MANAGEMENT OF GLOBAL ORGANIZATION AS A FACTOR OF COMPETITIVE ADVANTAGE

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ABSTRACT

Global environment requires creative leaders who manage knowledge and information, who provide entrepreneurial atmosphere and create the organization based on teamwork. With analysis of the important factors that determine the functioning of global organizations, the paper clearly states the view that effective management is critical for the creation of a lasting competitive advantage. The paper emphasizes that human resources are the most important element of modern organizations, and that in today's business environment their success depends primarily on people. In a highly competitive global economy where other factors of production (capital, technology, materials and information) may be copied, people in the organization become the only permanent source of competitive advantage.

Key words: global organization, management, leadership, world market.

1. INTRODUCTION

Many authors in defining the concept of organizations apply different approaches. It can be said that there is no researcher that addresses the problems of organization, and that they haven’t given or attempted to give their definition of the organization. Often the term "organization" is used in a twofold sense. In some cases, the organization involves conscious human activity, which refers to the adjustment factors of production, while in other cases this term is related to the results of the alignment. The term “organization” is used in a lot broader sense, in the case when it means the result of any coordinated human activity. Despite the different definition of the organization, most authors agree that the organization is a working unit which serves certain goals in the various activities of society. Therefore, organization, as a general term, could be defined as a combination of people who consciously aim to meet the appropriate means for certain tasks with the least possible effort in any area of social life (Šuković, 2003).
2. DEFINING A GLOBAL ORGANIZATION

In a global environment characterized by intensity changes, growing competition and market uncertainty, only successful organizations within and around develop the ability to quickly learn and use the available information. Today, more and more companies adopt the characteristics of global organizations, realizing that it is the only way to ensure competitiveness and survive in today's global business environment. Global organizations are organizations that are able to compete with anyone, anywhere, at any time.

In most cases, they conduct business on a global scale, and their products are sold in all major markets in the world, creating an extensive global activities through an integrated national market. Diversification of economic activities enables global organizations an easier access to international markets, large scale economies, access to cheap raw materials, the skipping of tariff barriers, and thereby gain a competitive advantage. The main difference between multinational and global organizations, international large-scale companies, is that multinational companies perceive and differentiate in the market, where the national market is one of several target markets, differentiated by the importance and size. Unlike the multi-national, global organizations apply an integrated approach, where the national market is just one part of the world market.

3. FACTORS OF COMPETITIVE ADVANTAGES OF GLOBAL ORGANIZATIONS

To become a global organization, companies must be accompanied by a large number of dimensions that create competitive advantage. As shown in picture 1, some of the key pillars that form the basis of competitive advantages of global organizations include (Luthans, Hodgetts, Lee, 1994):

- focusing on consumer
- continuous improvement,
- use of flexible or virtual organizations,
- creative Human Resources,
- a climate of equality,
- technical support,
- openness,
- self-efficiency and
- cultural understanding.

2.1. Focusing on customers

Global organizations are focused on consumers. They made the identification of internal and external customers in order to determine the best ways to provide services to this target group. With this work, global organizations strive for horizontal organizational structure in order to be closer to customers. Their goal is focused on meeting customer needs and creating links with them, considering that during operation there is always the creation of new demands for more sophisticated products and services. Global consumer has no prejudice, he has layered needs, clear preferences and enhanced sensitivity to the manner and quality to satisfy their needs. Whether it is a global organization or an individual, contemporary customer and the consumer always protect your right to a free choice. A global consumer puts their own level of satisfaction in front of and above the national loyalty, which is done through a commitment to domestic sources of supply. This is significant pressure on the convergence of the world demand and the homogenization of consumer behavior, as the increasingly obvious determinants of the overall process of globalization (Rakita, 2002).
2.2. Permanent trainings

The second feature of the global competitiveness of organizations is their commitment to continuous, rapid, efficient and effective training. Permanent changes in the environment require the employees and organization of continuous learning, change and adaptation. Lifelong learning and the dissemination of knowledge in today’s business environment is becoming a lifeline for the individual and their primary needs, and for global organization of important competitive advantage. Constant advancement include: learning as an integral part of the job, learning as continuous, informal, but intense interaction of employees, managers, coaches, teams and learning as a continuous transfer of knowledge to others and receiving knowledge from others, so that they are all students and teachers simultaneously. The point is to inspire people in the organization to continually learn, examine, experiment, research, and change opinions, attitudes and approaches and issues in the organization. In this way, people in organizations develop their ability to anticipate consumer needs and intentions of competitors, and to listen to customers and meet their expectations (Petković, Janičijević, Bogičević, 2002).

A good example is “Ford Motor”, which found that it can take weeks to process orders for payment, as there are many people who need to be approved. By a careful studying of this process, Ford has managed to greatly reduce the number of people who were supposed to sign these accounts, which reduce the processing time by as much as 90 percent. Also, the famous "Microsoft" that holds a monopoly of the global software industry, is considered to be constantly improving in order to be competitive companies, such as "Netscape", "IBM", "Novell", "Oracle" and " UNIX" (Hodgetts, Luthans, 2003).

2.3. The use of flexible or virtual organizations

This characteristics of global companies is the use of flexible or virtual organizations. Virtual organization is one that is capable of leading the work, such as large companies that have numerous benefits, but in fact is a lot smaller. In the coming years, a growing number of global organizations will rely on global sourcing, that would provide materials and products that were once produced in their box. As a result of this, organizations can operate as a large company, even if they are in fact small, and you depend on partners and global resources through which you satisfy their needs. "Global Sources" means the use of suppliers around the world, regardless of where they are, all in order to provide the desired product. For example, Japanese car manufacturers now increasingly rely on U.S. suppliers. Similarly, U.S. firms for the production of laptops very much rely on Japanese sources, to provide technology for screens. However, wherever necessary, global organizations will prefer to use the services of local suppliers because of the benefits derived from them to maintain competitiveness on a global scale. Michael Porter explains it as follows (Porter, 1987).

2.4. Creative human resources

Human resources are an important element of a modern organization. In contemporary conditions, the success of the organization depends primarily on people. Since people with knowledge and behavior are the main factor for the success of organizations, leadership becomes the most important function and task of the management. Leadership seeks to motivate and direct individuals in the right direction. On the other hand, the growth and development of the organization align with the vision, in order to achieve the best position in the global market. Of all the skills and abilities necessary to learn, creativity is the most widely recognized and preferred. There are two essential aspects of creativity that are essential to effective learning: personal flexibility and willingness to take risks. Global organizations foster and promote both.

In the case of flexibility, companies such as Emerson, "and" RCA "have erred in their analysis of changes in the radio market. They believed that sales would follow the natural curve of growth, it will eventually reach maturity and then start to decline. In contrast, learning organizations, such as
"Sony", were extremely flexible, and saw the variety of different alternative options related to the radio market. "Sony" believed they could change the life cycle of a product through creative innovation, and the result was "Sony" Walkman, which has changed the way people listen, where and how to listen to the radio. This was the evidence that the lack of flexibility in Predictions of changes leads to business losses, which confirms our hypothesis that recognition of change and adaptation to changes is one of the fundamental principles on which competitiveness is based.

When they take the risk, many global organizations operate at a loss because they stay conservative. Japanese auto makers have conducted market research in the United States and met no support from buyers for the sale of mini-vans. So they decided not to enter that market. "Chrysler has also conducted market research and got the same answer, but they were convinced that there was a market for these vehicles and decided to take risk. This decision proved to be one of the most profitable in the history of Chrysler, and helped to achieve record annual profits (Inić, 2003).

2.5. Air of equality

Global organization creates a climate of equality in which all employees, customers, owners, suppliers and communities are treated with respect and dignity. The creation of such environment in different organizations is approached in a variety of ways. For example, each member of the company's "Wal-Mart" is a kind of co-worker, so there are no subordinates. Relationship with our clients in the chain of "Ritz-Chartlon" hotels is so arranged that when a guest asked where to find a place in the hotel, an assistant would interrupt their work, whatever they were doing, and become a personal guide to the guests to the required places (Hodgetts, Luthans, 2003)

Another sign of equality approaches is the way the global organization treats its suppliers. In the past, organizations would negotiate with suppliers and fight each other in order to achieve the lowest possible price. In case of equality approaches, this strategy was abandoned in favor of equality approaches in which the supply side is viewed as an integral part of the team. For example, the "IBM" suppliers participate in the creation of new products, learn what the needs of the organization are, and work together with the organization in the process of providing materials and parts that are the cheapest and of the best quality. In the process, suppliers are learning about the culture of their customers and how the organization works. Suppliers are therefore in a better position to integrate their approach with access to an organization which is their partner (www.ibm.com). Japan's global organizations such as "Sonny" and "Mitsubishi", have improved this idea by the suppliers involved in the process of pricing products and constantly work together to reduce costs.

2.6. Technical support

Global organizations are increasingly becoming less connected to a specific location, their jobs are permanently spread around the world, so that the coordination of the activities is carried out with the technological support that enables faster and more flexible interaction. The development of information technology greatly facilitates the coordination of remote operation and use of the Internet is increasingly becoming a powerful means of expanding global operations. Technologies change people, nature of economic relations and the effectiveness of individual organizations. They serve to those who know how to overcome them, and are used as a competitive advantage, and destroy the economic entities that are slow in their use and recognition of the benefits that this process brings. New technologies contribute to increasing competitiveness in the global market, both by improving the quality and design, and on the basis of cost cuts and price. The transfer of technological knowledge is a crucial advantage of global organizations, and their strength is reflected in the ability to use high technology.

Thanks to a huge difference in technological competitiveness, America, according to the latest analysis of the Swiss Institute for Management Development, is still by far one of the first
countries in the competitiveness of the economy in general, ie. domestic and foreign markets (http://www.02.imd.ch.wcy/methodology/).

2.7. Openness

If the organization is viewed as a whole made up of several interconnected parts, it is often emphasized that there is a link with the environment and that it is open to its influences. Global organizations are not only ready to accept new trends. They are encouraging indications of change. Instead of fighting change, they learn how to adapt, how to create and draw profit from them. In this sense, they emphasize the need for understanding and applying concepts of openness to different cultures. Their managers empower associates, simplify the structure and are flexible on all issues.

"Whirlpool" is a good example of such firms. A few years ago, this global organization has analyzed the different markets, and came to the conclusion that the U.S. market will no longer be the biggest, nor that in this market will be enough work to grow and progress. They found that this can be achieved in the markets of Central and Eastern Europe, Mexico and Asia. Therefore, the "Whirlpool" created a new vision and began the process of its realization. All senior managers had to first have a global experience to be able to better understand the global market in which their organizations operated. In addition, this global organization has entered into a joint venture with "NVPhilips" to win the European market and started joint ventures in India and Mexico. Moreover, the conferences were held across Europe to get to know each other and managers to comprehend cultural differences and learn to price (Hodgetts, Luthans, 2003).

2.8. Self-efficiency

Self-efficiency involves confidence and belief in their individual capacity, resources and ways of action that are needed to successfully achieve a task. Before selecting their choices and start running, employees want to measure, evaluate and integrate information about their abilities. In this sense, it is important that global organizations can promote and develop self-efficiency, to take advantage of a positive impact on the performance of the activities of employees and the achievement of competitiveness.

There is a number of specific ways in which self-efficiency can be developed (eg assurance that employees will experience success, verbal persuasion, or training by learning through others), but global organizations also use the more general approach to creating a climate or culture that teaches and promotes self-awareness and active troubleshooting. Self-consciousness arises from a clear organizational vision that provides direction in relation to the critical choices and provide feedback on the results of a response. Basically, the staff are taught to actively seek information about the impact their behavior has on others and on things that matter to others, in order to maximize their own efficiency. In other words, "seeking information" becomes an essential element of the functioning of the global organization. Some global organizations as a way to encourage the development of efficiency use the method of "assessment of 360 degrees". It is a method by which they systematically collect opinions of a large group of people about the performance leader. Evaluation process includes self-assessment, and evaluation by superiors, subordinates, customers, important clients, and so on. The results of the evaluation will be realistic if the circle of persons exercise a broader assessment.

2.9. Cultural understanding

It is generally accepted that the culture of a society represents its shared values, understanding, assumptions and goals that are transmitted from generation to generation. These are the common attitudes, behaviors and expectations, which are subconsciously run and controlled by certain norms of behavior. A person is born in a given culture, not with it, and is built up through a process of socialization. Cultures resulted in a life basis, based on mutual communications, standards,
codes of conduct or expectations (Hofstede, 1980). Over time, cultures have evolved along with society adapting to changes in external or internal environment.

4. INSTEAD OF CONCLUSION

Organizations that want to stay competitive globally and to expand their actions in other countries, need to develop top management staff who have experience in business and who understand how to work with people from other cultures. Thus, global organizations must invest in well-trained managers and leaders with the skills which are essential for effective work in a multicultural environment. Managing cultural diversity in its workforce, or in a foreign country is an important competitive factor in the future, and the skills needed for this task are understanding and respect. The advantages of multicultural differences include: the full use of resources through a set of different skills, perspectives and ideas, a better understanding of the multicultural market, greater innovation and better problem solving, increased motivation and commitment to the organization etc.

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