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Identification and Prioritization of Factors Affecting Acquisition of Competitive Advantage in Saipa Company

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ABSTRACT

The concept ofcompetitive advantage has a direct relationship with values expected by customers. As the values presented by an organization approaches to values expected by customers, it can be said that the organization has an advantage over its competitors. The present research is an applied survey. After studying books, papers, and conducting interviews with experts, indices of competitive advantage in Saipa were identified. These indices (dimensions) include environmental capabilities, competitive smartness, organizational capabilities and communicational capabilities. These dimensions form research hypotheses and each of these indices had sub-dimensions. The questions of the questionnaire were based upon these dimensions. The questionnaires were distributed among managers of Saipa company. After collecting the questionnaires, the data were analyzed by means of structural equations modeling technique and LISREL software and all hypotheses were supported.

KEYWORDS: competitive advantage, environmental capabilities, organizational capabilities, communicational capabilities, competitive smartness.

INTRODUCTION

Within any organization, whether a production or a service organization, customer is the main factor in survival of the organization. If an organization is not successful in attracting customers' satisfaction and loyalty, it will not reach long-term survival (Vazifehdoost, Rahnama & Mousaviyan, 2014). For decades, a company's value was measured by means of its properties, tangible assets, factories and equipment. However, it is now considered that the real value of an organization is somewhere beyond that and is placed in customers' minds (Heidarzadeh et al, 2011). Competitive advantage is an important subject which has received a lot of attention within the past few years in management and marketing literature. There are different approaches to determining and effective factors of competitive advantage. Industrial organization theorists believe that environmental factors are decisive factors in competitive advantage. The first theorist who introduced this concept was Bain who presented his theory in 1968. However, Micheal Porter is the most famous theorist in this group. According to Porter's viewpoint, the industry is the main unit for analysis. He believes that companies' profitability depends on industrial attractiveness and relative situation of a company within the industry. According to this model, if an organization adopts differentiated activities, pivotal competencies will facilitate diversity and differentiation and this brings competitive advantage for the organization (Najafi, 2010). Schoemaker and Amit also presented another theory. They believe that a company's profitability depends on the level of compatibility of strategic assets and industrial strategic factors and therefore the base of competitive advantage is an organization's interaction with industrial organization and competency theory (Yari, 2009). In contrast to this category of theories, some theorists emphasize on the importance of intra-organizational factors in achieving competitive advantage. These include resource – based view and dynamic capability view.

Resource-based view considers organizations as collections of resources and believes that an organization's resources account for its competitive advantage, on condition that it has some features like rareness, valuableness, small substitution capability and failure to copy or difficulty to copy. In other words, organizational resources are used as competitive advantage resource and if the resources have the above four features, the competitive advantage will be stable (Churchil & Supernunt, 1982). Dynamic capability view considers differentiated processes (coordination and combination methods) as a source for competitive advantage. This refers to the capacity for renewing competencies compatible with "dynamic" environment. In this viewpoint, the word "capabilities" refers to business situation, path interdependencies andreal market situations and the word emphasizes on the key role of strategic management in integration and restructuring of competencies, resources and organizational skills. According to this approach, dynamic capabilities cannot be purchased from market and its creation involves managerial dynamic processes within the organization. In general, it can be said that "industry" is the analysis unit in environmental theories and "organization" is the center for resource-based view and dynamic capability view and pivotal competencies theory. Considering the

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globalization of markets and development of competition worldwide, the present research aims to present a comprehensive model for integration of the present theories and provide a comprehensive model for considering national, industrial and organizational environments as analysis units. Therefore, first we define competitive advantage and describe its dimensions. Then, we use the present literature for identification of research indices and development and testing the research conceptual model.

Theoretical framework

Competitive advantage

Today, organizations know that markets are so competitive and environment is changing rapidly and they are not confronted with developing and growing markets, but they are faced with something beyond that and each customer has its own value for an organization (Haghighi et al, 2012). Competitive advantage is a collection of unique abilities of an economic unit which allows for entering markets and overcoming competitors. In order to define competitive advantage properly, management must conduct a complete evaluation of internal and external environment. When a manager can find strength in his or her firm which is both concordant with market needs and creates a relative superiority in market, it can be said that the firm has gained a competitive advantage. Companies can have competitive advantage over their competitors in technology, management and marketing (Zabihi, 2010). Completive advantage is a subject of study which has received a lot of attention within management and strategic marketing literature. There are different viewpoints towards decisive and effective factors. Industrial organization theorists consider environmental factors asdominant factors for competitive advantage. The first theory in this regard was introduced in 1968. However, the most well-known theorist of this group was Michael Porter. According to Porter's model, "industry" is the main unit for analysis. He believes that companies' profitability depends on industry attractiveness and relative situation of the company in the industry. According to his model, if a strategy causes an organization to do different activities in comparison with competitors, pivotal competencies facilitate diversity and differentiation and bring competitive advantage (Kotler& Armstrong, 2001).

Competitiveness concept

* acompetitive advantage is differentiation in dimensions of features of a company which enables it to provide services better than competitors (better value) for customers (Sadri & Lees, 2001).
* acompetitive advantage is a value which can be provided for customers so that these values are above customer costs.
* acompetitive advantage is a value which is provided for customers by an organization in a way that this value cannot be provided by potential and real competitors (Mehri and Hoseini, 2004).

The present era is accompanied with unpredictable and growing changes and companies are confronted with difficult competitive conditions due to presence of factors like unclear borders of markets, markets fragmentation, short product lifecycle, rapid changes in customers' purchase trends and higher levels of customers' knowledge (Rahnama et al, 2012). "Competitive advantage" is produced via a complex local process. Differences in national economy, culture, values and history of countries is effective in competitiveness of firms and country which is able to use these factors in development of the role of its firms can improve its firms' competitiveness worldwide. Many attempts have been made to quantify national competitiveness. One of these attempts is global economic meeting in Switzerland which presents an annual report in the field of competitiveness of countries.

Dimensions of acquisition of competitive advantage

Environmental capabilities

Today, competition takes place worldwide and globalization has collapsed supportive walls of countries for their national industries. Companies which are able to create and develop competitive advantage will be able to exploit global market opportunities. It is natural that global space is considered as the main governing system and national conditions of countries are subsidiary systems. Ability of subsidiary systems and their subsets (industries and companies of countries) in positive interaction with global economy has a direct relationship with capabilities of national environment of the country. For instance, motivational and competitive national environment of Japan is one of the main factors of successfulness of Japanese companies in worldwide economy. On the other hand, based on strategic management concepts, competitive strength of any organization depends largely on environmental factors like economic environment, political environment, social environment, technological environment and legal environment and also industrial environment indices like industry structure, competition strength, and industry growth rate and so on. Michael Porter tried to describe the reasons for successfulness of companies in worldwide competition. He found that competitive advantage not only comes from inside industries borders but also from environmental situation of organizations or industries. He also believes that an organization can increase its competitive advantage when it is surrounded by a strong

wall of purchasers, suppliers and competitors. He considers four main factors as decisive in global competition: factor conditions, national demand, supplier industries and organizational strategy and structure.

Organizational capabilities

In order to help organizations succeed, managers must have special abilities and potential competencies and experience and knowledge and socio-communicational skills. In order to have effective management, we must start from targets and managers must consider their human resource (Rahnama et al, 2011). Approaches which are based upon industrial organization which are also known as environmental approaches of competitive advantage have some limitations and have been criticized within the past decade. Many attempts have been made to remove theoretical faults concerning competitive advantage and they are mainly focused on the role of resources and internal capabilities or organization in development of competitive advantage. These approaches include resource-based view, competition based on merit and dynamic capabilities approach. These three approaches provide relatively similar solutions for competency theory in spite of differences. Competency theory is actually the most appropriate option for industrial organization model.

Relationship between competitive advantage and competitive intelligence

Competitive smartness means purposeful supervision on competitive environment in which organizations compete. Within the past few years, competitive smartness has become one of the main concepts of managementand is accompanied by the culture of pioneer companies. An increase in competitive smartness helps organizations with analyzing surroundings information and storing it usefully and accessing it if necessary. This facilitates information and knowledge trade within organization and improves effectiveness of the process of thinking and collective decision-making considerably. In today's world, competitive smartness is one of the necessities for most organizations so that they can increase their capabilitiesvia information analysis and increase in knowledge and awareness. Doctor Ben Gilad, a university professor and famous theorist of competitive smartness believes that: competitive smartness is the total knowledge that a company has about its competition environment and is the result of analysis of information pieces which bombard the company every day. This knowledge helps managers with finding a thorough image of the present and future scene of competition so that they can make better decisions.

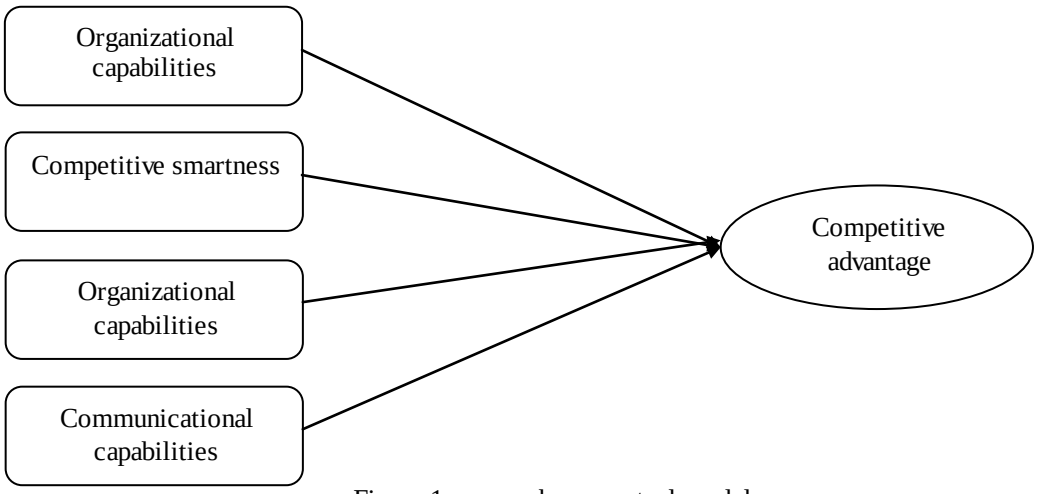

Figure 1: research conceptual model

Research hypotheses

1. Environmental capabilities influence acquisition of competitive advantage in Saipa Company.
2. Organizational capabilities influence acquisition of competitive advantage in Saipa Company.
3. Competitive smartness influence acquisition of competitive advantage in Saipa Company.
4. Communicational capabilities influence acquisition of competitive advantage in Saipa Company.

METHODOLOGY

A questionnaire was used for acquiring necessary data. A five-point Likert scale from "completely agree" to "completely disagree" was used as a scale of measurement. After preparation of a questionnaire, 20 questions were distributed among managers as a pretest and in order to investigate reliability of the questionnaire. Results showed that Cronbach's alpha was above 0.7. Furthermore, the validity of the questionnaire was also verified by experts. Therefore, the questionnaire had necessary validity and reliability to be distributed among statistical

population members. The present research was conducted in Tehran and Saipa Company in 2014. Sample members were collected by means of a census. Statistical population of the research included all managers of Saipa Company in different organizational levels (80 people).

Inferential data analysis

In this section, data are analyzed by means of inferential statistics techniques. Inferential statistics is a part of statistics which estimates and tests hypotheses on population parameters. Inferences made from sample members cannot be definite and generalized. Therefore, fundamentals of probability theory must be used for them. In fact, the final goal of inferential statistics is estimation of population features. In order to select an appropriate statistical method, first we must analyze normality of the variables. To this end, Kolmogrov-Smearnov test was used. Results are summarized in table 1.

Table 1: results of Kolmogrov-Smearnov test

significance	Test statistic	variable	question
0.078	0.628	Environmental capabilities	1
0.421	0.194	Organizational capabilities	2
0.214	0.321	Competitive smartness	3
0.103	0.154	Communicational capabilities	4
0.312	0.289	Competitive advantage	5

Results of the test indicate that the variables have normal distributions and parametric statistical methods can be used for data analysis. The basic question about each model is that whether these measurement models are appropriate? In other words, whether research data match the conceptual model or not? Goodness of fit indices includes AGFI, GFI, NFI, and CFI. The higher the indices, the better are the results. A proposed value for these indices is 0.9. Furthermore, badness indices include x^2/df and RMSE. The lesser they are, the better fitness the model has. Allowable value for X^2/df is 3 and RMSE is equal to 0.08.

Table 2.Results of calculations for model fitness criteria

result	*Calculated value*	*Allowable limit*	*indices*
Good fit	0.00025	*X<3*	
Bad fit	0.30	<0.08x0.00<	***RMSEA***
Good fit	0.91	*Above 0.9*	***GFI***
Bad fit	0.53	*Above 0.9*	***AGFI***
Good fit	0.94	*Above 0.9*	***CFI***
Good fit	0.94	*Above 0.9*	***NFI***
Bad fit	0.82	*Above 0.9*	***NNFI***

Values calculated for model fit indices indicate that some models have appropriate conditions and some others indicate that the model does not have a good fitness. Since most indices indicate appropriate fitness, it can be said that the model has a good fitness.

Table 3.results of testing significance of questions

significance	significance) t(number	dimension	question
.000	8.040	National infrastructure	1
.000	19.875	Related and supplier industries	2
.000	14.053	Industrial development strategies	3
.000	6.666	Structure of industry	4
.000	11.428	National demand conditions	5
.000	14.253	price	6
.000	7.966	Positive image of company	7
.000	11.851	Technical capabilities	8
.073	1.814	Content capabilities	9
.000	5.229	Marketing capabilities	10
.000	7.512	Strategic capabilities	11
.000	16.537	Innovation capabilities	12
.000	7.257	Strategic smartness	13
.000	7.966	Technologic smartness	14
.000	9.630	Social smartness	15
.000	17.776	After-sale services	16
.000	11.475	Relationship with customers	17
.000	9.630	Distribution and sales	18
.000	9.502	Network competition influences acquiring competitive advantage in Saipa Company.	19
.000	6.666	Relationship with suppliers	20
.000	9.630	Application of information and communication intra-organizational systems	21
.000	15.554	Response to customers	22

Considering the results of factor analysis of the questions, it can be concluded that all questions are significant except for question 9. In other words, since the significance value of t test is greater than 0.05, zero hypothesis of insignificance of the components is supported.

Results of research hypotheses tests and interpretation

Constant improvement programs which are common in managerial meetings are spreading widely in organizations. Managers use such plans which are usually expensive, in order to improve competitiveness in global market and resistance against complexities. Programs and techniques of persistent improvement are very diverse and preparation of a list of the actions is very difficult. Unfortunately, the number of defeats is more than the number of successes in using such techniques. In the present research, we developed the hypotheses based on dimensions of environmental capabilities, competitive smartness, organizational capabilities, and communicational capabilities. Using statistical techniques, all hypotheses were supported. The resultsof the research are as follows:

First hypothesis: environmental capabilities influenced competitive advantage in Saipa Company.

Considering the fact that regression coefficient was positive (=0.91) and t statistic (10.44) was greater than 1.96, it can be said that there is a positive and significant relationship between environmental capabilities and competitive advantage. Therefore, the first hypothesis is supported and it can be said that factors like use of national infrastructure, relationship with affiliated industries and suppliers, industrial development, investigation of national demand conditions and target markets and appropriate prices of products can result in acquisition of competitive advantage of Saipa Company.

In comparison with similar studies, it can be said that the role of environmental capabilities in Saipa Company in acquisition of competitive advantage is stronger in this research than other studies.

The second hypothesis: Organizational capabilities influence acquisition of competitive advantage in Saipa Company.

Considering the fact that the regression coefficient value is positive (0.95) and t statistic value (=11.26) is greater than 1.96, it can be said that there is a positive and significant relationship between competitive smartness and acquisition of competitive advantage. Therefore, the second hypothesis is supported and factors like use of marketing capabilities of organization, new plans presentation, use of up-to-date production systems results in acquisition of competitive advantage.

In comparison with similar studies, it can be said that the role of competitive smartness in Saipa Company is approximately the same as that of competitive advantage.

Third hypothesis: competitive smartness influences acquisition of competitive advantage in Saipa Company.

Considering the fact that the regression coefficient is positive (0.73) and t statistic (7.47) is greater than 1.96, it can be said that there is a positive and significant relationship between competitive advantage and acquisition of competitive advantage and the third hypothesis is supported and it can be said that use of elite systems and smart systems can result in acquisition of competitive advantage in terms of strategic and technologic aspects.

In comparison with similar studies, it can be said that the role of competitive capabilities in Saipa Company is approximately the same as other studies.

Fourth hypothesis: communicational capabilities influence competitive advantage acquisition in Saipa Company.

Considering the fact that the regression coefficient is positive (0.92) and t statistic (=10.65) is greater than 1.96, it can be said that there is a positive and significant relationship between communicational capabilities and acquisition of competitive advantage. Therefore, the fourth hypothesis is supported and it can be concluded that factors like optimization of after-sale services, increase in quality of relationship with customers, optimization of distribution and sales system, improvement of relationship with material and parts suppliers, application of exact information systems and optimization of customer-answering system can increase acquisition of competitive advantage in Saipa Company. In comparison with similar studies, it can be inferred that the role of communicational studies in competitive advantage is higher in the present research.

Recommendations

Considering the present dynamic and complex economic environment, companies have to investigate different dimensions of their industry and environment and identify opportunities and threats so that they can respond reasonably to environmental changes. On the other hand, organizations consider innovation as one of the main techniques for increasing competitive power. Furthermore, knowledge is very important and key factor due to rapid changes in technologies and sciences. Implementation of this knowledge is one of the main actions for creating competitive advantage and improving financial performance.

The following actions are proposed to be taken in order to acquire competitive advantage. It can be inferred that organizational capabilities have the highest scores. Communicational capabilities, environmental capabilities and competitive smartness are in the subsequent stages. Therefore, managers must emphasize on organizational capabilities. Other indices are in the next stages.

1. Leadership
Leaders determine values and organizational mission and act as excellence culture model.
Leaders use management and improvement systems and develop them.
Leaders are in relationship with customers, partners and society representations.
Leaders strengthen superiority culture within organization.
Leaders support evolution creation.
2. policies
Policies are based upon needs and present/future expectations of beneficiaries.
Policies are prepared based upon performance measurement and external comparisons.
Policies are implemented with a pre-determined methodology within organization.
3. Organizational capabilities
Environmental partnerships must be managed.
Financial resources or organization must be managed.
Organizational assets must be managed.
Technology in organization must be managed.
Employees' knowledge must be managed.
4. human resources:
Human resources must be improved.
Knowledge and creativity of employees must be put into action.
Employees' participation must be used as a development factor.
Mutual relationships and conversation between employees and management must be established.
Employees' performance must be paid attention.
5. proper design and management of processes
Re-engineering of organizational processes based upon customers' needs and beneficiaries.
Design and development of product based upon customers' needs
On-time delivery of products and after-sale services
Persistent management of relationship with customers and improvement
6. construction and maintenance of individual and collective learning for improvement of organizational system performance
Persuasion of learning for removing customers' needs
Reduction in final cost
Flexibility in production
High-quality and diverse production
Participation in the best functions and identification of new educational opportunities with management of knowledge masses
Firms are proposed to improve competitive advantage via improvement of business environment and necessary support for increasing knowledge and expertise (including technical knowledge, managerial knowledge and…).
It seems that Saipa Company can improve competitive advantage via internalization of science and technology.
Reduction in final cost can result in increasing competitive advantage. Furthermore, attention to R&D in reduction of fixed capital, increase in productivity in fuel consumption and productivity of human resources and reduction in production wastes can result in success.

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