

The background of the cover is a photograph of a multi-lane highway with several cars driving away from the viewer. In the distance, there are rolling hills or mountains under a sky with a warm, orange and yellow glow, suggesting a sunset or sunrise. A utility pole with power lines is visible on the right side of the road.

EVALUATING THE ROLE OF CORE COMPETENCIES IN IMPROVING PERFORMANCE OF MANUFACTURING INDUSTRIES

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Chapter 1 Introduction

1.1 Core competencies

Core competencies are which differentiate an organization from its rivalry and helps to create a competitive advantage for their organization in the marketplace. These are certain set of skill and abilities which organization used to give the customer great value, it can be a technology competency, or a service competency etc. Basically an organizational core competency helps the organization to create a product which show their flagship abilities which give a product which is unique, means it can't be copied easily and which give the customer the value which they require at reasonable price is an organization's strategic strength. Honda's core competency for example is its engine and propulsion systems. strategic strength, for example, lies in its engine and propulsion systems. Sony and federal Express has a core competency in miniaturization and logistics customer service respectively.

These three tests that are to be fulfilled to call a competency a core competency.

- A core competency can create great product and services but these should be available to wide range of market not to a specific market place.
- It must provide substantial benefits to the customer.
- It should be unique in way that rivalry have hard time intimating the product or service, means organization should excel in that particular work.

Praha lad and Gary Hamel were who introduced the concept of Core Competence. They wrote that a core competency is "an area of specialized expertise that derives

from the integration of technology, knowledge, resources and skills, which helps to make the product in less time and less money compare to the competition. They also gave example of Honda's expertise in engines, which indeed helps them to make many great product using these engines like automobile.

To sustain long term competitive advantage, organization should identify and develop its own core competencies. To recognize its own core competency company should be fully aware of its underlying skill sets, technology, experience, ability or process that make the company to provide unique set of services or products. Company should strategically use these core capabilities to gain a competitive advantage in the market. Also core competency are dynamic in nature they grow and develop with time and market circumstances. The company should recognize the need of customer and market scenario so to develop appropriate core competency which helps to grow the company and also provide the customer what they need. Leadership of the company should always continually monitor and reset the strategy according to changing market.

1.2 Outcomes of core competencies

- Skills in manufacturing a high quality product
- System to fill customer orders accurately and swiftly
- Fast development of new products
- Better after sale service capability
- Superior know how in selecting good retail locations features
- Innovativeness in developing popular product features
- Merchandising and product display skills
- Expertise in an important technology
- Expertise in integrating multiple technologies to create whole families of new products

1.3 Resources, Capabilities & Core Competencies

Resources- Resources are the basis of a firm's capabilities. Organizational capabilities are formed by bundling resources. In end core competencies are based upon the organizationn capabilities, core competencies are the basis of competitive advantages. Resources could be human, financial, technological, physical or organizational.

Resources are inputs of organization production process, abilities and skills of employees, finances, patents and talented managers. The more valuable, unique and firm specialized the resources are, perhaps more chances, the organization will have core competency. Resources should help the firm to build on the assets and remove the firm's flaws

Resources are usually classified into two categories as follows.

Tangible resources- These are the inputs that can be seen and measured

- Financial Resources- The firm's borrowing capacity

-The firm's ability to generate internal funds

- Organizational resources-The firm's formal reporting structure and its formal planning, controlling, and coordinating systems
- Physical resources -Sophistication and location of firm's plant and equipment

-Access to raw materials

- Technological Resources- Stock of technology, such as patents, trade-marks, copyrights and trade secrets