

Published in: Fundamentals of Management in Modern Small and Medium-Sized Enterprises, red. Lachiewicz S., Bielawska – Zakrzewska A., publishing house Politechnika Łódzka, Łódź 2011

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FACTORS DETERMINING THE COMPETITIVENESS OF ENTITIES ON GLOBAL MARKET

Keywords: global market, competitiveness

Analyzing the aspect of competitiveness, the approach to it may be bipolar. On the one hand, the object of interest is the competitiveness of entities in the meaning of enterprises. This is grasped in a more microeconomic way. On the other hand, however, a more global approach to competitiveness is encountered, considering the competition of a country. However, a country's competitiveness often represents the catalyst of competitive advantage of a single enterprise. Therefore, this paper will concern the competition elements, both in the macro and micro sphere. A case of a global corporation's competition will also be presented.

The essence of competitiveness

The term ‘competitiveness’ is rather new, as an academic and research sphere it appeared for the first time as recently as in the 1980’s.

One of the basic definitions is given by IMD, starting with the competitiveness of nations. Competitiveness is defined as a branch of economic knowledge that analyzes the facts and policies forming the capability of a country to create and maintain neighborhood enhancing higher value added offered by enterprises and achievement higher welfare by the population ¹.

In the opinion of K.Opolski, competitiveness is the ability to compete.

K. Kłosiński thinks that this is the ability to gain success in economic rivalry².

According to the EU standpoint, competitiveness is the result of productivity, efficiency and profitability, however, it is not a target itself. It is an effective method of achieving the growing standards of life and increasing social welfare – an instrument to achieve the targets. Globally, through increasing the productivity and efficiency in the context of international specialization, competitiveness gives the foundation for the growing income of the population by non-inflationary method³”.

Referring to the OECD definition, competitiveness is the extent to which a country, under free trade conditions, may produce goods and provide services

¹ IMD World Competitiveness Yearbook 2003.

² Kłosiński K.: *Sektor usług w procesie podnoszenia konkurencyjności gospodarki*, Instytut Rynku Wewnętrznego i Konsumpcji, Warszawa 2003.

³ Competitiveness Advisory Group “*Enhancing European Competitiveness*”, *First report to the President of the Commission, the Prime Ministers and the Heads of State*, Ciampi Group 1995.

succeeding on international markets with simultaneous guarantee of viable growth of the population income in the long-run.⁴

Following the point of view of E. Wysocka, competitiveness is a key indicator of success in the economic policy, therefore, the level of Gross National Product (GNP) per capita is recognized the most measurable and synthetic expression of competitiveness.⁵

However, M. Porter started with the competitiveness of nations, perceiving it as the efficiency of using national labor and capital resources in order to create a high and growing standard of living⁶.

W. Bieńkowski defined the resultant and factor competitiveness. The first is related to the competitive position and is expressed with the national income and efficiency of using the position in foreign trade. The factor competitiveness is related to the competitive ability reflected in the extent or structure of using the resources originating from macroenvironment⁷.

K. Esser, W.Hillebrand, D. Messner i J. Meyer-Stamer (1996) suggested the notion of system competitiveness, consisting of four levels:

- Meta-analysis of social-economic and social-cultural factors, creating the economic life.
- Macro-observation of the state policy affecting the macroeconomic environment

⁴ OECD, Industrial Structure Statistics, Paris 1996 .

⁵ Wysocka E.: *Wójt i jego gmina - Istota i czynniki konkurencyjności w regionie*, 2006.

⁶ Portera M. E., *Porter o konkurencji*, PWE, Warszawa 2001.

⁷ Bieńkowski W., Radło M-J. red. *Wzrost gospodarczy czy bezpieczeństwo socjalne?*, Wydawnictwo Naukowe PWN, Warszawa 2009.

- Meso – are the structure and political actions supporting the business of enterprises
- Micro – directly related to the enterprise functioning⁸.

J.D. Sachs and G.L. Stone (2000) define competitiveness also through the prism of state, thinking that means to possess economic basics for achieving a long-term and prompt economic growth.⁹

In the opinion of M.J. Stacewicz competitiveness is the ability of efficient accomplishment of targets on the competitive market arena¹⁰.

H. Moslej and G. Schmidt distinguished two varieties of competitiveness:

- Competitiveness of enterprises, i.e. the ability of enterprises to sell their own products on the global market thanks to the relative price and qualitative attractiveness, compared to the overseas competitors; the productive potentials of the company are decisive, furnishing with productive factors, company management, marketing strategies, production costs, scale costs,
- The international competitiveness of national economy, i.e. the ability to gain high income on production factors in the global economy. The foundation for achieving competitiveness on the international market is high

⁸ Esser K., Hillebrand W., Messner D., Meyer-Stammer J., *Systemic Competitiveness. New Challenges to Business Politics*, Economics. volume 59, Institute for Scientific Cooperation, Tübingen 1999.

⁹ Sachs J.D., Stone G.L., *Global Competitiveness Report*, 2000.

¹⁰ Stankiewicz M.J. (red.), *Determinanty konkurencyjności polskich przedsiębiorstw*, Wydawnictwo Uniwersytetu Mikołaja Kopernika, Toruń 2002.

efficiency of work, high capital productivity, innovation, high quality of goods and services and active macroeconomic state policy¹¹.

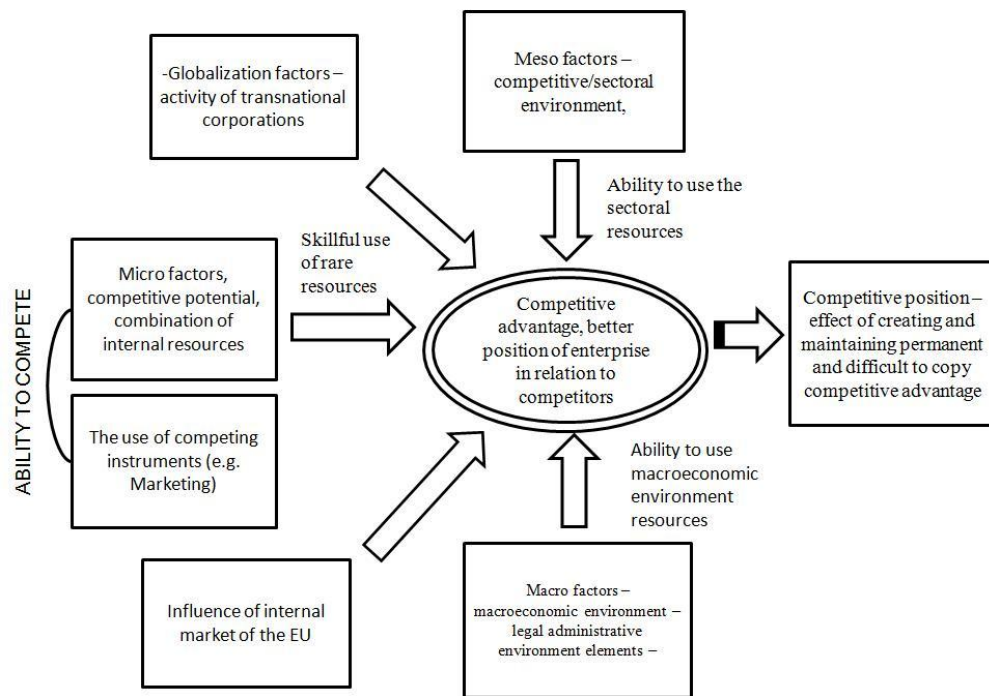
In the opinion of M.J. Radło, competitiveness consists of four major mainstays – economic results, administration efficiency, business and infrastructure efficiency. Simultaneously, four sets of streams operate: aggressiveness-attractiveness, globality-locality, assets-processes, social consistency – taking risk¹².

J. Kuczevska presented a grasp of competitiveness shown in the drawing below:

Drawing 1 Grasp of competitiveness

¹¹ Radło M.J., *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar.*, Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

¹² Radło M.J., *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar.*, Szkoła Główna Handlowa w Warszawie, Warszawa 2008.



Reference: Adamkiewicz H.G., *Konkurencyjność przedsiębiorstwa, Ekonomika i Organizacja Przedsiębiorstwa*, 1999.

In the opinion of P.Cyrek, M.Cyrek competitiveness consists in creating of image of innovation by the enterprise and suggesting the clients and the market something specific, so far unknown, overtaking the competitors¹³.

In the opinion of P. Łukasik, competitiveness is the ability of enterprise to function in a specific sector under free market conditions. The higher competitiveness the more solid is the enterprise position on the market and its

¹³ Cyrek P., Cyrek M., *Innowacyjność determinantą konkurencyjności przedsiębiorstw przemysłu spożywczego*, [w:] *Transfer wiedzy i działań innowacyjnych w obszarze agrobiznesu*, Red. S. Makarski, P. Cyrek, S. Dybka, A. Kasprzyk, Uniwersytet Rzeszowski, Rzeszów 2007.

functioning not as much exposed to external stimuli and adverse market situation.

According to Strategor, these are all the operations of an enterprise on the market, taken up in order to achieve a competitive position in a given sector¹⁴ (Strategor 1999, s. 25). In the opinion of B. Godziszewski, this is the ability to maintain competitive advantage in the long-run¹⁵.

(Godziszewski B. 2001, p. 59).

In the opinion of M. Goryń this is a static competitive advantage in a specific place and time, combined with the ability to sustain it¹⁶.

Referring to A. Zorska, the competitive advantage of an enterprise means gaining higher profitability than other enterprises of a specific sector, maintaining long-lasting competitive advantage, achieving low costs, variety of products, increasing efficiency, better quality, innovativeness and adaptation to client demands¹⁷.

H.G. Adamkiewicz understands competitiveness as a property that defines the enterprise abilities for effective maintenance and winning markets of sale

¹⁴ Strategor, *Zarządzanie firmą. Strategie, struktury, decyzje, tożsamość*, Warszawa 1999.

¹⁵ Godziszewski B., *Zasobowe uwarunkowania strategii przedsiębiorstwa*, Toruń 2001.

¹⁶ Gorynia M., *Zachowania przedsiębiorstw w okresie transformacji. Mikroekonomia*, AE Poznań 1998.

¹⁷ Zorska A., *Ku globalizacji? Przemiany w korporacjach transnarodowych i gospodarce światowej*, PWN Warszawa 1998.

under conditions of offering newer, better and less expensive goods and/or services by competitors¹⁸.

M. Stankiewicz sees competitiveness through the prism of four dimensions:

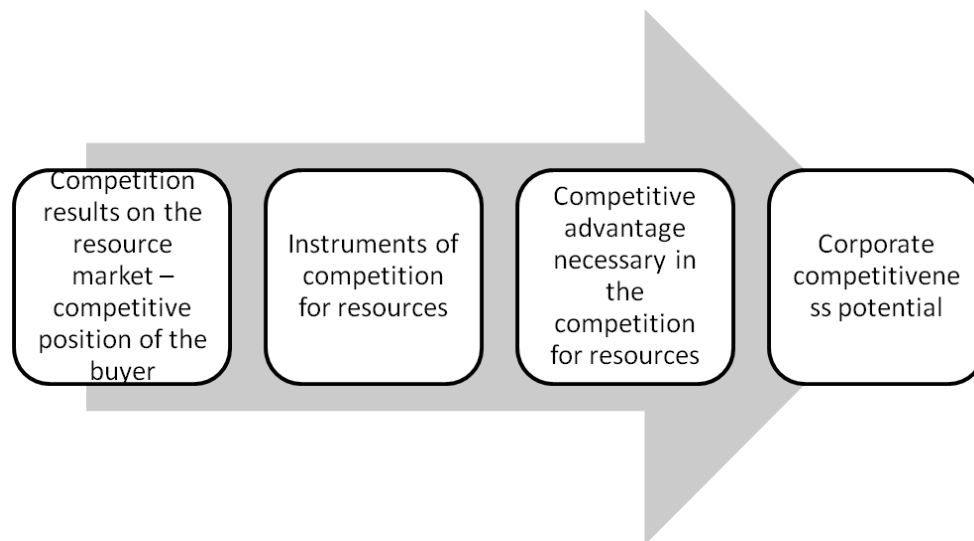
- Competitiveness potential – understood as a system of tangible and intangible resources enabling the company to build competitive advantage,
- Competitive advantage – configuration of competitive potential components,
- Competing instruments – their task is to evoke interest in the offer in the customer and then accepting it due to higher attractiveness than in the competitor,
- Competitive position – is simultaneously the result and measure of ability to compete¹⁹.

¹⁸ Adamkiewicz H.G. *Konkurencyjność przedsiębiorstwa, Ekonomika i Organizacja Przedsiębiorstwa*, 1999.

¹⁹ Stankiewicz M.J., *Konkurencyjność przedsiębiorstwa. Badanie konkurencyjności przedsiębiorstwa w warunkach globalizacji*, TNOiK, Toruń 2005.

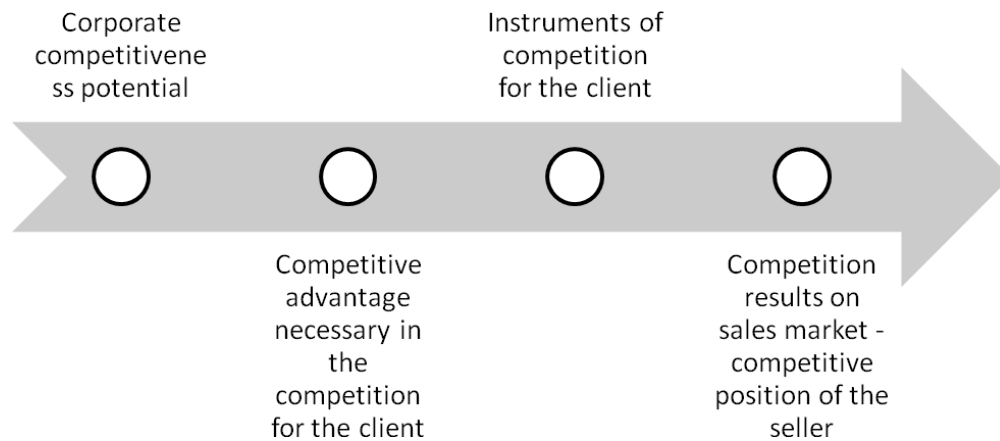
It also presented competitive structure at the inlet and outlet.

Drawing 2 Competitiveness structure at the inlet



Reference: Stankiewicz M.J, *Konkurencyjność przedsiębiorstwa. Badanie konkurencyjności przedsiębiorstwa w warunkach globalizacji*, TNOiK, Toruń 2005.

Drawing 3 Competitive structure at the outlet.



Reference: Stankiewicz M.J., Konkurencyjność przedsiębiorstwa. Badanie konkurencyjności przedsiębiorstwa w warunkach globalizacji, TNOiK, Toruń 2005.

Determinants of a state competitiveness

Thus, the state competitiveness determinants seem to be immensely important for the competitors to function in a competitive environment,. According to the Global Competitiveness Reports, prepared by WEF the elements playing a significant role here include:

- Openness of economy
- Role of state
- Finance
- Infrastructure
- Technology
- Management

- Workforce
- State institutions functioning²⁰.

In early 1990's, M.E. Porter suggested a set of factors guaranteeing the competitiveness of state, called Porter's rhombus. It consists of four correlated elements:

- Production factors, e.g. capital, people or information
- Present situation of competitive industries – such as quality and availability
- Enterprise strategy
- Nature of domestic demand²¹

Subsequently, in 1999, M.E. Porter and C.R. Christensen modified the model supplementing it with political-legal stability, reasonable macroeconomic policy, microeconomic environment quality and substantial competing strategy of individual enterprises²².

M.J. Radło determined ten principles providing competitiveness to the state²³:

- Creating a stable legislation system,
- Flexibility and resistance to the external effects of the economic structure,

²⁰ WEF Raport Konkurencyjności Globalnej 1999.

²¹ Porter M. E., *Porter o konkurencji*, PWE, Warszawa 1992.

²² Porter M. E., *On Competition.*, Harvard Business School Press, Boston 1998.

²³ Radło M.J., *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar.*, Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

- Promoting the creation of domestic savings and supporting domestic investments,
- Developing the activity on international markets and creating conditions for direct overseas investments,
- Tending to increase the efficiency and transparency of action in administration,
- Maintaining proper relationships between the level of remuneration, productivity and taxes,
- Tending to reduce the remuneration differences and consolidation of the middle class,
- Investing in education and permanent training
- Investing in infrastructure,

Balance of local and global aspects of economic processes.²⁴:

Another classification, suggested by IMD, distinguishes the following competitiveness factors:

- Economic situation
- Government policy
- Management efficiency, e.g. job market, globalization effect,
- infrastructure, e.g. system of values, technological infrastructure²⁵

²⁴ IMD World Competitiveness Yearbook 2003.

²⁵ Międzynarodowy Instytut Zarządzania Rozwojem w Lozannie, raport 2001.

Another arrangement of factors is proposed by the World Bank that qualifies:

- General economic situation
- Economic dynamics
- Financial dynamics
- Infrastructure and investment climate
- HR, including intellectual capital ²⁶.

A slightly different approach to the factors is presented by Irish National Competitiveness Council:

- Social partnership, e.g. health and social equality, unemployment rate
- People, e.g. education, labor market
- Costs
- Infrastructure
- Telecommunication and e-business
- Competition and regulations
- Science and technology
- Economic environment²⁷

²⁶ World's Development Indicators, Business Environment Group in the Private Sector Department of the World Bank, <http://www.worldbank.org/>

²⁷ Radło M.J., *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar.*, Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

Table 1

Model	Result analysis (assessment of competitive position)	Result analysis (assessment of competitive capability)
Porter rhombus	<ul style="list-style-type: none"> • Assessment of competitiveness development stage • (resources, investments, innovativeness, wealth) 	<ul style="list-style-type: none"> • enterprise strategies • production factors • related and supporting industries • domestic demand nature • government role • fortuituous events
WEF model	<ul style="list-style-type: none"> • openness of economy 	<ul style="list-style-type: none"> • management • technologies • openness of economy • state role • finance • infrastructure • institutions • workforce
IMDa model	<ul style="list-style-type: none"> • national economy • internationalization of economy 	<ul style="list-style-type: none"> • management • state role • finance • infrastructure • science and research • HR
IMDb model	<ul style="list-style-type: none"> • Economic situation 	<ul style="list-style-type: none"> • Management efficiency • Government efficiency

		<ul style="list-style-type: none"> • infrastructure
WB model	<ul style="list-style-type: none"> • general economic situation • economic dynamics 	<ul style="list-style-type: none"> • partly within economic dynamics • financial dynamics • infrastructure and investment climate • HR
System model	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • micro, macro, meso and meta level
Bieńkowski's model	<ul style="list-style-type: none"> • GNP • Work efficiency • Share in world trade • Level of balance of payments and its structure • terms of trade 	<ul style="list-style-type: none"> • impressiveness of the use of productive resources • size and structure of productive resources • economic-social system • government's economic policy • ability to affect the international economic environment
Irish NCC model	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • costs • science and technology • social partnership • people • infrastructure • telecommunication and e-business • competition and regulations • science and technology

		<ul style="list-style-type: none"> • business environment
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Reference: M.J.Radło, Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar., Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

M.J. Radło presents the areas that need to be analyzed in order to assess the competitiveness of a country:

- HR analysis, including their availability, intensity of use, human capital quality, ability to reinforce such capital and population reproduction capacities
- Analysis of capital resources, level of investments, their dynamics, structure and funding sources
- Analysis of technology, including the rate of technological and organizational progress, creating new technologies,
- Analysis of regulations and institutions, including the level and nature of market regulations, state commitment in economy, economic policy characteristics²⁸

In the opinion of A.Kosiedowski there is the following set of the most important factors of state competitiveness:

- Reduction of the technological gap measured by the growth of the quantity and use of patents with direct effect on the level of innovativeness,

²⁸ Radło M.J., *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar.*, Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

- Supporting small and medium entrepreneurship playing the main role in new job creation and unemployment prevention,
- Growth of direct overseas investments introducing new products and technologies and indirectly forcing the improvement of workforce qualifications,
- Expansion of transport infrastructure, enhancing the availability and possibility of expanding the markets of sales,
- Facilitating the access to energy sources, which contributes to the reduction of disproportion between the central and peripheral areas,
- Reduction of disproportion in human capital including the level of education, health and social welfare condition, improvement of the situation in this scope increases the activity and commitment of people in life standard improvement,
- Expansion of business environment institutions, creating an efficient network of companies supporting entrepreneurship and technology transfer,
- Adding efficiency to public administration operations through beneficial changes of management principles and ways of decision making defines as „creation of learning administration”,
- Ability to use structural funds of the EU treated as a stimulus and chance for all the participants committed in regional development²⁹.

²⁹ Kosiedowski Red. W., *Konkurencyjność gospodarcza regionu w warunkach nowego ustroju terytorialno-adm.*, UMK, WTN, Toruń 2000.

S. Pangsy – Kania defined the following factors assuring the state competitiveness:

- Stable and foreseeable legislative environment
- Flexible economic structure
- Investing in infrastructure (traditional and technological)
- Promoting national investments
- Attracting overseas investments
- Activity of national enterprises on international markets
- Transparent and efficient administrative infrastructure
- Correlation between production effectiveness and level of remuneration
- Investing in education of the society and workforce training
- Correct assessment of specific country's economy competitiveness³⁰

The authoress also emphasized the importance of competitiveness measures, distinguishing:

- Indexes of general economic development (e.g. GNP growth rate, unemployment rate, inflation rate formation)³¹
- Indexes that inform on the involvement extent of a given country in the international exchange (major indexes of formation of such country's international competitive position)³²

³⁰ Pangsy-Kania S., *Polityka innowacyjna państwa a narodowa strategia konkurencyjnego rozwoju*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2007.

³¹ Misala J., *Konkurencyjność gospodarki Polskii w dobie integracji z Unią Europejską i globalizacji*, Kolegium Gospodarki Światowej SGH, Warszawa 2001.

³² Pangsy-Kania S., *Polityka innowacyjna państwa a narodowa strategia konkurencyjnego rozwoju*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2007.

She also divided the indexes into two categories³³

- Resultant
 - Indexes of presented competitive advantage (ratio of export share of specific product of this country to specific group or selected country to the export share of all other countries to this group of countries or individual country);
 - Indexes of domestic resource costs (ratio of domestic resource costs calculated in global prices to value added in global prices or value added in domestic prices to value added in global prices);
 - Import coverage indexes (share of import in satisfying the domestic demand);
 - Indexes of share in world trade turnover.
- Factor
 - Level of education and qualifications of employees;
 - Condition of technical infrastructure;
 - Condition and quality of market functioning³⁴

In 2009 Poland came second in the ranking of the EU competitive states. The table below presents the first fourteen positions.

Table 2

³³ Pangsy-Kania S., *Polityka innowacyjna państwa a narodowa strategia konkurencyjnego rozwoju*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2007.

³⁴ Lipiec-Zajchowska M., *Międzynarodowa konkurencyjność Polski i Rosji*, wydawnictwo naukowe Wydziału Zarządzania Uniwersytetu Warszawskiego, Warszawa 2000.

Competitiveness ranking in 2009 of
European Growth and Jobs Monitor:

- Finland
- Poland
- the Netherlands
- Greece
- Sweden
- Spain
- the UK
- Belgium
- Germany
- Austria
- Denmark
- France
- Ireland
- Italy

Reference: developed by the authors basing on:

<http://www.euractiv.pl/gospodarka/artykul/ranking-konkurencyjnoci---polska-na-drugim-miejscu-w-ue-000818/>

A .Klasik correlated the impact of competitiveness on various spheres of state operation.

- Economic sphere - effect:
 - Accelerated restructuring process consisting in the division of large enterprises into smaller, more efficient entities that will be able to face market requirements,
 - Large freedom in distribution of business activity (SME, business environment institutions) taking advantage of the values of concentration as well as network systems, maintaining, however, the principles of spatial order and sustained development,
 - Proper land management, tending to better use of the existing investments.
- Social sphere - effect
 - Tending to concentration and providing good availability to social infrastructure deciding on the level of education, improvement of qualifications and condition of society
 - Creation of network systems increasing the mobility affecting the improvement of job market intensity and better use of the existing resources

- Maintaining the historical cultural heritage and traditions as the element favoring the creation of actual competitiveness climate.
- Ecological sphere - effect
 - The use of attractive natural environment by enterprises with particularly high production (new technologies) and HR requirements (living standard requirements)
 - Treating natural environment as the regulator eliminating production and other activities representing hazard to population living conditions and a guarantor allowing for achievement of European standards
 - The use of natural environment as a stimulus in search for new forms of food production (ecological) and tourism development³⁵.

Enterprises on their way to competitiveness

State competitiveness is reflected in the competitiveness of enterprises. We should have a closer look at the determinants of entity competitiveness.

In the opinion of P. Łukasik, the most important factors deciding on enterprise competitiveness include:

- innovativeness,

³⁵ Klasik *"Analiza konkurencyjności i strategii konkurencyjne miast"*. Konkurencyjność miast i regionów Polski południowo-zachodniej. Prace naukowe nr 821 Akademii Ekonomicznej we Wrocławiu 1999.

- network of contacts and cooperation partners,
- prices of products and services,
- quality of products and services,
- own investments and capital acquisition potential,
- availability and methods of business funding,
- business environment (e.g. central or local government subsidies).

B. Olszewska divided the competitiveness determinants on three levels: micro-, macro- and mesoeconomic, presented in the table below³⁶.

Table 3

³⁶ Olszewska B., *Determinanty konkurencyjności przedsiębiorstw w warunkach umiędzynarodowienia i globalizacji, (w): Konkurencyjność przedsiębiorstw wobec wyzwań XXI wieku*, AE Wrocław 1999.

MICROECONOMIC	MACROECONOMIC	MESOECONOMIC
<ul style="list-style-type: none"> • Unique product • Low price • Distribution system • Management competence • Overseas market knowledge • Efficient corporate policy • Effective innovation management • Technological system integration • Cooperation with suppliers, manufacturers and customers 	<ul style="list-style-type: none"> • Budget policy • Fiscal policy • Competition policy • Commercial policy • Monetary policy • Currency policy 	<ul style="list-style-type: none"> • Industrial policy • Infrastructural policy • Educational policy • Regional policy

Reference: Olszewska B., Determinanty konkurencyjności przedsiębiorstw w warunkach umiędzynarodowienia i globalizacji, w: Konkurencyjność przedsiębiorstw wobec wyzwań XXI wieku, AE Wrocław 1999.

H.G.Adamkiewicz distinguishes two criteria of factors determining competitiveness:

- type of decisions made in an enterprise
 - internal, related to decisions made by the enterprise on various levels of management
 - production volume formation
 - own cost reduction
 - increasing the quality of goods produced and/or services provided

- offering new types and kinds of goods and/or services provided as well as productivity increase
 - external, under restricted control of enterprise, or beyond its control
 - legal and technical standards
- market nature of factors influencing competitiveness
 - market
 - market offer volume
 - price of goods (goods and/or service)
 - quality of goods (goods and/or service)
 - sales conditions of goods (goods and/or service)
 - Off-market
 - Technological progress³⁷

Faulkner D., Bowman C. (1996) identify the following sources of competitiveness:

- Possessing potential – to what extent a company is able to possess the profit it has generated.
- Ability to maintain (durability) – related to the durability of property/assets as the source of generating profit (the intangible assets of the company play a great role here);
- Transfer possibilities – the easier can a company transfer basic skills and resources, the lower is the durability of its competitive advantage;

³⁷ Adamkiewicz H.G. *Konkurencyjność przedsiębiorstwa, Ekonomia i Organizacja Przedsiębiorstwa*, 1999.

- Copying possibilities – a company has a durable competitive advantage when the competitor has difficulty at copying an identical portfolio of skills the former company possesses³⁸.

D.J. Collins`a and C.A. Montgomery indicate the following as the determinants of enterprise competitiveness

- Difficulty in copying the strategy
- Natural length of strategy „life”
- Possibility of substitution
- Superiority of resources³⁹.

J. Kay suggests the following competitiveness catalysts:

- Architecture – overall contacts inside or around the company
 - Internal – relationships with suppliers or clients form the architecture
 - External – relationships inside the group of companies running associated business form so-called network
- Reputation – the most important commercial instrument transferred to clients in the form of information on product and the company
 - Continuous control
 - Quality improvement
 - Marketing actions
- Innovations
- Strategic resources

³⁸ Faulkner D., Bownam C., *Strategie konkurencji*, PWN Warszawa, 1996.

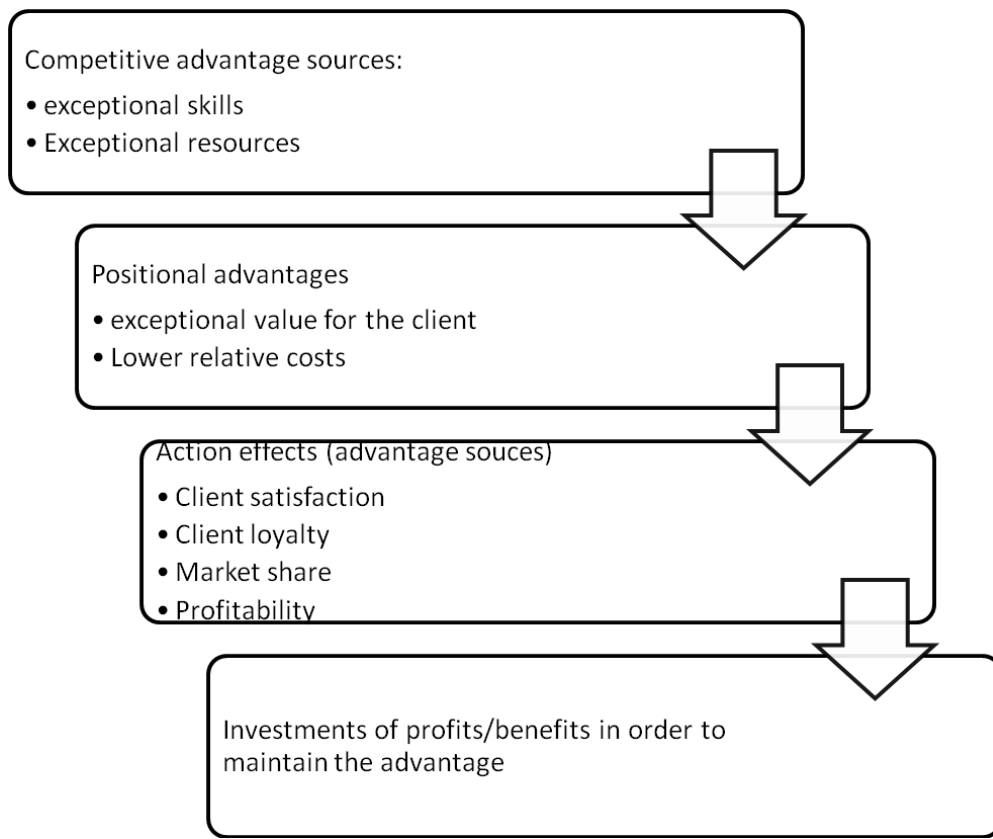
³⁹ Nowakowski M. K., *Wprowadzenie do zarządzania międzynarodowego*, PWN Warszawa 1999.

- Natural monopoly
- Irreversible costs
- Exclusiveness

Z.Pierścionek defines three stages of competitiveness:

- Identification of competitive position indicators – will enable the assessment of competitive advantage size
- Analysis of direct factors determining the competitive position of company on the market – quality and modernity of product, product price, sales and servicing system and company reputation;
- Analysis of indirect factors – technology and organization of production, workforce quality and management system.

Drawing 4 Process of building the competitive advantage guaranteeing competitiveness



Reference: Kuczewska J., *Europejska procedura benchmarkingu Programy i działania*, Polska Agencja Rozwoju Przedsiębiorczości, Warszawa 2007 A. Nowak-Far, 2000.

A. Nowak-Far (2000) indicated the following as the most important competitiveness determinants: innovativeness, including innovative products, knowledge, experience, abilities of coordinated management correlated with location and affecting the strategic and operative enterprise competence⁴⁰.

⁴⁰ Kuczewska J., *Europejska procedura benchmarkingu Programy i działania*, Polska Agencja Rozwoju Przedsiębiorczości, Warszawa 2007.

J. Meyer-Stamer presented one more approach to the factors, indicating:

- Efficiency – optimum combination of work and capital productivity;
- Quality – quality management strategy,
- Flexibility – enterprise ability to adapt to functioning on various markets
 - Product flexibility – easiness of launching a new product on the market
 - Flexibility of volume/size – adaptation changes in the efficiency of company size/volume
 - Routine flexibility – ability to manage the routine of operation in parts of the company located in various parts of the world
 - Technical flexibility – easiness in producing new final product components
 - Operating flexibility – easiness in adapting, expanding sequences of operations/actions carried out
 - Process flexibility – ability to make a product using various methods with application of various materials
- Responding – understood as the possibility to generate innovations and rapid growth (technological leadership)⁴¹.

Talking about location as the element guaranteeing competitiveness, we should refer to the opinion of Gorzelak G., Jałowicki B. presented in the table below.

⁴¹ Meyer – Stamer J., *Micro-Level Innovations and Competitiveness*, World Development, 1995.

Table 4. Traditional and contemporary location factors

THE 1960'S	SINCE 1990'S
<ul style="list-style-type: none"> • Easy workforce recruitment • Workmanship costs • Weak trade unions • Possibility to buy buildings/real estate • Easy raw material acquisition • Costs of transport, transport infrastructure • Sufficiency of power • Convenient market connections • Local cooperation possibilities • Local industry specialisation • Low taxes • Financial support of public authorities • Climate 	<ul style="list-style-type: none"> • Workforce qualifications • Workmanship costs • Costs of rental of production and office facilities • Land prices • Closeness of motorways • Closeness of international airports • Transregional rail connections • Energy costs • Closeness of suppliers • Local administration quality • Local fees • Local bank services • Supporting business by public authorities, business service entities, business chambers • Closeness of colleges and universities • Closeness of research institutes • City transport • Housing • Medical facilities • Cultural life • Holiday opportunities

Reference: Gorzelak G., Jałowiecki B., *Konkurencyjność regionów*, „Studia Regionalne i Lokalne”, 2000.

M. Garnarczyk and J. Garnarczyk defined another set of determinants, distinguishing:

- Traditional factors concerning material infrastructure – access to labor resources, costs of labor, low activity of trade unions, specialized suppliers, costs of transport, transport infrastructure, energy resources and costs, market closeness, financial assistance of public authorities
- Contemporary factors – intangible – labour resource qualifications, closeness of motor ways and international airports, supporting business by public authorities, image of city and region, closeness of higher schools/universities, medical facilities, potentials of relaxation and spending time off-work.
- Institutional factors – quality of work of local government, enterprise serving organization and cooperation networks for innovation creation and commercialization.⁴²

Globalization and competitiveness

Quoting G. Gierszewska, globalization is: „a higher, more complex stage of business internationalization process”⁴³. Internationalization progress occurs in numerous different areas, finance and capital ownership, markets and strategies, technologies, ruling and legal regulations, consumption model,

⁴² Garnarczyk Marta, Garnarczyk Jacek dr, *Czynniki rozwoju przedsiębiorczości w województwie małopolskim*, Sądecka Izba Gospodarcza, Wyższa Szkoła Biznesu – Nlu, Nowy Sącz 2007.

⁴³ Gierszewska Grażyna, *Strategie przedsiębiorstw w dobie globalizacji*, Oficyna Wydawnicza Wyższej Szkoły Handlu i Prawa im. Ryszarda Łazarskiego, Warszawa 2003.

perception and consciousness.⁴⁴ The most important thing is that the main target of global enterprises is the use of expansion for improving the functioning efficiency and consolidation of the the global competitive advantage.⁴⁵

In the opinion of K.Sowa, determinants of global companies are the speed in creation and development of innovative articles of global reach, ability to adapt the offer to the global demand for such products, global marketing, synergy, scale and reach effect.⁴⁶

J. H. Dunning finds most important the ownership advantage, i.e. enterprise ability to minimize costs through the optimum use of own tangible and intangible assets and location advantage, i.e. the possibility of using territorially diversified resources and internalization advantage, consisting in the optimum and efficient use of resources by the company within its own structure⁴⁷

Case of Google – global corporation competitiveness

Google was a project of two students from the USA who created a prototype of today's search-engine as an aid of searching appropriate websites. With the assistance of two Venture Capital funds Google - the first of-

⁴⁴ Gierszewska Grażyna , *Strategie przedsiębiorstw w dobie globalizacji*, Oficyna Wydawnicza Wyższej Szkoły Handlu i Prawa im. Ryszarda Łazarskiego, Warszawa 2003.

⁴⁵ Sowa Krzysztof, *Strategie konkurencji korporacji międzynarodowych*, Difin, Warszawa 2006.

⁴⁶ Sowa Krzysztof, *Strategie konkurencji korporacji międzynarodowych*, Difin, Warszawa 2006.

⁴⁷ Sowa Krzysztof, *Strategie konkurencji korporacji międzynarodowych*, Difin, Warszawa 2006.

ficial search engine was started. The characteristic distinguishing it from the competitors was the lack of commercials and minimal homepage. From the technical side, the search-engine of the Californian company was better than its competitors - searched faster and more accurately. In addition the creation of a small company image, competing with such giants as Microsoft brought it a lot of fans.⁴⁸

Currently Google corporation consists of Gmail, Google Earth and Google Maps, Google Chrome search engine, Google Desktop data search software, Picassa graphic file search-engine, Youtube, and blog service Blogger or Orkut community portal, whose main target for the future is to be the 'dethronement' of Facebook. In 2009 Google employed ca. 20 thousand people and gained over 23,5 billion of revenue.⁴⁹

The enterprises are interested in cooperation with Google for two reasons. The first is the possibility to analyze the advertising expenses incurred and their effect on the growth of sales of products and services offered. Another immensely important factor is the presence in the advertising sector through the provider, the latter sector is the most dynamically developing sector in the world.

Google itself always has reserved that it is only an Internet search-engine and shall not introduce any typical portal accessories, e.g. horoscope,

⁴⁸ Reppesgaard Lars, *Imperium Google - Google zna Cie lepiej niż sądzisz...*, BC.edu, Warszawa 2009.

⁴⁹ Reppesgaard Lars, *Imperium Google - Google zna Cie lepiej niż sądzisz...*, BC.edu, Warszawa 2009.

calendar, useful website addresses, news, for the latter purpose it has created iGoogle – search-engine with the accessories mentioned above.

Google is based on occupying a market niche, ignored by competitors. Then it reaches a very dynamic development of the niche and frontal attack on the competitors. These are only three examples of surrounding strategy applied by the corporation.

Google cares about its clients as no-one else in the web. In addition to the fact that it offers them best quality products absolutely for free they are also open to any comments of users on the way of improving their software. Moreover, Google tries to filtrate the sites it has searched for in order to eliminate ones infected with viruses aimed at infecting users' PCs. Theoretically such action is not required, but Google, caring about its clients provides them with such free-of-charge protection under the principle – everything for the clients. In the same way it creates and cares about their image.

The company remembers its innovativeness as a competitiveness factor

Examples of Google's innovative policy may include without limitation creation of the fastest search-engine can be also be classified as the best system of the world matching advertisements to the topics searched for. The fact itself was innovative, but Google did not hesitate to go a step further. It created software operating under the principles of AdWords and AdSense for press, radio and TV. At present they are at the preliminary stage of operation and do not generate high revenues, but the possibility of putting

advertisements in the said media, omitting the intermediary is a very interesting idea and will surely be further developed.⁵⁰

⁵⁰ Reppesgaard Lars, *Imperium Google - Google zna Cie lepiej niż sądzisz...*, BC.edu, Warszawa 2009.

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