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COMPETITIVENESS THROUGH INFORMATION

Case study

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Abstract

Intelligence competitiveness has already started to build its road in the company's long term strategies. Nonetheless, business executives continue to look for ways to apply information technology strategically to their businesses. Using information managers manage to communicate, to convey their knowledge about markets, competitors, products, services and operations. Even if data and information are all over there are few amounts of managers that realize the importance of them to the success of the business. This article will review competitive forces and competitive information systems strategies for gaining competitive advantages, explain concepts of value chain, value co-opetition (competition and cooperation), and discuss innovation strategy. Co-opetition is a strategy whereby companies cooperate and compete at the same time with their competitors, complementors (i.e. hardware and software businesses), customers, suppliers. The article discuss an important dimension of information system, identifies competitive advantages and enhancing competitive strategies thought information systems.

Competitive Intelligence, Business Intelligence and Knowledge Management

Introduction

Using information managers manage to communicate, to convey their knowledge about markets, competitors, products, services and operations. Even if data and information are all over there are few amounts of managers that realize the importance of them to the success of the business. Usually managers are complaining of informational overloaded – because they are overwhelmed by e-mails, phone calls, rapports – or of the lack of information in cases when they need to take strategic or tactical decisions.

Some companies managed to use the information in order to obtain performance. Managers have understood that they need to value the employees, information and technology in order to systematically improve their competence in business.

In recent years, managers have rather tried to use the information technology instead of administrating information and this concentration on technology was at the expense of people. Even if managers have learned to manage the situation with technology and with information, they have not developed an understanding of how human behavior affects the use of information within a company. After more than 50 years of the existence of the IT in business combined with the rapid development of the internet, one conclusion is sure: internet and IT have become indispensable in the competitive environment all over the world. What will make the difference between managers will be the way in witch each will understand the way to use the information.

Some of the most successful companies are characterized by the way in how managers and employees are prod of ambitious plans for develop the activity and also client oriented. The values of these companies are pro-active gathering of information about markets, clients, competitors and sharing all those information with the company.

Competitive Intelligence is the process of ethically gathering and refining information (about competitors, partners, suppliers, clients, interest groups etc.) enough so that it can be used to make a strategic business decision. In contrast with competitive intelligence, which refers to the companies activities in its relations with the external environment, business intelligence is much more an internal business, as covering the interdepartmental activities, analyzing the flux of materials and ways to improve indoor activity.

On the other hand, knowledge management refers to the management of internal processes that are related to all organizational knowledge about the internal or external environment of the company, causing the efficient use of information necessary for the overall decision.

If when talking about business intelligence we can say that the staffs are much simpler, we can not say the same thing about competitive intelligence, which implies collection and analyzing using special techniques of dates and information which are coming from different sources.

Information, in the broad sense (data, information, intelligence), became the master of all areas. Who does not get information fast enough and who does not processes it in an efficient mode risk to be left behind or, worse, to disappear in an increasingly competitive environment of aggressive. Information is the core of the contemporary world, a real currency.

The value of the information is the result of combining multiple vectors: the cost of obtaining them, the quantity (small or big) of information on the same theme, the advantages that brings when using it, the intensity of impact on the targeted audience, the degree of privacy. Being one of the most valuable assets of any type of organization, information is both weapon and target. Is a target for the competitors, who want to collect information, but at the same time is a fearsome weapon in the hands of those who own and know how to use it.

Firms like Schneider National have developed a competency for applying IT to business opportunities that is adaptable to ever-changing business opportunities. This competency is based on organizational assets that, by definition, cannot be readily purchased or reproduced by other firms. Strategic assets are created and enhanced through organizational experiences, and they provide competitive advantage precisely because they are not easily imitated. Our research suggests that three assets – human, technology, and relationship – can lead to distinctive competencies in information and IT management.

Gaining competitive advantage is critical for organisations. Baltzan and Phillips (2010, p. 16) define competitive advantage as ‘a product or service that an organization’s customers value more highly than similar offerings from its competitors’ (in other words, you have something useful (i.e. products, services, capabilities) that your competitors do not have). Competitive advantages are typically temporary as competitors often seek ways to duplicate the competitive advantage (Baltzan & Phillips 2010, p. 16). In order to stay ahead of competition, organisations have to continually develop new competitive advantages.

Michael Porter’s Five Forces Model is a useful tool to assist in assessing the competition in an industry and determining the relative attractiveness of that industry. Porter states that in order to do an industry analysis a firm must analyse five competitive forces (Baltzan & Phillips 2010, p. 17):

- Rivalry of competitors within its industry
- Threat of new entrants into an industry and its markets
- Threat posed by substitute products which might capture market share
- Bargaining power of customers
- Bargaining power of suppliers.

Reviews of literatures and logical analysis have confirmed that firm is able to achieve sustainable competitive advantage through integration of knowledge, utilization, and objects in information technology. This integration would create valuable and rare resources for the firm since not all firms are able to enjoy the efficiency and effectiveness brought by ICT. Since the integration might be causal ambiguity which is hardly understandable, it is hardly imitate by the competitors. Although competitors might be able to substitute co-specialised set of information technology competence with similar information technology applications or other applications, the substitution would not mean it is impossible for firm to yield sustainable competitive advantage.

Conclusions

In the context of small and medium enterprises, lack of resources and unlikely to higher highly capable human resource mean the entrepreneur must bear the responsibility to be the agent to integrate ICT with the firm. Thus, entrepreneurs in SMEs must acquire certain level of ICT competence through education or experience in ICT. This would help them to achieve sustainable competitive advantage for their firms.

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