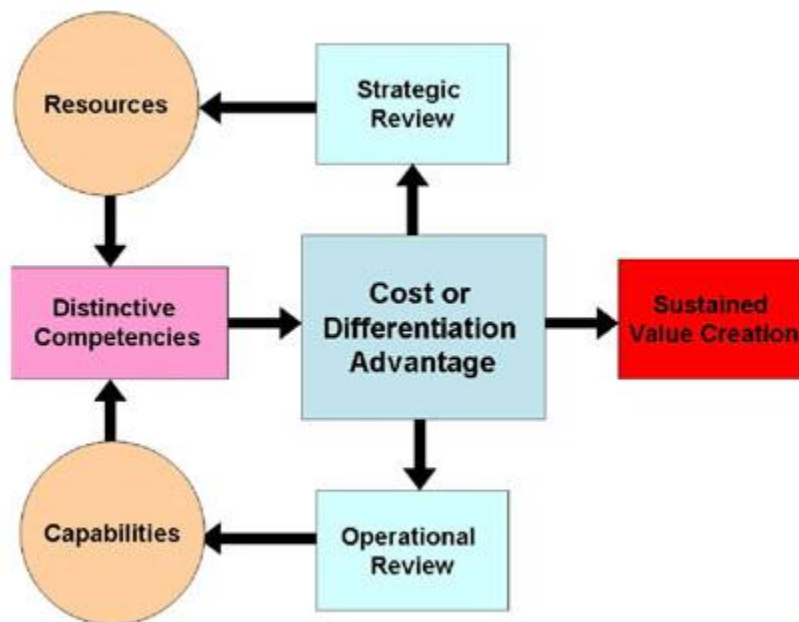


Fig (1) Resource & Capability Based View of the Firm

A competitive advantage is what makes you better than the competition in your customers' minds. The term was first applied to businesses, but it works for anyone, from employees to countries.

Before describing your competitive advantage, you've got to know these three determinants.

1. **Benefit.** Whether it's a good or service, you must be clear on the benefit your product provides. It must be something that

your customers *truly* need and that offers *real* value. You must know not only your product's features, but also its advantages how they benefit your customers. That means being constantly aware of new trends that affect your product, especially new technology. For example, newspapers were slow to respond to the availability of free news on the internet.

2. **Target market.** Who are your customers? You've got to know exactly who buys from you, and how you can make their life better. That's how you create demand, the driver of all economic growth. Newspapers' target market drifted to older people who weren't comfortable getting their news online.
3. **Competition.** That's more than just similar companies or products. It includes anything else your customer could do to meet the need you can fulfill. Newspapers thought their competition was other newspapers until they realized it was the internet. They fought to compete with a news provider that was instant and free.

To be successful, you need to be able to articulate the **benefit** you provide to your **target market** that's better than the **competition**. That's your competitive advantage.

Michael Porter and Sustainable Competitive Advantage

Just because a company is the market leader now, doesn't mean it will be forever. A company must create clear goals, strategies, and operations to build sustainable competitive advantage. The corporate culture and values of the employees must be in alignment with those goals. It's difficult to do all those things well. That's why few companies can create a sustainable competitive advantage.

In 1985, Harvard Business School professor Michael Porter wrote *Competitive Advantage*. It is the definitive business school textbook on the topic.

Porter outlined the three primary ways companies achieve a sustainable advantage. They are cost leadership, differentiation, and focus. Porter identified these strategies by researching companies.

Cost leadership means you provide reasonable value at a lower price. Companies do this by continuously improving operational efficiency. That usually means paying their workers less. Some compensate by offering intangible benefits such as stock options, benefits or promotional opportunities. Others take advantage of unskilled labor surpluses. As these businesses grow, they can use economies of scale and buy in bulk.

Walmart and Costco are good examples of cost leadership. But sometimes they pay their workers less than the cost of living. Higher minimum wage laws threaten their advantage.

Differentiation means you deliver better benefits than anyone else. A company can achieve differentiation by providing a unique or high-quality product. Another method is to deliver it faster. A third is to market in a way that reaches customers better. A company with a differentiation strategy can charge a premium price. That means it usually has a higher profit margin.

Companies typically achieve differentiation with innovation, quality or customer service. Innovation means you meet the same needs in a new way. An excellent example of this is Apple. The iPod was innovative because it allowed you to play whatever music you want, in any order.



Quality means you provide the best product or service. Tiffany's can charge more because patrons see it as the best. Customer service means going out of the way to delight shoppers. Nordstrom's was the first to allow returns with no questions asked.

Focus means you understand and service your target market better than anyone else. You can use either cost leadership or differentiation to do that. The key to focusing is to choose one specific target market. Often it's a tiny niche that larger companies don't serve. For example, community banks use a focus strategy to gain sustainable competitive advantage. They target local small businesses or high net worth individuals. Their target audience enjoys the personal touch that big banks may not be able to give. They are willing to pay a little more in fees for this service. These banks are using a differentiation form of the focus strategy.

How Countries Use Competitive Advantage

A country can also create competitive advantage. It's called national competitive advantage or comparative advantage. For example, China uses cost leadership. It exports low-cost products at a reasonable quality level. It can do this because its standard of living is lower, so it can pay its workers less. It also fixes the value of its currency, the yuan, at a value lower than the dollar.

India started as a cost leader but is moving toward differentiation. It provides skilled, technical, English-speaking workers at a reasonable wage. Japan also changed its competitive advantage. In the 1960s, it was a cost leader that excelled at

cheap electronics. By the 1980s, it had shifted up to differentiation in quality brands, such as Lexus.

America's comparative advantage is innovation. U.S. companies bring innovative products to market faster than other countries. A great example is Silicon Valley, America's innovative advantage. America is so innovative because it has a vast and affluent domestic consumer base. It's easy to test new product ideas and work out the bugs at home. Once successful, they're marketed throughout the world.

Amar Bhidé makes a good point in *The Venturesome Economy: How Innovation Sustains Prosperity in a More Connected World*. Even if the United States starts to lag behind other countries in producing engineers, it's still better at bringing innovations to market. For more, see *How Natural Resources Boost America's Advantage*.

Why competitive advantage is important for organization

Competitive advantage examines the economics of a firm's business focusing primarily its ability to generate excess returns on capital and links the business strategy with fundamental finance and capital markets, for a longer period of time.

In the end, it is a firm's competitive advantage that allows it to earn excess returns for its shareholders. Without a competitive advantage, a firm has limited economic reason to exist-- its competitive advantage is its reason of life. Without it, the firm will decline.

Creating a sustainable competitive advantage may be the most important goal of any organisation and may



be the most important single attribute on which each firm must place its most focus.

Objectives:

The research paper covers the following objectives:

- To study the trends and pattern of flow of FDI.
- To assess the determinants of FDI inflows.
- To evaluate the impact of FDI on the organizational development.
- To know the flow of investment effecting growth of Organization

Future Research

This study has analyzed many intrinsic factors that influence a company's competitive advantage. The discussions focused on how key organizational levers can be more effectively to build, augment or sustain a firm's core competencies. As an area of future research, it is possible to dive further in each area discussed in the paper in order to gain a deeper understanding of the relative influence of these factors on a firm's ability to remain complete in the longer term. However, due diversity of today's companies, i.e. globalization, multi-cultural companies, pace of technology and new environmental/economic factors, it is unlikely that a qualitative model, no matter how insightful, can be universally applied. However, in a given industry, it would be interesting to build on the study reported in this paper by refining the survey to probe deeper in certain areas to give more insight into the (i) highly valued traits and strategies of a successful leadership

team, (ii) success factors in a company's culture that provide agility, innovation and creativity, (ii) success factors for higher trust customer relationships, (iv) development strategies and use of new technology and (v) human capital management factors to highly motivate people within a given industry.

Conclusion

The look for upper hand is of extraordinary significance for each association. This report explored the vital choices to accomplish practical upper hand through the examination of four unique speculations.

The SCP structure is a deterministic approach. It is contended that the structure of an industry will decide the methodologies and that these thusly will decide execution. Watchman, in spite of the fact that steered in the SCP system, perceives that an association isn't detained by the structure. He acquaints the Five Forces system with break down the business engaging quality which assumes a vital part, yet in addition contends that an association's aggressive achievement relies upon the focused position inside the business through three 'non specific methodologies': Cost Leadership, Differentiation and Focus. Notwithstanding, Mintzberg scrutinizes in that the given choices of non specific procedures limit vital considering. The asset based view and the center skills models contend that supported upper hand dwells on the advancement and utilization of assets, capacities and abilities.

In the seventh era of video gaming supports the three contenders endeavored to increase upper hand through various ways. Microsoft used its center

abilities (programming improvement) and assets and built up an online domain to help its Xbox 360 comfort. Then again, Nintendo accomplished upper hand by situating at both Cost Leadership and Differentiation. Notwithstanding that, Nintendo gambled by picking not to consent to the business standards of top of the line designs yet to endeavor to shape the business towards creative gameplay encounter. As the numbers demonstrate the aggressive procedures picked by both Nintendo and Microsoft have paid-off. Sony gambled by separating with the joining of the Blu-Ray optical drive. In the event that the arrangement war had finished for HD DVD, Sony's separation would have been vanished. Likewise, the separation presented by Sony was not very esteemed by the buyers while the war was in advance, and the numbers demonstrate that Sony has effectively fallen behind.

The utilization of the speculations by and by uncovered that separation procedures include high dangers. Nonetheless, if fruitful, the prizes can be tremendous. Not following the business standards is again dangerous, but rather figuring out how to at last shape the business will demonstrate the route to the market pioneer position.

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