

The Assessment of Viewpoint to Core Competence Understanding of Successful Companies in Developing Countries (The Case Study of Turkey)

Dr. Fatma Ayanoğlu Şişman

Lecturer of Management and Organization Science
Marmara University, Business Department
Bahçelievler Campus
Istanbul-Turkey

Dr. Nilay Gemlik

Assistant Professor of Health Management
Marmara University, Health Science Faculty
Istanbul-Turkey

Prof. Dr. Uğur Yozgat

Professor of Management and Organization Science
Marmara University, Business Department
Bahçelievler Campus
Istanbul-Turkey

Abstract

The recent searches have revealed that the enterprises will catch the superior position against their competitors when specialized in line with their skills and focused on their core competencies. The importance of this topic in reaching to success of the enterprises operating in developing countries. Turkey is a country that is continuously monitored and has a great importance in developing countries in terms of both their own enterprises and foreign investors. This is one of the most important reasons that is underlying for the choice of Turkey among developing countries from our research. The aim of this study, from this point forth, has been carried out to determine perspectives on core skills of holdings that are among the largest firms of Turkey. And also how they assess the core skills and to what extent they see as the exit point of focusing on core competencies especially in times of crisis. Some of these firms depend on a single holding company or business group. For this reason, the interviews have been conducted with holding which these firms are connected, after selection through random sampling between firms which are operating in different sectors. The interviews have been conducted with bosses or senior managers of enterprises on this subject and have been made face to face. The answers that are given to questions on the specified subject, have been subject to content analysis. However the subject that has great significance in theoretical studies, such as basic skills, carries a special significance and a character with the original in terms of reveal how and what results generated in its application. This research shed light on all of enterprises with all these aspects.

Keywords: core competence, skill, organization, company, strategy,

1. Introduction

The global competition makes it more difficult for enterprises to survive with each passing day. When adding of experienced financial crises on this negativity, standing up and catching the superior position of companies/enterprises in competition has been become almost impossible. The enterprises constantly seek a solution for experienced problems. Recently on this regard, one of the most effective methods of both cost reduction and turn the crisis into an opportunity for enterprises is to focus on core competencies. Many factors are undoubtedly effective in achieving to success of enterprises. Factors related to the business itself and opportunities and threats that offers environment in which, direct impact on success. One of the most important of these factors is the basic skill. The succeed of enterprises in developing countries is very difficult. In this study, has been tried to determine how the focus on basic skills of the successful enterprises in developing countries. In this research, the core competence is primarily discussed theoretically and then the results of research conducted with companies have been specified.

1.1. Core competence

In today's environment that is experiencing rapid change and intense competition, the resources that enterprises have and to take part in activities to develop their skills in using these resources, have become mandatory to ensure their continuity (Hamel and Heene, 1990). The resources or capability of some enterprises may be less than its competitors. At this point, the element of core competences emerges. The concept of core competence has been come to the fore in order to protect the rule of the competitiveness of enterprises since the end of the 1970s and has been gained great importance with - giving prominence of capabilities - rethinking on this capabilities of enterprises in the 1990s (Prahalad, Hamel, 1990).

The most powerful way to gain in global competition is still invisible for many companies. During the 1980's, top executives were judged on their ability to restructure. In the 1990's they judged on their ability to identify, cultivate and exploit the core competencies that make growth possible (Prahalad and Hamel, 1990). The concept of core competency has received more attention by managers and decision makers (Javidan, 1998). The central message is for the core competence that companies should develop strategy and structure around their core competences (Nicolai and Dautwiz, 2010). The idea spread from core competencies to core everything—core processes, core businesses—everything that constituted the essence of what a company was and did. Management consultants encouraged companies to focus on their core as a source of untapped potential in a time of rapid change and unpredictability (The Economist, 2008).

Core competencies are highly valued by managers since, among other things, they underpin competitive advantage. One stream of research in this area has focused on practical processes relating to the identification of single and multiple core competencies. Yet, identification is insufficient for sustaining core competence derived competitive advantage, since a core competence needs continuous development (Ljungquist, 2007). The enterprise core competence is formed in the process of market competition. It cannot be borrowed from outside (Qingdong, 2009). To increase competitiveness of enterprise by top management and to develop a structure that will emerge to the core competence necessary for the organization are mandatory (Prahalad, 1993). The basic skills usually cover the high skill important activities of an enterprise that is the key to survive and is the center of strategies, at the enterprise level (Bakırtaş, Bakırtaş). The core competence is the most important value of an enterprise. The enterprises determine their direction in future according to the core competence of this enterprise. A connection mechanism must be between assets, resources, capabilities, competencies and core competencies. Core competence is an unique feature of the enterprise (Hafeez and Zhang, 2002).

Competencies are integration of skills and technologies, providing superior customer value, deployable in multiple markets and rare among competitors. They also are not assets, as much as they are knowledge and skills. Competencies supply competitive advantage, but some sources of competitive advantages are not core competencies (e.g., access to scarce resources) (Hamel, Heene, 1994). They are the crown jewels of a company and, therefore, should be carefully nurtured and developed. Companies can determine their future business directions based on the strengths of competencies. However, because generalized terms such as resource, asset, capability, and competence are not clearly explained in connection with competence theory, these posing difficulties in understanding many contemporary management concepts (Hafeez, Zhang and Malak, 2002).

Core competence can be defined as communication, involvement and a deep commitment to working across organizational boundaries to be assessed on the basis of three criteria: value to customers benefit, limited resources and competition opportunities. Of the company has made an outsourcing decision and transferred a part of the services, the ewecutives and the staff can accumulate more resaurces and pay more attention to the core competence (Gimzauskiene and Staliuniene, 2010).

Core competence is the thing that some companies know how to do “uniquely well” and that have the scope to provide them with a *better than average degree of success over the long term*. (Gallon, Stillman and Coates, 1999). It refers to knowledge and skills which bear an indispensable qualification (Dinçer,1998). The service sector is closely related to all activities of the economy. Core competence, at this point, means the presentation of technology, knowledge and networks in conjunction with each other in order to provide for customer. The core competence shall be identified as the focal point while developing the creative potential for innovation and in the customer-focused market is to think behalf of the customer (Kamdumuly,2004). The core competence constitute consistent assets, knowledge, skills and knowledge of organizational culture that will enable them to achieve a competitive advantage of an enterprises in a specific market.

While, the core competence that develop in the competitiveness process by enterprises, are unique and intangible assets, resulting products of this authorization may be imitated. The provision of core competence is often limited. The core competence can not be exchanged and also are valuable assets when they used for any process (Onyeiwu,2003). Core competences are confused with capabilities. Capability is crucial for survival but, unlike a core competency, does not confer any specific differential advantage over other competitors (Prahalad, 1993). Core competences are associated and in a hierarchical structure with abilities, skills, and abilities. The core capabilities of enterprises should be able to distinguish between the capabilities and skills. For example, if an administrator mentions 40-50 abilities for core capabilities of medium-sized enterprise, he refer to "many other capabilities than "core skills" (Kumar, Eickhoff, 2005-2006).

Three-step guide to discover a particular firm's core competencies. The first step is to determine the competence's breadth using conceptual analysis of key corporate documents. The second is to verify and revise results from the conceptual analysis by integrating them into a core competence chart. The third step is to use this chart to interview key corporate managers and professionals, enhancing understanding of the competence gained during the first two steps (Edgar, Lookwood, 2011).

During and following the world economic crisis that started in 2007, the weaker businesses are wroving to be the "shock absorbers" of the system. That presents companies with, strong focused cores with an opportunity to take advantage of these weaknesses. These businesses face far greater swings in margin and drops in valuation than the leaders, and they risk losing it all. Here the key to unlocking hidden sources of growth and profit is usually not to abandon the core business. The management teams running the strongest core businesses are the ones who most consistently underestimate their full economic potential (Zook and Allen, 2010). Understanding core competencies allows companies to invest in the strengths that differentiate them and set the strategies that unify the entire organization. If the competencies don't create products or services that are exceptionally different, they are most probably not core. Ways to get core competencies: isolate its key abilities, compare itself with other companies, develop the understanding of what capabilities its customers truly value, create an organizational road map that sets goals for competence building, encourage communication and involvement in core capability, hire talented people (Boguslauskas and Kvedaraviciene, 2009).

1.2. Economy of Turkey and Importance of Turkey's Economy in terms of World

Turkey was took first place for in the world countries with the growth of 8.2% of GDP (gros domestic product) in the third quarter of 2011. China and India have been quite effective in maintaining of encountered contraction in 2009. Despite of contraction at the rate of 0,7% in the world economy in 2009, China and India portray to the success of growth at the rate of 9,2% and 6,8% respectively.

12 companies from Turkey have become one of the world's largest 2000 companies announced by Forbes magazine in 2010. There are some largest companies that have also included in our survey by us from 274 rank (Hurriyet, 2011). Briefly, Turkey has a great importance in the category of developing countries in the world. The experts referred the Turkey as a bridge between the Middle East that is poor but growing and Europe that is rich but economically troubled; and stated as one of the competitors that have the brightest future among developing countries. Especially, the advantage of having a high population of young people that is also an additional opportunity, is emphasized issue (www.aktifhaber.com).

Because of all these reasons, Turkey is a country that is continuously monitored and has a great importance in developing countries in terms of both their own enterprises and foreign investors. This is one of the most important reasons that is underlying for the choice of Turkey among developing countries from our research. Because any case in here, will be also guiding to companies in other countries. In the research, the country's leading industry chamber was elected in terms of to comply with objective criteria while preferring of Turkey's largest companies.

2. Study

The research made in relation with capability is collected on two issues such as what are the capabilities that are required in order to compete of an enterprise in a private market and in case of taking into account the current and potential capabilities of an enterprises, planning of should be competitive in which market. Core skills refer to the accumulation of knowledge of the organization because of application in the learned capabilities and using these capabilities in product-market strategies.

Very few enterprises may determine their core skill and may see as an important tool in providing advantage by creating the strategy according to these capabilities if they define them (Eren, 2005).

2.1. The purpose and importance of the research

The aim of this study, from this point forth, has been carried out to determine perspectives on core skills of holdings that are among the first five hundred large firms which registered in Istanbul Chamber of Industry, how they assess the core skills and to what extent they see as the exit point of focusing on core competencies especially in times of crisis. The difficulty of focusing on the different core skills of enterprises that operated in more than one sector and how do they work to develop core skills in different areas, have been investigated. The reason of the selection of holdings as research sample; is operating in more than one area. Holding companies are focusing on very different business fields. They must have different core competencies to provide a competitive advantage in each business area. In thus research, the main purpose is to be obtained the more clearly answer to the question that is how they can be reached on different core competencies in different area of successful; how they improve their core skills in different areas. Another reason for selection of enterprises that enter into between the successful enterprises which are defined by the Istanbul Chamber of Industry; precedent in terms of applications to all of enterprises.

Istanbul is the largest city in Turkey with 2700-year history and a population of over 15 million. Istanbul is an important industrial city as well as economic, cultural and geographical features that combine the two continents. Istanbul is one of the cities that are followed by Europe and other countries in the world not only for Turkey. For Turkey, the events of the Istanbul, are important for the whole country, and the events in here are closely related to the whole country. Because, due to the importance of the city, any experienced case in here, affects the economic situation of the country. Because of all these reasons, we have discussed registered businesses to industrial chamber such an important city when our assays are determining. The registered businesses of Istanbul Chamber are among large companies of country, Europe and the world in terms of both size and export volumes. Istanbul Chamber of Industry that is founded in 1952 and is continuing its effectiveness with the power from contributions to the Turkish economy of members since its inception; is the largest Chamber of Commerce of Turkey with member upcoming to 15.000 (www.iso.org.tr).

- The share of added value created by members of Istanbul Chamber of Industry in the value added of industrial sector in Turkey, is around 40%.
- The share of those who were employed in the Istanbul Chamber of Industry member organizations in 2009, in the Turkey industry sector employment (the sum of the labor force registered and unregistered) is about 17,2%.
- There are 190 organizations that are members of Istanbul Chamber of Industry within the scope of Turkey's 500 Largest Industrial Corporations in 2009. The number of organizations that are members of ISO within the scope of Turkey's second 500 Largest Industrial Corporations is
- 197. Thus, the number of ISO members in 1000 the Largest Industrial Corporations in 2009, is 387.
- The exportation of these 387 organizations in 2009, constitutes 27,3% of total exports of Turkey.

The research is important in terms of it is related to all of enterprises but not only current and investigated group. However; an issue that has a great area in theoretical studies, such as core skills, carries a special significance and a character with the original in terms of reveal how and what results generated in its application.

2.2. Sampling

The 209 firms from the 500 firms that are registered in Istanbul Chamber of Industry, are active (operate) in Istanbul. Some of these firms depend on a single holding company or business group. For this reason, the interviews have been conducted with holding which these firms are connected, after selection through random sampling between firms which are operating in different sectors. It has been a face to face interview with top management, the answers that are given to questions on the specified subject, have been subject to content analysis.

In this study, has been interviewed with a total of 8 holding companies. Although it may seem that the number of interviewed holding company is small, it is emerged that this number may represent universe by taking into consideration these holdings are only the companies that entered into 500 of the biggest companies which determined by the Istanbul Chamber of Industry, at least 5 companies of each holding are in this category and qualifications of interviewed persons .

2.3. Findings

The demographic characteristics of interviewed persons; their educational background (college, undergraduate, master, doctor's degree); position (boss, senior manager); marital status can see on Table 1.

Table 1. The demographic characteristics of interviewed persons in study:

| Educational Background | n | % |
|-------------------------------|----------|----------|
| <i>College</i> | 2 | 18 |
| <i>Undergraduate</i> | 5 | 45 |
| <i>Master</i> | 3 | 27 |
| <i>Doctor's degree</i> | 1 | 9 |
| Position | | |
| <i>Boss</i> | 4 | 36 |
| <i>Senior Manager</i> | 7 | 63 |
| Marital Status | | |
| <i>Married</i> | 11 | 100 |
| <i>Single</i> | - | - |

The activity areas of holdings may be a wide variety. When examined the general features of included and not-included holdings in the study, it has been seen that they are usually concentrated the energy, finance, construction, textile, transportation, automotive and tourism industries. The names of holdings have not been explained because they want not mentioned. Therefore, interviewed each of holding are specified with A1, A2, A3, A4, A5, A6, A7 and A8. (Table2).

Table 2. The Company Number of Holdings and Sectors in Which They Operate

| Holding | The total number of holding companies | The First sector | Currently operating in other sectors |
|----------------|--|-------------------------|--|
| A1 | 72 | Food Sector | Energy, Finance, Automotive, Tourism, White Goods |
| A2 | 14 | White Goods | White Goods, Health Sector |
| A3 | 23 | Mining | Energy, Construction, Tourism, Mining |
| A4 | 17 | Food Sector | Food, Finance, Information Technology, Construction |
| A5 | 35 | Energy Sector | Energy, Tourism, Construction, Finance, Food |
| A6 | 14 | Textile Sector | Textile, Construction |
| A7 | 7 | Textile Sector | Textile, Tourism |
| A8 | 28 | White Goods | Tourism, Energy, Mining, Construction, Water Products, White Goods |

(Just for one company of A1 holding total financial turnover rate for 2010 is approximetly 10 billion dolar).

At the end of this study, it has been identified that the holdings within the scope of research in general do not improve different and new basic skill while operate in different areas; attempt to use their present capabilities in the other areas. It has been understood that the most important decision to start operate in a different field is affected with emptiness in the market and the degree of make profit but not basic skills that develop in this field. It has been determined that they prefer to do strategic cooperation with other firms in this area or to withdraw from this area when they do not increase market share in operated different areas. In this research, the enterprises generally focus on areas that will provide overall profitability instead of basic skill. It has been observed that the ability and good features are expressed as basic skills in the enterprises. In this research, the enterprises generally focus on areas that will provide overall profitability instead of basic skill. It has been observed that the ability and good features are expressed as basic skills in the enterprises.

4 . Conclusion

The enhancement of global competition proves the survival of the ones doing the best in specific works and so the need of specialization. In the meantime, the demand for operating in different fields of growing and developing operations verifies the compulsion for developing their basic skills. At this point, it is a known fact that especially the holdings are operating in different fields (sectors). Many growing and developing companies in Turkey conglomerate due to the demand for operating in different fields. The holdings in Turkey operate generally in energy, tourism, automotive, food and construction sector.

It is quite difficult that holding starting in one field and also trying to operate in different sectors in growth trend spread their basic skills in all of the fields of activity. In this scope, the research was done for the purpose of determining how they develop their basic skills and how they can specialize by focusing on different basic skills in different sectors, while holdings are operating in different sectors of activity.

An interesting finding obtained from the research is the continuation of staying in other sectors by cutting loose from sectors in which it operates from foundation stage to growth and development stage of one of the holdings. At the end of study, the following points have been identified in relation to the basic capabilities of holdings in study:

- It has been identified that the holdings within the scope of research in general do not improve different and new basic skill while operate in different areas; attempt to use their present capabilities in the other areas
- It has been understood that the most important decision to start operate in a different field is affected with emptiness in the market and the degree of make profit but not basic skills that develop in this field.
- It has been determined that they prefer to do strategic cooperation with other firms in this area or to withdraw from this area when they do not increase market share in operated different areas In this research, the enterprises generally focus on areas that will provide overall profitability instead of basic skill. It has been observed that the ability and good features are expressed as basic skills in the enterprises.
- In this research, the enterprises generally focus on areas that will provide overall profitability instead of basic skill. It has been observed that the ability and good features are expressed as basic skills in the enterprises.

As a consequence, it can be indicated that the holdings maintain their current success by their existing expertise. But it can be said that they need to become conscious more in respect of the basic skills. As a result of the research, it can be specified that the enterprises did not focalize enough on basic skills. To be successful in the global arena of Turkish firms and to be achieved sustainable competitive in the future will be possible by developing of current basic skills and focusing on new core skills.

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