A GLOBAL STRATEGY FOR BLOCK BUILDING CORPORATES AND NATIONS IN A NEW MILLENNIUM

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ABSTRACT

The growth of an economy is dependent on the investment and investment in turn is dependent on the investment climate. There is a need to create a sustainable competitive advantage for both the industry and the nation. Generally, the Management Gurus identify cost reduction and differentiation as key ways to achieve competitive advantage. But, in the current economic situation, the people in the organization have become the competitive advantage across all industries.

KEYWORDS: cost, differentiation, murphy's law, strategy, sustainability.

INTRODUCTION

ECODYNAMICS

Competitiveness has become a global race that decides the winners and losers. No country or company can afford to stay out of this game. Competitiveness is an issue that concerns countries and companies competing in the market since success in the market place is closely linked with the overall economic growth. Emerging economies are in transition process after the global meltdown in 2008. The global economy is now characterized by extensive global linkages. These extensive global linkages have resulted in massive opportunities for international trade. The trade opportunities also generated opportunities for competition as well as cooperation. The people will form optimistic expectation only if the economic reforms take place in a politically stable and predictable environment and if the reforms pay adequate attention to building the social and physical overhead capital such as education, health, transport, communication, power etc.

GLOBAL ECONOMIC TRENDS

In the language of Michael Porter "a nation's competitiveness depends on the capacity of its industry to innovate and upgrade." Competitive advantage of nations result from the differences that are frequently observed in their culture, management style, working habits of people, economies, institutions, histories, demographics and other factors that affect the way people live and do business (Baney, Jay, 1998). So by using such differences to continuously improve and innovate, a nation's competitive advantage will increase.
To prepare for competitive advantage assessment can be on the following lines:

- What are our chances of survival if we continue to do the same as in the past?
- What are the best opportunities for growth?
- Where we can improve?
- What are our competitive advantages?
- What changes can we realistically implement?

But when competitiveness is viewed on a national scale, the situation becomes more complex, especially in our increasingly competitive world.

There are four attributes namely factor conditions, demand conditions, related and support industries in firm's strategy, structure and rivalry which Porter calls as the "Diamond of National Competitive Advantage." To create a competitive advantage for the nation, the role of corporates is very important.

<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Distinct advantage</th>
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<tr>
<td>Federal Express</td>
<td>Superior service</td>
</tr>
<tr>
<td>McDonalds</td>
<td>More for your money</td>
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<tr>
<td>Mercedes</td>
<td>Engineering design &amp; performance</td>
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<tr>
<td>Apple</td>
<td>Technological leadership</td>
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<tr>
<td>Rolex</td>
<td>Prestige</td>
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<tr>
<td>Caterpillar</td>
<td>Spare parts availability</td>
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A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy, not simultaneously being implemented by any current or potential competitors and when other firms are unable to duplicate the benefits of this strategy (Day, George S. and Robin Wensley, 1988).

How do we develop such a sustained competitive advantage? A corporate needs to be advantageous on any of the following or combination of them: cost, time, differentiation and technology. To achieve such an edge over others, the companies are supposed to do what?

The World Business Council for sustainable development, comprising of some 150 international companies has rightly identified the need to demonstrate commitment of business to sustainable
economic development, working with their employees, their families, the local community and society at large to improve their quality of life.

In the context of the trend towards globalization and the removal of trade barriers, increasingly there is a need for strategic reorientation of companies (Coyne, Kevin P. 1989). The confederation of Indian Industry’s Environment Management Division has come out with 6 Es for moving business towards sustainable development, which are:

1) Environment
2) Empowerment
3) Economy
4) Ethics
5) Equity
6) Education

What is to be understood from the above is that people must be the focus. Any difference from others could be made by people only. How do you involve them to make a difference? Who is responsible for making a difference in them? To be distinct, every organization should create a corporate advantage and the government should create an environment for the organization to create corporate advantage. The responsibilities of these two sectors viz. government and corporate may be specific to them and at large. The following model clearly gives an outline of the method to achieve a sustainable competitive advantage for the corporate and the nations.
Attitudinal changes are needed across the nations including business sectors, government and the public at large. Government has to play a directive role as far as the business sector is concerned and play a protector role as far as people are concerned. It has to bring in new norms and reforms only after preparing the people to understand it and accept it. People play a vital role in any social or economic activity. They should be given important focus at any point of time. To create a corporate advantage in the global economy, the government responsibility seems to be more on preparing the nation in terms of social and economic perspectives.

**INFRASTRUCTURE DEVELOPMENT**

The sustainable competitive advantage of an economy lies with the growth in infrastructure companies. Government has forced all the corporates to a competitive market suddenly, where they are forced to manage sustainability with their own internal economies of scale alone. But, there needs external economies too, to help the corporates minimize their infrastructural input cost. Poor infrastructure and delayed privatization of business have also hampered the growth. The government should concentrate on the augmentation of productive capacity of the infrastructure sector. For this, they may have to adopt a mixed strategy of developing the sector involving the private domestic players and off shore participation.

**INSTITUTIONAL DEVELOPMENT**

The next focus should be institutional development. Any economy would flourish based on its consumption and income changes. The needy government must be catered by adequate amount of capital for augmentation of productive capacity. This can be done effectively only when we have a vibrant institutional setup in the country to do the intermediation by bridging gap between the corporate and investing public. There are four specific segments to be concentrated by the government, which are: capital market, banking sector, mutual funds and insurance industry. The global practices must always be implemented after localizing of those practices to suit our own environment (Whitney Tilson, 2005).

**INVESTMENT CLIMATE**

An economy is said to have its edge over other factors only when it enhances its productive capacity. This requires good amount of investment, which needs a good investment climate. The stock market activity is not so reliable to be treated as the only investment option. The reason is that economic environment is being characterized with many other external factors also. In a recent survey conducted by CII and World Bank regarding the investment climate, it was found that investment climate varies from nation to nation. The survey points out that if each nation could attain the best practice in terms of regulation and infrastructure, the economy can grow at 2% faster.

**PRIME FOCUS**

To make the above changes possible, we need the help of people at large. Definitely, a change even to an extent of revolution can be brought only when people make up their mind towards it. To move from a protected, closely held economic environment to a free global trade
condition, there needs an attitudinal change among the people (G. Balamurugan, B. Senthil Arasu, 2000). Globalization process can be done effectively by developing the attitude of the people with a global perspective. It requires a quite longer period. The same can be done only when there is a coordinated effort by everybody who are responsible for the process. The government needs to create a confidence in the minds of the people about the various economic reforms undertaken that it would result a specific advantage at the global level. It should create a confidence for the business sector that the kind of climate provided and regulatory framework would definitely make them distinct.

**CORPORATES**

When the environment has experienced a drastic change, the corporates need to react to the changes suitably. Within the infrastructural, regulatory constraints, they have to prove their mettle to be on top. Definitely, there are many global examples that have proven to be distinct. The corporates are required to understand their strengths and opportunities and to formulate a focused strategy. As given in the model the corporate need to adopt a particular strategy to have an advantage in terms of cost or time or technology and so on. In general, corporate advantage can be created in following ways:

- Making the best made product.
- Producing more value for customer's money.
- Saving customer's money.
- Providing superior customer service.
- Providing an enhanced distribution network.
- Making a more reliable and durable product.

In a globalized environment, a corporate may have to follow not just one way to be distinct but the combinations of the above or sometimes all. Having understood the methods of achieving the corporate advantage, the global players need to have an agenda for the same.

The key factors, which they should include may be:

i) Global competitors surpassing each other in terms of all possible strategies. So, the corporates should make it a point to match those rivals on key attributes and to beat them on every front.

ii) Focus has to be given to develop the expertise in incorporating upscale product attributes at a price equivalent to that of competitors.
In a nutshell, corporate advantage comes from matching close competitors on key product attributes and beating them on price. But, this is only a first step. A competitive edge over others may be obtained by an attribute, which may not continue to be same as time changes. The time based advantage needs to be taken by the corporate whenever the competitors or global players tend to follow the proved strategies. The world corporate history reveals that history is not repeated often as far as the success and survival are concerned. A corporate that was successful with one strategy could not continue with the same after some time. This clearly tells us that TIME based strategies can only help the corporate irrespective of other kinds of strategies.

Japanese corporates were able to prove themselves across the globe for the reason that they are with customers always. Japanese corporate used to have listening posts in various global markets to understand for themselves about the dynamics of the world markets. They closely monitor the changes in the market and react to them. By this, they become the first mover into the market.

To adopt changes early and to formulate time based strategies, we require our people to be trained and developed. People are the prime focus for anything to be achieved in any situation. The corporate necessarily have to make their employees and executives to realize the changed environment and inculcate in them the attitude of improvement as a way of life. What we mean is that according to the external environmental changes the internal environment has to be enhanced. The demand of external environment needs to be satisfied with the satisfaction of internal environment.

MURPHY’S LAW OF COMPETITIVENESS

1. Competitive economies export products, uncompetitive economies export people.

2. If you want more exports, make it easier to import, most of what you send out requires something of what you send in.

3. If you want to boost exports, do not create an Export Promotion Agency.

4. Get the private sector to build your roads, ports and power plants.

5. Negotiate free trade agreements.

6. Half of new incremental foreign investment comes from existing customers.

7. It is not just government that needs reforms even corporates require.

8. Competitiveness is really only understood at the level of firms and industry clusters, but the prosperity of a nation also depends on having the right platform for it.

9. The number one obstacle to competitiveness is the mindset of the people.
CONCLUSION

With the above deliberations about the global scenario, it is found that creating corporate advantage for the corporate and the nation in the global economy is not just in the hands of any individuals. It is government and the corporates that have to complement each other. They have to face the environment with a collective decision approach, which only can make both of them better. The government has the responsibility of creating a supportive environment by providing adequate infrastructure, burden less regulations, political confidence etc. to help the corporates in developing corporate advantage. At the same time corporates need to understand the changes and with the help of the government and people create an advantage for themselves and the nation by adopting the above said strategies.

REFERENCES


