ENHANCING THE ENTERPRISES’ COMPETITIVENESS BY IMPROVING SUPPLY CHAIN PERFORMANCES

Bojan Krstić¹, Marija Andelković Pešić², Vesna Janković Milić³
University of Nis, Faculty of Economics, Nis, SERBIA
¹ E-mail: bojk@eunet.rs, ² E-mail: marija.andelkovic@eknfa.kni.ac.rs

Summary: The focus of this paper is the relation between supply chain performances and enterprises’ competitiveness. The purpose of this paper is to emphasize the importance of continuous improvement of supply chain performance for enterprise competitiveness, as members of the chain, and the competitiveness of the chain as a whole. The paper focuses on ways and means for increasing competitive advantage of enterprises based on value creation, but also achieved on efficient usage of resources in the supply chain. Views presented in this paper should serve to company management to identify key success factors of supply chain, improving efficiency of the companies included in it, as well as their competitive position.

Keywords: performance, supply chain, competitiveness.

I. INTRODUCTION

The supply chain management concept provides a significant opportunity for improving flows of goods and information in the process of creating and delivering value. Managers of many world-famous companies, in the past, took some measures to remove barriers to internal / external integration and development partnerships, in order to reduce uncertainty and enable effective control of supply chain performance. Many manufacturers are changing their management philosophy and cooperation with suppliers, procurement management, and beyond, supply chain management, consider as very important for business success and competitive position. Cooperative, partnership members in the supply chain and its coordination became the basis for the efficient use of resources and utilization potential of the market. In terms of the "new economy" there has been a change in the organization and directing the company, and the management as a process, has been put in the context of the supply chain, where the companies actually are "links" in the chain of value creation and delivery. Management and decision making is directly facing the process (process management perspective), not only the business functions. Supply chain, considered as a complex process, is structured of sub-processes like: procurement, production and delivery. It is imperative that it is considered as one process, from the most distant suppliers on the one hand, and to end users and consumers on the other. By creating an effective supply chain, companies generate synergic effects in the sense that the sum of the value created by the companies in the supply chain is at higher level, and cost at lower level, compared to the case where the company works out of an integrated supply chain.

Effective supply chain directing can significantly improve customer service, eliminate excess inventory in a particular system, and reduce redundant / unnecessary costs that result from the relationship of "corporate network". Supply chain management significantly differs from directing single, isolated entities. This is because various organizations included in supply chain are independent, which can often result in conflict and sub-optimality of inter-organizational goals. The
complexity of supply chain management proceeds from multiple relationships and connections between the participants in the chain. A supply chain can consist of several stages, participants and companies (manufacturers, distributors, wholesalers, retailers ...). In addition, each stage may involve several entities (e.g. suppliers) that compete or co-operate in order to provide a particular service, product or material required for the next stage in the chain. Applying the concept of supply chain management should ensure the effective use of the huge possibilities that could be found in partnership in the supply chain, which can contribute to the creation of new areas of competitive leadership. Supply chain management is an approach that brings operational, but also benefits and improvement of strategic position. Consideration of the interaction of subsystems, functions and activities, and the environment, is the key to successful realization of the objectives connected to the processes in the supply chain.

2. MODERN BUSINESS ENVIRONMENT AND SUSTAINABLE COMPETITIVE ADVANTAGE

Under the influence of technological innovations and liberalization of world economic system, the market has become unique and competition global. The most visible manifestation of globalization is in trade, production and finance. In terms of dynamic competition, attitude and strategy have been changing with regard to the key stakeholders of companies, for better performance in the market and for improving competitiveness. Characteristics of modern environment are the basis for development of supply chain concept, in order to reduce costs, achieve economies of scale and improve competitive position. Globalization has influenced the complexity of management process in companies [2, p. 123]. For a single enterprise globalization means the possibility that, despite its size, it participates in the international market and that has assets and sources of income in many countries. Global competition opens up new opportunities for growth and development, but also creates a huge competitive pressure and demands radical organizational change, forcing companies to increase their operational efficiency and flexibility. The emphasis is on time-based competition, low cost per output unit and fast response, or on reduction of time necessary to create innovation and provide its commercialization. Competitive pressure creates new relationships between companies and cooperative structures such as business networks and alliances. Globalization, therefore, creates the conditions and motivation for the development of partnerships.

High flexibility and innovation of companies, which is necessary to be competitive, can be achieved with the support of modern information systems. Internal and external integration process is supported by a modern information system and on-line relationships with suppliers and customers of the company. This affects the quality of the process, relations with stakeholders and the reduction or complete elimination of errors in performing the activities. Internet plays a major role in modern information technology. It played an exceptional role in changing business thinking and business practices, and provides a range of opportunities [7, p. 91]. Thanks to the Internet, the global market has become almost universal. Internet provides a perfect platform for communicating, buying and selling. Using the Internet (and other electronic means), companies have significantly increased their revenue, reduced costs and gained a competitive advantage. Using the positive experience in direct marketing, many companies through online system, have achieved great commercial success. E-business has allowed direct contact between companies and consumers to conduct transactions electronically, and also the development of the B2B system (business-to-business) and B2C system (business-to-customer) [6].

In the changed circumstances caused by globalization, the core of strategy is no longer exclusively in the elements of productivity, but also in creating new value for customers. Winning strategies, today, are based on a completely new way of thinking and organizing business. Modern competitive strategy strives to achieve operational excellence, customer loyalty and leadership in products based on continuous innovation [8, p. 516]. In order to achieve the objectives, company, by necessity, has to take into account the relationships with key stakeholders and, in particular, through establishing cooperation with other enterprises in the supply chain, as well as with other partners outside the supply chain. Customers, employees and other stakeholders are interested in the enterprise and the supply chain performances, which must be incorporated into strategy. So, in fact, it is important that the
strategy contains a balance of contribution and satisfaction of stakeholders in order to achieve long-term, stable and profitable relationships with them. Without customers, company cannot meet the needs of employees, managers, owners and other external stakeholders. In addition, without quality employees cannot meet the needs of customers and other external stakeholders. Failure in relationships with suppliers leads to interruption of supply or increases purchasing prices. In order to achieve the objectives of the related organizations, it would be rational to use the resources of the network members, as it is reflected in their interdependence, common interest and economic calculation. Reduction of the number of suppliers and the reliance on a small number of safe and reliable suppliers, leads to improved cost performance and increased competitiveness. At the same time the suppliers realize the effects of economies of scale, thus creating conditions for reducing costs and lowering their price. To achieve the partnership, it is necessary to exchange constant quality management and operational information, as well as to develop a corporate culture that mimics cooperation as an essential organizational value.

Almost every company, while doing business, is directed to its partners and the various institutions of society. In dealing with these stakeholders it has to recognize a common interest and interdependence. The so-called winning, successful and smart strategies in an era of new economy define the benefits of cooperation, and focus more on building alliances and business networks and partnerships, both in the supply chain, and beyond. The choice depends on factors of operational flexibility [5, p. 69]. The success of these partnerships and alliances depends on the recognition of mutual interests and benefits of further cooperation, including the transfer of part of the self-interest long-term interests of the new entity and external stakeholders. The point is that there is sustainable growth in value for all stakeholders or interested parties [2, p. 91].

Companies and supply chains, in organizing their businesses, meet more often with the requirements of the community, and their profitability, survival and development may be dependent on an adequate response on those demands. Successful performance management of social responsibility affect the company’s financial performance improvement, and is essentially focused on: environmental performance, the performance of health and safety, ethical and social performances [13]. The concept of supply chain essentially provides the possibility to influence and control performance of social responsibility, as it is based on long-term partnerships with customers and suppliers in the supply chain. This way it ensures the quality and safety products, environmental attributes, but also all other aspects of the business that influence effectiveness and efficiency. Companies have been trying to influence their suppliers in the supply chain in order to achieve the high financial performance and social responsibility. This can be achieved through [9]; a) the providing information and education provider, b) visits and interviews suppliers, c) using the best supplier as a standard for comparison, d) incorporating the needs of suppliers and contracts and e) conducting reviews and practical resources supplier. Minimum requirement is to comply with regulations which govern the area of social responsibility. Socially responsible behaviour increases the reputation of the company and the supply chain but also increase enterprise’s competitiveness.

3. COMPETITIVE ADVANTAGE BASED ON EFFICIENT USAGE OF RESOURCES IN SUPPLY CHAIN

Competitive advantage is achieved by using the best combination of resources in the value chain, that is, in the process of coordinating the use of resources in the supply chain, which provides the best performance and competencies that are difficult to imitate. Thus, competitiveness is primarily related to the management of certain relationships and connections between the elements in the value chain, and for the coordination and efficiency, processes and activities in the supply chain. The most important goal of any supply chain is to create the highest possible value to customers and consumers at the lowest possible cost. In order to achieve and preserve a competitive advantage, companies must be market-oriented, and must consistently focus on the needs and demands of consumers. It must deliver superior value for its target customers. Value is what customers think, not companies. The value created in an integrated supply chain is designed to meet customer requirements. As long as the supply chain performs certain activities better than competitors, competitive advantage is achieved. However, success depends not only on how well it is performing some activity, but also on how well
value chain is coordinated. All these activities are considered integral to the process of creating value in the supply chain. This aims to achieve an effective value chain in which all participants earn higher value than if they were working independently and manage. The higher the degree of integration of supply chain participants, the greater the total value created by the chain and the greater the profitability of all participants in the supply chain [1, p. 83]. Thus, competitiveness is primarily related to the management of relationships and connections between the elements in the value chain, and for the coordination of relations in the supply chain. It means that all members of the supply chain are important. Particularly important is the role of a company that has a central role in the value chain. This company considers not only its value chain, value chain, but also value chain of its partners, trying to integrate them on the process base into a single operating system of the supply chain.

Competitiveness is now more and more constructed and maintained by developing core competencies, which are the basis for the development of successful strategy. Coordination of existing resources and opportunities, concerns the issues the limitations of the company to be removed to the extent possible and desirable. The goal of developing and maintaining the competitiveness is balancing strategic and financial capabilities of the company. Limiting factors influencing the creation of sustainable competitive advantages are [12, p. 3]: 1) resources and capabilities 2) range of markets and 3) character of the competitors, that may be observed as rivals, as a source of information, as a partners and so on.

In the first half of the twentieth century the term competition had mostly hostile, negative connotation. Today, among other things, competition has become a source of valuable information. Using different methods of benchmarking, ideas and experiences of competitors are used in business process design and delivery of value to customers, which is the best way of achieving competitive advantage. Actually, today it is one of the most attractive sources of competitiveness of the cooperative partnership and supply chain management. It's really about connecting competitors and developing a relationship of trust. Management research focuses on network connectivity of key competencies and creating superior value. Coordination of activities in the supply chain today is a basic technique in achieving the best performances of the process. According to Kotler, the fundamental changes in the behaviour of the company are the following [12, p. 11]: 1) Companies with a lot of activities left to subcontractors, and the goal is to get rid of all the activities that others can do better; second Successful companies are increasingly using comparison with someone else (best) practices to improve their strategic position, 3) Companies increasingly deepening partnerships with key stakeholders; fourth Increasingly used inter-organizational and inter-functional teams to manage key processes, and 5) The company's success is based on the creation of new competencies that are the result of combining innovation and competence.

Creating superior value for consumers is certainly the most important source of competitiveness of enterprise and supply chain. Besides competing through the value of products and services to consumers, it is apparent importance of factors related business value solutions that make a set of related products and services that give consumers a solution to a particular problem and need. The significant source of competitive advantage and the superiority of the growing importance has a personalized experience transferred to the product value.

Supply chain management and value creation is largely the result of intangible resources. Intangible resources are hidden treasures and have the greatest importance for the growth of competitiveness through the development of individual, organizational and relational competence in the supply chain. This creates an agile supply chain in which the focus is performance management of the supply chain before the company's profits, and responsiveness to the efficient use of resources. This requires a connection to information, building partnerships based on cooperation and implementation of various strategies to meet consumer demands, such as the strategy of mass customization of products and others. Companies are increasingly engaged in understanding of consumers, their needs and demands. They are trying to take advantage of competence, knowledge and skills of consumers stated that they are in contact with the products and services and their usage. Active involvement of customers - consumers in defining the value created by the company, creates a strategic advantage for the company. This opens the possibility for innovation based on motives and experiences that are unfamiliar to competition. Therefore, the competition takes much longer time to copy the innovation and it stands for a long time as a source for building and strengthening competitiveness. Consumers with their active participation enable interactive relationship with companies increasing competence.
through networks in which they participate, together with the manufacturers, suppliers and other partners, consumers and communities. So the customer experience, which is included in the network (especially with the advent of the Internet), gets the strategic importance for creation of an infrastructure that is always ready to innovate and efficiently respond. In this way, changing the market structure and the nature of the market. Some characteristic changes in the market are as follows [12, p. 18, 21]: 1) orientation of the product to customer focus, 2) differentiation of products to customized solutions, 3) from transaction to relational-based relation, 4) from individual competition to networking, 5) from economies of scale to the economy wide and high yield, 6) integration of all activities in the value chain, 7) focus on the satisfaction of the objectives of shareholders, 8) focus on the goals of all key stakeholders and achieving high performance and quality business relationships with all key stakeholders, 9) from focus on capturing consumers to focus on retaining customers; 10) from concentrating only on financial criteria, to developing a complex system of performance measurement that includes nonfinancial measures.

Along with these changes, new core business processes are defined in the enterprise. Those processes support these changes. For creating products enterprise uses customer experience, thus creating conditions for maximizing the value of the product. Product design and development can be personalized, or adapted to the demands of consumers. Through the process of supply chain management enterprise is trying to connect its own supply chain with supply chain of customers and suppliers. This facilitates the integration of all activities in the entire supply network to enable delivery of personalized solutions and ensures continuity. Participation in the network makes it possible to complete all the activities in an efficient manner in order to achieve and increase yield. Through process of managing relationships with customers the enterprise achieves their full satisfaction, through meeting the needs of individual consumers.

Effective supply chain, created by a company, needs to meet the goals and interests of all its stakeholders, especially the needs of customers and consumers. Building an effective supply chain is changing the mindset and value system of the company. Competitive advantage is achieved by using the best combination of resources in the value chain, and coordination in the use of resources in the supply chain, which leads to the best market performance. Resources influence the strategic position of the company and the supply chain. A special type of resources are the skills - activities that the company performs particularly well and are therefore a source of competitiveness, while the term competency incorporates more related abilities. Competitive advantage will be realized on the basis of this value for consumers, but also the value created for participants downstream and upstream in the supply chain. Thus, the value created is the result of enterprise competence and capability of combining and directing the use of resources in a way that others cannot copy. Sources of competence can be seen as [10, p. 41]: a) the ability to access the system, b) the distinctive capabilities, and c) the ability to convert distinctive competence in basic outputs.

The ability to access the system is the ability of companies to pool their resources as integrated set which is uniquely coordinated. The systematic approach is needed to create a supply chain concept and implementation of supply chain management. Studies have pointed to three types of sources of distinctive capabilities: 1) network of internal and external relationships between the company and its stakeholders, 2) reputation, and 3) innovation. Network of internal and external relationships between the company and its stakeholders is very important to the success and competitiveness. Internal relationships concern employees, and external customers and suppliers, and other companies and organizations with which an enterprise cooperates. It is the whole network of relationships. The goal is to create the appropriate architecture to provide such organizational knowledge and routines (which are difficult to imitate) that will enable the company to respond flexibly to changes in environment and easy sharing of information in the business world. The organizational knowledge is far more valuable than the sum of individual knowledge, and flexible enterprise includes flexible response of its members. Reputation refers to the commercial way of conveying information to consumers. Consumers may be familiar with the product through the analysis of market information, as well as through personal experience. In fact, the reputation is acquired in the market for a long period of time. Reputation is hard to acquire, but its achievement later provides long-term benefits for the company. Innovation is the most important source of distinctive capabilities, and this ability is the most difficult to maintain. It requires high costs, with uncertain results, the most difficult to coordinate, while the benefits of innovation is difficult to determine precisely. The third level of
competence is the ability of companies to convert distinctive competence in basic outputs, or in products, processes and services, which are a source of profit. In doing so, it is essential to create a product that represents value for consumers. Today, winning competitive strategies rely on continuous improvement of product performance and on the balanced relationship between quality, functionality and price. Supply chain management is a management tool for coordinating and controlling all activities and effective use of resources in the supply chain and the means for achieving the efficiency.

4. SUPPLY CHAIN PERFORMANCES AND AN ENTERPRISE’S COMPETITIVENESS

The business processes in the supply chain and in the company are regarded as a chain of value creation. The objectives of the process are derived from enterprise goals and demands. Efficient use of resources will be achieved if the process is well designed and structured so that resources are used optimally. Process structure of the supply chain and the large number of participants in the process, members of the supply chain, puts in front of managers extremely important task - harmonization and coordination of activities. Coordination of activities in the supply chain is performed to minimize costs, increase service levels and profit of the companies. Intra-functional and inter-functional coordination takes place within the company. In order to optimize the costs of activities and processes the trade-off concept usually is applied. However, this concept will give the best effect if it is extended to the entire supply chain and if it integrates all the functions of the supply chain in a unified and synchronized process, from planning, procurement, production, and delivery. In addition to the operational benefits, the coordination of the supply chain enables the achievement of the strategic goals of the company. The way of coordination between chain members depends on the number of participants and the type of the connection. Coordination of activities in the supply chain refers to the connection and adjustment of various organizational structures that have a common goal, and the harmonization of the various processes in order to maximize the level of business efficiency. To poor coordination occurs most often due to inadequate exchange of information between participants in the chain, due to the incorrect information, due to the conflict a goal of participants. The appearance of inappropriate and incorrect information in the supply chain leads to unnecessary stockpiling, increasing costs and the lack of synchronization of the supply chain process.

Benefits of efficient supply chain management are the following [1]: lower inventory levels and lower inventory costs, faster inventory turnover, increasing the efficiency of distribution and faster delivery, lower total cost, lower prices of products, increasing the efficiency of distribution and faster delivery, higher quality products, and faster introduction of new technologies and products. Execution process efficiency in the supply chain is determined largely good implementation strategy to the operational level of the organization and integrated business processes, allowing cost reductions with the same or increased level of service and value delivered to customers. In addition to the presented dimensions of cost efficiency and product quality, the prerequisite for efficient supply chain is the time dimension. The goal is to create a supply chain that provides higher values for all its participants, including consumers, with lowest possible costs. If we look at the supply chain of a product with the determinants of the value of the product for consumers and cost-effectiveness, the following positions are possible [1, p. 85]:

The supply chain is inefficient at the market of product that has little value to the customer; These are very poor operating performance,
The supply chain is in a better position if there is an attractive market - a product that has a high value for consumers, even if the company and the supply chain have a slightly higher operating costs,
In unattractive market, with lower operating costs, the situation may be tolerable (lower right corner). The best position is when an enterprise makes low cost of its activities in an attractive market - a product that has a high value to consumers; Then it should work in efficient and competitive supply chain that creates a high-value with low-cost, which represents "win-win" strategy for all participants in the supply chain.
Performance management of the supply chain is one of the main determinants of competitiveness of enterprises. The way to successfully manage the performance of the supply chain is to remove the boundaries of functional departments, both inside the company and outside the company, upstream to
suppliers and downstream to customers and consumers. Managing relationships with suppliers and customers, forming inter-functional teams in this regard proved to be particularly significant. The point is that different supply chain performances (agility, responsiveness, customer service, delivery performance, production, logistics, and procurement) reflect the company profit. Profit, on the other side, is the determinant of profitability and enterprise value. The good efficiency measured by rate of return (ROE or ROA) and high-priced shares of companies in the market, contribute to good corporate image. All this forms the basis for achieving competitiveness or building competitiveness based on resources, based on the ability of companies, key competencies, but also based on the time of the process, customer service, speed innovation and commercialized product and process innovations, as well as the costs and prices of products / services.

Good operating performance of the supply chain (operational efficiency) are the basis for the realization of high strategic performances - agility, flexibility (the range and scope of demand), and responsiveness. The satisfaction of customers and consumers is of utmost importance for every supply chain. Customer service is a reflection of the flexibility to the demands. The buyer must have all the necessary information about the product and delivery, but often desirable to contact and continues after the sale, which the company can generate substantial feedback for future improvements. Delivery efficiency reduces the cost of holding inventory and improves cost performance [4, p 337]. Environmental performance of the supply chain has become an integral part of the customer's specifications and more commercially viable. They cover the entire product life cycle and increasingly affect business success. The performance objectives of production have the greatest impact on the quality, production costs, speed of delivery, security of supply and flexibility. The performances of production also inevitably affect the financial results. Supply chain efficiency can be estimated by using the total cost of logistics. Particularly is important research and analysis of operational and cost efficiency of the distribution system. With the development of the supply chain, particularly are emphasize performance concerning quality, time of delivery and reliability.

The fundamental purpose of an enterprise is to achieve the greatest possible business success expressed through profit or some other financial measure. Otherwise, the company's success increasingly depends on creating new competencies and innovations are the result of combining existing and new competencies. Special competence is the result of special expert knowledge and skills that enable the superiority in the field of research and development, technology, efficiency in production, customer service and other advantages. Distinctive, specific skills are those that differentiate enterprise from the competitors. Business success is the result of these specific skills and competencies, but if these skills successfully align with the external relations of the company, and if they are supported by all stakeholders. Essential, core competencies, which can gain an advantage over the competition, are based on a combination of attributes of the resources or skills, including particular organization. It is a synergy of resources and skills that can create value for consumers through strategic business activity and supply chain. The essence of the concept of supply chain is the fact that it creates maximum synergy of opportunities to its members.

When a company defines its core competencies, it must design its supply chain to support the competitive strategy, value creation proposals and developmental competences. This involves focusing on some of the processes and activities of the company, but also includes outsourcing of other activities more efficiently. Creating supply chain aims to optimize the flow (among all participants), and the material and information in order to respond quickly and efficient to customer demands. Competitive advantage based on speed / time is the strategic goal. The speed at which the supply chain responds to customer demands is the sum of all time in the chain of activities that have to be connected in an efficient and integrated process. In today's economy with customized offers and high consumers' demands, cost leadership can be provided through maximal efficiency of the internal processes, work without or with minimal inventory, custom design in terms of a highly integrated business processes in the supply chain. Cost reduction is still of great importance, since it is still very important to compete with lower price, and to achieve the higher profits and provide a better competitive position.
5. CONCLUSION

The challenge for the modern enterprise management in organizational and managerial terms is the implementation of programs to improve supply chain performance. Improving supply chain performance is about creating greater value for consumers through higher value of products/services, the value of which is realized through cooperation and integration of all participants in the supply chain, as well as the value created by a common experience of their appearance on the market and meeting the demands of consumers. Effective use of resources in each segment of the supply chain, as well as in all its interconnected members, contributes to strengthening their competitiveness. Also, the effectiveness of realization of activities and processes in the supply chain contributes to strengthening the competitiveness of enterprises, the member of the supply chain. Improvement of operations performances of the supply chain is in function of the growth of business performances and competitiveness of the supply chain.

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