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Challenges & Opportunities Before Indian Business Environment

Achieving and Sustaining Global Competitiveness

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ABSTRACT

Competitiveness in the global market place is generally determined by organizational and technological innovations, superior and consistent product quality, and customer satisfaction by delivering more than he expects at competitive prices. The paper is review on concept achieving and sustaining global competitiveness on basis of government policies, IT structure. rapid advancements in telecommunications, information flow is instantaneous. Business globalizes and interlinks itself with the world, the nature and range of business opportunities as well as challenges for us are extensive. It is concluded that need is to work on the issues and adopt a schedule for action based on the results of the company-wide discussion with need of an hour to move fast, for time is running short.

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1. Introduction

India started liberalizing its economy since 1990. Today it markets are fast integrating into the world markets. Trade barriers are going down. License Raj is almost over. Foreign capital is being welcomed with open arms. On the global scene, technology has become the driving force of change. Businesses world over are globalizing. As our business globalizes and interlinks itself with the world, the nature and range of business

opportunities as well as challenges for us are extensive. Present day competitiveness in the global market place is generally determined by organizational and technological innovations, superior and consistent product quality, and customer satisfaction by delivering more than he expects at competitive prices.

The threat that the emerging trends in the world markets will render us uncompetitive in the coming years looms larger. Already we are facing the pinch with Indian buyers looking overseas for products that are of either superior quality, of lower cost or both. In other words, they are looking

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for value for money. They are demanding customized solutions, excellent service at competitive prices. In this quest, they do not hesitate to look beyond the shores. With the rapid advancements in telecommunications, information flow is instantaneous.

2. Structure

In this scenario, we find ourselves at crossroads. Do we go on to the front foot or the back foot? In other words, do we take the battle into their territory or merely try to defend our territory. Looking at the global trend where businesses are trying to outsource all items and services except for a critical few. At a situation where emphasis is on partnership in the production process where each player produces, only what he is most competent at, an inward-looking strategy is bound to fail. Either we have to join the mainstream of corporate life in the global village or we will be at best left as a small player in a small niche.

In our endeavor, we have to move from the state of international pessimists to international achievers. We will have to shed the negative attitude towards competing in the global markets. We have to bury our fears for once and all. We need to develop an increasingly positive attitude towards international business and being competitive in the global marketplace. We have to move to a state where the globe will be our marketplace, for both sourcing and selling. We have to develop the skills and knowledge to become world-beaters, i.e., reach the state of being international achievers.

3. How do we do it?

What are the necessary steps that will ensure that we are able to build up on our competitiveness and become global players in our product markets? I have tried to identify some critical strategic initiatives, to progressively build organizational competence, capability and competitiveness. However, it will be crucial that organization wide consultations are held to determine the exact policies with participation across all managerial levels. These are:

3.1. Customer driven approach

In the global market place, the customer has a wide range of choices, and as such, he is more demanding and selective in his choice. He demands more value for money both in the tangible form such as a superior product and intangible form such as courteous and prompt service, proper guidance and training. Today service is becoming the biggest determinant of satisfaction. Right from the time when the Company first comes into contact with a potential customer, the service starts. Be it in the form of replying to queries, giving a demonstration of the product, training to use the product, sales, delivery and after sales follow-up and service. The emphasis is clearly on building a mutually beneficial relationship. The customer gets greater value for money and the company benefits from his patronage for the existing as well as new products. The customer is the greatest carrier of brand equity. By his word of mouth recommendations, which are more effective than many advertisements, he can build a brand overnight.

The most important characteristics of successful organizations such as Sony, 3M, and Microsoft have been their nearness to the customer. In our

endeavor to become global players, we have to put the customer at the center of our strategy. This customer-based focus will provide the foundations for developing the organization's vision, strategy and Construction of references

3.2. Section headings Strategic Outlook

The fundamental basis of above-average performance in the long run is sustainable competitive advantage. There are two basic types of competitive advantage that we can possess: cost leadership or differentiation. The results of the above exercise and the vision that we determine for ourselves will decide whether we go for being the cost leaders or offer differentiated products that will ensure our competitiveness and leadership in the global arena. However, the sustainability of either requires that we possess some barriers that make imitation of the strategy difficult. Since, barriers to imitation are never insurmountable it is imperative that we keep moving, updating our skills and erecting yet newer barriers. A moving target is the most difficult to hit by the competitors.

3.3. Corporate Governance

The Quality of Corporate Governance depends on the quality of the Board. The Board must be compact and balanced. It should be made of individuals from different disciplines having diverse viewpoints. It should be capable of appreciating the issues put forward by the management and discharge its duty towards the various stakeholders in the organization. It should also keep the company abreast of the latest happenings in the corporate world and evolve strategies to maximize the welfare of the various stakeholders towards which it is responsible.

In the past, we have confused to role of the Chairman and the Managing Director. Taking a cue from the PSU's we had a single individual occupying both these posts. However, today it has become necessary to separate the offices of Chairman and the Managing Director. Division of powers at the top and the concept of "four eyes" have come to stay. Business Ethics must combine with Corporate Governance if Organizational Excellence has to be approximated.

The Chairman will be responsible for re-vitalizing the Board of Directors. He has to ensure that fresh talent is inducted into the board to keep it fresh. A proper succession program has to be developed. He will have to set up a committee for evaluating the performance of the CEO and fresh appointment of directors.

The Chairman should ideally be a multidisciplinary professional. He should be a leader of men. He should be such that it motivates the employees with a sense of purpose to achieve the organizational goals. He should also be a visionary, as he is the one who would provide the direction to the company in the years to come.

The Chairman along with the Board should be responsible for defining the vision of the organization that derives realistically from the company's strengths and that builds on a distinctive competitive advantage.

A good system of corporate governance will ensure that we do not lose sight of our vision and purpose. It will also ensure that we are fair to all stakeholders in the company. In the long run this relationship with the stakeholders will determine the corporate image, which is essential for the growth and diversification of the company.

3.4. *Quality process and innovation*

Until now our approach to quality has been the final test carried out by the Quality Assurance department. This concept has to be thrown into the trash box. Quality will have to become an ingredient into our products and services if we are to be competitive. Every member of the organization will have to strive for achieving the highest standards in quality. We have to get the products right the first time. In the competitive market place there may be no second chance. Today everything is being finely scheduled to the last second. There are simply no lags. For any product, the whole of the supply chain has to perform its part, in time. Getting it right the first time is the only option available to a global player.

We, have to remove the misconception that better quality increases costs. Rather, multitudes of companies have shown that having better quality in fact brings down the costs. This is true if we see the cost of rejections, reworking, production time lost, labour time lost and the time spent in firefighting once a bad lot has been dispatched.

In the past, we have basically followed the approach of doing old things better and faster. Improving productivity through removal of inefficiencies and improvement in process efficiencies then becomes a compunction ruled by habit. While this would still be required, in a world where change is the only certainty, these measures would be unable to sustain our organization for long. What we need today is bringing about an organization wide cultural change to commitment towards innovations, development of new products and services. A dedication to become pioneers in areas, which merely exist as remote possibilities today, becomes necessary if competitiveness has to be achieved and sustained. This means that the corporation has to be value based i.e. ethical and exhibit a total dedication for creating value for the customer i.e. be value driven.

For this, we have to learn to tolerate failures. If there are no failures, it implies we have not tried our hands at lots of things. For an organization to be a learning organization in the spirit, we have to develop a culture where a failure does not mean a setback in the career for a highly talented individual. Rather he should be evaluated on the criteria of the quality and quantum of effort that he has put in. From another angle using the Harvey Liebenstien model of X Inefficiency we can argue that there is an inbuilt inefficiency in all persons, processes and systems. Unless it were to be so technological progress would not be possible.

3.5. *Learning Organization*

It is beyond doubt that there exist immense opportunities in the world market. Yes, they are there for us too. However, starting from behind, our managers will need to perform much better than their counterparts in the developed world. If we are to move out of our slumber and move ahead towards the vision of not only catching up with the global players in our areas of operations but forging ahead of them and becoming the trendsetters, we have to strive to develop a culture of continuous improvement. Business is becoming increasingly knowledge driven as we make progress with technology. Innovations both organizational and technological are setting the pace for change. In the past few years, capital and labour accounted for only 25% of the total growth in developed countries. The remaining 75% come predominantly from technological innovations. That the technological and managerial innovations are going to shape up the coming competition more intensely is under no doubt.

In today's technologically driven business paradigm, it is knowledge that commands premium in the marketplace. Thus, acquiring and

assimilation of knowledge becomes an essential ingredient in the strategy for global competitiveness. For this, we require to develop systems that foster the process of knowledge acquisition and dispersion within the organization. To see how well we are doing we will have to consistently benchmark ourselves against the best, not only in our line of business, but also in other businesses where similar processes might be used. We have to keep abreast of the happenings in the world and embrace new developments/ideas faster than our competitors. In short, the organization has to constantly update its knowledge and develop new skills. The process of learning in the organization has to be a continuous one and one in which value addition is emphasized.

3.6 *Integration of IT in every day work*

Today the advances in IT are fundamentally changing the way business is done. The concept of supply-chain management, electronic commerce etc has been made possible with the huge strides in computing and telecommunication technology. The fusion of increasing computer power available cheaply at the user's desktops and rapidly growing telecommunication technology will provide the kind of energy yet unseen. This will propel organizations into changes at a very rapid pace almost on a daily basis. Those who lag behind will be obliterated. For us this calls for a fusion of computing and networking technologies into the corporate strategy and in the organizational structure. We have to move towards where we would be able to source and distribute information, products and services across the globe. The concepts that will make these happen are Internet, Intranet and electronic commerce. With Internet, customers can access information from any corner of the world. With electronic commerce, they would be able to place their orders and make payments online. With Intranet, we will be able to decimate information to our branches and plants across, include the suppliers, distributors and key customers. Thus, this would extend our reach to the remotest areas with great speed and very little investment.

With on-line discussions and brainstorming sessions, the ideas can be put through much faster across the organization. It will carry new concepts and get people started on new things. Decision-making and implementing time will be cut dramatically and the inputs for it will be superior and versatile. Confusions in communication will be avoided, leading to better functioning of the company. Thus, our ability to become global leaders will depend to a large extent on how we are able to harness the powers and flexibility provided to us by the growth in IT. And how IT fits into the corporate environment becomes the task of Strategic HR.

4. **HR on the corporate map & appropriate HR system**

As a result of liberalization and globalization, human resource management (HRM) has acquired strategic importance. The quality of human resources available to the company and the relationship will determine whether we succeed in achieving our vision or be relegated to being an also-ran. Thus, attracting, developing and retaining superior knowledge in the form of human resources will be a priority for the organization.

However, before we do that there has to be a paradigm shift in the employee-manager relationship. It would be imperative to have flat and non-hierarchical organization if such people are to flourish. It would call for breaking down the communication barriers, with information and knowledge to be shared across the organization. It also calls for empowerment in the decision-making process. Thus, the people will have greater freedom and latitude for developing and delivering to their

potential. Proper HR planning and HR development activities have a very important role in achieving this.

Logically one can visualize a corporate culture that values trust, honesty, ethics and transparency in all actions for the modern organization. This will negate the need for controls at every step. Peer pressure and the culture of the organization will become the controlling and motivating factors.

4.1. Future Manager

Today the global trend is that of an intrapreneur (an entrepreneur within the organization) being the ideal individual for bringing about innovations. Many of the product and process innovations are brought about by teams rather than isolate individuals working under large corporate settings. Sony and 3M instantly come to mind when one visualizes such an organization. One expectation here would be that the new breed of intrapreneurial managers will be pioneers. They would be able to develop new markets, new products and innovate the entire industry, set the pace for the participants in that industry. At the more local level, it would require monopolization of market niches, having complete supremacy in them by making available superior products at competitive prices and providing high valued services, i.e., aiming for total customer satisfaction and surpassing it.

The work will increasingly be done by cross-functional teams, which will progressively become self-managing. Managers will now be more of facilitators rather than commanders. The managers will be exposed to virtually unlimited data requiring an ability to visualize common pattern between seemingly disparate phenomena.

For this, we want managers who will not only have sound management and technical skills, but more importantly should possess imaginative and creative thought process and are good team players. Our vision of a modern day professional manager is thus of a dynamic professional who combines risk taking with risk management, infuses academic rigour to practice vigour, merges cold analysis with creative synthesis, possesses hindsight with foresight and exhibits spontaneous verve with steely nerves. It is a tall order for one no doubt. However, if we are to succeed in the global arena we have to achieve this.

5. Conclusion

Survival and growth in the coming century will depend upon the speed at which we are able to respond to and predict the environmental conditions. The key resource for competitiveness would be knowledge and skills that are available to us and how fast we are able to upgrade it.

Delivering value to the customers will form the base on which our vision and strategy will be based. A clear formulation of strategy would give focus to our efforts. And all this would be possible with quality people in each sphere of company's activity.

Today, we in the HR profession need to get together to give direction to our company, determine its vision and objectives. Let us initiate a debate on the issues and adopt a schedule for action based on the results of the company-wide discussion. We have to move fast, for time is running short.

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