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COMPETITIVE BEHAVIOR AND STRATEGIES IN BUSINESS ENVIRONMENT

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Summary

Competition in business environment is influenced by two groups of factors: competitive climate and competitive structure.

Competitive climate represents business environment elements that determine the rivals behavior in business development.

Competitive structure represents the structuring modality, for favoring competition both in business environment as well as for organizations as subsystems of business environment.

Key words: Competitive climate, competitive construction, business environment security, competitive strategy.

1. Factors influencing the competitive behavior

In the business environment – competitive environment – two groups of factors influencing in a decisive manner the competitive behavior are noticeable.

- the competitive climate
- the competitive construction.

▪ **The competitive climate** represents the elements of the business environment cooperating to determine the behavior of the contestants and competitors in running business. The climate is a general way of perception the competing relations, the manifestations of the market, as well as the possibilities of the players to negotiate and conclude business.

We emphasize, from the multitude of the elements influencing the competitive climate the following:

- The legal framework of the business represented by laws, normative, decisions, standards, codes, traditions and ethics of the environment
- The criminality level materialized in the seriousness and frequency of the criminal deeds and the type of criminals acting in the environment
- The size of the market and its directing on strategic or immediate profit directions
- The trends of evolution of the market and the profitability of the business, depending on mature or insufficiently organized structure, by the new producers, traders and consumers groups, competitive adjustment, their aggressive, penetrating or cooperative behavior, the increasing or decreasing trends of the profitability
- Exchange, cooperation, production, compensations, substitution of the lacks of products or services, moving on other market shares or market directions, parallel fields.

The most important correlation among the relations with the environment for an organization is represented by the correlation of the certainty of knowing the environment (completeness, truthfulness and intelligence in processing the information about it) and the dependence of the organization of resources. Depending on the trend of the information and resources and especially on the correlation between these, the organization must shape its behavior after the strategy of making more efficient the actions in business, in a flexibility dynamics, at least equal with the dynamics of the business environment or to change its strategy and so its behavior depending on the informative and resources constraints.

Depending on the organizational potential and capacities, the organizations must act fast to modify and adjust their strategies of behavior, but also to modify the environment, so that to favor its step of making business more efficient.

The active behavior is often accompanied by success, while expectative behavior or non-involvement in the environment economy is especially damaging and may be transformed in a strong vulnerability of the organization.

▪ **Competitive construction** represents the method of structuring, in the meaning of favoring competition, both of the business environment and of the organizations as its subsystems. The competitive construction may be the natural result of the competition in the business environment, but also a consequence of a strategy pursuing the increase of the market share and making business more efficient and targets:

- Organizing market shares and organizations, so that these favor the exchange of values

- Making technological and processional the exchange of values referring to functionality, information and processing information, communications, production, allocation, distribution, and payment

- Price mechanism corresponding to the value of products and services, objects of business

- Lawfulness favoring the ethical behavior in business

- Security of values, object of business

- Mobility in objectives and methods of business, utilitarian and methodological motivation, adjustment to the new requirements, correctness of the correlation of the optimum objective of the business environment with the objectives of the organizations.

A modular and flexible construction of the business environment assures not only the satisfaction of the clients' requirements but also cultivating their interest, the satisfaction, advantageous exchange of values, increasing the usefulness of the products and services launched on the market. Precise and efficient organizing favor a civilized behavior, based on the respect of the values and of the competitors and contesters.

The circulation of the information, grounding decisions and the opportunity of their applying give the measure of the organizational management and contributes in a fundamental manner to reach objectives in business.

The correct organizational structure assures elaboration and application of strategies based on environment, relation and correlations assessments, objectivizing actions and evaluating the proper successes.

An efficient organizing must consider the assurance of the functional relations output, of using in a correct manner the resources as well as of the legal framework of the exchange of values.

The prices mechanism plays an important part in business, both in the area of their organizing and objectivizing, as well as in the one of evaluating correctly the values being under transaction. The price mechanism must be especially flexible and to include all the range of methods and facilities of payment (classical, electronic, discounts, reductions, promotional prices, bonuses etc.).

The legitimacy favoring the ethical behavior in business must assure the respect of the values and competitors and traders and to remove the trends of making fetish from values, of favoring the non equitable conjectures, of monopoly and conflict type aggressiveness, of unreal prices, of promoting surrogates, of forged products and services or of "gang" or "party" behavior.

The security of the business environment must be looked as the main element of its functional-processional quality. The safety of the climate and the stability of the construction assure the positive trend of the business development. Identification of the environment threats and of the vulnerability of the organizations must represent one of the main functions of the management, while determining the rational risk assumed and favoring the versions of adopting global values and on risk directions must represent the attribute of a specialized structure – **the security structure of the organization.**

The security is resources consuming, but whatever it costs, the implementation of the security measures, their efficiency mitigate substantially the costs of insecurity.

Mobility of the objectives and methods of carrying on business represent the quality of a mature organization, with experience and rational behavior. Isolation or freezing the methodologies represents the organizational vulnerability and the consequence of a narrow thinking of the „let it go as it went” type. At the same time, change only for the sake of change may be a behavioral failure. The experience must be cultivated and used, but adjusted and shaped depending on the specific element of each business. No business strategy and plan guarantee the success if it is not adopted and updated according to the concrete development of the business, the less as an old strategy or a plan can be successfully used.

The elements determining basically the mobility are the changes of the environment (legislative, organizational, relational, competitive etc.), of conditions for the delivery or purchase of products and services, of methods and terms of payment, of negotiations of utilities and opportunities..

Mobility itself comprises two levels: **general and specific**. The **general mobility** is directed according to the business culture as level and intensity, content and forms, directing and human relations, conceptions, risk management, non-conflict type attitudes or of efficiency, while the **specific mobility** is adjusting to the entropy of negotiation and targets the optimum achievement hope, the level of the possibility of estimation as well as the possibilities of estimation of the immediate dynamics.

A common element of the two groups of factors is represented buy ethics or morality of the business. Max Weber shows that economic interests **and ethical norms concur with and govern the human activity**.

Ethics and professional activity represents the fruit of a vocation urging on action similar with what you want from a partner. The respect in business must be based on recognizing the value of the competitor and of the rational.

The ratio between ethics and market economy depends on the political organization, the territory administration, the structure and the objectives, the culture and the lawfulness of the business.

In its essence, the ethics represents the application of the principles and habituation of facts of life under the respect of good, duty, responsibility, dignity and equality of chances. The selfishness, the illegitimate gain, fraud, breaking the word given, lack of respect are immoral categories which existing in business cancel its essence- the exchange of values. The business ethical value must be consigned by normative and deontological provisions, based on mutual respect of the competitors (business partners) and of the transacted and obtained values.

2. Competitive strategies

A special importance in assuring the success in business has the business strategy adopted..

In the competitive environment with a considerable level of uncertainty, forecast plays an essential part and materialize itself in management and behavioral strategies and policies elaboration.

The competitive strategies directed towards efficiency tend to exceed the concepts stage and are approaching more to practice and behavior.

Among the present trends of directing the strategies of the organizations in the competitive field one can nominate:

Correlation information – resources in business environment

- abandoning accidental actions in favor of calculated anticipating and rational assuming of the risk

- updating again the strategy depending on the evolution of endogen and hexogen of factors of the organization as sub-system of the business environment

- modifying typologies of the business strategies.
- increasing the weight of the risk management in the business management
- implementation of the elements of competitive intelligence in grounding strategic decisions.

Among these trends, special approaches in the economy of the business environment security needs the risk management and the competitive intelligence.

We will emphasize three types, out of the richness of the competitive strategies :

- low costs strategy
- strategy of the competitors differentiation
- concentration strategy.

▪ **Low costs strategy** imposes to organizations such structuring and behavior in business so that to obtain minimum costs in the fields they wish to dominate. In this case, it can afford to practice lower prices for its products and services compared to the competitors, using the availability of resources in order to enhance their quality and usefulness and compensating the price decreases by increasing the sales volume and the speed of circulation, especially by decreasing the waiting time of products and services.

Approaching clients and their direct needs, harmonizing to these the usefulness of products and services, in an optimum ratio cost-usefulness and price, are elements of materializing this strategy which can be based on:

- Capital investments in technologies of processing and sales
- Intelligent processing of information and knowledge in the field where the organization activates
- Assuring a differentiated usefulness compared to the other competitors and of a remarkable reliability
- Increasing the production rhythm and assuring operative and efficient sales
- Rational management of the business risk
- Technical and managerial capacities of adjusting to the market needs and especially to the forecast of their changes.

▪ **Strategy of the competitor's differentiation** imposes launching on the market of unique products and services or with high usefulness in a market share dominated by notoriety, quality, operativeness, maintenance and openness.

The resources used for achieving the differentiation may be recovered based on a certain sales, in a relatively alert and stable and even higher prices compared to the competitors.

The strategy of differentiation imposes an especially efficient organizational management good knowledge of the market, a realistic forecast of the needs and requirements of the consumers and of the evolution of the competitors, an accentuated creative spirit based on research and technology making, as well as on using with maximum efficiency the technical capacities and the resources.

The strategy of differentiation must be based on a correct information and on a realistic and intelligent processing of information and knowledge in the targeted fields, establishing, continuously, sub optimum versions of action in case the pressure of the competition exceeds the power of the organization to maintain the adopted strategy.

▪ **Concentration strategy** represents an aggressive type approach, of insinuating on a certain market share, with a product or reduced range of products, for a certain period of time or due to some events.

The concentration strategy may also be similar to directing toward specialization, but which can be the consequence of a special innovation, of an offer for an extraordinary usefulness or of the fashion periods. Approaching such a strategy is characteristic to penetrating or aggressive competitors but also to vulnerability or to conservatives, either looking for immediate market, or assuring their dominant part.

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