

## CHANGES IN THE GLOBAL BUSINESS ENVIRONMENT CONCERNS TODAY'S COMPETITION

Roxana Ștefănescu, Professor, PhD, "Spiru Haret" University of Brașov

*Abstract: This article presents new factors and trends that shapes nowadays the business environment as well as their impact on the global competition. In the paper are presented in detail a serial of structural and behavioral aspects which influence the increase of the global competition in the business environment. Some of these most important factors, beside of those considered strategic or traditional, are: the dematerialization of the economic activity, worldwide growing in depth of the business environment, competition diversifying and continuous transforming, domination of the trend of change of the global business environment, inversed proportionability between resources and requirements, compression of the innovation periods, network structuring of the organizations with mutual interests, non adjustment of the risk management to the disturbance circumstances, products and services personalizing, increase of the availability of products delivery and services providing.*

*Keywords: competition, network, dematerialization, globalization, technology.*

### 1. Introduction

Intensification in the rhythm and the increase in amplitude of the aggressiveness of the worldwide competition in the contemporary business environment are elements which depend on the increase of values, on the number of rivals and competitors, on the desire of domination and monopoly, on the worldwide growing of the market shares, including of those considered strategic or traditional, as well as on the increase of the circulation speed. To all these a few structural and behavioral aspects are added, which will be presented below.

### 2. Structural and behavioral aspects which influence the increase of the global competition in the business environment

3. Among the most important factors which influence the increase of the global competition in the business environment, we identified:
  - The trend of **dematerialization** of the economic activity
  - **Worldwide growing** in depth of the business environment also at the level of business, products, services, credits, etc.
  - Competition **diversifying** and continuous **transforming**
  - **Domination of the trend of change** of the **global** business environment in relation with its continuity
  - **The gap** between the legislation and normative provisions and the continuous transforming of the businesses
  - **Inversed proportionability** between resources and requirements
  - **Non adjustment of the risk management** to the transitional and disturbance circumstances
  - **Compression** of the innovation periods
  - **Network structuring** of the organizations with mutual interests
  - Increase in importance of the **intermediate levels**
  - Products and services **personalizing**
  - **Increase of the availability** and opportunity of products delivery and services providing

- Continuous transformation **security assurance** of the business.

\* **Dematerialization trend of the economic activity** is extremely old, its beginning being identified with the occurrence of the reward for the information services (dignitaries, traders, espionage, curiosity, personal relations, etc.). The trend has been intensified all along with the production and trade increase, by capitalizing the information related to occupation, intention, transportation, location, relations, etc. or, especially, by transacting production, organizing and management secrets. The accentuation of the dematerialization has been produced together with the occurrence of the informational and telecommunications industry, generally, and especially all together with the elaboration of the concepts concerning economy, based on knowledge, which changed the basic economic directing from physical resources to information values – the knowledge.

Dematerialization will manifest so that within XXI century the wealth and power to be prevailing towards the intellectual resources, towards the capital of knowledge.

Due to this mutation, the business world is structurally changing, so that to be able to reach timely and without any doubt the quality values of the proposed objectives, but contributing, both analytically and formally, on the one hand, to consolidating the new analytic chain **structural – functional – informational – relational – positional**, and, on the other hand, to the new ratio, between the elementary and general optimums.

The information world and the knowledge are also imposing in the business, becoming support and formalization object, business object and so returns.

This transformation is the more spectacular and benefic as it wears both aspects of material optimization of the production and of promotion of new technologies, less related to physical aspects.

The market, as direct result of these mutations, the competitive environment of the values, enriched with an impressive range of computer sciences products, with services directed directly to knowledge and communication, with specialized operators in computer sciences technologies and knowledge processing, with a segment structured based on information and knowledge background, on consultancy and directing, with a new competitive component - the computer sciences and a new way of thinking business - intelligence competition.

\* **Worldwide growing in depth of the business environment**, at the level of market shares, business, products, services, credits, are a direct consequence of the amplification and development of the transfrontier interactions.

The present world economy may also be characterized by the fact the business environment is not able to be viable anymore without the international exchanges, the economic interdependence becoming all-powerful and all embracing.

However, at the same time, the intensification of the worldwide competition, leads on the domestic market to over competition, with a substantial pressure upon the prices and products and services quality and also to a certain misrepresentation of the traditions and traditional behavior, both with positive and negative effects.

Due to the worldwide growing of the business environment, the effects of the worldwide monetary instability and fluidity, variables difficult to foreseen and fight against by the organizations in competition, are strongly experienced by the national market. The raw materials and fuel crises, as well as the effects of global terrorism producing real “disturbances” in the social and economic life are likewise difficult to administrate.

In front of these threats, the security of products, services, physical and human resources, financial and information (knowledge) resources becomes difficult to govern and needs high investments and very sophisticated mechanisms.

It is asserted in the contemporary world here is no market share, products or service, considered important, where there are no international elements or aspects on different level

of conception, production, selling or usefulness. Another aspect of the worldwide growing in depth of the business environment is represented by the fast usefulness tear and wear of the products and services, as well as of the moral perishability of the knowledge and technologies, which creates additional financial, organizational and behavioral pressures upon the organizations being in competition in the business environment.

The aspects of the worldwide growing are rushing the change in core both of the organizational structures and of their management, in the meaning of a double adjustment to the local environment and to the general trend of change, as well as to at least one double circuit of regulation and self-regulation (often extremely complex).

\* **Competition diversifying and continuous transforming** entails important changes in the business environment.

If the diversification aspects of the competition are easy to intuit, these referring to market shares, products, services, methods, locations, partners, distributions, credits, behavior, position, etc., the continuous transforming of the competition represents an extensive step of change in the structuring and behavior of the organizations, consisting of radical redesigning of the business processes, in a view to obtain substantial improvements of the main indicators: cost, quality, speed and servicing.

This means that the organizations must assign and support the quality of process to the business, treating with the same attention the functionality, the importance and the probability of success of the business, ensuring it quality and security.

A special importance for perfecting the process has the stage of evaluation of the results, which must emphasize:

- The measure as accurate as possible of performances
- The team behavior on under-stage and under-objectives
- The opportunity to fulfill the undertaken engagements
- Evaluation of the behavior of the competitors and partners
- Perspective of future business.

\* **Domination of the trend of change of the business environment in relation with its continuity is given by the need of real and timely adjustment to technical, economic, political, social and cultural nature, taking place both in the business environment and within the interior of the organizations deploying business activity.**

The most important changes in the business environment, influencing directly the organizational change, **are globalization, and computer technology implementation – economy based on knowledge and technological and managerial innovations.**

**Globalization** determines essential change of the business environment both by the occurrence of new markets and by restructuring the traditional market shares.

**Computer technology implementation and economy based on knowledge** are materialized in new forms of competition, in new types of products and services, in new organizational structures and in new mentalities in management.

**Technological and managerial innovations cannot** be capitalized otherwise than by changing. **The one who does not change, the one who stay on the spot within the middle of the competition, perishes.**

All those elements impose the organizations the type of **pro-active behavior.**

Depending on the vector of change one can determine a certain typology specific to the business environment:

- **The static (stable) business environment** is characterized by the relation of stability of the components and parameters, which impose only a limited gradual change, where:
  - The quantity variation of the states and parameters keeps the order of magnitude

- Local variations have a reduced impact
- Variations are, generally, discreet, difficult to perceive
- The hexogen information is relatively reduces
- **The dynamic business environment** is characterized by the prevalence of evolutionary trends, materialized in:
  - Variations due to changing natural factors
  - Changes with certain predictable trajectories
  - Significant variations and perceivable in a real manner
  - Regulations and self-regulations of systems for the dynamic stability of the variations (within the limits of pre-established or bearable oscillations)
  - Request of multiple and significant hexogen information
  - Perception of the influence of changes felt by all the main subsystems
- **Turbulent business environment** is characterized by unpredictable and not natural, non systematic sudden changes, materialized in:
  - Dominant trend of discontinuity
  - Variations of states and parameters, with high frequencies and amplitude
  - Inarticulate variations with an explicit trend
  - Contradictory and non-concordant variations
  - Different perception of variations, with a disordered flow of information and stimuli
  - Destabilized balance correlations and trends
  - Ineffective regulations and self-regulations.

In order to not become turbulent, the business environment must act as system, for its own evolution (in safety and stability), mitigating the factors of technical **progress, competition, free initiative and autonomy of the organization**, as well as of **the economic and managerial change**, which can manifest in a negative manner.

\* **The gap between the legislation and normative provisions and the continuous transforming of the business** is an aspect that can produce disorders in the business environment. Important is that the authorities interfere promptly for regulations in supporting the business environment and to act for the keeping the criminality and corruption at controllable levels.

\* **Inversed proportionability between resources and requirements** is a natural evolution of the business environment and is manifested by the decrease of physical resources, due to the accelerate increase of the consumer and by the growth of the requirements of products and services. One of the keys of solving such contradictions is the development of an economy based on knowledge and the diversification of the production, for the purpose to eliminate the concentration of physical resources in an organization.

\* **Non adjustment of the risk management to the transitional and disturbance circumstances** is mainly due to dealing as a secondary element of the organization of the security of the business as process and due to the lack of professionalism in determining and administrating the operational risks.

\* **Compression of the innovation periods** represents the result of the technological and innovation leap as well as of the considerable speed of renewal of knowledge, products, technologies, etc.

\* **Network structuring of the organizations with mutual interests** facilitates the association in groups of the organizations of different size and with different preoccupations around some value vectors, allowing joint actions where the expenses of prospecting and directing are diminished and the speed of technological human and economic flows are amplified.

\* **Increase in importance of the intermediate levels** is related directly to the increase of the speed of transactions and to the diminution of the stock risks of the producers. All together with the economy development towards knowledge, increases also the role of intermediates which are occupied to gather and process the information and to make available to producers and consumers the production and business networks, the catalogue or additional information respectively, about the usefulness of the products and services desired.

\* **Products and services personalizing**, though it is still addressing to a reduced number of consumers, represents a very tempting target for the producers and service providers, ensuring a very good ratio between the cost of production and the price of products, as well as for making the clients loyal.

Another benefic aspect of personalizing (of the dedicated production) is represented by the diminution of the stocks and of the expectation periods in carrying on the business.

\* **Increase of the availability and opportunity of products delivery and services providing** reduced considerably the gap between the demand and the offer, between the desire of having a product and the actual possibility to acquire it. To this end contributed the possibilities to exploit the „e” space, the speedy vectors of distribution, the occurrence of the service provider and of the intermediation networks.

\* **Continuous transformation security assurance of the business** represents one of the most spectacular mutations in the management of the organizations by two major aspects:

- **Understanding of the relation between quality and security** (carrying on the process in safety and stability) and elimination of the worship between protection and security
- **Integration of the risk management in the general management** of the organization, as a fundamental condition of functioning and operational.

### 3. Conclusions

1. The dematerialization trend of the business environment is accentuated at the same time with the occurrence of the business in information systems and in communications, as well as in transforming the economy based on physical resources in economy based on intelligence and knowledge.

2. Advanced internationalization of the business environment, at the level of market shares, products, services, and credits is the direct consequence of amplifying and developing the cross border interactions.

3. The diversity and process character of the competition presumes the occurrence of new market shares, products, services, methods, locations, partners, distributions, credits, behavior, position, etc., an ample step of change, respectively, in organizing and in the behavior of the organizations, which leads to radical re-designing of business processes for the improvement of the main indicators: cost, quality, speed and servicing.

### Bibliography

1. Porter, M., *Competitive Strategy*, The Free Press, New York, 1980
2. Russu, C., *Strategic Management*, Publishing House Expert, București, 1997;
3. Ștefănescu, R., *Operations Management*, Publishing House “Fundatia România de Mâine”, București, 2007;
4. Ștefănescu, R., *Strategic Management and investment processes*, Publishing House Printech, București, 2003;
5. Thompson, A., Strickland, A.J., *Strategic Management*, Publishing House BPI/IRWIN, Alabama, 1987