

The role of business strategy to create a competitive advantage in the organization

Abstract

The business strategy is a significant factor that can be used to strengthen and improve the organization. It can create competitive advantages as more significant than the foreign market, thereby realizing sustainable commercial development where the survival and continuity in the Organization for the best. Consequently, the study aims to explore the relationship between the role of business strategy on creating a competitive advantage in the organization. Previous limited studies have been highlighted the important role of the business strategies in various fields in an organization. Therefore, based on the available empirical literature, this study highlights the role of business strategy to create a competitive advantage. We found the business strategy has a vital role in the competitive advantages to gain the market. Moreover, the organization market affected by a good quality strategy. Furthermore, the study offers useful suggestions to different stakeholders for the importance of business strategy in the organization context.

Keywords: business strategy, competitive advantage, organization

Volume 4 Issue 4 - 2020

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Received: June 07, 2020 | **Published:** October 26, 2020

Statement of intended contribution

The business strategy indicates the strong pillar of the economy, where the business strategy represents a large sector in an economy, that should be encourage to focus on marketing to earn the competition market. Therefore, on this study have been highlighted the influence of the role of business strategy to create a competitive advantage in an organization.

Introduction

The survival, continuation and growth of any organization depend upon the nature of strategies adopted. The future framework adopted by the high administration in the light of considering the changes that take place in society that can be achieved by adopting plans and policies and taking procedures to implement these strategies to achieve the goals has been determined. The business strategy viewpoint argues that making competitive advantage hinges on pursuing a cohesive competitive strategy.^{1,2}

A good business strategy takes into account existing barriers and resources, people, money, power, and materials that must be consistent with the vision, mission, and overall goals of the organization's initiative. The initiative often uses various strategies to achieve its goals - providing information, strengthening support, removing barriers and providing resources to how the form of success will be attained when attaining vision and mission. Conversely, strategies suggest ways to be adopted and how to move on the road of success. The strategies help the organization determine how to achieve the vision and goals by working on the basics.³

The importance of business strategy is reflected in its ability to analyze and address the challenges facing administrations including the global business and global competition, accelerating the effects of the driving forces of globalization in various fields of life, the

emergence of knowledge societies, the tremendous and rapid qualitative progress in the field of informatics and its root effects on business activities, increasing the frequency of competition locally, regionally and globally and continuing to change in the rules of the business game.⁴

Strategic management can achieve a kind of planned dynamism or some kind of positive spiral that drives senior management and strategic decision-makers in the organization to acquire the capabilities and skills of strategic thinking and vision of the future by perceiving reality and predicting market variables, responding quickly to consumer needs and predicting future behavior to achieve a competitive advantage to these organization.⁵ This paper aims to provide a basic understanding of a good business strategy way on creating competitive advantages and attempts to explain the advantages. Furthermore, to describe the importance of business strategy for the competitive advantages in the marketing sector.

Background

The word of strategic comes from the Greek word as military ingenuity and a good military commander, the strategy gives the general direction of an initiative or in the other words is a way of describing how we will do things and how do we get there.^{6,7} The strategic management includes the formulation and achievement of the major goals and initiatives taken by an organization's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization operates.⁸ Strategic management provides the overall direction of the business, including the goals of the designated organization, the development of policies and plans to achieve those goals, and the allocation of resources to the implementation plan.⁹ Strategic management is the highest level of management activity that planned, developed or directed by the directors of organization and

then implemented under the supervision of the organization's senior management team or senior management.¹⁰ Strategic management provides the overall direction for the company and is closely related to the organizational research field. In the field of business management, it is useful to talk about the strategic consistency between the organization and its environmental or strategic alignment.¹¹

The strategic literature proposes several business types or competitive strategic directions to describe how an organization develops a competitive advantage in an industry relative to its competitors. The common tendency of all these types of business strategies is to focus on the relative importance of efficiency and market effectiveness.¹² In a rapidly changing economic environment thanks to various innovations and technological developments, companies must be able to adapt and quickly anticipate these developments through the creation of sustainable innovations adapted to the needs of the market. Business strategy orientation and social capital are very important to promote the capacity for competition in the market. It is very important for companies to improve the entrepreneurial orientation which includes innovation, proactivity and risk taking which are useful for renewing established businesses and increasing competitiveness in the market. The tendency to engage and support new ideas, new things, experiences and creative processes require knowledge, skills, technology and the support of various stakeholders involved.¹³

The theory of RBV, which supposes that companies whose orientation about its own capacity is one of the means to acquire a competitive advantage compared to its competitors. The moderating effect of the age of the company on the influence of innovation on competitive advantage so that political decision-makers can channel funds and consider granting subsidies to young companies to ensure a return on investment profitable in the future (Figure 1).¹⁴



Figure 1 The hierarchical triangle of successful business strategy.

The business strategy represents the fundamental of a hierarchical triangle of successful marketing.

Business strategy management is the art, science, and process of developing, implementing, and evaluating cross-functional decision making to enable organizations to achieve their long-term goals. It is the process of designating an organization's mission, vision and goals, developing policies and plans, usually in terms of projects and programs, achieving these goals, and then allocating resources to implement policies, plans, projects and programs. Strategic management aims to coordinate and integrate activities across all

functional areas of the enterprise to achieve long-term organizational goals. Balanced scorecards are often used to assess a business' overall performance and its progress in achieving its goals.¹⁵

The business strategy in organization

The business strategy defined as the medium that determines the long-term direction and field of the company and determines how the company will obtain the resources needed to meet the needs of the market and stakeholders.¹⁶ The most important strategies must be present in companies as business strategy that aims to succeed in individual markets and must be linked to corporate strategy objectives. The first step is to develop a strategy at the business division level in analyzing the competitive market by gathering the necessary information about competitors in the market, and people must be at a high level of competence to meet the needs of customers in the best way possible. In addition, options to exploit and develop opportunities in the market should be explored. The business division strategy is likely to be the most visible in every area of business, and people within each department should have the ability to link their work directly to their department's strategy. They should also be aware of the appropriate ways to apply this strategy by the best means. There is a clear definition of the business department and its tasks, vision and values.¹⁷ Team Strategy in organizations need a group of opposing work teams to implement company and business strategy strategies successfully. Each team must have its own strategy to carry out its assigned tasks. All strategies should support each other to ensure success for the organization. As a whole. One of the most important elements of success and effectiveness in the work of the team is to apply the best management methods to help the team to achieve success, in addition to managing resources, focusing on quality at work, and excellence in the implementation of business.^{18,19}

The business strategy construct

Many different definitions and typologies of business strategy have been proposed in the strategy literature. The original typology is that of Porter, it encompasses the generic strategy of differentiation, cost leadership and focuses. The strategic classification scheme employed based on Porter's strategies of differentiation versus cost. The research considered the generic strategies of differentiation and cost exclusive of focus because these are the two basic types of competitive advantage a firm can possess. However, the Strategies may be dimensions along which firms can score high or low.²⁰⁻²³

Classification of business strategy

The classification of a firm's business strategy into different categories of descriptions. The sample distribution across categories appear in parentheses, Differentiation Company's business strategy is to differentiate its product offering by creating a product that is recognized industry wide as being unique and which can command a premium price due to the uniqueness of its attribute. Company managers devote a great deal of attention to product differentiation, although cost reduction is not ignored. The approach or approaches that company uses for differentiating its products from others may include one or more of the following: quality, brand image, superior product performance, innovative product technology, product reliability, a large number of product features or options, excellent customer service, superior accessibility to product, speed of delivery.²⁴ The company's business strategy is to differentiate its products from similar, competing products based on one or more attributes e.g., quality, service also to provide a competitively priced

product offering. Therefore, although the company's major strategic emphasis is on product differentiation, the firm is also concerned with minimization of costs and pays a great deal of attention to operating efficiencies. The company's primary strategic emphasis is to provide the lowest or one of the lowest priced product offerings available in the industry. The company aggressively pursues cost reductions from experience, and places a great deal of emphasis on operating efficiency and fixed cost and overhead control. A secondary strategic emphasis is on differentiating the company's products from competing products based on one or two actual or customer perceived product service attributes.²³ The company's business strategy is to achieve overall cost leadership within its industry. Important components of this strategy include the aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, emphasis on operating efficiency, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, etc. Company managers devote a great deal of attention to reducing costs although quality, service, and other areas are not ignored.²⁵

Successful business strategy

Creative a good business strategy should keep in mind before implementing a strategy, remember what your primary goal is, remember your audience or target customers, focus on your products and services, brag to the public about the uniqueness and quality of the products and services you are offering, to communicate effectively and justify the price you are charging customers, make realistic and attainable plans, perform an analysis to identify the possible risks and have a backup plan ready that you are always equipped to face any kind of competition.²⁶

Competitive strategy and performance

The competitive strategy is primarily a result of the managerial decision-making model to guide the organization in how to compete in a highly competitive business environment.²⁷

The basic idea of the general strategy concept is that competitive advantage is the core of any strategy. Therefore, to gain a competitive advantage needs to make decisions, establish a viable organizational structure and adopt a good management approach to achieve the desired competitive advantage and the scope of achieving the goal. The previous study found that strategies that achieve above-average performance in any industry are cost-leading. Each common strategy involves a fundamentally different path to achieving performance, and the organization must decide what to pursue the competitive advantage (cost leadership, differentiation or focus) to achieve the above industry performance. However, there are two variants of the focus strategy, cost focus and differentiation focus. Organizations that develop, practice, and maintain differentiated strategies will enjoy industry performance if they are at a premium price.^{28,29}

The organization shows more likely to adopt differentiated strategies to differentiate themselves from industry competitors. Similarly, if an organization gains overall cost leadership and performs construction work at a comparable or lowest response price to its competitors, they can also achieve performance above the industry. However, it is intended to adopt any of these strategies, especially in a project-based industry where each strategy is unique and the organization must bargain and utilize all possible sources of cost advantage.^{30,31} The strategic management and general strategies affect organizational performance in different ways, so they are adopted by organizations that wish to surpass competitors.³²

Conclusion

In conclusion, this study highlighted the influence of the role of business strategy to create a competitive advantage in an organization based on the limited previous studies, so the study shows the importance of business strategies on creating competitive advantages in organization to gain the market, which is one of the essential pillars of competition. The study presented the relationship between the business strategy and its role to create a competitive advantage in the organization, also the study offers useful suggestions to different stakeholders for the importance of business strategy in organization context. Business strategy includes the products or management policies that enhance competitive advantage in the business sector.³³ This study provided ways of increasing the value of business strategy to create a competitive advantage in organizations by making the customers consistently choose it over competitors. So to do a good business strategy focus on the defining your brand, knowing your competition, identifying customer preferences, identifying your personal preferences, strategies for gaining competitive advantage and remaining unique.³⁴ Effective competitive strategy based on knowledge of what the organization's goals and how can achieve them to stay ahead of the competition. The effect of business strategy on generating a competitive advantage in this sector needs more research to know the most important factor for success the business strategy in the competitive market.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

None.

Ethical approval

Not applicable.

Acknowledgments

The authors thank Mr. Abdulalem Mohammed and Mr. Kamal Hezam for their ideas and guidance for Article design.

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