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The Competitiveness Between Companies and Its Importance

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Abstract:
Competitiveness as a feature of the business world today, has become imperative for institutions to seek absolute acquisition of characteristics that distinguish them from other institutions and organizations competing with them in the market, hence it was necessary to search for these characteristics to be at the center of the organization's work to acquire, maintain, develop and strengthen them

With the developments taking place in the business sector around the world, competitiveness has become one of the most prominent features of this sector in the current era, competitiveness has made companies seek to possess factors that help them enter and survive in the markets according to the sectors in which they operate, and in the absence or lack of these factors, these institutions will likely get out of the circle of competition, and give their role to companies or organizations competing with them that take advantage of the opportunity of the absence of these factors to make them more able to grow and be present in the markets With more power than those institutions that have lost their competitive advantages.
Competitiveness, as a feature of the business world today, requires institutions to strive to acquire characteristics that distinguish them from other institutions and organizations that compete with them in the market, hence it is necessary to search for these characteristics to be at the center of the organization's work to acquire, maintain, develop and enhance them. Technology is perhaps the most prominent of those competitive advantages that organizations have sought to acquire and enhance their uses in carrying out their work and activities. Examples of such competitiveness in technology acquisition are very broad and cover many sectors operating in various disciplines from manufacturing, supply, production, and services. The concept of competitiveness overlaps with many other concepts, including economic growth and development, the prosperity of countries, as well as the dynamics of the competitive and ever-changing vision. At the beginning of the seventies, competitiveness was associated with foreign trade, while in the eighties it was associated with industrial policy, and then in the nineties, it was associated with technological policy, but competitiveness now focuses heavily on raising the living standards of citizens and justice in the distribution of income, and it should be noted that in theory, two main schools can be distinguished in addressing the concept of competitiveness as follows:
School of Management: Michael Porter of Harvard University is the pioneer of this school that focuses on the practical side. Competitiveness is a national policy that is enhanced by increasing productivity by relying on innovation in production instead of relying on comparative advantage in owning natural resources, as well as relying on the provision and development of cheap labor, creating the appropriate climate for the completion of production processes, and taking care of the work environment in general.

School of Economists: Economic well-being is concentrated and linked to sustainable growth, and the economy is considered competitive if its goal is to achieve more human well-being, and thus this growth is reflected in the living standards of individuals without disturbing the balance of payments, by relying on raising the level of productivity, increasing creativity, moving towards intensive production, and investing in countries with low-wage labor for production generalizations that require large labor intensity, the economy can create positive competitiveness that supports the processes of economic growth in the country.

The core dimensions of competitiveness have been driven to completion in many aspects, from the enterprise level to the sector level and then to the state level. Positive competitiveness is inclusive and seeks to achieve goals effectively and at the lowest costs and make the right decisions for goals. Relativity is also one of the components of competitiveness, which is done through the relative comparison between economies, whether between more than one country or within a country that is self-sufficient to extend over a specific period.

Definition of competitiveness at the enterprise level

Competitiveness is the level of the enterprise and the ability to achieve the approved and diverse desires of organizations, by reaching the goals of the organization, the organization can reach products and services of certain quality and price, and with higher efficiency than other competitors in the market, which makes it able to achieve the success it always seeks, and determines the values of competitiveness in the facility by determining the position of the facility in the same sector in the markets in which it operates.

Definition of competitiveness at the sector level

Competitiveness at the sector level is defined as the sector's ability to achieve high added value, within the business environment, with flexible and regulatory legislation, in line with economic development, and within effective mechanisms for market forces, in terms of suppliers, in addition to the freedom to enter and exit the labor market and determine the levels of the sector's contribution to the GDP.

Definition of competitiveness at the national level

The definition of national competitiveness varies according to the degree of development in the economy, whether it is a developed or developing country, as follows:

Developed countries: The competitiveness of developed countries means the ability to maintain a leading position for blindness in the global economy, through innovation, after achieving the optimal use of factors of production, which means reaching high levels of productivity, and there is no way left to achieve sustainable growth except reliance on innovation.

Developing countries: The competitiveness of developing countries means the ability to achieve growth and market share in regions where there is an opportunity to transform comparative advantages into competitive advantages, as well as to create more competitive advantage through the adoption of a set of regulatory reforms and appropriate economic policies.

Competitiveness in current and future capabilities and opportunities for entrepreneurs to produce a global reputation of a certain quality completely, and national competitiveness refers to the ability of an economy to achieve its development goals. Competitiveness includes efficiency (reaching goals at the lowest possible price) and effectiveness (reaching the right goals) in achieving industrial goals, as well as competitiveness goals and means to achieve them.

Definition of competitiveness at the international level

The World Economic Forum (WEF) defined competitiveness as a set of institutions, policies, and factors that determine the level of productivity in an economy, and the most competitive cities are considered the most capable of growth in the medium and long term.

At its meeting in Barcelona in 2001 at the EU level, the European Council was defined as a process of raising employment and social cohesion, and competitiveness covers a wide range of factors and comprehensive economic policies. These include GDP per competitiveness, the ability of supply to achieve high sustainable GDP per capita growth rates, and the underlying competitiveness is relative rather than permanent.

The nature of the beneficiaries, and the financial strength, depends on the competitiveness response to the use of modern technologies in the application of the necessary strategy change, sustainable competitiveness is achieved only by maintaining the appropriate balance between these factors that can be conflicting.

The country's ability to produce larger and more efficiently and relatively efficiently, increase sales of manufactured hearing aids, and shift towards mass production is part of the global competitiveness that all countries, especially major economies around the world, seek to achieve.

High technology, high-value-added manufacturing, achieving a national income per capita, and attracting foreign direct investment are all variables related to the extent to which the state provides the appropriate environment. FDI creates competitive advantages that add to the current comparative advantages, and efficiency means adding value to production and economy by improving productivity, increasing quality, and matching needs.

Competitiveness from an academic and theoretical perspective

In his analysis of the competitive environment, Porter (1980) identified five forces that determine the trajectories of competitiveness:

Planning to achieve customer satisfaction capability, and this strength reflects Porter's adoption of the market power perspective and taking into account the impact of competition in the operating environment on continuous competitive advantage and performance. For example, as customers negotiate the value created by the company (market power perspective), it also determines the value of the product through willingness to pay (efficiency perspective). Despite the perspective of market power, Porter's framework can be productively used to analyze the competitive environment.

Drawing up a competitive strategy, a key channel of communication between the competitive environment and the market. On the other hand, the strategy acts as a focal point in the deployment of the company's services and products in the competitive environment to generate a sustainable competitive advantage. In particular, companies are constantly taking offensive and defensive strategic actions towards competitors and thus modifying the competitive environment. On the other hand, the strategy relies on controlled resources, strategy coordinates, the development and protection of existing resources, and the creation or acquisition of new resources taking into account the competitive environment.

Operational skill in the organization, as this strength represents the organization's ability to meet market requirements according to the skills required to complete production or service operations, and through operational skill, the organization can possess basic factors in production or operation, which makes it able to compete with competitors in the market and come out with better results that contribute to achieving the goals of the organization.

The workforce is considered one of the most important tools of competition between companies, organizations that have a trained workforce and show their loyalty to the organization are more competitive organizations in the market, as the employees of the organization would adopt the organization's policy, and perform their tasks according to the goals entrusted to them, and this is what achieves increased productivity in the organization according to the tools relied upon to measure performance and measure the quality of the product or service.

Corporate culture is one of the factors that achieve competitiveness in the organization, as institutions build their corporate culture to reflect the management's interest in aspects that contribute to strengthening the organization's position in the market, making it more competitive and entering into market confrontations to have expansion opportunities or profit opportunities.

Consistent with Bellaraf and Barney (2003), they found that competitive advantage expressed superior differentiation or lower costs compared to marginal competitors (break-even points) in the product market. They found that an organization has a competitive advantage if it can create greater economic value than the marginal competitor (break-even point) in its product market. The economic value created by an enterprise in the context of providing a good or service is the difference between the perceived benefits to the buyers of the good and the economic cost of the enterprise.

In contrast to Bellav and Barney, it is not excluded that exercising market power helps build and protect competitive advantage. Porter adopts a similar definition of competitive advantage, facilitating the integration of both perspectives. By definition, economic value is determined by external factors, namely perceived benefits earned by customers and resource costs. Therefore, based on their perception of the usefulness of the product offered, customers determine their perceived benefits.

Through continuous competitive advantage, a competitive advantage that lasts for a long period can be understood. This approach proposed by Porter, among other things, by Rufley Walkins (2002) has been adopted against the use of calendar time to define sustainability and considers that a continuous competitive advantage is achieved only if it continues to exist after competitors' efforts to replicate that feature cease. They stated that this definition of equilibrium has the theoretical advantage of avoiding the difficult problem of determining how much time firms must have a competitive advantage to consider that advantage "sustainable.

Rufley Wokens (2002) argues that although Barney's definition may be more accurate in theory, it is virtually impossible to effectively quantitatively practice. Rufley Wokins (2002) shows that the timeframe that determines the sustainability of competitive advantage may vary from industry to industry depending on external variables such as product life cycles, patent protection, copyright, or other production variables.

Researchers often focus on competition in product markets. For example, Porter's analysis focuses on the competitive interactions of companies on the "demand side." However, companies compete simultaneously on the "resource side". The next section attempts to identify the different competition processes that make up the competition for resources. Taking into account these different competition processes enriches the analysis of competitors. Each company encounters a unique set of competitors when similarities between products and resources are considered to identify competitors.

The importance of competition between companies

1. Reducing expenses

The competitive advantage contributes to reducing marketing expenses, as the organization will be able to market its products through the advantage that these products carry without the need to recommend them to the public, and from here major organizations resort to looking at competition in the markets as a positive opportunity in which the organization can offer its products, being confident that this product has received the necessary attention to be distinct from other products in the market, so it receives the attention of the public only.

The organization will be able to employ capital to serve the marketing and operational plans in the organization, as the competitive advantage provides the organization with a set of priorities that must be worked on, and this is what the organization's strategy includes, as it depends on the competitive advantage to allocate investments in the fields or in the frameworks that ensure their benefit.

Given the impact of the quality of products or services on the consumer public, the Organization will be able to create a production strategy according to market supply and demand levels, avoiding waste, and thereby reducing production costs.

2. Resource Management

Competitive advantage is an important source of organizing human and non-human resources working in the company through time management and the nature of activities to reach a high return on investment. As the competitive advantage will require the organization's management to work to provide production lines or service delivery channels with the necessary manpower to carry out the tasks assigned to those operations, and by planning to provide human resources to those operational departments, the organization will be able to manage those resources in more efficient ways, and through approved plans aimed at achieving the organization's goals always.

Also, the management of other resources in the organization will be more efficient if its management is implemented according to the requirements of competitive advantage, as the management of these resources will be governed according to supply and demand, reducing levels of waste, and the quality of these resources will be planned to be obtained according to the quality standards set for those resources, which makes access to them through more disciplined management methods and in line with the organization's vision in providing quality services or products.

3. Increasing Certainty

Competitive advantage helps the company to increase certainty about the business and business activities practiced, and to control those activities if they negatively affect the competitive advantage that the company has. This certainty helps to enhance the organization's decision-making capabilities, as this important process for the future of the organization and its activities takes place through a set of data that can be built upon to make decisions, competing in markets would make the organization able to manage those competitive processes, and then obtain data that can be used in organizational and strategic decision-making processes in the organization.

The organization will be able to strengthen its corporate culture through its competitive advantage, as that competitive advantage will make the organization's employees more confident in the services they provide or what they produce, making them more loyal and representative of the organization in which they work.

4. Fourth: Predictability

By managing the company's competitive advantage, it is possible to reach forecasts related to the company's revenues and identify possible options to increase them and achieve higher profitability rates. Strategic planning in the organization will be more effective by having a competitive advantage that can be built upon to achieve development plans in the organization and planning to move to new stages in expanding the company's investments.

An organization that has a competitive advantage is better able to expand business and obtain investment opportunities, as this organization has the basics of understanding the markets, and the factors of success in it, it can then transfer these fights to other markets, benefiting from its experience in dealing with markets that witness competitive environments.

5. Establishing alliances

Companies are encouraged to form alliances to fill weaknesses by leveraging them as strengths in another company. An alliance can be formed between two companies that have complementary competitive advantages for each company. Through these partnerships, the two companies can capture market share. Such benefits can help businesses grow rapidly, make profits, and cut costs.