

SELECTION OF ORGANIZATION MODELS AND CREATION OF COMPETENCES OF THE EMPLOYED PEOPLE FOR THE SAKE OF COMPETITIVENESS GROWTH IN GLOBAL BUSINESS ENVIRONMENT

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ABSTRACT

This paper is a result of its author's work, whose goal was to examine the role of globalization in the change of organization models and intensification of its competitiveness, following trade liberalization. In addition, the goal was to define competitive advantages, which the companies have to develop in order to survive in a highly competitive global market. The study has shown that market expansion does not mean that only big business subjects will be able to make a profit. Also, the analysis has shown that there is no correlation between a big market and success of big businesses. In other words, globalization rewards the companies which are innovative and competitive, regardless of the company's size and country of origin.

Keywords: competitiveness, globalization, company, decentralization, trade, investments, new organization models

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INTRODUCTION

In the last two decades, the globalization has occupied a special attention of scientists, having in mind its great impact on the development of global finances and financial markets, knowledge extension with the help of the improved communication terms, expansion of multinational companies and decentralization of economic activities within and among the companies, development of global oligopolies and reduction of barriers in trade and investments. Namely, the internationalization of all types of economic activities is growing. In situations where the organizations mutually integrate, they cross local borders and simultaneously contribute to simultaneous economies of several countries. Based on the opinion of many scientists, globalization has interrupted a previously strong local and regional economic identity of countries, (Radovic-Markovic,2019). To support this attitude, globalization was described as a vast and powerful multinational company where the impact of regional governments and administrations is significantly reduced. This has got simultaneous positive and negative dimensions from the aspect of national countries. This was particularly stressed by the Nobel Prize winner for economy, Stiglitz (2002). An increased connecting, according to his opinion, has led to the increased need for a new type of social, political and legal regime, which will increase the difference between the rich and the poor. He has put the basic stress to the fact that there isn't anything unjust in the aspect of economy when it comes to globalization, but these processes will provide new possibilities for an unscrupulous group of people and interest groups. Imposing new economic and business patterns will create an entirely new set of consequences and decisions. These decisions will be focused on an optimal use of resources and will provide the greatest advantages to the most developed countries of the world. Such attitudes have led to great debates, which have tried to confirm or deny who will profit the most-developed or undeveloped countries in terms of new economic movements under the impact of globalization. However, the thing that cannot be the subject of any dispute and that most economic experts agree about is the fact that it is difficult to separate mutually connected economic, political, cultural and institutional dimensions of globalization. In addition, there is a general compliance about the most important aspects of globalization:

- Globalization has led to the increased number of new jobs and thus the increased employment. The economists agree that in the USA there was more than 50% of jobs created in the last decade, which is directly connected to the global economy.
- New technologies have become a crucial business factor and a significant competitive advantage of the companies in modern terms of business. Usage of technological advantages, particularly in the domain of information and communication technologies, have an impact on a closer connection of economies in time and space, enabling the businesses to be performed in a new way and through a closer mutual interaction. There are also introduced new communication and coordination systems, as a link between different organizational cultures.
- There was created a new organizational culture of the companies, under the impact of global economic movements.
- Globalization provides a possibility of a greater cooperation between suppliers, manufacturers and buyers and enables a much more fluid marketing environment where an organization can extend its markets and thus increase its profit.
- It has come to the integration of financial markets. Namely, globalization affects the financial sector to a higher extent in relation to all other sectors since the money transfer

is performed through computer operations. Having this in mind, it is not surprising that this sector was the first one to experience the effect of globalization.

- Globalization has also largely affected the change in trade structure and increase of foreign direct investments and the competitive advantages of some countries.
- Globalization sets new challenges in life cycles of products and services ; users are increasingly demanding (Krstić, et.al.2018).

Having in mind a very wide range of globalization's effects on global economy, the aim of this paper is to focus the study on one segment only and examine the manner in which the globalization reflected itself on the creation of a new model of organization structure and the increase of international competitiveness of the company. In addition, the aim is to determine which competitive preconditions should the companies develop in terms of new economy.

Defining of competition and determining basic forms of competitive advantages of the companies

OECD defines the competition as “the level of advantages that one country can achieve in conditions of free and specific marketing conditions, producing products and services that can pass the test of international markets, while real profits of people are maintained during a longer period of time”

Competitive advantage can be defined as a unique position that a company develops in comparison to its competition. Many scientists consider that competitive advantage is achieved by acquiring a superior position in the market. This superiority depends on the consumers and therefore it can be observed and analyzed from their perspective. For example, the company can produce those products and services that are superior by their performances in relation to other products and services, but as long as the consumers accept them as superior, the company will not achieve competitive advantage. In other words, the company can offer superior products to consumers similar to those that are offered by the competition, but at somewhat lower prices or offer the products and services that aren't part of the offer of their competition. In that manner, the company achieves its competitive advantage in the market, i.e. main forms of competitive advantage are lower prices and diversity of products and services.

Let's assume that an economy consists of L workers and n number of companies. Each company has got its own market where the consumers express their different requirements. Requirements or preferences of consumers in relation to market offer of companies can be expressed in the following manner:

$$U = \left[\int_0^{\gamma} y(i) di \right]^{\frac{1}{\gamma}}$$

$$0 \leq \gamma \leq 1$$

In this form, we express the consumption of the product i with y(i). Parameter γ

determines the level of product diversity. As the parameter γ is higher, the products are more similar and the companies have less market power and they are less competitive and vice versa.

Namely, competitive advantages of a company are a result of an appropriate combination of prices and different positioning in the market.

The role of small and medium companies has significantly changed after the 1980's. the processes of adaptation, as well as reaction to the oil shock and revolution in information and communication technologies, have caused the changes in perception of small and big companies, as well as the character of their interaction in the market (Radović-Marković and Tomas 2019).

Selection of organization model

“Companies are focused on redesigning the organization itself, with nearly half actively studying and developing new models” (Bersin et.al. 2017, p.1). Having in mind that all the waves of globalization in modern history were in one or another way encouraged by technical and technological innovations, that was reflected on the change of doing business in a fundamental manner. Namely, the growth of information and communication technologies is of an exceptional significance, because they exert pressure on small companies to look for new, flexible and efficient forms of organization. Namely, in accordance to all these changes, the companies look for new models of organizational relations which are more suitable to the existing business environment, putting the development accent on two complementary directions:

1. modification of organizational structure which will enable rapid adaptation to the altered business conditions, both on the market and within the borders of the very company, with minimum costs and with as higher quality of products as possible (Pollalis & Dimitriou, 2008); and
2. intensive usage of information-communication tools for knowledge and information management.

A special form of networking, suitable for MSP, are virtual organizations. A concept of a virtual company answers the two previously mentioned requirements (Iandoli, et al., 2014).

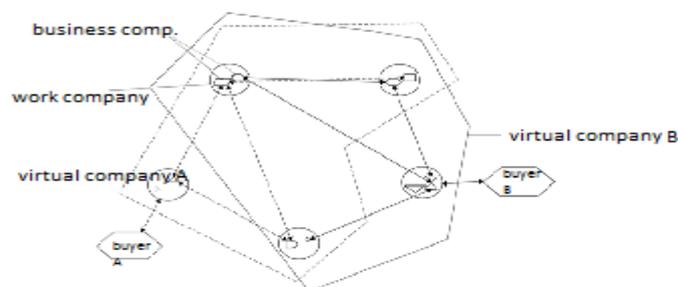


Figure1 Concept of virtual companies

Source: Marković and Radović-Marković, 2013

Virtual companies possess their characteristics in basic form and as such they can achieve different forms of cooperation and integration with other virtual companies. Depending on the integration level, different form of information is also transferred in order to achieve common excellence.

Global flows in global trade also had the impact on the increased trade in semi-finished products. Global company performs one phase of production on one location and imports semi-finished product as an input for the second phase of production on the other location. Thus obtained product is further exported on the third location where final phase of production will be ended and a new product obtained. Therefore, for the period of production process, all its phases are done on

another location. In this manner, international organization of production leads to the increased trade in semi-finished products and direct international investments. Simultaneously with these changes in global economy, corporation sector in developed countries of the world is significantly changed and it has experienced its reorganization. The companies have started to make decisions in a decentralized manner within an organization. It has affected the reduction of hierarchy within the company and losing the managerial medium layer. However, the most dramatic changes have occurred in the aspect of significance that human capital has obtained in relation to all other resources and thus it has become a backbone and main strength of a company. Since human factor is not owned by the company, management of modern companies is focused on finding a manner to retain talents and prevent them from leaving the company.

“As organizations become more digital, they face a growing imperative to redesign themselves to move faster, adapt more quickly, facilitate rapid learning, and embrace the dynamic career demands of their people”.(Bersin, p.2). in each company, owner or director employ the managers which should establish separate sectors and employ the workers who will be engaged in production process. Director and managers must be informed on profitability of a project, which should be realized by the company. In addition, it is required for them to jointly take part in determining organization form, which would suit the international competition to the highest extent. According to this, we ask the question which organization form should be chosen in order to respond to the changes in international competition to a higher extent?

Numerous experts try to determine main characteristics of successful companies in the future, giving different names to their concepts, such as: “flexible firm”, “company based on knowledge”, “company based on small-scale production”, “firm with high work performances” etc. in the essence of all those concepts there are different approaches and assumptions. In spite to this, all of them agree in the aspect of common characteristics of successful companies, which will be able to develop their competitive advantages. Namely, they set aside the following characteristics as the most important:

- Several different knowledges of employees, in order to be able to respond to different tasks and obligations (Radovic-Markovic et.al.2017).
- Rotation of employees from one to another position, in order to be able to permanently professionally improve themselves and progress
- Encouraging teamwork, cooperation and connection of employees to their business partners and clients
- Greater inclusion of employees in development activities of the company

It is required to observe an organization or company as a system that consists of mutually intertwined numerous functions and characteristics that determine the success of business of the given company. The companies, which did not manage to adapt themselves to new requirements, have found themselves in danger to lose their strategic advantages, so that they had to find their competitive advantages through lower costs of traditional production factors, such as work. However, those companies that have adapted themselves to the new organizational requirements have increased strategic maneuvering space and created additional competitive possibilities in the market. Namely, competitive advantage does not have to be increased by the reduction of costs, but also the quality of production, innovativeness, constant development of products and services, comprehensive concept of services or the ability to rapidly answer the requirements of buyers and business partners. This was reflected in a positive aspect only on the increase of competitive advantages, but also the terms of employment in the organization.

The example to use the possibilities of globalization for development of SME offers (especially in countries with small internal market), global start-up companies. Namely, speaking of the future of entrepreneurial sector, a great number of researchers in the world believe that global start-ups will change global business and business style (Lesáková,2014; Devinney, et.al. 2016). It is about an organization which has extended itself to more than 15 countries and it makes more than a billion of American dollars of annual income. Global start-up companies have a significant role in innovations development. They are formed to exploit the possibilities in international market in almost every sector. Although small and medium companies were traditionally considered endangered in internationalization due to the limited size and resources, they play important role in this type of internationalization (Radović-Marković and Tomas ,2019). In addition,organizational model creation is highly dependent on different cultures by determining business strategy, leadership style, motivation etc. (Radovic-Markovic,2018).

Increase of competences of employed persons for the sake of growth of company's competitiveness

There is a great compliance between researchers that e-skills are becoming more and more important for the improvement of competitiveness, productiveness and innovations, as well as employment of labour and its professionalization. In that aspect, there is a rather expressed need to ensure knowledge, skills and competences of managers and IT specialists in this field, as well as users, in order to be able to affect the meeting of the highest global standards, which are continuously improved through the process of effective lifelong learning. Namely, increasing competition and globalization have set the innovations to the fore of industrial development. The lack of capacities for successful risk management particularly jeopardizes small companies.

Model of IT competences of managers consists of two dimensions: knowledge and experience. The role of entrepreneurs in companies, especially small ones (from 0–49 employees), which are the most numerous, is described in literature as leadership, managerial and coordinational, as well as entrepreneurial, as the undertaking new combinations and responsibilities, risks and innovations, and all of that in order to realize strategic goals of the enterprise.

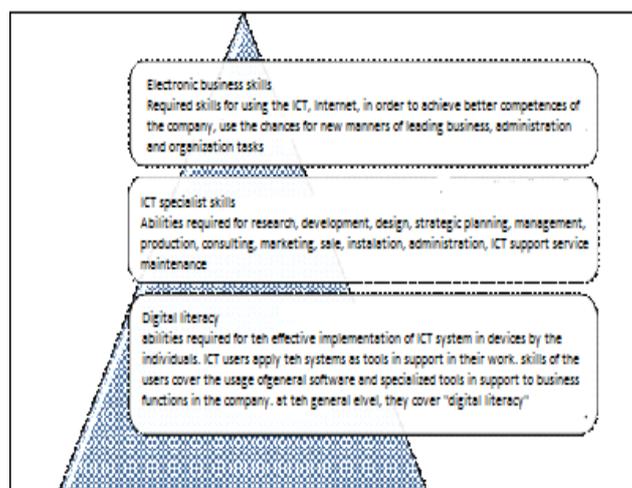


Figure 2. Pyramid of information competences

Source:Authors

Correlation between different types of changes in an organization points to the changes that have occurred by using electronic functions of the company. Regarding this, there are numerous examples in Europe showing competitive advantage in implementation of new technologies that the employment have with IT education, because they adapt them as new ideas more rapidly than the others. Rather high obstacles that exist for the entrance of SME to some new market are facilitated by higher usage of IC technologies because costs are reduced in that manner, productiveness and profitability are increased and workforce is additionally motivated to learn and increase competitiveness.

CONCLUSION

Although limited resources make small companies sensible to changes in external environment, through their activities-action plans and business strategy in risky situations, they are able to perform a significant impact on own performances and survival (Radovic Markovic, et.al.2018). First of all, the changed economic and other terms of business require “extreme internal and external adaptation to changes”, which was shown in many developed countries such as Sweden and Denmark. This main characteristic of the enterprises in the countries mentioned, in comparison to the enterprises that have measured their success by their financial performances, has given much better results. Accordingly, less and less companies in today’s business environment base their functioning on old Taylor and Ford work models. As opposed to the old work models, there is gradually been formed global management with entirely different management in relation to the traditional management model. Global manager is expected to have a global vision of work, which will enable him to be above the existing geographic, competitive and other constraints. This global managerial vision is determined by a greater number of factors. One of the most important is the ability of the manager to observe global market as a whole. All the types of differences-ethical, national, religious, culturological and others should not be taken as a constraint, but the challenge and source of many new possibilities (Radović-Marković and Tomas 2019). Only in that manner and with the possession of more relevant knowledge than competition, we can raise the level of competitive advantages of some company in global terms of business.

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