Organization’s Core Competencies; A Key for Successful & Happy Organization

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Abstract

Core Competence - the idea that a company can succeed without a structural competitive advantage by becoming the best at a few key skills or in a few knowledge areas—has enjoyed enormous popularity. In order to be successful, every company must identify and build on a few core competencies. In recent years there has been a growing interest by corporations in developing and defending their core competencies, those skills or capabilities that are critical to achieving their strategic objectives are in limited supply, and in which they have a defensible competitive advantage. In rapidly changing environments, the firms need to renew their resources based on their core competencies.

The objective of this study is to highlight the importance of core competencies and present the core competence strategies adapted in some select companies. This article seeks to present a viewpoint of why core competencies are very relevant even today. It provides a consolidated and comprehensive literature review on the subject of core competence which can be used by academics for future studies on the subject.

Keywords: core competence, creating core competence, core competence perspective, benefits of core competence, risks of ignoring core competencies, core competence building in companies.

1. Introduction:

Companies need to learn to manage tomorrow's opportunities as competently as they manage today's businesses. The discovery of new competitive space is helped when a company has a class of technology generalists that can move from one discipline to another. The new market development can be geared up by developing the capability to redeploy the human resources quickly from one business opportunity to another. It is the top management's responsibility to inspire the organization with a view of distinct goals and help them to achieve and reach the set target (Hamel and Prahalad, 1991). Building core competence becomes essential to competitive advantage building, because advantages emanating from the product-price-performance-tradeoffs are almost short term. Especially in an era where technologies are altering the existing boundaries of business; advantage can last only through competence enjoyed at the very roots of products. And only through expertise over several technologies and a complete command on their infinite variety of users, a company can occupy a highly advantageous position. An organization's management needs to consolidate corporate-wide technologies and production skills into competencies that empower individual businesses to adapt quickly to changing opportunities. The corporation is like a tree that grows from its roots, core products are nourished by competencies and engender business units, whose fruit are
products. A core competence provides potential access to a wide variety of markets, it should make a significant contribution to the perceived customer benefits of the end product, and finally a core competence should be difficult for competitors to imitate. The core products provide a tangible link between identified core competencies and the end products. The real competitive advantage lies in integrating operations for the sake of hitting demand quality targets or meeting specialized customer needs. (Ramaswamy and Namakumari 1996, Banerjee and Krishnamoorty 1995, Hamel and Prahalad 1990).

The organizations need to build its strategies within different clear scenarios, in different ways, based on different competencies for the purposes of achieving real advantages in the shadow of unknown, risk, and uncertain future.

2. Purpose of the Study

In the years to come, only organizations with several core competencies will succeed. It is an imperative, therefore, that Indian organizations are prepared for the long haul, and systematically invest in building core competencies. The process of identifying which core competencies to develop is a task in itself. Much would depend on the nature of the product(s), the position of competitors, present or potential growth of the market for each product, the possibility of the product(s) becoming obsolete and so on.

The objective of this study is to highlight the importance of core competencies and present the core competence strategies adapted in some select companies. This article seeks to present a viewpoint on why core competencies are very relevant even today. It provides a consolidated and comprehensive literature review on the subject of core competence which can be used by academics for future studies on the subject.

3. Back to the core

The term “core competency” was proposed by C.K. Prahalad and Gary Hamel in 1990 to describe “the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies...core competence is communication, involvement and a deep commitment to working across organizational boundaries...core competence does not diminish with use.”

The core competence idea sought to focus managers on the essentials, and encourage them to identify those things that were not “at the core”. Non core activities were to be considered non-essential and should not be allowed to consume valuable resources.

At its simplest, a core competence is a unique capability that affords some type of competitive advantage. It corresponds to a business process, and involves underlying skills, functions, systems and knowledge. To determine if something is a core competence, the companies need to find out, "Does this 'thing' give the company a unique advantage over its competitors and help make the company profitable?"

3.1 Defining Core Competence

Core Competence refers to that set of distinctive capabilities that provide a firm with a sustainable source of competitive advantage. Core competencies emerge over time, and reflect the firm’s ability to deploy different resources and capabilities in a variety of contexts to gain and sustain competitive advantage.

Prahalad and Hamel (1990) have defined core competence as the collective learning and coordination skills behind firm’s product lines. Core competencies are the source of competitive advantage, and enable a firm to introduce an array of products and services in the market.
3.2 Literature Review- Core Competence

Much of the research on competitive advantage focused on core competencies as a major source of that advantage, core competencies include the particular set of skills and resources a firm possesses as well as the way those resources are used to produce outcomes (Fiol, 2001). The concept of core competence, as fundamental to organizational renewal and as a driving force behind strategic change, interests both managers and scholars. It is a complex and challenging concept: it is difficult to specify theoretically, to identify empirically as a phenomenon, and to apply in practice. Scholars have recently recognized these problems in general conceptual discussions (Hafsi and Thomas, 2005) and in core competence-specific empirical research (Wang et al., 2004). Competencies are commonly agreed to reside in individuals and teams of individuals, implying that the competence concept involves a cumulative hierarchy. This cumulative hierarchy notion is evident in many streams of research concerning the associated concepts: i.e. single-, double-, and triple-loop learning, which are based on competencies, capabilities, and dynamic capabilities, respectively, according to Savory (2006). Another researcher has adopted similar notions of hierarchy: i.e. first-order competence, which comprises customer and technological competencies; integrative competence, which is the ability to combine the previous competencies; and second-order competence, which is the ability to create first-order competencies (Danneels, 2002). Scholars also distinguish between “distinctive competence” and “core distinctive competence” (Eden and Ackermann, 2000). The two competencies involve a hierarchy: the former is a particular strength within a company that is difficult to imitate and may be used to generate sustainable profits; the latter are competencies “that primarily drive the aspirations system” (Eden and Ackermann, 2000, p. 16). A final example of a hierarchy involves three competence categories: distinctive competencies, which are the most important in a company; necessary competencies, which do not differ from those of competitors but which are needed for operational reasons; and protected competencies, which can hurt the company if misused (Heikkilä and Cord, 2002). The first two examples can be assumed to involve qualitative hierarchy in terms of differences in importance.

Hamel and Prahalad (1994) define core competence as a bundle of skills and technologies that enable a company to provide a particular benefit to customers. Core competencies are not product specific; they contribute to the competitiveness of a range of products or services. They are the roots of competitiveness and individual products and services are the fruit. A core competence is a tapestry woven from the threads of distinct skills and technologies. A skill must meet three tests to be considered as a core competence, i.e., customer value, competitor differentiation, and extendibility. Identification is arguably the starting point of all core competence research (Clark, 2000) and is the matter on which most previous research has focused (e.g. Eden and Ackermann, 2000; Javidan, 1998). The process of identifying core competencies usually entails having employees identify core competencies by scanning and assessing company-critical resources, capabilities, and competencies (Prahalad and Hamel, 1990) – three factors commonly referred to as “associated concepts”. In the identification process these concepts often become conceptually and empirically merged something that occurs in strategic management research too, when these associated concepts are defined interchangeably. For example, capabilities and competencies are defined interchangeably by Spanos and Prastacos (2004), resources and capabilities by Peteraf and Bergen (2003) and Ray et al., (2004), and skill, competence, and capability by Hamel and Prahalad (1994). Other scholars, however, have more usefully distinguished these associated concepts (Branzei and Thornhill, 2006; Makadok, 2001; Helfat and Peteraf, 2003; Savory, 2006; Ljungquist, 2008). Although merging the associated concepts is occasionally justifiable, it normally makes sense to distinguish them by their characteristics. In fact, each concept is acknowledged to be substantial enough to have its own major research stream in the strategic management field, namely, the resource-based, competence-based, and dynamic capability
based streams (Sanchez, 2004; Teece et al., 1997). Although neglecting the associated concepts’
distinguishing characteristics may occasionally be useful in complex identification processes, for
more advanced core competence matters doing so are unsatisfactory. The very diversity of the
concepts enhances our understanding of core competence, and is relevant to research issues
such as core competence management, a matter going far beyond mere identification.
An organizational core competency is an organization’s strategic strength. It is what the
organization does best and what it should never outsource. Organizational core competencies—
the unique resources of an organization—affect many products and services and provide a
competitive advantage in the marketplace (Johnson & Scholes, 2002).

3.3 Examples of Core Competencies of different companies

Core competence is something a company does especially well relative to its
competitors. It is firm’s important ability that makes it different, a key ability or strength that an
organization has acquired that differentiates it from others, gives it competitive advantage, and
contributes to its long-term success. Core competence is a resource-based approach to
corporate strategy. The terms core competence and core capability are often used
interchangeably, but some writers make distinctions between the two concepts. A core
competence refers to a set of skills or experience in some activity, rather than physical or
financial assets. Core competence is a bundle of skills and technologies that enables a company
to provide a particular benefit to customers’. For example,

- At Sony – benefit is pocketability- Core competence is miniaturization. Expertise in
electronic technology and ability to translate this technology into developing and
manufacturing innovative products – miniaturized radios and video camera and LEDs
and DVDs with unique feature.
- At Federal Express – benefit is on time delivery - Core competence is logistics
management.
- At Motorola – benefit is untethered communication - Core competence is wireless
communication.
- Honda has a core competence in small engine design and manufacturing.
- Federal Express has a core competence in logistics and customer service.
- Microsoft has the core competence of designing office software products that are
user-friendly.
- PepsiCo has a core competence of mass production and distribution of bottled drinks.
- Polaroid has a core competence in manufacturing immediately self-developing film.
- Ernst & Young has the core competence of performing audit functions for Fortune
500 corporations.
- One of Wal-Marts core competencies is their massive real-time information system.
- Intel – design of complex chips for computers.

3.4 Core competence perspective:

Core competencies arise from the integration of multiple technologies, and coordination
of diverse production skill. Three tests are used to identify a corporation's core competence. A
core competence should:

- Be stretchable to a wide variety of markets.
- Contribute significantly to end-product benefits/consumer value, and
- Are sufficiently superior to substantively differentiate from the competitors.

The benefits of core competencies may not appear for ten or more years, because it
often takes that long for new markets to emerge. Thus a key responsibility of top management is
to put aside short-run considerations and take time to imagine the company’s future, identify
what core competencies it will need, and garner the resources to build them. A firm’s future
core competencies may be quite unlike its present ones. The most useful provide potential entry
into a wide variety of new product markets. Core competencies are not necessarily about high spending or investment in core technologies; they are about effective coordination among all the groups/people involved in bringing the product to the market through effective utilization of core technologies and processes across a wide variety of products/markets.

- Identifying existing core competencies
- Establishing a core competence acquisition agenda
- Building core competencies
- Deploying core competencies
- Protecting and defending core competence leadership

### 3.5 Creating Core Competence

The concept of core competence has enabled organizations like Ranbaxy Laboratories, ITC, Hindustan Lever, Wipro, Infosys Technologies, Dr. Reddy's Laboratories, Larsen and Toubro, and the Murugappa group, among others, to grow their businesses from strength to strength. Core competence is an exercise best orchestrated by senior managers who understand how firm core competence is created and also have the clout to enforce necessary networking and cooperation among functional departments.

4 traits related to building core competence:

i. Rarely consist of narrow skill or work efforts of a single department.
ii. Typically emerge from combined efforts of different work groups and departments.
iii. Gaining competitive advantage entails concentrating more effort than rivals on creating or strengthening core competencies.
iv. Bases of competency need to be broad and flexible to react to changes in customer's needs.

To be considered core competence a skill must meet three tests:-

**a. Customer Value:**
Core competencies are the skills that enable a firm to deliver a fundamental customer benefit. The competence must give the customer something that strongly influences him or her to choose product or service. If it does not, then it has no effect on competitive position and is not a core competence;

*Honda’s ability to produce some of the world’s best engines and power trains does provide customers with highly valued benefits of superior fuel economy, zippy acceleration, less noise and vibration.*

**b. Competitor Differentiation**
A capability must also be competitively unique. The core competence should be difficult to imitate. This allows companies to provide products that are better than those of their competitors. And because it is continually working to improve this competence, it means that it can sustain your competitive position;

*Power train is a core competence at Honda which has never been so at Ford’s.*

**c. Extendibility**
A core competitive is truly core when it focuses the basis for entry into new product markets. It should be something that opens up a good number of potential markets. If it only opens up a few small, niche markets, then success in these markets will not be enough to sustain significant growth.
SKF, the world's leading manufacturer of roller bearing has competencies in antifriction, precision engineering and making perfectly spherical devices. In order to achieve extendibility, SKF must be capable of manufacturing the round, high precision recording heads that go inside a VCR, most of which are now manufactured by Japanese firms.

3.6 Identifying Core Competencies

Prahalad and Hamel suggest three factors to help identify core competencies in any business.

3.6.1 Discovering Competencies

To do well, companies need to develop important capabilities or resources that their rivals cannot. It is, however, hard for them to develop these resources unless they already have some realized or potential edge. The first step lies in discovering the competencies that underlie that edge. Competence search could also take place inside a company. In many cases, the most useful ‘asymmetries’ are buried deep within the organization and have to be traced back from surface level abilities. This identification can take place by spotting pre-existing but unexploited assets or in an evolutionary manner that requires managers to recognize an emerging edge, mostly in intangible assets such as knowledge, relationships, and reputation.

3.6.2 Nurturing capabilities

Core competence does not diminish with use. Unlike physical assets, which deteriorate over time, competencies are enhanced as they are applied and shared. But competencies still need to be nurtured and protected; knowledge fades if it is not used. Competencies are the glue that binds existing businesses. They are also the engine for new business development. Competencies evolve into sustainable core capabilities largely through organizational design, which builds and supports capabilities by embedding people and processes into a cohesive configuration. This involves a combination of aligning people to leverage on the competencies using the right reward structures, creating feedback mechanisms to reinforce organizational understanding of competencies and institutionalizing knowledge through learning and development.

3.6.3 Benefits of Core Competence

Core competencies are the skills, characteristics and assets that set the company apart from competitors. They are the fuel for innovation and the roots of competitive advantage. Today's corporation must maintain competitiveness by developing core competencies. Competencies must translate into core products, which significantly contribute to the firm's end products. Conscious management attention to the task of building strategically relevant internal skills and strengths into the overall organizational scheme is one of the central tasks of organization building and effective strategy implementation. An organization that has clearly defined and articulated its core competencies will be in a solid position to take on competitors and grow steadily. Core competence refers to a bundle of skills and technologies that enables an organization to offer superior benefits to customers. In doing so, the organization develops a competitive advantage that places it far ahead of its nearest competitors, and virtually builds for the organization a market of its own. Since there are so many entry barriers for any new competitor, the organization would march ahead with a variety of strategies to cement its position in the particular business segment it does its business in, and stay the undisputed market leader for a very long period of time. Organizations like Sundaram Fasteners, Raymond, Infosys Technologies, ICICI Bank, State Bank of India, WIPRO, Tata Consultancy Services, Sundaram Finance, and the TVS group, among several others, have been built on the Core Competency model.
Provides potential access to a wide variety of markets

The key core competencies here are those that enable the creation of new products and services.

Example:
Why has Saga established such a strong leadership in supplying financial services (e.g. insurance) and holidays to the older generation?

Core competencies that enable Saga to enter apparently different markets:
- Clear distinctive brand proposition that focuses solely on a closely-defined customer group
- Leading direct marketing skills - database management; direct-mailing campaigns; call centre sales conversion
- Skills in customer relationship management

Makes a significant contribution to the perceived customer benefits of the end product

Core competencies are the skills that enable a business to deliver a fundamental customer benefit - in other words: what is it that causes customers to choose one product over another? To identify core competencies in a particular market, ask questions such as "why is the customer willing to pay more or less for one product or service than another?" "What is a customer actually paying for?"

Example:
Why have Tesco been so successful in capturing leadership of the market for online grocery shopping?

Core competencies that mean customers value the Tesco.com experience so highly:
- Designing and implementing supply systems that effectively link existing shops with the Tesco.com website
- Ability to design and deliver a "customer interface" that personalizes online shopping and makes it more efficient
- Reliable and efficient delivery infrastructure (product picking, distribution, customer satisfaction handling)

Difficult for competitors to imitate

A core competence should be "competitively unique": In many industries, most skills can be considered a prerequisite for participation and do not provide any significant competitor differentiation. To qualify as "core", a competence should be something that other competitors wish they had within their own business.

Example:
Why does Dell have such a strong position in the personal computer market?

Core competencies that are difficult for the competition to imitate:
- Online customer “bespoking” of each computer built
- Minimization of working capital in the production process
- High manufacturing and distribution quality - reliable products at competitive prices

<table>
<thead>
<tr>
<th>Table 1: Identifying Core Competencies</th>
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<tbody>
<tr>
<td>• Core competencies help create competitive advantage. Even good markets will not make a ‘me too’ firm competitive in the long – run.</td>
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<tr>
<td>• It helps pave way for above – average performance over the long – run.</td>
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<td>• It improves chances for long – term success as competencies are enhanced with time.</td>
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<tr>
<td>• Core competencies lead to the development of core products. These core products are used to build a larger number of end – user products.</td>
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<tr>
<td>• The matching of market opportunities with a firm’s core competencies forms the basis for launching new products, or entering new markets.</td>
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<tr>
<td>• Constantly improving competencies provides for new integrated technologies.</td>
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<tr>
<td>• Competencies provide focus for long – term goals.</td>
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</table>

4. Risks of ignoring core competencies

Core competencies take a long time to build and practice. But when practiced over a long period of time, the particular sets of skills that give rise to the particular core competency make it impossible for any new competitor or even existing competitor to imitate or emulate. Core competencies are part and parcel of a grand strategy born out of the vision of the founder. Without core competence, a firm could be a bunch of businesses with little or no synergy across different business units to build them into a coherent business portfolio.

• Opportunities for growth will be needlessly turned down.
• As a company divisionalizes and fractures into ever smaller business units, competencies may become fragmented and weakened.
• The lack of core competence perspective can desensitize a company to its growing dependence on outside suppliers of core products.
• A company focused only on end products may fail to invest adequately in new core competencies that can propel growth in the future.
A company that fails to understand the core competence basis for competition in its industry may be surprised by new entrants who rely on competencies developed in other end markets.

Companies insensitive to the issue of core competence may unwittingly relinquish valuable skills when they divest an under-performing business.

4.1 Core Competencies in some select organizations

The focus of today's global firm should be in competency building.

4.1.1 Core competence of Eli Lilly and company

The company is a research based Pharmaceutical Corporation dedicated to creating and delivering innovative pharmaceutical based health care solutions that enable people to live longer, healthier and more active lives. The pharmaceutical business has been the core of Lilly for more than 100 years. Eli Lilly is a customer-oriented company and provides innovative pharmaceutical solutions for the unmet medical needs of the customers around the globe. The resources and capabilities of the company reflect its unique personalities, experiences and relationship that it has achieved for more than ten decades. The company believes in the fact that products can be copied and technology can be duplicated, but no one can imitate core competencies as otherwise they will be at a cost disadvantage.

The core competencies of the organization are R&D and Marketing. The concept of core competence has been properly communicated to the people in the organization. The top management facilitates the development of core competencies by providing full support. The capabilities exhibited by the management to develop the core competencies include corporate strategic planning, strategic alliances, huge investments in R&D and, training and development. It allows to see that every part of the company plays a role in the strengthening its position, thus bureaucratic walls crumble and the spirit of cross-functional teamwork begins to take hold, adding great value to the products in numerous ways.

Lilly is a worldwide leader in pharmaceutical based integrated health care and recognizes the importance of understanding a wide array of domestic and global unmet medical needs of the people. It is engaged in more than 100 R&D agreements and has tapped the huge potential of markets around the world. The core competence of the organization enables it to deliver a set of customer benefits at lower cost than its competitors. The core competencies of the organization have qualified for the tests of core competence as shown in Table 2.

<table>
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<th>Tests</th>
<th>Conformance to tests of core competence</th>
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<tr>
<td>Customer value</td>
<td>Reduce the cost of disease by providing effective results.</td>
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<tr>
<td>Competitor differentiation</td>
<td>Adopts patient focused and process oriented approach.</td>
</tr>
<tr>
<td>Extendibility</td>
<td>Enables the organization to pour its growing stream into global markets and create new competitive space.</td>
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Table 2: Tests of Core Competence for Eli Lilly and Company

The concept of core competence has been introduced in the organization. The management believes that the process involving everything from new gene discoveries to new delivery technologies is an evolving core competence for Lilly and it needs to be enhanced for going forward. The R&D and marketing competencies are embedded in the people and assets of the organization. The organization is committed to developing and utilizing the diverse talents and energies of all its employees worldwide. People are the source of all the abilities that the organization exhibits in its superior performance. Lilly is a globalized corporation and its success depends on the employees who provide fuel and energy for the creativity that is important for pharmaceutical innovation

Strategy formulation and implementation with core competence
The key to core competence based approach to strategy formulation understands the relationship between the resources, capabilities and the processes through which a competitive advantage can be sustained overtime. Lilly believes that getting to the top is one thing and staying there is another. It has challenged itself to outgrow its competition through constant innovation and global marketing. The managers work hard to optimize every resource and capability and have succeeded in combining intelligently their competencies with strategic alliances worldwide. This combination of powerful innovation and ongoing optimization lead to improved returns on capital and better responsiveness to customer needs at lower costs.

The existing strategy formulation pattern is based on 4-column model: Market definition, SWOT analysis, Developmental plans, and Action plans. The strategy significantly focuses on enlarging its competitive capabilities and truly globalizes its operations. The core competence in the area of R&D, and marketing enable the organization to shift its orientation outward on customers and their unmet medical needs. Lilly has implemented a strategy to more fully leverage its historic strengths as one of the world’s leading biotechnology companies. It has created a dedicated organization to accelerate and integrate its biotech efforts from discovery through manufacturing and is pursing alliances to help it apply the revolutionary advances in the real life sciences to the discovery of novel therapies.

4.1.2 Core competence of CavinKare

The company is a Chennai-based entrepreneurial firm. With extensive reliance of customer research, branding and clever positioning, CavinKare has flooded the market with hair care, skin care, and personal care products, creating strong brands like Fairever, Chik, Spinz, and Meera. The company has also been successful in the use of sachets to sell low unit volume products, thereby reaching even the poorest consumers. The core competence of the company is its engaging with the customer to support traditional rational marketing research, to identify market opportunities for branding. Recently, CavinKare, leveraging on this core competence, has entered the foods business with the acquisition of the Ruchi brand of pickles. The fastest growing food segment in the market that is amenable to packaging in sachets was quickly identified by CavinKare, and the company is now planning to introduce premium pickles in sachets.

4.1.3 Core competence of Kellogg’s

Innovative R & D and Creative marketing. Throughout their history, Kellogg’s has been investigating consumer taste and preferences and then investing in the development of new, innovative foods based on their findings. It has relied on intense marketing and promotions – founded on extensive advertising campaigns, cartoon spokes persons, quality benchmarks – to familiarize the market with its products and standards and create and capture demand for their brand.

4.1.4 Telecommunications Consultants India Ltd (TCIL)

TCIL was set up in 1978 by the Government of India ‘to render consultancy services, and to undertake turnkey jobs from concept to completion in all fields of telecommunication in India and abroad’. Some of the major competitors of TCIL in the international market include Alcatel, Siemens, Ericsson, NKF, Nokia, LG, Samsung and Marubeni. TCIL is a government owned Indian company and it operated in a wide variety of projects/countries/technologies and its core competence is ‘establishment of a telecommunication network (transmission, switching, and external plant or access network) at competitive prices’. System integration is the key expertise that TCIL demonstrates in every project. Clearly, the emphasis as on service providing, especially project management and implementation skills. It was widely acknowledged within the company and in the market place that TCIL is not competing on offering superior technology
to its clients; rather it brings the much needed implementation skills in a typical infrastructure project. Thus, TCIL's competitiveness comprises of the existence of a homogenous source of trained manpower (from DOT) provides them with a sense of brotherhood that is crucial for project implementation. Coupled with this is TCIL's culture of working closely with the locals through sub-contracts and good vendor relations. The advantage of being a PSU has also helped in generating faith in other governments. Lastly, excellent financial, procurement, and outsourcing management, and lo manpower overheads have contributed significantly to make TCIL highly competitive in the international telecommunications market.

4.1.5 Wal-Mart

Its major competitive core competence is its superior logistics system.

4.1.6 Sony

Sony’s decision to specialize in the miniaturization of electronic devices is a good example of a firm selecting a core competency for development. This decision was made years before the Walkman, the portable CD player, and portable television sets became popular consumer products.

4.1.7 Nokia

Nokia is a good example of a company performing at the highest level. Nokia, which traditionally manufactured rubber boots, developed new core competencies, ventured out, and now produces mobile phones. Nokia has been able to open up new markets by using their innovative technologies.

4.1.8 Qualcomm

A large wireless telecom R&D company based in San Diego has created a new technology that will undoubtedly have a huge impact on digital devices used for downloading books, video etc. The company has developed a screen that uses ambient light to allow images and text to be viewed, as opposed to backlighting used in laptops and Apple’s iPod. The screen is called Mirasol, and uses minimal battery power and can be used in direct sunlight. In contrast to Amazon’s Kindle which also uses ambient lighting, the Mirasol allows color and video. Qualcomm is a company that continues to push innovation through the effective identification and application of its core competencies.

5. Conclusion

Core competence is communication, involvement and a deep commitment to working across organizational boundaries. It is impossible for any organization to build core competencies in the short term. They take years to build. The vision, mission and values and beliefs of the organization should be clearly defined and strictly adhered to. They should also be constantly and systematically communicated to all employees. This is extremely important. Once this is done, building core competencies will require tremendous amount of energy and time, in training and re-training people, making continual improvements, building databases where knowledge can be stored and retrieved and making core competencies embedded throughout the organization.

The concept of core competencies can be important in helping firms focus their energies, but core competencies alone cannot provide all the resources and skill sets needed to meet their strategic objectives. To compete effectively firms need access to the highest level of strategically important resources, both those in which they excel – their core competencies – and those in which they are less proficient – their core in competencies, or to use a more positive phrase, complements.
Core competencies are not seen as being fixed. Core competencies should change in response to changes in the company's environment. They are flexible and evolve over time. As a business evolves and adapts to new circumstances and opportunities, so its core competencies will have to adapt and change.

There is no single strategy for ensuring the availability of critical resources. What is needed is a comprehensive and flexible approach that recognizes that there are both advantages and disadvantages to maintaining core competencies, and an understanding of the options available for managing complements, or core in competencies.

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