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FACTORS OF COMPETITIVENESS OF ENTERPRISES OPERATING IN THE CONFECTIONARY-BAKERY INDUSTRY IN WIELKOPOLSKA VOIVODSHIP

Summary

The paper discusses the factors of competitiveness in companies, which operate in confectionary-bakery industry. It presents the results of research conducted between 2014 and 2016 on 77 enterprises located in Wielkopolskie voivodship. According to the investigated, from the variety of the external factors, competitiveness is mainly influenced by fiscal policy of the state, competitive rivalry or threat of new entries. In the group of internal factors, relations with customers, company's image, as well as product quality were indicated most often.

Key words: competitiveness, enterprise, confectionary-bakery industry, factors

JEL: D22

1. Introduction

The origins of globalisation are related to the regional diversification of resources. Geographical discoveries and linked to them – population mobility increase were significant factors influencing the process of globalisation growth. The following it industrial revolution and technological innovations were very important in this area as well. Therefore, the globalisation is primarily an effect of changes in the economy, especially connected to technological progress, transferring simultaneously to the social sphere as life quality improvement. It contributes to searching for newer and newer sources of competitive advantage. The globalisation enables entering new markets and increases the availability of various production factors and thereby leads enterprise to independency from local production factors and local demand. The result of the globalisation is the intensification of competition, both on national and international markets [Skawińska,

2011, pp. 27-28]. The transformations frequently require changes in the way of company's management or former action strategy and enforce the necessity to improve company's competitiveness.

The aim of the paper is to indicate the most important factors influencing competitiveness of enterprises operating in confectionary-bakery industry, occurring in the internal and external environment of companies.

2. Material and research methods

In order to obtain the opinions on factors determining competitiveness of confectionary-bakery industry the survey research covering 77 enterprises was carried out in Wielkopolskie voivodship between 2015 and 2016. The investigation was conducted within the framework of the statutory research by the Department of Economics at the Poznan University of Life Sciences. The construction of the inquiry questionnaire was subordinated to the study aims. The companies were chosen by purposeful selection. The survey consisted of 17 questions concerning general information on a firm, evaluation of competitiveness elements, particularly international business and market environment. The opinion on the competitiveness potential was a significant part of the survey as well. The gathered opinions had evaluative and subjective character. The research covered the units operating in NACE (Fr. Nomenclature statistique des Activités économiques dans la Communauté Européenne, Eng. Statistical Classification of Economic Activities in the European Community) 10.71. This industry is very important because it involves 43% of enterprises operating in the Polish agri-food sector. The situation of the companies in the bakery industry is getting worse, due to the fact that the structure and volume of the demand for bread is changing. For that reason the enterprises have to cope with new requirements and challenges [Gorzelań-Dziadkowiec, 2013, pp. 27-28]. In order to sustain competitiveness on the market, it is very important to introduce new technologies and innovation into the bakeries [Sojkin, Olejniczak 2012, p. 133]. So far, the competitiveness in the industry has been investigated mainly as the competitiveness of the entire industry, not as the competitiveness of an individual company [Gorzelań-Dziadkowiec 2015, Wójcik 2012]. There are only a few papers concerning competitiveness in the micro-scale in this industry [e.g. Wychowanek 2015]. Therefore, the investigation was undertaken in order to diagnose and present the most important factors creating the competitiveness of enterprises in the confectionary-bakery industry.

3. The notion of competitiveness

There is a number of definitions of competitiveness in the literature. Currently this notion is applied to evaluate the level of competitiveness of countries, regions, sectors, branches and companies. According to Walczak [2010, p. 88] "*Competitiveness is a feature and mechanism regulating the behaviour of business operators functioning on free market, which is a prerequisite for the competition existence*". According to the OECD [OECD 1996, cited

in: Stankiewicz, 2005], it is the ability to cope with international competitiveness and to ensure a relatively high rate of return from the applied production factors and relatively high employment on a permanent basis. Regarding enterprises, competitiveness is identified with company's potential, resources, skills, abilities which are the factors that ensure an advantage over other companies operating in a particular country, region, sector or branch [Walczak, 2010, p. 88]. Competitiveness is identified with the ability to achieve goals quickly and being competitive is *"winning in rivalry for market customer (more specifically – market segment) due to 'the ability to compete', which is a skill to dynamic forming of resources and processes in response to current and future challenges of the environment"* [Flak and Glód, 2009, p. 37].

Company's competitiveness is determined by the external and internal environment [Pierścione, 2003, p. 168]. *"Factors having their source in the environment are independent of the enterprise, to a large extent they are a derivative of state authorities' policy and mechanisms of market regulation, as well as they are under the influence of general economic situation in a given country. In turn, internal factors are related to company's financial condition, physical resources, intellectual capital, organisational structure, adopted development strategy, management methods, entrepreneurship, innovation, the quality of the offered products and services"* [Walczak, 2010, p. 4].

While evaluating the level of competitiveness of a company, one should apply proper criteria and measures, because competitiveness has a relative character [Gorynia, 2002, pp. 48-49; Walczak, 2010, p. 88]. According to Stankiewicz [2000, p. 79], the competition analysis ought to be conducted basing on four elements: competitiveness potential, competitive advantage, tools of competing and competitive position.

Competitiveness potential, which has an internal character, consists of a company's physical and immaterial resources, competences and abilities enabling the company to gain a competitive advantage [Stankiewicz, 2000, p. 79].

Competitiveness potential may be considered in broad and narrow terms. The first one concerns all resources used or being possible to use and one may divide them into: original, secondary and resultant resources (Table 1.), [Gorynia, 2009, p. 55].

TABLE 1.

Company's resources

Original resources	Secondary resources	Resultant resources
<ul style="list-style-type: none"> • Entrepreneur's philosophy • Know-how • Other resources (capital) 	<ul style="list-style-type: none"> • Material production factors (e.g. fixed assets, materials, raw materials) • Human resources • Innovation • Distribution channels • Information resources 	<ul style="list-style-type: none"> • Image • Purchaser's attitude (loyalty) to a product • Barriers to switching to other suppliers

Source: authors' own elaboration based on: [Gorynia, 2009, pp. 55-56].

In the broadest sense, the corporate culture, resources (widely understood), organisational structure, strategic vision, proper way of behaviour connected with the process of strategy creation may be counted into competitiveness potential. The corporate culture is related to the way of economic behaviour preferred by the owners or employees. Resources, in broad terms, concern both physical and immaterial resources. The amount, character and the use of resources have great significance in gaining the competitive advantage. [Gorynia, 2009, pp. 56-57; Walczak, 2010, p. 90]. According to Hunt and Morgan [1995, p. 8], competition “*consists of the constant struggle among firms for a comparative advantage in resources that will yield a marketplace position of competitive advantage and, thereby, superior financial performance*”. In turn, Porter [1990] claims that companies achieve a competitive advantage through acts of innovation, including new technologies and new methods of doing things. It may be a new product design, production process, new marketing approach or a new way of training. When competitors slowly react to this situation, a company achieves a competitive advantage. According to Gorynia [2009, p. 55], it is a result of effective use of competitive instruments included in the competing strategy, whereas Flak and Glód [2009, p. 65] define “*the competitive advantage as the ability to deliver material and immaterial values to purchasers through the market*”.

Stankiewicz [2005] divided the competitiveness potential into nine spheres:

1. research and development (e.g. having R&D departments, funds, staff knowledge, collaboration with scientific institutions);
2. production (equipment, modernity of technology, skills and competences of engineering staff);
3. quality management (introduced ISO quality management systems, certificates, TQM system, systems of quality improvement, etc.);
4. supply logistics (availability of supplies, location of supply sources, relations with suppliers);
5. marketing (expenditures on marketing, pricing, knowledge of the market);
6. finances (company’s financial potential, access to external sources of financing, level of total costs);
7. employment (employees education level, their creativity, willingness to gain new skills, motivation system, trainings);
8. organisation and management (size of a company, competences of managerial staff, information flow, process of decision making);
9. general immaterial resources (organisational culture, company’s knowledge, image etc.).

The organisational structure of a company is related to the division of the authority, work and communication network. The strategic vision of company concerns the core business, mission and behaviour. Enterprise strategy results from the process of strategy creation, which consists of the process of formulation and implementation of strategic vision [Gorynia, 2009, pp. 56-57; Walczak, 2010, p. 90]. Porter [1998, p. 1] claims that “*Competitive strategy is the search for a favourable competitive position in industry. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.*”

The instruments of competing are the tools and methods used for creation of client's capital and company's value, such as quality and price of products, elasticity in product adjustment to customers' needs, product range, advertisement, promotion, company's image and terms of payment [Stankiewicz, 2000, p. 79; Gorynia, 2009, p. 55].

Competitive position is a result of competing, the applied competitive strategy in relation to the particular competitive potential. The basic measures of competitive position are company's market share and financial situation. Nevertheless, one may also use the following measures: profitability, level of costs compared to competitors, level of brand loyalty and market knowledge on products [Gorynia, 2009, p. 58; Stankiewicz, 2000, p. 79].

According to Walczak [2010, p. 89], there are particular dependencies between elements of competitiveness. Competitive potential impacts competitive advantage which, in turn, influences the selection of competition instruments causing gaining and maintaining competitive advantage.

4. Research results

Among the investigated enterprises dominated small (38%) and micro (35%) enterprises, in turn medium firms constituted 18%, and the large ones – 9%. Over 2/3 operated on local market and every tenth on regional, domestic and international ones. The vast majority of companies launched their business after 1989 (76%).

The conducted research shows that the intensity of competition in bakery-confectionary industry is high (49%) or very high (31%). Those options were indicated mainly by small companies employing up to 49 workers (59%) and operating on local markets (48%). It should be underlined that the vast majority of the investigated bakeries did not conduct any evaluation of company's position compared to the competitors (62%). Such evaluation was carried out by 1/3 enterprises, mostly large companies employing over 250 workers operating on international market (43%). Nevertheless, the evaluation was performed irregularly. Both small quantity of the companies and low frequency of conducted analyses results from high cost of the market research and they claim they cannot afford it. Therefore, these results have a very subjective character.

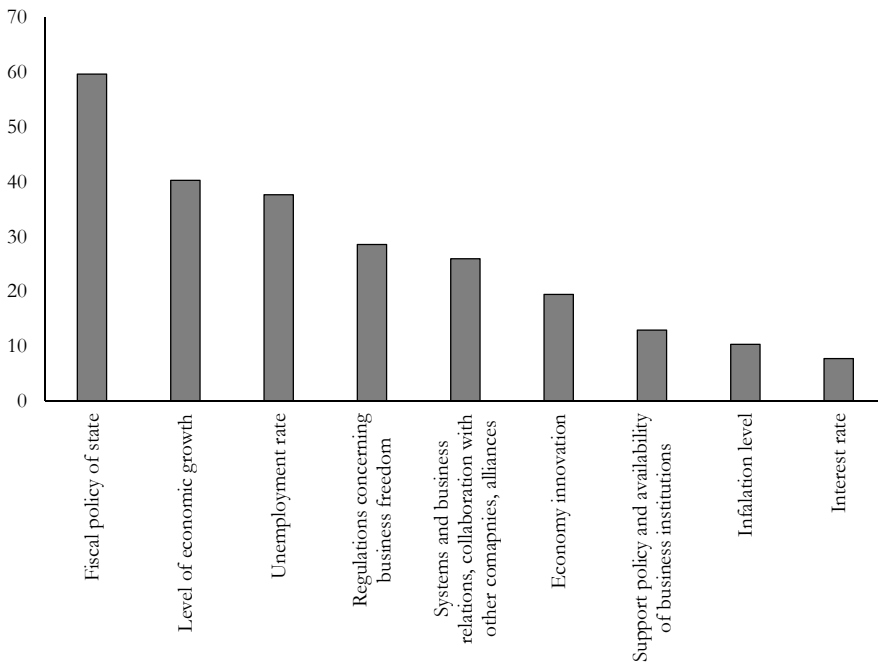
Enterprises operate in a defined external environment in relation with other enterprises and institutions. The environment creates particular conditions, opportunities and threats. It impacts functioning of enterprises, but on the other hand, companies influence the external environment. It is particularly noticeable in case of large companies that have great bargaining meaning and impact the entire sector.

According to the investigated enterprises, one of the most important business factors (included into the group of the external factors) influencing bakery-confectionary company's competitiveness was the fiscal policy of the state (60%) and the level of the economic growth (40%) (Fig. 1). The first factor was significant for firms selling products on local market (74%). It was indicated by 66% surveyed small and 59% microenterprises. Concerning the fiscal system, financial condition of enterprises is

mainly influenced by tax rates and social insurance premiums. The inquired claimed that the burdens were too high and therefore they reduced profitability of their companies (in particular small ones), possibilities of employment growth, introduction of new technologies, and, in a result, company's competitiveness.

The level of economic growth was indicated mostly by large enterprises (57%) for which general market situation is vital because they had wider operation area. The dependence between demand and supply in larger degree impacts the economic growth, and their balancing – the economic situation which, in turn, impacts the increase of enterprise output and improvement of its financial situation.

FIGURE 1.
Business factors influencing competitiveness (%)*

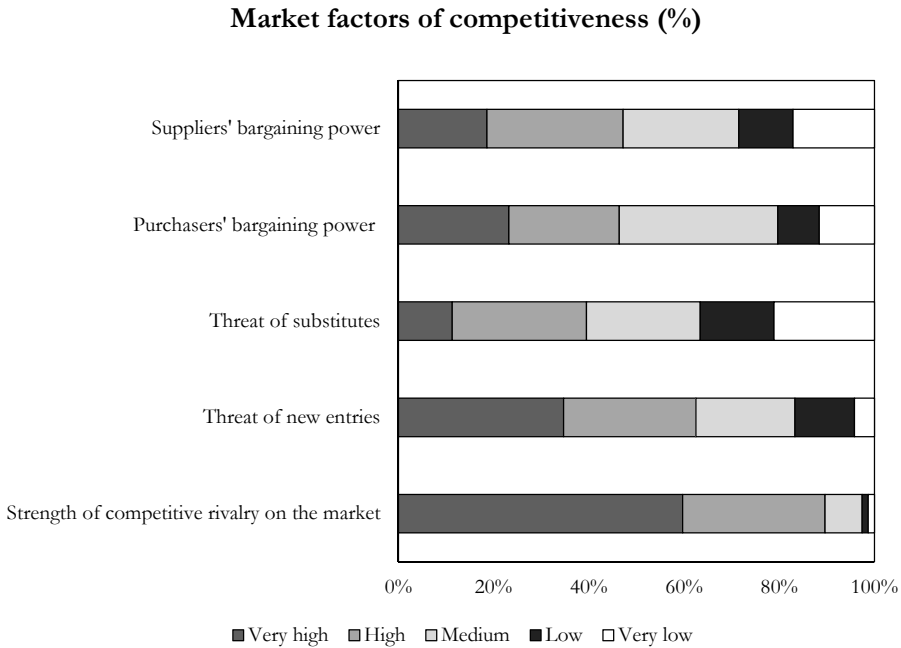


*The respondents could indicate 3 factors.

Source: authors' own research.

In the opinion of the respondents, from the variety of the market environment elements (the group of external factors), the strength of competitive rivalry on the market had a profound impact on the competitiveness (respectively 60% and 30%), as well as the threat of new entries (35% and 28%) (Fig. 2). Large enterprises (71%) and microenterprises (67%) believed that the strength of competitive rivalry on the market had a very important meaning. In turn, for small companies (41%) this factor was less

significant. The threat of the new entries was vital for large and medium enterprises (36%), but it was less important for micro firms (33%).

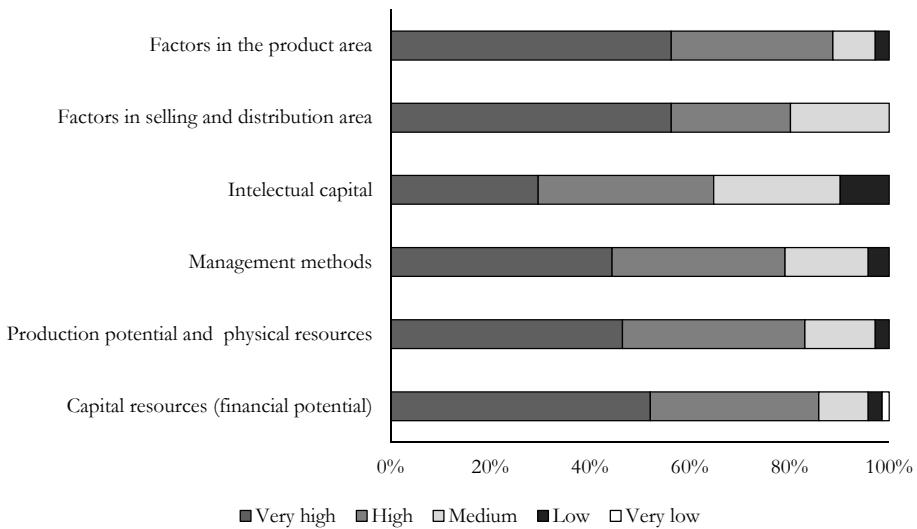
FIGURE 2.

Source: authors' own research.

Concerning the internal factors, over half of the respondents claimed that the ones in selling and distribution (corresponding to Stankiewicz's spheres of marketing and general immaterial resources competitiveness potential) and in the product area (elements of Stankiewicz's quality management and marketing sphere) the most strongly influence the competitiveness (both 56% indications) (Fig. 3).

FIGURE 3.

Groups of internal factors influencing company's competitiveness

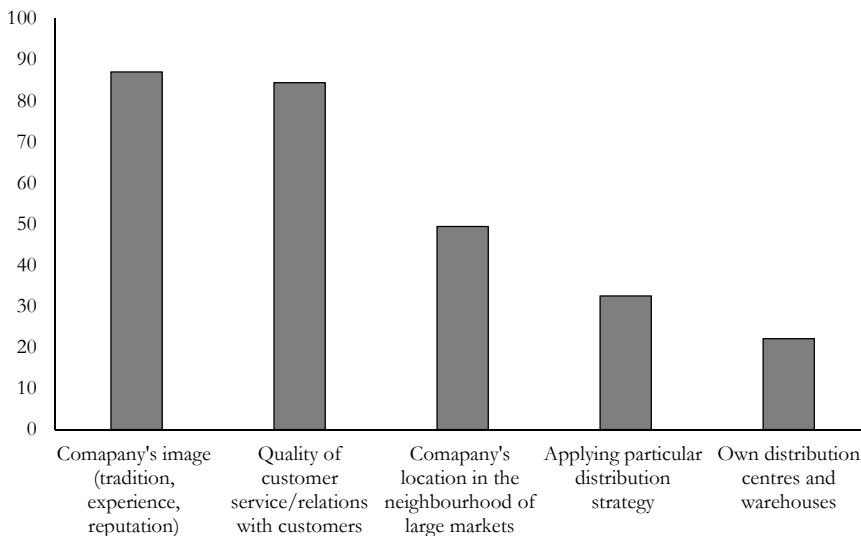


Source: authors' own research.

In the opinion of the analysed companies, in the group of factors occurring in selling and distribution area, quality of customer service and relations with customers (84%) as well as company's image (tradition, experience, reputation) (87%) were the most significant (Fig. 4). In turn, company's own distribution centres and warehouses were less significant (22%). Those factors were indicated by medium and large companies (both 43%), wherein 1/3 sold products on international market and have direct contact with final purchaser. Nevertheless, one should remember, that having own warehouse facilities fosters improvement of products distribution process, and what follows that, performance improvement, as well as growth of quality and reduction of costs.

In turn, customer service played a significant role among those bakeries, which operated on local market. The factor was indicated by 89% micro- and 86% small enterprises. Instead, for medium and large the main factor of competitiveness in the selling and distribution area companies was a firm image. Such opinion was expressed by all investigated medium and large enterprises. This results confirm Walczak's [2010, p. 90] opinion that immaterial resources are becoming more and more important in creating a competitive advantage, especially company's credibility, brand, image or product quality.

FIGURE 4.
Competitiveness factors in selling and distribution area (%)*



*The respondents could indicate 3 factors.

Source: authors' own research.

In the product area, the quality of products and services (85%) as well as price were the most important. Data analysis proves that the first factor was more significant for microenterprises (89%), whereas the second one for the medium and large companies (both 86%). What is interesting, the product range and innovative character and regionality of products were less important. In terms of changing demand for bread (structure and volume), these factors should be considered as very important in maintaining a competitive position on the market.

The research showed the importance of capital resources (Stankiewicz's finance sphere) (52%), especially the development of financing possibilities from external sources (71%) and current activity financing with own cash (66%). The first factor was mostly indicated by micro firms (81%) and large companies (71%), in turn, the second one by large and medium enterprises (both 71%).

In the respondents' opinion, among other internal factors creating company's competitiveness potential, production potential and physical resources (Stankiewicz's production sphere), as well as management method (organisation and management sphere) were quite important (respectively 47% and 44% indications). In the area of production potential, quality of equipment (61%) and modernity of technology (56%) played significant role. The first factor was more important for large (86%) and micro enterprises (67%), and the second for large (86%) and medium enterprises. In the method of management, distribution of tasks and responsibility of employees (68%) as well as quality management were the most important, wherein this factor was indicated

by micro (78%) and large (71%) firms. In this sphere, quality management (59%) was very important, in particular for large (71%) and micro companies (60%).

The research results showed that 30% inquired claimed that intellectual capital influences competitiveness to a large extent, wherein experience and knowledge of the owners (77%) and employees (70%) as well as their engagement (69%) were very significant. All the three factors were the most important for small companies (respectively 93%, 78%, and 74%). It may be concluded that, particular personality traits as well as substantive knowledge are necessary in creating competitive position, because they contribute to a proper management in a company. *“The growth of importance of intellectual capital as a factor determining achieving competitive advantage is indicated by P. Drucker who highlights that knowledge is becoming basic economic resource, while the other factors start to take over the supplementary role”* [Strojny, 1990, p. 12, cited in: Frączek, 2009, p. 15].

5. Conclusions

The transformations taking place in the current economy require from the enterprises an improvement on competitiveness, not only on domestic market, but also on the international one. In the process of building competitiveness a significant role is played by the external and internal factors occurring in company's environment. The research conducted in the confectionary-bakery industry proved that the fiscal policy of the state is the most significant in the external environment, in particular burdens resulting from high labour cost. One should expect that reduction of these burdens would increase profitability of the investigated bakeries, in particular SMEs and improve their competitiveness.

Concerning market elements, competitive rivalry and threat of new entries were indicated most frequently as the essential factors. It may prove that the enterprises were afraid of increased competition on the market.

In turn, from the variety of internal factors, factors in selling and distribution area, especially relations with customers, company's image or quality of products were named the most frequently, which means growth of their importance in building company's competitive position. The investigated also specified capital and physical resources as well as management method. In the opinion of the investigated, intellectual capital, particularly knowledge and experience were essential in creating competitiveness and they would very likely gain in importance in future.

Worrying is the fact that the companies investigated do not attach sufficient importance to the character of the product, which in terms of changing structure of demand and worsening situation of the bakeries, should be taken into consideration. The consumer lifestyles and consumption patterns are changing, therefore product ought to have a unique character, ought to stand out on the market. The investigated companies on one hand appreciated the value of good relations with clients (very often final consumers), but on the other they did not investigate their preferences. Moreover, they did not evaluate their competitive position. In consequence, they are not able to effectively compete, because they do not have sufficient market knowledge.

This study creates a base for further research on competitiveness in the discussed industry. It seems to be essential to define, which actions of the authorities or other market players would improve the competitiveness of companies operating in confectionary-bakery industry. It is also very important to determine the reasons for unwillingness to product innovation, which would help to sustain or improve the market position.

The authors' participation in the preparation of the article

dr Lidia Jabłońska-Porzuczek – development of the research concept, hypothesis, methods, participation in research, data analysis and conclusions – 50%

dr Joanna Smoluk-Sikorska – development of the research concept, hypothesis, methods, participation in research, data analysis and conclusions – 50%

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