

Development Strategy of the Leather Industry's Competitive Advantages

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Abstract: The globalization of markets and increasing competition from global and national issues and on the other hand, lack of comprehensive theoretical framework in terms of competitive advantage, the need to integrate existing approaches and provide a comprehensive model with the emphasis on conflict resolution is more evident at the global level. In this regard, we have to understand the existing theoretical vacuum using the theoretical principles, to provide a comprehensive model competitive advantage in the leather industry in Iran. Research conceptual model includes environmental capabilities, organizational capabilities and network connectivity and competitive intelligence. The nature of research is descriptive and causal. The population of the study is the leather industry and the statistical unit includes directors and senior industry experts and the sample size is 76 people. As well as to test the hypothesis of the study or enjoying the path analysis, spss software was used. Based on data analysis and test hypotheses, factors affecting competitive advantage due to the impact and importance, respectively, include competitive intelligence, organizational capability, connectivity and peripheral capabilities while the bulk of the inefficient industry leather of country results from inefficient industrial space and also from factors within the firm.

Key words: Pattern of strategic, competitive advantage, leather industry, country, space

INTRODUCTION

Competitive advantage is an important issue in recent years that has been emphasized in the literature on management and strategic marketing. In this regard, different perspectives are provided about the determinants and effects, where the theoreticians of industrial organization consider the environmental factors and the dominant factors determining their competitive advantage.

Until the early 1970s, the prevailing view in the interpretation of international trade was based on the famous theory of "Ricardian comparative advantage". So, that was a factor theory that causes a country to trade with other countries, the difference in the relative prices of goods in the country and the possibility of providing cheaper goods and services through its import specialization other commodities was higher with a comparative advantage in the export of some states. On the other hand, a factor that makes a country's exports in certain products and other goods has a comparative advantage in the production factors of the country were related to its natural advantages (Amit and Schoemaker, 1993). The prevailing view in comparative advantage, entering in the field of international trade was considered profitable for both parties and each country according to its factors of production definitely or products for production and specialization in the international trade.

The global trade in goods could be a substitute for the movement of factors of production so that the gain factors within the borders of the country pushed to equality. As a result, under free competition, unfair terms of trade have disappeared, commercial and economic exploitation is closed to each other. The pervasive and influential idea, any support and trade policies was accepted towards the defense of national interests deemed detrimental to national economic welfare and the protection of infant industries even under conditions with very specific conditions.

While in the second half of the twentieth century, especially in the last three decades it changed economic environment, communications and global trade, despite some binary codes, theoretical and some experimental led to the principle of comparative advantage, the most successful examples of industrialization in this period (Japan, Korea and other successful economies of East Asia) based on the expected pattern of non-specialization and comparative advantage reach to development factors (De and Tonchia, 2003). Problems that provided by traditional explanations of international trade for the leading countries of East Asia and the poor performance of industry leaders (and above all the United States), along with the continued popularity of incentive policies for domestic industries and protectionism, strengthen studies and reevaluation of views and the growth of international trade. The emergence of commercial strategic

theory that seeks to take advantage of the latest achievements of commercial policy and its instruments (subsidies, taxes and regulations) for achieving its strategic objectives. It was an effort to complete and respond to the new economic conditions such as the characteristics of monopolistic competition, increasing returns to scale, the process of trial and error and technological advances. A new wave of theories of international trade since the late 1980s with the aim of bridging the gap view of the economic literature that examines each of these ideas requires a separate room. Among the most innovative ideas in this area that only minor corrections are not satisfied and tried to explain the basis for the different trends in global trade will offer a theoretical comprehensive, competitive advantage. Porter (1990) with the book "The Competitive Advantage of Nations" as the founder of this theory, left the most important influence. He defines his goal as understanding the structure and structural capacity, to create advantages and global excellence by providing substrates and conditions competitive performance, to allow economic actors along with the guidance of new fields in the global trading account. In this view, the role of the factors of production in the traditional sense of the decline and also the opportunities that globalization puts at the disposal of corporations and governments, breaks down the previous restrictions. What is important in Porter's view is the central part of the reform of the economic agents and institutions (Ma, 1999a, b). Other theories of this group can be noted in the "Amit and Shoemaker". According to the two companies' profitability depends on the adjustment of strategic assets and strategic factors and therefore, the basis of competitive advantage is based on the interaction of industry and industrial organization theory placed merit (Amit and Schoemaker, 1993).

In contrast to these kinds of theories, some theorists have emphasized the importance of inter-organizational factors in gaining competitive advantage such that it can be resource-based approach and attitude's dynamic capabilities. Resource-based approach, organizations viewed as a set of resources and believes that the basis for competitive advantage is the company resources, provided that have rare attributes, with values being low substitutability and inimitable or difficulty of imitation. In other words, the source of competitive advantage is the organizational resources and if the resource of the four features above has a sustainable competitive advantage. Attitude of dynamic capabilities is known as the source of competitive advantage and distinctive processes (ways of harmony and composition) refer to the capacity of eco-restoration "dynamic" merit. In this view, the term "usability" changing business relevance emphasized the

actual market situation and the word "dynamic" to fulfill the key role of strategic management, integration and reconfiguration, competencies, resources, organizational skills to meet the requirements of the changing environment stresses. According to this view, there is no possibility of buying the dynamic of the market; it requires dynamic processes within the organization's management. Therefore, in this study, we have tried to integrate the comments to provide a comprehensive model for the development of the tobacco industry to provide competitive advantages.

Competitive advantage and its importance: Competitive advantage is considered one of the most important topics of strategic management theory because competitive advantage in an organization means better performance compared to competitors and in the short term guarantees the profitability and long-term survival and growth. The concept of competitive advantage has a direct contact with the target customer value so that in a comparison of the magnitude spectrum values supplied an organization closer to the values of the customer or to be more consistent, it can be said that the organization, in relation to its competitors has competitive advantages on one or more criteria (Ma, 1999).

Competitive advantages include factors or capabilities that the company has always been to show a better performance than the competition enables (Moller and Svahn, 2003). In other words, competitive advantage factor or combination of factors in a competitive environment is much more successful than other organizations and competitors can not easily imitate it (Wilson and Vlosky, 1998). So, as to achieve a competitive advantage, an organization must also pay attention to position its Foreign and domestic capabilities (Ma, 1999).

In direction to create competitive advantage are two important points that should be considered: first, the way the process is continuing to lead the organization's performance and competitiveness. This means that if the organization is able by its own to create sustainable competitive advantage is valuable for the customers and will always be superior to the competitors, indeed has brought worthy of their performance and competitiveness (Porter, 1990). Secondly, because of increased environmental complexity and intensity of competition, competitive advantage can be easily be imitated by competitors or customers will soon be exhausted and must be replaced with new benefits (Rouach and Santi, 2001). Accordingly, organizations should think about finding their competitive advantages.

Moreover, to sustain competitive advantage requires competence that is relying on the capabilities of the organization, creating value for customers. Company resources include a variety of assets, capabilities, organizational processes, information and knowledge are so controlled by the company that it will develop and implement value-creating strategies. These three categories can be seen as tangible, intangible and organizational capabilities (Wilson and Vlosky, 1998). The company capabilities are a combination of skills, knowledge and behaviors over time and are reflected the people, systems, processes and structures. In other words, skills that the company uses to convert the data to the outputs in the form of organizational processes a combination of tangible and intangible resources to achieve objectives such as: customer service, superior product development capabilities, innovative use of services and goods. Qualifications are considered as a perfect combination of assets, resources and process which allows companies respond to customer needs. Those qualifications, which are of strategic value that will be able to create value for the customers.

In other words, the concept of competitive advantage reflects the superiority of certain capabilities or combination of capabilities which top rival has it exclusively or to a large amount relative to its competitors. Thus, it can be said that the main features include a durable competitive advantage, invulnerability and its value. According to what was said, it can be concluded that in relation to the concept of competitive advantage we can emphasize two key issues: first, to create a competitive advantage through a combination of efficient and effective environmental resources and organizational resources by using network capabilities and competitive intelligence and the stabilization of the competitive advantage in this regard and school-based approach based on resources, important issues, the competitive advantage is to emulate a role. In general, this is the nature of competitive advantage, conservation programs and agencies depends on the capabilities and actions of competitors. The sources of competitive advantage and relationships are socially ambiguous and production complex would be difficult to imitate socialization.

MATERIALS AND METHODS

The study in terms of its goal is applied research and methods of achieving the required data, is a descriptive and causal research. In addition, to collect data, two questionnaire A (to collect data on the status quo) and questionnaire B (to identify the ideal situation) are used. It should be noted that the questionnaires are

used to assess reliability, test-retest methods to determine the structure and content validity of the experts.

The population is made up of directors, producers and industry experts of the leather industry that, given the extent of the mentioned community, the sample size was determined using a sample of 76 people.

Conceptual model: This study aims to identify the main elements of competitive advantage and its components as well as identification of the main factors together. It continues with a brief overview of the attitudes and concepts of operational variables used to explain the concept model in the research process.

A-competitive intelligence: Competitive intelligence is a kind of thinking. Competitive intelligence is the art of collecting, processing and storing information placed at the disposal of members of the organization at all levels that helps to shape the future of the firm and help to protect it against threats current competitors. This should be done legally and with respect for moral principles involving the transfer of knowledge from the organization based on specified rules (Wilson and Volsky, 1998). In other words, the competitive intelligence is both a product and a process. Information is usable product means that it can be used to perform certain activities. Both processes involve systematic way to collect, analyze and evaluate information. In other words, the competitive intelligence is the process of monitoring competitive environment.

On the subject of competitive advantage, it is very important to identify and define clearly and sources of competitive intelligence. "Dschampz" and "NIAC" offered the competitive intelligence in three categories which are:

Market intelligence: This kind of intelligence is the responsibility of procurement and supply trends and future needs and preferences of customers in new markets and to create opportunities for fundamental changes in the marketing and distribution of the competitors.

Intelligence related to competitors: This type of intelligence will be used through continuous and systematic consideration of changes in the structure of competition, new alternative products and new entrants to the industry, the task of assessing the evolution of the competitive strategies of their competitors.

Smart technology (cost) intelligence: It is the benefits of new technologies and also forecast current and future technologies that are destroyed and technologies that are dominant in the future.

Environmental capabilities: In terms of concepts of strategic management, competitiveness of any organization is largely affected by the environmental factors, including economic environment, political environment, social environment, environment, technology and regulatory environment and the industrial environment, including industry structure, competitive intensity, the industry growth rate, etc., (Rodriguez *et al.*, 2002).

Environmental capabilities, in the present research, are mentioned in five major categories as national infrastructure, industrial development strategy, national demand conditions, supplier and related industries and industry structure are examined briefly to each of them.

National infrastructure: The basic structure and determine for each industry on a national level include infrastructure, economic, political infrastructure, legal infrastructure, social infrastructure and technological infrastructure.

Terms of national demand: Domestic demand conditions can play an important role in the success or failure of the national industry in the global markets. The impact of domestic demand based on internal customer needs and competitive advantage through the mix. The knowledge and information in relation to the goods and services industry buyers and press to learn more and more industry innovations, companies in the industry will have to provide these basic needs programs in various areas of functional design and run the subject, they will be very effective in promoting learning and innovation capacity (Rodriguez *et al.*, 2002).

Industrial development strategy: The most important role of industrial development strategy is the effective coordination between the various industrial activities and define how and the amount of resources skills in different industries. In this regard, it is important to mention that knowledge-based industrial development strategies and consistent with the requirements of the global market, emphasized on the technology innovations, market-oriented and globally.

Industry structure: The structure of the industry is an important source of competitive advantage is compatible with the understanding of the important automotive industry needs substantial structural changes to achieve competitive advantage. The basic components of this restructuring is the private sector participation and investment in major activities and monopoly industry think, create specialized institutions such as design

centers and research with added value on a global scale, focusing on the needs of technology, quality, innovation and accountability and consistency and convergence of the requirements of the global market.

Related industries and suppliers: The supplier industry and related industries relating to the empowerment and global competitiveness of industries will be efficient in different ways in access to effective competitive advantage because access, fast and sometimes preferred to the needs of the industry with quality and provide affordable and competitive will improve industry competitiveness (Moller and Svahn, 2003).

Organizational capabilities: First thinking was about organizational capabilities based on the skills and capabilities of a company (Rouach and Santi, 2001). Attitudes based on the industrial organization which are introduced as the environmental attitudes of competitive advantage have some limitations. In this regard, some efforts have been made to eliminate existing theoretical gaps in terms of competitive advantage. Three following attitudes, despite a few differences in principle fairly similar solutions provide competence in relation to the merit theory.

Resource-based attitude: This attitude essentially sees performance as a function of organizational characteristics and checks the relationship between organizational characteristics and performance results. Basic principle-based approach is that it is a resource consists of a set of resources and a source of competitive advantage, resources, organization, attributes and character references, how much advantage and determines its stability (Ma, 1999a).

According to the attitude of the organization includes all assets, capabilities, organizational processes, features and characteristics of the organization, information, knowledge and others are under the control of the organization which is able to develop and implement strategies to improve the efficiency and effectiveness of its the (Ma, 1999b). According to the experts, this attitude requires some necessary conditions for the sources of competitive advantage are: dissimilarity incomplete excitation of sources.

Merit-based competitive attitude: Attitude towards competition based on merit-based approach of pragmatism and deliberately have more features, strategic planning focuses on behavioral aspects and therefore has wider scope of vision. Competitive attitude based on merit, sees the capacity to build, strengthen and

development of the organization's core competencies to produce successful products on the market, stable basis for competitive advantage. Experts believe that this approach cannot consider any merit as a core competence and the competence that has the following three characteristics, will constitute the core competence: the ability to facilitate market access have the potential to cause the organization's customers as the primary source of added value product/service domestically and for imitation by competitors problem.

Attitude of dynamic capabilities: The attitude that focuses the attention to the organization's ability to modernize and restructure of proportionate resource and compatible with the environmental changes emphasizes in terms of proximity to customers and competence development along the entire value chain of the firm.

In fact, while the attitude emphasizes the key role of strategic management in the adaptation, integration and integrating and reconfiguration of resources, competencies and organizational skills to provide the requirements of the changing environment and to emphasize proper technique, the dynamics of modernization and capacity reconstruction capabilities are referred in order to adapt to the changing business environment, a certain relevance directions and points out the real market situation.

Networking capabilities and connectivity: In general, it can be said that it is the network competition model and to create value chain. More competitive compared with

rival network value chain from basic needs to compete in today's era in this regard, the creation of a network, after-sales service, distribution and effective coordination and the establishment can play an important role on long-term relationships of trust with members of the network using information and communication between the enterprise network to strengthen the competitiveness. In the new model, organizations have created an efficient network using long-term cooperation and communication within the network and taking advantage of synergies that are resulting from the pervasive competitive actions against rival networks. Examples of inter-agency network can be a network, marketing, innovation, product development and other competitive networks of various organizations to create a standard that industry and compete effectively against other networks or in relation to the dominant player in the industry. Networks create benefits for its members, usually within organizational boundaries; none of the members of the network will come alone. The division of labor allows network members to use the distinct competencies of members in activities to create value, their special expertise, resulting in increased efficiency and competitive advantage for the network (Moller and Svahn, 2003) (Fig. 1).

Hypothesis

Main hypotheses:

- Leather industry competitive advantage is due to competitive intelligence, environmental capabilities, organizational capabilities and communication capabilities

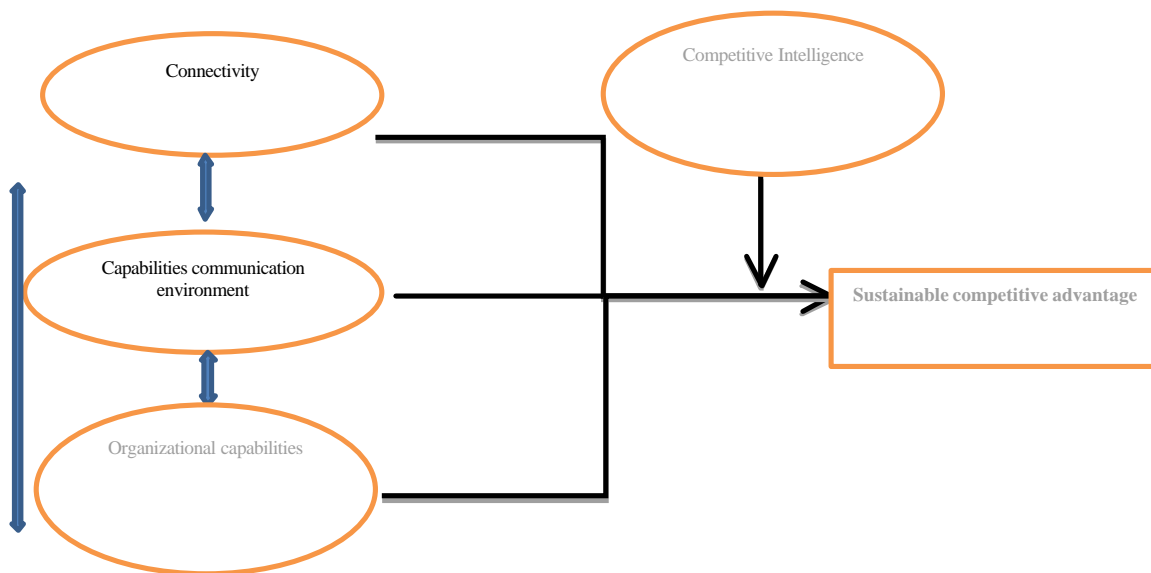


Fig. 1: Conceptual model

- The environmental capabilities will affect the organizational capabilities and communication capabilities
- Organizational and communicative capabilities will affect each other indirectly

Sub hypotheses:

- Competitive intelligence affecting competitive advantage of social intelligence, technological intelligence and strategic intelligence.
- Ability of influence on the competitive advantage of national infrastructure, industrial development strategy, industry structure, related industries and provide efficient and effective, national demand conditions.
- The organization of effective competitive advantages, including the ability to substantive, strategic capabilities, marketing capabilities and technical and technological capabilities
- Communication capabilities comprises affecting competitive advantage including competing networks, distribution networks and sales, customer relations, relationships with suppliers, after-sales service network, information and communication systems of the organization

In order to assess the hypotheses of the study, the analysis of direction using software SPSS was applied.

RESULTS AND DISCUSSION

Main hypotheses the analysis research: In order to assess hypotheses the study, the analysis utilizes the software SPSS, was used. In order to assess the assumptions of the study, the analysis utilizes direction software SPSS, was used. According to Table 1, it can be concluded that organizational capabilities and competitive intelligence directly affect the competitive advantage. While communication capabilities through competitive intelligence will affect the competitive advantage. While, the organizational capabilities, in addition to direct effects, through connectivity also has an impact on competitive advantage also, the organizational capabilities and competitive intelligence directly affect the competitive advantage. Meanwhile, environmental capabilities through competitive intelligence and organizational capabilities have impact on competitive advantage.

Subsidiary hypothesis test results: In order to test each sub-hypothesis of the study, factor analysis, Friedman ANOVA and paired sign test was used, as a result, the factor analysis confirmed all four hypotheses according

Table 1: Path independent variables

General path coefficient	Indirect path coefficient	Direct path coefficient	independent variable
162/0	162/0	-	Connectivity
388/0	388/0	-	Environmental features.
436/0	98/0	338/0	Organizational capabilities
518/0	-	518/0	Competitive Intelligence

Table 2: Variables based on the importance of each component

Priorities for each variable	Main components (independent and dependent variables)
Strategic intelligence, technological intelligence, social intelligence	Competitive intelligence
National infrastructure, on industry structure and industry development strategy related industries and suppliers	Environmental features
Relationship with customers, relations with suppliers, distribution and sales network competition, the use of information systems	Connectivity
Strategic capabilities, technical and technological capabilities, marketing capabilities ability to content	Organizational capabilities
Innovation, quality and reasonable price, to meet the tastes and needs of customers	Competitive advantage (the dependent variable)

to Friedman tests and mark variables of each component is prioritized in terms of importance Table 2.

CONCLUSION

Based on data analysis and test hypotheses, factors affecting competitive advantage due to the impact and importance, respectively include competitive intelligence, organizational capability, connectivity and peripheral capabilities. The findings of comparative studies suggest that shows the gap between current and desired status of indicators and the following indicators on the leather industry's competitive advantage that it seems Inefficiencies resulting from the leather industry space.

SUGGESTIONS

Therefore, according to the findings, the researchers went on to offer the following suggestions: Technical and technological features are one of the most important factors affecting the tobacco industry is a competitive advantage. According to the findings of the current status of the leather industry lacked the technical and technological requirements of the industry are driving competitive advantage. Research proposals in this regard can be the use of flexible network technology and quality, savings due to economies of scale (in production, design, time to market) and standardization according to the needs of future.

The marketing capabilities of the leather industry are other factors affecting competitive advantage which are

recommended in this regard, research-oriented companies producing leather and related products and marketing organization, sales promotion activities effective, innovative marketing mix, price-quality balance, the institutionalization of the concept of the customer in all elements and levels of the company.

The strategic features are of the organizational factors affecting the leather industry's competitive advantage offered in this regard, the proposed strategic focus to production on a global scale, using authentic strategies, strategic partnership with the world-renowned companies and joint ventures with leading companies, employing new strategies layers competitive advantage rather than focusing on preserving the competitive advantage.

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