European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.5, No.12, 2013

Review of Dimensions of Business Strategy among Manufacturies

AL MUTAIRI ANED O.
School of Mathematical Sciences, Universiti Sains Malaysia, 11800 Penang, Malaysia
* E-mail of the corresponding author: etifaq66@hotmail.com

Abstract
The purpose of this paper is to test the dimensionality of business strategy among the manufacturing organizations. The main strategy being focused on the paper is the management and decisions made.
Keywords: Business strategy; competitive strategy; managerial decision; differentiation

Introduction
Business strategy has emerged to be one of the most essential fields in the business world. This is because of the need on how to survive in the competitive market by coming up with new and better strategies. The strategic management field has taken so much attention in this field to increase sales and survive in the current market. Strategic management is a systematic analysis of all factors which are associated with both internal and external environments. Aligning strategy is a very crucial part in any organization because it is very crucial for a firm to understand how other company's do deploy their technology for instance as well as their management strategies that makes the organization very successful.
According to Porter (1980), a business strategy is an area that several companies and individuals have taken the time to try and find out more about business strategy. Definition of strategy as determination of the long term objectives and goals of a firm and adopting a different course of action in order to achieve certain goals. Parnell viewed business strategy as stages taken by a firm in order to ensure that the firm survives in the competitive market. Strategy rotates around the decision making process which determines a firm's direction and how it will survive in the competitive market. Skinner (1969) reasoned that management needed to give a serious thought to the role of having manufacturing strategies that will make the firm competitive and increase the performance. According to Skinner (1969), the operational decisions will lead to the desired outcome of the firm and failure to do these leads to the failure of the organization. The main objective of the research is to study the connection between manufacturing and competitive strategy and effect on the performance of a firm. The main findings being impact of cost leadership and differentiation strategies for low cost, delivery strategies and the strategies of manufacturing quality goods. In this study we shall examine a company and the impact on the performance of an organization. Despite being a small country, the economic environment is same as those of other developing nations in parts of Asia, Africa and Latin America. As firms in developing countries fit in the world economy, they find that there are larger emerging economies like India and China and this has led to increased competition.
A firm's business strategy is an individual's strategy in marketing strategies, finance, research and development. In most firms, internal and external personnel realize that the manufacturing function tries to struggle in order to find out what the company needs in order to be successful. The main causes being the customer expectations change as well as updating the manufacturing capabilities. Market expectations can be met by the firm realigning it and creating improvements. It also tries to find out how to achieve certain goals by both the managers and staff. Manufacturing is a very complex because the number of employees is quite large there is the skilled, semi-skilled and unskilled as well as flexible and inflexible work. The systems too are formal and informal, practices as well as culture
CEOs have over time asked human resource managers to help in achieving the goals of the firm; this is done by addressing talent management challenges. It is a requirement of the ISO standards that firms identify skills and competencies for all job groups so as to maintain certification. The absence of solid management strategy, it is quite hard for the HR teams to map the needed competencies for each position and to try and find out where training is required. A strategy which makes sure that employees are well appraised helps manufacturing organizations to quantify areas like product quality and proving employee competence. Performance-centric approach helps manufacturing companies to have a logical workflow and be ISO certified. An automated system that provides historical development on reports will assist in making decisions in the future.

Implementing the right talent management system
Some of the best practices that can be used for justifying and selecting for a manufacturing organization are: Establish the specific business needs and expectations, Cost estimates as well as savings for the next three to four

years and coming up with a good communication plan.

At times production can have highly engineered but the volumes are very low. Some have low product life cycle whereas others are of high quality volumes and the commodities being low cost. For the past twenty years, several techniques, programs and technologies have been used in each case trying to improve the manufacturing capability.

Organizations need a manufacturing strategy so as to come up with a structure for its survival in the competitive environment. Building new facilities take a lot of time also installing new equipment. A lot of time is spent in the manicuring sector and there is need to plan well and money too. The customer needs to keep on changing; new products come into the market, technological change, government regulations as well as the entry of new firms. In the case where formal manufacturing strategy is used, the decisions have a neat flow and where there is no strategy the pattern is unpredictable.

According to J.C Nunually (1994), the main objective of a manufacturing strategy is to come up with decisions to be made and assist the organization to achieve a better advantage over its competitors over a long period of time. Managers must be able to distinguish between efficiency and effectiveness where efficiency is about doing things right whole effectiveness is about doing the right things. Strategy always seeks to make sure that the right things are well done. Several staff and line departments in a firm are designed in order to improve manufacturing.

In any strategy formulation in manufacturing there are many things that have to be done for instance, customer requirements have to be taken into account, the manufacturing capabilities have to be considered and competitors also have to be taken into account.

Companies use different varieties of processes when developing a manufacturing strategy. Domestic or international firms can use this process and large and small companies can apply this process. These are the skills that a firm needs to develop around the operation function.

Principles of competitive strategy

Whether a company is small, medium or large there have to be strategies that have to be set by managers to fight competition. A firm’s business strategy is the major determinant of a company’s market position, attracting and retaining customers and achieving the organizations objectives in the long run. Business strategy is the one that states that the direction they should move to in terms of focusing customer needs, how to carry out operations, how to outdo their competitors and the business approaches they should rely on. A mature firm, making profits that are acceptable has a business model that is proven.

An organization's competitive strategy is a subset of a business strategy. Business strategy focuses on strategic issues that a company faces, competitive strategy addresses a firms plan to compete successfully. A company is said to have a competitive advantage when it gas an edge over their competitors by attracting many customers. Basic routes to competitive advantage are having goods of superior value and low prices. A company cannot gain a competitive advantage if it does not deliver superior products that the customers will not mind spending on their products.

Industry structure

Competitive strategy is about identifying a firm's industry rival. A group of companies that produce similar products is known as industrial. Competitive strategy comes in because understanding the levels of competition in certain industries. There are some forces that determine a firm’s competitive strategy:

***Threat of new competitors*:** The rise of profits leads to competitors joining the industry; this will lead to the price decrease.

Threat of substitute products: This will limit prices because the customers have options.

***The bargaining power of suppliers*:** having powerful suppliers increases cost of materials to be bought.

***Bargaining power of customers*:** Powerful clients reduce the value of finished goods

***Rivalry among competitors*:** A tough competition makes the company to decrease prices in order to survive because much will be spent on marketing and research. Industries that have weak forces, only a few companies will be profitable. A company has come up with strategies that will help them find a position within its industry.

Competitive advantage

They can be divided into two differentiation and low cost. The low cost is being able to design and a lower cost product than the competitors. Differentiation is producing products of better quality, different features and better services than their rivals. Almost all the successful; firms give so much attention to low cost and differentiation. Low costs give a firm limited opportunity while differentiation gives a firm a wide range of opportunities. Organizations have to work hard to ensure that the quality of their services and products is high but at a lower cost.

Value can be created by firms by performing certain activities.

Managerial decisions

A variety of managerial decisions can either increase or reduce costs. Low cost leaders make large investments in technology so as to produce products of value. A strategy based on cost leadership can be attractive when switching cost of customers is low and there is an intense price competition amongst the competitors.

Value chain: Activities contribute to value. Strategy is a determinant on how a company should come up with a value chain and perform certain activities. A company will gain a competitive advantage if they find a better way to do this. Value chain being a system of activities is performed on other cost effectiveness.

Competitive scope: It helps to clarify a firm's position in the scope of competition. It is a range of products that a company produces and distributes. The value system is shaped by scope, and choosing a narrow segment the firm will achieve a lower differentiation in comparison to broader line competitors.

Generic competitive strategy: Companies have to come up with imaginative strategies so as to achieve competitive strategies. The cost of doing a certain activity can go down over time because of the benefits of experience. Some sources of experience that firms benefit are employee performing activities, studying competitors' products debugging new technologies. The cost of building factories and other facilities can be reduced by experience. At times business units and product lines share resources. Some of the resources that they can be shared by utilizing a common sales force and customer billing systems. Sharing is very important because it will help a firm in achieving economies of scale and increase capacity utilization. A firm that uses the strategy of differentiation always seeks to be unique and give customers products of value.

There are features of products that lower a client's total cost of using an organization's products an example is supplied cut to size materials which in turn reduces customers waste. Another type of differentiation is having products that raise performance to the customer, the last type is those products that satisfy customer in intangible ways. Good example Gucci products satisfy customer desire for prestige. With time a company can change how they do their differentiation, sources of differentiation are different some can be because of research and development while others is suppliers' activities. A competitive strategy that is based on differentiation can be attractive when:

1. The product is differentiated in several ways in order to give customers products of quality.
2. Having diverse customer needs and uses.
3. Changes of technology.

Differentiation is not a guarantee that the firm will gain a competitive advantage, this is because competitors at times copy their strategies. An organization that practices best value strategy provides customers with value for money, this is by providing below average good or above average and the price is average. Best value strategy eliminates middle ground between low cost and high cost. Companies can create competitive advantage by finding better ways to compete; it can be referred to as innovation. External events like standards change, trade barriers and regulations trigger innovation.

New technologies for instance, come up with possibilities to redesign a product, marketing and customer service. Some organization s find it hard to embrace new technology, they prefer to use the older ones. New customers need better innovations and established firms are unable to meet the perceived needs of customers or are unable to. When new markets emerge, then innovation is triggered.

Sustaining a competitive advantage

This depends majorly on the source of advantage. Lower order sources can be easily copied and it provides a short period of a competitive advantage. Higher order sources cannot be easily copied and this will provide a firm a long advantage in terms of competitive edge. This type nod source is very costly and only few firms can afford this. Sustainability of competitive advantage depends on the routine improvements and innovation generated (Pronchno, *et al.* 1995). Any creation can easily be copied, so firms need to come up with new strategies each new day Early movers always gain a competitive advantage because they were first to achieve benefits of experience. Even though competitors may adapt a firm's practice, they still stand at the source; this is because they will have gained the greatest competitive edge.

Conclusion

A company's strategy is the subset of a business strategy. Any company that has a better advantage is guaranteed sustainability. The best way to survive in a market is having superior products and with good quality. In this competitive market companies face challenges from their rivals and a defensive strategy is needed. Some ways that firms can respond to some challenges are blocking challengers by coming up with new product features and participate in using latest technology. Hiring talented employees to increase quality and productivity is also important, when you have skilled people with good experience, the outcome is always positive. A very common practice is lengthening the warranty period which many companies do not practice. An integrated business strategy can be very reliable in the manufacturing industries because the outcomes have turned up to be always positive. If managers practice good strategies, the organization will survive.

References

ISSER. *The state of Ghanian economy in 2001.* PhD thesis, Legon: University of Ghana, 2002.

" Ghana: Forerunner in Adjustment." In . *In Hussain, I., and Faruque, R. (Eds.) Adjustment in Africa:* , by C. Leechor, 153-192. Washington, DC: The World Bank, 1994.

Lindman, F. T., Callarman, T. E., Fowler, K. L., and McClatchey, C. A. " Strategic consensus and manufacturing performance." *Journal of Managerial Issues*, 2001: 45-64.

M.E, Porter. *Competitive Strategy.* New York: Strategy Free Press, 1980.

Malhorta, N.K. *Marketing research: an applied orientation 4th edition.* Upper saddle river, new jersey : prentice hall., 2004.

Neter, J., Kutner, M. A., Nachtsheim, C. J., and Wasserman, W. *Applied Linear Statistical Models.* Chicago: IL: Irwin, 1996.

Nunually, J.C , Breinstein,I.H. *Psychometric theory.* New York: McGraw-Hill, 1994.

Parnel J.A, Hershey,L. "The strategy-performance relationship revisited: The blessing and curse of combination strategy." *International Journal of commerce and management*, 2005: 17-33.

Parnell, J.A and Hershey,L. "The strategy-performance relationship revisited:the blessing and curse of combination strategy." *international journal of commerce and management* , 2005: 15(1) 17-33.

Prochno, P. J., and Correa, H. L. " The development of manufacturing strategy in a turbulent environment'." *International Journal of Production Management,*, 1995: 15, 20-37.

ISSER. *The state of Ghanian economy in 2001.* PhD thesis, Legon: University of Ghana, 2002.

" Ghana: Forerunner in Adjustment." In . *In Hussain, I., and Faruque, R. (Eds.) Adjustment in Africa:* , by C. Leechor, 153-192. Washington, DC: The World Bank, 1994.

Lindman, F. T., Callarman, T. E., Fowler, K. L., and McClatchey, C. A. " Strategic consensus and manufacturing performance." *Journal of Managerial Issues*, 2001: 45-64.

M.E, Porter. *Competitive Strategy.* New York: Strategy Free Press, 1980.

Malhorta, N.K. *marketing research:an applied orientation 4th edition.* upper sandle river,new jursey : Prantice hall., 2004.

Neter, J., Kutner, M. A., Nachtsheim, C. J., and Wasserman, W. *Applied Linear Statistical Models.* Chicago: IL: Irwin, 1996.

Nunually, J.C , Breinstein,I.H. *Pyschometric theory.* New York: McGraw-Hill, 1994.

Parnel J.A, Hershey,L. "The strategy-perfomance relationship revisited:The blessing and curse of combination strategy." *International Journal of commerce and management*, 2005: 17-33.

Parnell, J.A and Hershey,L. "The strategy-perfomance relationship revisited:the blessing and curse of combination strategy." *international journal of commerce and management* , 2005: 15(1) 17-33.

Prochno, P. J., and Correa, H. L. " The development of manufacturing strategy in a turbulent environment'." *International Journal of Production Management,*, 1995: 15, 20-37.

Ramaswamy, K. "Organizational ownership, competitive intensity and firm performance: An empirical study of the Indian manufacturing sector." . *Strategic Management Journal*, 2001: 22, 989-998.

Shleifer, A., and Vishny, R. W. "Politicians and firms. ." *Quarterly Journal of Economics,*, 1994: 109, 995-1025.

Uhlenbruck, K., De Castro, J.O. "Foreign acquisitions in Central and Eastern Europe." *Academy of management journal*, 2000: 381-402.

Zikmund, W.G. *2003 business research methods* . Sount western: USA Thomsono Learning, 2003.