



The importance of competition and enterprise competitiveness

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ABSTRACT

Competitive company has the ability and flexibility to adapt to changing conditions and make decisions that will provide him a competitive advantage. The aim of this article is thus to present the issues of competition and the competitiveness of enterprises.

Keywords: Competition, enterprise competitiveness, competitive advantage, models of competition, the types of competitive, market, resources

1. INTRODUCTION

Nowadays performance businesses are faced with increasingly difficult and more complicated development conditions. These include: increased aggressiveness and so called company turbulence, the dynamics of globalization, new requirements and competitive intensity of competition and rapid technological progress. To succeed, each company is forced to make effective use of their real capital, finances or the potential of employees and analyze the environment in which it operates. All this makes the developing companies constantly evolve, adapting the functions, objectives and tasks of the organization and management methods to changing business conditions (Grzebyk, 18-20).

The aim of the research article is to present the theoretical terms and the phenomenon of competition and the nature and types of competitiveness. Against this background, the level

of competitiveness of enterprises is shown as an important aspect of their functioning in the market economy.

2. THE CONCEPT AND ESSENCE OF COMPETITION

Competition is a key tool and a major dimension of economic life. Its importance comes from the word "compete" and means "to seek together" and thus it stimulates the level of human aspirations, allowing you to achieve the highest results, as well as being the driving force of technological innovation and productivity growth (Lesniewski, 57).

Stankiewicz believes that, "the competition will be called a phenomenon when participants compete against each other in the quest for similar purposes, which means that the actions taken by some, to achieve certain goals, make it difficult (or even impossible) to achieve the same objectives by others" (Stankiewicz, 19).

Competition is defined as an activity of individuals who seek to achieve the benefits that others want to gain at the same time and in the same conditions (Grzebyk, Krynski, 108). Its essence is based on the elimination of competitors operating in the same industry and taking over their customers.

Competition in individual markets may refer to one of the four basic models: perfect competition, oligopolistic competition, monopolistic competition, pure monopoly (Jonas, 10).

The branch which is perfectly competitive consists of many competitors offering the same product and service. Because of no product differentiation, the price is the same for all competing companies.

Oligopolistic competition consists of several companies producing the same or partially differentiated product. This diversity can affect the level of quality, special features, style or service. The company, which manufactures the same product cannot determine the prices of their products at a higher level than the market, unless it wants to attract customers (Kotler, 209).

Monopolistic competition exists in the industry, in which many competitors are able to differentiate totally or partially its market offer. A number of competitors focused on a selected segment of the market where they are best able to meet the clients' needs, who they charge a correspondingly higher price (Kotler, 210).

Pure monopoly occurs when one company provides the entire production of goods or services in a given country or area. Monopoly of this type may be a consequence of the legal regulation, patents, licenses, and economies of scale or other factors. If such a monopoly is subject to government regulations, it is expected from it to set lower prices and expand the scale of production in the name of common good (Kotler, 210).

Shown models differ significantly in terms of both market structure and operating methods of competing entities. The change of economic and political system in Poland in 1989 created the phenomenon of competition where state ownership and strict regulation has been replaced by private property and the free market.

2. 1. Nature and types of competitiveness

Generally it can be assumed that competitiveness is a feature of those who compete. The most accurate definition of competitiveness proposed by the World Economic Forum in Lausanne in 1994, which defined it as "the ability of a country or company to create greater

wealth than their competitors on the world market" (The World Competitiveness Report 1994, 18).

It is believed that staying in business and development of the organization is determined by the market in which products are either sold or not. Competition is thus seen as a process between the rivals, but also as an opportunity for cooperation between business partners (Lesniewski, 58).

The essence of assessing the level of competitiveness of the company is to compare the actual results with the expected ones, by the various stakeholder groups. Based on the results of this comparison, three types of competitiveness may be distinguished (Stankiewicz, 44):

- **normal competitiveness** - when the results of specific interactions are equal to the expectations of participating stakeholders;
- **less than normal competitiveness** - when actual results do not meet expectations. Then the stakeholders involved in this situation, take action to withdraw from interaction with the company and move to another, more attractive one;
- **more than normal competitiveness** - when the actual results are higher than expected. Stakeholders who have a basis for such evaluations seek to strengthen their relationship with the company.

According to the first criteria, we can distinguish two types of competitiveness: factors-related and result-related. Factors-related competitiveness exposes what determines the companies' ability to actions creating the basis of the effective competition, such as: rapid response to changes in the market, skillful use of their own resources, or other non-accidental factors, but building the competitiveness of companies in the long term.

Result-related competitiveness determines the results of competition, such as market share, share in sales of science-intensive products and the company's financial performance against leaders or medium-sized companies (Lubinski, Michalski, Misala, 9–13).

Based on the criterion of evaluation range we have and. The operation-related competitiveness refers to specific technical skills that are important from the point of view of a specific market.

The system-related competitiveness concerns the broad context of the competitive behavior of the entity looked at in terms of assessment, taking into account the impact of events occurring on four different levels: mega, macro, meso and micro (Faulkner, Bosman, 35-40).

The-moment-of-assessment criterion can be used to highlight the competitiveness ex post, that is such that the entity has already achieved and ex ante, which means that competitiveness, which can be achieved in the future (Gorynia, 89).

Based on the criterion of the area of occurrence we can distinct competitiveness in the markets: a particular type of goods or services, specific products or services, a particular type of resources, specific resources, a specific area where you can highlight the company's competitiveness on the domestic or international market (Stankiewicz, 39).

Criterion of market relations between two parties is used to distinguish the competitiveness of the "inputs" of competitiveness and "the outputs" of specific entity. Competitiveness "inputs" of an entity is its ability to efficiently implement these objectives, which are associated with the transaction sourcing. Competitiveness "on output" is, in turn,

the ability to realize these objectives related to the transaction of acquiring market acceptance of the offer presented (Gorynia, 92).

According to the time-observation criterion we can talk about static and dynamic competitiveness. Static competitiveness is a state of competitiveness of the company in a given time. In contrast, dynamic competitiveness, refers to the changes in the state of competitiveness of the company in time, in other words - the competitive dynamics (Stankiewicz, 40).

The last criterion is the level of competitiveness on the basis of which you can distinguish four groups: shareholders, clients, buyers, employees, some vendors (Stankiewicz, 40). Each of these groups evaluates the activities of businesses using their corresponding interest's criteria: the owners are mainly interested in the income that can be achieved from the ownership of the shares (Rappaport, 15). While the customers are interested not so much in the value of the company, but the value of its offer. Employees are mainly interested in working conditions and salary, and suppliers are interested in the volume and the increase of business activity (Grzebyk, Krynski, 113).

The issue of competitiveness, as can be seen clearly from the listed different points of view and classification, is highly complicated. However, to fully realize the extent of this complexity, we need to consider the size of the arenas of competition, and those in the last two decades are growing rapidly (Grzebyk, Krynski, 114).

2. 2. Competitiveness at the level of enterprises

The specific nature of competition in the market for products or services makes it of particular importance for the participants to obtain a competitive advantage over rivals. Therefore, competitiveness in an open market is a central issue, and the corresponding formulation of competitive strategy is crucial for the survival and development of institutions and enterprises (Kisiel, 15).

The main consequence of such a character is a need to observe the actions of competitors and predict their reactions to each move (Forlicz, 39). The first step is to determine the competitive position, which is an important element in building a competitive strategy, it allows to evaluate the current capabilities of the company and trends and opportunities for its further development (Jonas, 16).

The competitive position of the company is defined as a multi-dimensional category, a determined by a combination of factors, e.g.: market share, the share of the basic segments of the market, the impact on the market, the scale of the action, applied technology and technical skills, skills and adaptability (Grzebyk, Krynski, 114).

The reflection of the competitive position of the company is its competitive advantage. It is interpreted differently depending on the subject, point of view and its evaluation.

Competitive advantage can be determined from the point of view of the enterprise or from the perspective of customers. From the point of view of the company's competitive advantage is its unique position in the sector in relation to competitors, allowing to achieve above-average profits and to be ahead of the competition (Grzebyk, Krynski, 114). The competitive advantage of the company depends on the value that the company is able to create for its customers (Grzebyk, Krynski, 114).

From the point of view of the recipient's competitive advantage it is a subjective category and is a higher sum of the values offered by the investor. In the literature one can distinguish two dominant models of competitive advantage (Jonas, 18).

The first is the unique position of the company in the market, achieved by offering the same or similar products at lower prices or differentiated products at a higher acceptable to the consumer. Its achievement is dependent on external factors. Companies which gain a competitive advantage are those that effectively adapt to market demands (Rutkowski, 58).

In the second model, competitive advantage is granted to the company competencies that distinguish it from the competition and give it an advantage. This model has its roots in the concepts of treating the company as a set of tangible and intangible assets. This model has its roots in the concepts perceive the company as a set of tangible and intangible assets.

Durable competitive advantage is the result not only of resources and skills, but also depends on factors outside the company or even outside the sector in which the firm operates. It points to the new role of business, government, and other institutions striving to enhance the competitiveness, or even impose a particularly active behavior of these entities (Lisinski, 35).

3. CONCLUSIONS

Analyzing the above considerations it can be stated that the specificity of these times is both competition of businesses and the environment in which they operate. Competitive company must be characterized by internal capability and flexibility to adapt to changing operating conditions and obtain specific benefits from this process. The modern concept of creating a competitive advantage emphasizes the particular need of skillful use of acquired knowledge and resources.

The companies to survive and stay in business must be able to predict and accurately assess their situation. They have to act effectively and have ability to develop in a constantly changing environment, and constantly make decisions about structural changes. These are the actual determinants of not only the survival of the company and restoring the balance in the volatile environment, but also forming its dynamic plans to ensure its smooth and effective functioning, gaining competitive advantage and further development.

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