COMPETITIVE ADVANTAGE IN THE PUBLIC SECTOR

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Abstract
Competitive advantage, the invisible component of the strategy, has as its subbordinates visible components of the strategy (mission, objectives, strategic options, resources, time)
According to the renowned specialist Michael Porter, a company's competitive advantage, in essence, implies ensuring a reduced cost or a product or service, that differentiates itstelf through its qualities from other products offered by others or by most competitors.
The action which doesn't lead to one of the advantages above is not of strategic interest, because competitive fight was and is defined as the battle for competitive advantage.
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1. COMPETITIVE ADVANTAGE – DEFINITION AND CHARACTERISTICS

According to those who are studying strategy, the eternal battle of competition in any domain or industry is the confrontation for benefits. The purpose of strategy is to create and maintain strategic advantage. For this, the strategy of the organization has to be focused on creating new advantages that will lead to increased customer satisfaction and asymmetry compared to that of the competitors. By doing so, the held advantage may extend, while also diminishing or eliminating the advantages of the competitors. In its turn, the advantage can be achieved by various combinations.

Generally, a company has competitive advantage when it can create more economic value than other rival companies. Economic value is the difference between perceived benefits gained by a buyer who purchases goods or services of a company and the economic cost of these products and services. Therefore, the size of a company's competitive advantage is the difference between the economic value that the company makes and that of its rivals. (Barney and Hesterly, 2006,)

The sources of competitive advantage of an organization lie in:

- Availability of quantity/quality superior financial, physical and human resources;
- Possession of superior technical, economic, organizational and managerial skills;
- Occupying a superior position on the market.

Advantages produced by the two first types of sources are easy to understand, being reflexes of a bsiness capacity to achieve on a large sclae or in conditions of superiro efficienct compared with similar businesses by competing organizations. Competitive advantage offered by the third source, once acquired, can be relatively easy to defend given that revenues are sufficient to guarantee its maintenance.

The advantages that result from the occupation of a superior position on the market are of several types.

The most common competitive advantage is the one determined by the size of the organization or ots business scale. The explanation is the following: as the scale of its activities expands, the organization is capable to reduce marginal and total costsfor each additional product unit, as a result of the effects of the learning curve; earnings thus obtained can ensure profitability or can be invested in activities and directions that support the position gained, for example, intensification of R&D, internationalization of business, initiation of extensive advertising campaigns, etc. It is to be pointed out that under this type of positional advantage, organizational policies designed to ensure improvement and maintenance of the superior sposition obtained does not require special skills, superiro to the existent ones from other organizations, but that are simply more effective because of the superior position itself.

Another type of competitive advantage is the one that results from a successful brand. They offer reliable guarantees in terms of high quality products and services, great reliability, availability in many points of sale, etc., reason why they are used with ability by the retail vendors that significiantly increase their sales volume by selling products that bear the prestigious brand. Competitive advantage based on brand creates serious entry barriers for potential new competitors, makes it easier for organizations that have the problem with building a wide range distribution network and that rely on favorable assessment of the buyers in regards to the quality of the products bearing thebrands of the organization.

Competitive advantage can be obtained only if a business system creates superior value for buyers.

A company must be able to provide a more suitable product/service for customers than those produced by rival companies. Second, a successful company must also have the ability to develop and provide a superior offer of products. The activities that bring value, such as R & D (Resources and Development), manufacturing, logistics, marketing and sales are generically called chain of values (De Wit and Meyer, 2004).

As far as the definition of competitive advantage, most definitions focus on the creation of value.

Although Michael Porter doesn't give a precise definition of competitive advantage, he says that it is the central element to a company's performance on competitive markets, and in order to obtain it, the company can use one of the following strategic alternatives, called generic competitive strategies: cost supremacy, differentiation and focus.

Hoffman and Rumelt (2000,2003) did a review of the most important definitions over time:

- Introduces the idea of "chain of value" as a tool for analyzing the sources of strategic competitive advantage (Porter, 1985)
- Potential sources of advantage are the superior skills and superior resources; in the assessment of the ways of obtaining strategic competitive advantage, the perspective of the competitors and consumers should be taken into account (Day and Wensley, „Advantage assessment: a framework for diagnosing competitive superiority", 1988)
- Strategic competitive advantage results from the key competences; companies should direct their resources and abilities in the competences that allow them to adapt quickly to changing opportunities (Prahalad and Hamel, „Key skills of the company", 1990)
- A company achieves competitive advantage when its actions in a market or domain create economic value and only a few competitors are engaged in similar activities…a company achieves superior performance when it generates a much higher value than expected, due to the resources used (Barney, „Gaining and sustaining competitive advantage", 2002)

Once achieved, competitive advantages can corrode, can be copied or counteracted by the competitors, so for a company it is important to obtain these advantages, but even more important is to maintain them for long periods of time, which would allow the company to fall ahead of the competition for a long

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time. A competitive advantage may arise either from implementing a value creating strategy that has not been implemented by other competitors, or by implementing the same strategies as the competitors in a superior way. Maintaining competitive advantages for long periods of time turns them into strategic or sustainable competitive advantages.

2. PARTICULARITIES OF COMPETITIVE ADVANTAGE IN THE PUBLIC SECTOR

Competitive advantage in the public sector plays an important role; it not only helps improve public services but also helps eliminate inefficiencies and waste. Most times, no pressure from competitors takes its toll on the quality of services.

It is said that a successful organization is one that has advantage over the competitors in the long run.

Competitive advantage is an element or a group of elements of the strategy that offers/offer advantage over the competitors. The goal, when talking about competitive advantage is that the institution establishes an important, significant and lasting difference between itself and other institutions:

- To be considered important, the competitive advantage has to be perceived by stakeholders of quality.
- To be considered significant, it has to be understood by stakeholders not just as important, but so important that they feel forced to engage in relations with the institution
- To be considered sustainable, it should be supported and strengthened continuously

Public institutions are tempted to choose advantage through differentiation, between the types of competitive advantage. They are striving to differentiate their unique characteristics and develop their basic skills with which they can stand out and separate themselves from other institutions.

Among the sources of competitive advantage can be reputation and access to volunteers (e.g. hospitals). Reputation in the public sector acquires another meaning than the one in the private sector. If in the private sector, consumers pay for products/services they receive, in the public sector, money is being offered to institutions as long as they use them efficiently to serve the public good. So reputation may be an important source of advantage.

3. SOURCES OF COMPETITIVE ADVANTAGE IN THE PUBLIC SECTOR

The main source for actually obtaining competitive advantage is innovation (Popa, 2004). The innovation capacity also becomes a source of competitive advantage, because innovation affects the very essence of the organization and answers the question: what is the way of improving service and the delivery of it to the customers in order to increase its value and differentiate it from that of the competitors.

A prominent theorist of economics at micro level – Schumpter defines innovation as one of the following:

- Emergence of a new service;
- Introduction of new management methods;
- Generation of a new form of organization.

Innovation is perhaps one of the most important sources of competitive advantage because institutions need to continuously adapt to social changes, the needs of citizens, stakeholders, etc., but at the same time bring improvements.

For most organizations, innovation is a process of continous improvement. They offer the same service, but with the help of creative reengineering supported through investments, they add to this product/service certain value generating elements.

The profitability of innovation depends on its ability to produce and share value that the company obtained from its launch on the market.

The key questions that an institution asks on how it is distinguished or gains competitive advantage are:

- Do distinctive elements actually meet the needs, interests and expectations of stakeholders and customers?
- Are they affordable as cost and sustainable in time?
- Are they difficult to imitate by competitors?

Like in the private sector, the human capital plays an important role. Knowledge, learning ability and experience are just some of the characteristics of human capital that can help streamline the public sector. Inefficiencies and waiting time can be reduced; quality of services can be improved. Often, the citizens choose (if there are alternatives in the private sector) private institutions at the expense of public institutions for health services, protection, etc., because they believe the private institutions better meet their needs, the quality of services is superior to that of the public institutions, etc..

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Some experts say there is a paradox between the desire of having a competitive advantage in the public sector and the desire to better serve the public interest, namely: most of the times if the public institutions follow the competitive advantage, they come to use their capabilities to create benefits for themselves rather than for their customers. Institutions that have control over the resources will use them to serve their own interest as opposed to those who hold them.

The evolution of information may also represent a source of competitive advantage. The costs involved in obtaining, processing and transmitting information are changing the way a company operates. Although many managers know that the information revolution is underway, few take it into consideration as they should. Managers are aware that heir competitors use information to gain competitive advantage and recognize the need to engage in new management technologies. "The information revolution affects companies in three ways:

- Changes the structure of industries and the rules competition
- Gives companies the chance to gain competitive advantage and to exceed their rivals
- Gives rise to new businesses, sometimes even from existing operations in the company

Information technology is changing the way that companies operate affects the entire process by which companies makes products, and more, the product itself."

The value chain in this case highlights the role of information technology. This concept of "information technology" divides activities in technological activities and economical. The information influences all chain activities and links between them.

The information helps to develop the company but also has an impact on how the company's products meet the needs of the customer, through the data they provide.

4. CONCLUSIONS

Competitive advantage has two major characteristics: refers to one or more elements of key importance for the consumer, which lead him to buy the service; the parameters to which the organization produces the item must be better than those achieved by most competitors, so that its situated at the top of the service hierarchy, provided by the sector in which the organization fits. In order to be viable, competitive advantage is necessary to be durable or sustainable, that means that he can be sustained for a long period of time. Otherwise, it's not really a strategic competitive advantage, but a temporary advantage, based on the exploitation of an fleeting opportunity or on a favorable situation. A particulary important element is the existence of a dynamic and „challenging" national environment which stimulates and permanently presses the organizations towards modernization and amplification of competitive advantages.

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