

THE ROLE OF KNOWLEDGE IN THE DEVELOPMENT PROCESS OF COMPETITIVE ABILITY OF DOMESTIC COMPANIES ON THE GLOBAL MARKET

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***Abstract:** The constant movement of the market and speed has become the main factors of business enterprises. In order to maintain and enhance the competitiveness it is essential to work constantly on the implementation and improvement of the new techniques and activities on modern business methods. The main factor underlying the new model of organization management is knowledge. The basic imperative of modern economy and crucial global competitive factor lay in continuous improvement of knowledge and work productivity. The application of modern management techniques is an essential precondition for the success of business in general.*

***Key Words:** competitiveness, management, business subject, quality, knowledge.*

1. INTRODUCTION

In the last twenty years there have been established new conditions. There was a rounding of the globalization process. Political globalization has influenced the creation of new competitors on the market, taking into account mainly newly-industrialized countries, as well as countries that have successfully completed the process of economic transition. After the fall of the Berlin Wall a new market economies were created and they have become competitors to traditional leading economies of the world, and Japan won the competition in China, South Korea, India and Indonesia.

Competitive conditions have changed, and in terms of elements that enable companies to successfully fight on the market. Quality is imperative, and it is based on the continuous improvement of business productivity. Quality is given by the management of the organization as a market concept, which creates conditions for achieving business excellence. Improving the quality of business operations is the basis for the improvement of other factors that affect the competitiveness of companies internationally. The success of the com-

pany is significantly associated with incorporating the concept of quality which enables competitive advantage. In addition to working on the implementation and development of the concept of quality, the company that wants to achieve business results based on the actions in the international arena, has to improve the knowledge of their employees, particularly executive management, as well as to apply modern management techniques. It is important to have in mind that "unlike physical goods, knowledge is not destroyed in consumption; its value in consumption can be enjoyed again and again. Therefore, we can say that investments in knowledge multiple through distribution of knowledge". [1, p. 62] Emerging conditions have shown that large corporations, burdened with unnecessary bureaucratic administration and management are losing the race against the smaller and enterprising Corporations, especially those that come from the newly industrialized countries of the world, where it is operated on the basis of lower costs.

The main problems that arise in the process of organizational management in the countries in transition are as follows: failure to adopt modern management logic, lack of understanding of the process of an integrated approach to organizational management, marketing misconception, inadequate treatment of investment in marketing, organizational structure problems, insufficient speed of adoption of new trends, methods and techniques in management. Domestic companies are still in the initial stage of implementation of modern management techniques and principles, not all of them, but only those who have successfully completed the process of transformation. The Western Balkan countries are an obvious example of how the cumulative effects of the global economic crisis and recession transitory negative impact to both, economy and the competitiveness of individual businesses. The way out of this situation lies in the improvement process driven.

2. NEW MANAGEMENT PARADIGM

Taylor realized that management is required for incursions intellectual leaps in the long jump. Modern business organizations are facing such a leap. According to Adizes, management must be proactive to change and synchronize subsystems. This makes the organization strong [1, p. 32].

Modern understanding of management is influenced by the global economic crisis in 2008. Years of appropriation of management techniques at the moment global crisis could not provide practical answers to the question of market survival. The problem lies in the fact that large corporations were unwieldy bureaucratic, burdened with unnecessary administration and turned only its own profits. This situation might not take long, and that did not happen to the global economic crisis, it would become a problem expressed in terms of the lack of competitiveness of companies from developed countries to the industrialized countries of the competition - only companies from industrialized countries during this crisis showed that the vitality. The problem of competition and the establishment of a new model of competitive advantage is essentially a problem that is only further demonstrated during the global economic crisis.

New realities require new organizational and management skills. During a paradigm shift companies are changing and restructuring to make their lead for. Improving knowledge directly affects the productivity improvements and business, which affects the quality improvement business, which results in a better competitive ability.

Corporations are doing business in the global economic crisis. In times of crisis, maintaining stable financial flow is important. Cash is the most important - so it is well to keep cash and reduce costs. In the long term, it is necessary to preserve human resources in order to overcome the crisis. On the other hand, even before the crisis in 2008, one important part of the corporation coming from developed countries in the world had problems with competitiveness, especially in comparison to those corporations that come from South-east Asia, primarily China. Thus, the problem is more systemic in nature and they are even more emphasized by the effects of the global economic crisis. Problems become more systematic. According to some beliefs, systemic problems require systemic solutions. Therefore, you cannot solve the crisis by releasing 20% of your employees - it resembles more the liposuction [1, p. 78].

According to some beliefs [2, p. 171], by 2020, to the two groups of companies will have been allocated. The first group of companies will be organized on the model of theater companies – they will gather and have already competence and capital together to fulfill a specific task, and their life expectancy will depend on the founder of the project. Most of them will disappear along with its founders and their employees will be paid temporary workers to perform the particular task. They will fall apart after they have carried out one piece - a product or several products.

Companies that would fall into the second category will be less frequent and permanently organized on the model of circus or film studios, or the name, project, or story. It will consist of more troops (temporary workers, who will constantly rotate each other) and their performances will run to where the market is located. The first of these quality companies that will be in every season other products shall be offered. These companies will be the company conglomerates which essentially belong to the first group of companies - corporate theater company. The main activity of these conglomerates will be the brand.

On the other hand, the main financiers of the future will not be the banks, but insurance companies. The crisis in 2008, showed shortsightedness of investment banks and inadequate behavior according to the requirements of the 21st century. Therefore in the future, the financial market and the market in general insurance companies will have primacy. Insurance companies will become majority owners of major conglomerates and companies from other groups, which are organized on the model of the circus, and film studios. Even today the outlines of the second group of corporations can clearly be discerned - large conglomerates, which mostly come from the U.S. markets - AIG (insurance), Disney, Whirlpool, Pearson (Education), Wal-Mart, Eksnon, Microsoft, Boeing, Nike, Motorola, Coca-cars, and a few come from Europe - Nokia, Oreal, Nestle, Mercedes, etc.. Logically, most of the companies in this group in the future will come from China and India, Brazil, Mexico, Russia, etc. In the view of Athaliah [2, p. 111], the two will dominate the industry - already dominate - the global economy - insurance and entertainment. On the one hand, to protect them against risk, rational market participants in the game will increasingly insist on insurance.

3. KNOWLEDGE IMPROVEMENT AND DEVELOPMENT OF COMPETITIVE ABILITY OF DOMESTIC COMPANIES

Most domestic companies are insufficiently competitive on the global market. Only a few local companies can successfully perform in the regional business environment. Global

analysis of innovation and competitiveness points the embarrassing facts when it comes to companies from Serbia. The lack of business productivity and innovation of local companies comes not from technological aspects of the business, as much from a lack of productivity knowledge of local executives. This is true for most of the companies that come from countries in transition. According to the accepted opinion, [3, p. 197], the main problem is the lack of competitiveness of domestic firms, which occurs as a result of low productivity and lack of business application of new technology and knowledge.

In order to come to conclusions about the need to apply modern management methods and techniques in the process of improvement of domestic companies completed the study. The study involved the analysis of views of experts and managers of organizations (pattern projected 50 units) with respect to the above defined problem and performed in the period from January to June 2012, on the territory of Serbia, in order to obtain the opinion of enterprise managers on the application of modern management methods and techniques in local business organizations.

A large number of respondents, 66.7%, said that the organization in which they work can be characterized as an organization that applied modern methods and techniques of management, while 33.3% think the opposite. Of the respondents who feel that their organization applied modern methods and technology fields of management and the largest number, 42.9% of them mentions the methods and techniques of strategic planning, 23.6% of marketing information system, 14.2% of the development of innovative activities, human resources 4, 7%, 4.7%, time management, management rational resources 4.7% [4].

Respondents rated the organizations in which they work in relation to the **technological level of the organization and the level of competitiveness of the organization**. Gathered results are given in Tables 1 and 2.

Table1. The Evaluation of the Technological Level of the Organization

Rank	The Evaluation of the Technological Level	Respondents' response
1.	Satisfactory	60%
2.	High	24%
3.	Average	16%

Table2: The Evaluation of the Level of Competitiveness of the Organization

Rank	The Evaluation of the Level of Competitiveness	Respondents' response
1.	Satisfactory	60%
2.	High	20%
3.	Average	20%

As the main **factors to improve business** analysis the managers point the following: training employees - 21.3%, increase business productivity - 17.7%, improving information business base - 17.7%, improving the quality of business - 13.5%, the internationalization of domestic companies - 9.9%, based on **the development of local business organizations includes the following elements**: investing in employees - 22.4%, investment in equipment and technology - 18.8% investment in the development of new products and

services - 17.3% investment in staff training - 12.6% investment in administrative office building - 11.9%.

Essential elements for the development of competitiveness of domestic business organizations are: improving business productivity - 21.3%, permanent improvement of the management and employees - 18.4% investment in the development of national brands - 15.4% development of entrepreneurial culture in business - 14, 7%, creating strategic alliances - 9.6%. As the **main obstacles in the development of the competitiveness of domestic firms** can be observed the following: lack of financial capital - 20%, lack of knowledge - 18.6%, outdated equipment and technology - 15.9%, insufficiently stimulating business environment - 13.1%, inadequate use of modern methods and techniques of management - 12.4%. According to research results, **methods and management techniques** to be applied in the domestic business of the organizations are:

- Database Management 18.4%,
- Quality Management System – 17,6%,
- Corporate Social Responsibility – 17,6%,
- Relationship Marketing- 16,8% and
- Benchmarking – 12, 6%.

The need for the implementation of these management techniques, according to the managers of local companies analyzed, substantially corresponds to generally accepted theoretical views on the restructuring of the business functions in the modern organization and provision of special strategic importance of the marketing function, and quality of research and development. The primary purpose of any business management functions, especially those functions that are associated with the enterprise strategy, consisting of information - good information enabling successful business action. Information itself has value, knowledge translates into market power. The quality management system is a fundamental tenet of building integrated management system - quality is the basis of competitiveness of any organization.

The quality and productivity are interrelated - when improving quality, and improving the productivity. Corporate social responsibility has become an imperative of the modern business, because it takes into account the demands of interest groups and incorporates them into the business policy of the company. The modern corporation has to be responsive corporations. Benchmarking is essential for continuous analysis of the competitive position of organization.

The largest number of respondents, 75% stated that their organization has implemented a quality management system according to the requirements of the international standard series ISO 9000. The organizations that have introduced quality management system according to the requirements of international standards ISO series 9000, only 30.4% of developing integrated management systems. These data fully reflect the state of the local companies that are financially weak and resources and who have neither the funds nor the strength to develop quality and integrated management systems as a prerequisite to achieve business excellence. The other point of view, most of the managers, the 66,%, according to the domestic market, there are local organizations that can be characterized as a business executive, while here they probably had in mind the importance of these organizations in the national and regional frameworks, but and global frames. If they made sure the global market, you may not be able to find a company that would be characterized as a business executive organization.

4. CONCLUSION

Obsolete models of organizational management are replaced with new, more sophisticated models, which are adapted to modern market conditions. The future belongs to those business organizations that were the most resourceful, innovative and flexible. The global economic crisis has shown that these are mostly business organizations from newly industrialized countries such as China, India and Brazil.

Domestic companies have to base the internationalization of business on the application of international experience, international standards and internationally accepted business practices. The process of internationalization of business has to start, but in the domestic market on the basis of the fight with international competition. Therefore, it is necessary to apply those management techniques that **emphasize long-term commitment to competitiveness**.

Methods and techniques of management that are local leaders noted as necessary for the successful operation of the present research, are based on knowledge. New management paradigm on a global scale is based on the process of improving the productivity of knowledge. **Database management** ultimately comes down to the production and storage of information for management decisions and the information is harvested in motion. **Relationship marketing** includes the ultimately knowledge management. Marketing is a key tool that makes knowledge productive. **Benchmarking** technique involves learning from others' experiences, primarily those best. **Quality management system** in its essence involves the need for constant improvement in productivity of knowledge, primarily through quality education. **The concept of corporate social responsibility** involves learning about the needs and requirements of other stakeholders in the business environment. Question of the application and development of modern management techniques given in the model is the issue of achieving, maintaining and improving the competitiveness of domestic enterprises.

Emerging business conditions, defined by joining human society into the information era, require such people who have to represent the successful synthesis of **knowledge, skills and attitude**. This three-dimensional approach was influenced by the modern way of doing business. The individual must satisfy a wider range of properties that can successfully respond to the task imposed by the company as an organization. In order to successfully operate their business, all employees, especially managers and marketing professionals, are required to **establish a series of relationships internal and external nature** in relation to the company as a business entity. They have to establish contacts and relationships within the company and in an environment that will be effective from the standpoint of business. Executive Education for the successful application of modern methods and techniques of management is the most important factor in the establishment of a new management model.

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