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DETERMINANTS OF DEVELOPMENT OF COMPETITIVENESS IN AGRICULTURAL COMPANIES

1. Introduction

It is commonly known that companies, which do not take market rules seriously enough, cannot function effectively. Companies have to compete among each other if they want to succeed on the market. Competitiveness is an organic feature of developed economies, so it has to become a basis of modern Polish economy, too. The companies which wish to sustain their leading position should be aware of what their competitors plan to achieve. In order to get stable and advantageous position on the market they should work out various competitive strategies. The level of competitiveness can be risen by introducing innovations concerning produced goods, extending the range of offered products and complying with customers' demands.

The aim of the article is to show the determinants of development of competitiveness of agricultural companies. Food processing enterprises were matter of research in the chojnicki district.

2. Phenomenon of competition

It's certain that if a company wants to make success on modern, demanding market it has to create it's competitiveness in an effective way [Glabiszewski 2004, page 21].

Competition is a process in which all market participants try to present more advantageous offers where low prices, good quality and other features are to influence customers' decisions about purchasing certain products [Penc 1997, page 199].

There are various types of competition:

- direct competition when competing companies operate on the same markets and offer the same or very similar products;
- substitution competition when competing companies offer different goods and services but they satisfy the same or similar market needs;
- possible competition when it's possible for new companies to enter the market and compete by offering substitution products or services;
- monopolistic competition – market consisting of a lot of companies producing great variety of products and facing highly flexible demand curves;
- perfect competition – market consisting of a lot of buyers and sellers of identical products who buy and sell these products in the way that no singular buyer or seller is able to influence the price of the product by changing the amount of production [Penc 1999, pages 199-200].

In this article we will take closer look on direct competition in agricultural companies.

Competition is a desired state both for the supply and for the demand. It makes producers increase their effectiveness and offers consumers great variety of products. It also helps resources to move between different branches of the market [Góralczyk 2004, page 24].

A company gains competitive advantage when it possesses distinctive features. These can be certain abilities or assets thanks to which a company functions better, has better results and achieves superiority over its competitors [Haffer 2002, page 24].

However, it's difficult to attain competitive advantage. Agricultural companies, especially those which produce and process food, are at present facing competition from other EU companies.

Competition was an important factor for European integration. It was the final goal of the treaties which have created the European Union [Hoff 2001, page 83]. Liberalization of commerce resulted in influx of foreign food into Polish market. Polish companies have to produce really competitive goods if they want consumers to notice them and to buy them. Companies have to create strategic resources which would help to develop stable competitiveness [Glabiszewski 2004, page 18]. J.B. Barney shows resources connected with competitiveness. According to him, these resources should typify by features:

- of strategic value, which means they should be able to make use of market changes and to oppose arising threats;
- rare, which means hard to get so not commonly possessed by other competitors;
- difficult to imitate or replicate;
- irreplaceable, or at least difficult to replace, so having no substitutes¹.

¹ More on this topic: [Barney 1991, pages 105-106].

In order to be more competitive it's essential for a company to be able to identify the determinants of its development and strength. Research, which has been taken on this subject, will be now presented.

3. Determinants of competitiveness of agricultural companies

To find the determinants of competitiveness we carried out a survey among businessmen from agricultural sector who were present on First Business Fair in the Administrative District of Chojnice. Nineteen companies were interviewed: 2 cooperatives, 4 limited liability companies and 13 private enterprises. Researched enterprises was connected with food processing industry by profiles: slaughter and processing of meat, forest's fleece, fruit and vegetables processing, milling, baking. Two enterprises was selling products at all the country and at the EU. Other enterprises was selling products at local market. The questionnaire consisted of closed questions concerning various aspects of competitiveness.

First question concerned the evaluation of competitiveness of the range of goods produced by questioned companies (table 1). The respondents could assign 1 to 5 points to any of the analyzed aspects.

Table 1. Assessment of assortment structure (in points)

Item	Cooperatives	Limited Liability Companies	Private Enterprises	Total
Number of assortment groups	9	17	53	79
Percentage share of goods produced as part of a particular group with reference to the amount of goods produced in the region	8	19	50	77
Value of a particular group of products taking into consideration whole assortment of the producer	6	10	18	34

Source: own research.

The respondents declared that number of assortment groups is the main determinant of competitiveness. The wider range of products offered to potential clients, the bigger supply on the market.

Percentage share of goods produced as part of a particular group with reference to the amount of goods produced in the region appeared to be less important.

The third determinant, value of a particular group of products, was considered of much less importance then the other two.

Cooperatives realize that level of adapting to the EU modernization requirements is a very important factor of competitiveness of used technologies and manu-

facturing potential (table 2). This aspect was given maximum number of points. Companies, which products comply with EU requirements, have a possibility of exporting their goods to the EU countries and that fact makes them more competitive than those which can sell their products only in Poland.

Table 2. Assessment of competitiveness of used technologies and manufacturing potential (in points)

Item	Cooperatives	Limited Liability Companies	Private Enterprises	Total
Level of modernization of machines and other devices	7	18	59	84
Level of modernization of production technologies	8	14	60	82
Level of adapting to the EU modernization requirements	10	15	59	84
Level of making use of machines and other devices in the process of production	6	12	40	64

Source: own research.

For Limited Liability Companies the most important factor was level of modernization of machines and other devices.

Private enterprises decided that main determinants of competitiveness were level of modernization of production technologies, level of modernization of machines and other devices and level of adapting to the EU modernization requirements.

In general, interviewed companies recognized level of modernization of machines and other devices and level of adapting to the EU modernization requirements as main determinants of competitiveness of used technologies and manufacturing potential. Level of modernization of production technologies was declared also as important.

Next question was about the importance of satisfying consumers' needs (table 3).

Table 3. Assessment of importance of satisfying consumers' needs (number of answers)

Level of importance	Cooperatives	Limited Liability Companies	Private Enterprises	Total
Very important	1	2	10	13
Important	1	2	3	6
Of little importance	–	–	–	–
Not important	–	–	–	–
Total	2	4	13	19

Source: own research.

According to the respondents constant satisfying consumers' needs is a crucial determinant of competitiveness.

4. Conclusions

1. Competition is a beneficial factor on the market. It urges companies to function more effectively and to propose more attractive offer.

2. Number of assortment groups and share of goods produced as part of particular group with reference to the amount of goods produced in the region were declared by producers of food from Chojnice region as important determinants of the development of competitiveness.

3. The most important factors of the competitiveness of used technologies and manufacturing potential are: level of modernization of machines and other devices, level of adapting to the EU modernization requirements and level of modernization of production technologies.

4. Crucial factor of the development of competitiveness is taking into account wide range of consumers needs.

References

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UWARUNKOWANIA ROZWOJU KONKURENCYJNOŚCI W PRZEDSIĘBIORSTWACH AGROBIZNESU

Streszczenie

Artykuł dotyczy problematyki uwarunkowań rozwoju konkurencyjności w firmach agrobiznesowych. O pozycji konkurencyjnej przedsiębiorstwa świadczy jego udział w rynku docelowym i osiągnięta sytuacja finansowa. Istotny jest również eksport wyrobów, który stał się możliwy po wprowadzeniu liberalizacji handlu.

Dana firma ma lepszą niż przeciwnicy pozycję konkurencyjną wówczas, gdy ma jednocześnie wyższy od nich udział w obsługiwany rynku, jej produkty są częściej nabywane przez konsumentów, a także gdy uzyskuje korzystniejsze efekty finansowe niż konkurencja.

O pozycji konkurencyjnej przedsiębiorstwa decyduje głównie zaspokajanie potrzeb klientów. To właśnie ich wymogi powodują przeprowadzanie w firmach wielu zmian, które w efekcie mają wpłynąć na wzrost ich konkurencyjności.