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## Factors Strengthening the Competitive Position of SME Sector Enterprises. An Example for Poland.

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### Abstract

The role of competition in the context of the most natural and distinct sign of market orientation and implemented enterprise activities on the part of managers, contractors and owners of companies is often stressed as part of the concerned issue. Since routine actions, faith in the repeatability of market phenomena or the loyalty of consumers are not accepted in competitive activities of enterprises, the owners and managers are expected to act in an entrepreneurship-like manner to achieve a competitive position. As part of each market and sector based on the principle of competitiveness, a leader can be distinguished who, by his dynamics, forces other participants to undertake actions aimed at achieving a better market position in the competitive race (Strużycki, 2002). The primary purpose of selecting the research area of this article is, first of all, the desire to present the issues of SME enterprise competitiveness with the simultaneous determination of factors having impact on the competitiveness of micro, small and medium enterprises, as well as on their development. The purpose of the article will be to identify the factors having a direct impact on creating the competitive position and the development of enterprises as well as mutual relations between entrepreneurs and their business partners. The cooperation between business entities affects the proper growth in the whole branch and particular sectors of the economy. Thus, in the process of planning and decision-making in an enterprise, the selection of an appropriate business partner plays an important part. In order to analyze the subject matter, a secondary research was used using the study of literature, research reports from various scientific centers and statistical data as well as an empirical research conducted by means of a questionnaire with participation (supported by pollers) on a random sample of 520 micro, small and medium enterprises. 460 entities were selected from this group, which answered all questions included in the questionnaire. The enterprises participating in the research are located within southern and south-eastern Poland in three voivodships – małopolskie, śląskie, podkarpackie.

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### 1. Introduction

Undertaking a discussion about the competitiveness of an enterprise, it should be noted that the term competitiveness does not have a uniform definition both in national and international literature. No one generalized definition of this issue is related to the fact that the theory of competitiveness is constantly being developed. Selected concepts concerning competitiveness presented by international researchers have been presented below.

According to the representative of the positioning school, M.E. Porter, competitiveness is presented as a concept in the form of competitive advantages or benefits. In his opinion, competitiveness results from an enterprise's competitive strategy in the process of achieving and maintaining competitive advantage. In his concept, he

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distinguishes two key strategies: cost-based leadership and diversity, being the basis for achieving competitive advantage (Porter, 1992). More information on this subject further in the article.

According to C. Bowman and D. Faulkner, we distinguish basic competitiveness – which includes processes and systems due to which an enterprise may become the leader in its trade and key competitiveness – resulting from the fact that a company possesses skills due to which it will obtain a sustainable competitive advantage on the market. The indicated authors adopt the definition of competitiveness as a multi-level microeconomic category due to relations taking place between: the managing entity, its potential and skills, and the market structure along with possibilities appearing on it. According to the authors of this concept, when a gap emerges in an enterprise between basic and key resources and skills, the role of the company is to eliminate it by means of competitiveness potential – internal development or external growth. The purpose of the undertaken actions is to create such conditions so that it is possible to achieve success (Faulkner and Bowman, 1996).

According to the reputable creator of contemporary management concept, P. Drucker, competitiveness should be interpreted as a sign of market success of an enterprise due to entrepreneurship shaped by means of innovation. The factor determining the presence of competitiveness is innovations due to which it is possible to expand the market offer, improve and increase the quality of offered products and services, maintain qualified staff and their high productivity and ensure customer satisfaction (Drucker, 2002). A similar concept is presented by J. Schumpheter according to whom the essence of competitiveness should also be sought in innovation as the source of economic success of an enterprise (Juchniewicz, 2009).

According to C.K. Prahalad and G. Hamel, competitiveness of an enterprise is based on "key competences", being a set of necessary skills. Due to them, an enterprise may gain specific benefits which translate into long-term advantage and, as a consequence, competitive position on the market. According to the authors, an enterprise gains competitiveness as a result of better recognition of key competences and use of technologies and opportunities within an enterprise to create new products and areas of action than their competitors (Juchniewicz, 2009).

The representatives of Polish economic thought mostly support the view that the competitiveness of an enterprise is the effect of continuous development, taking account of possessed resources and skills and the strength and quality of environment impact. M. Gorynia, on the basis of conducted research, defines the notion of competitiveness of an enterprise on a par with competitive capability and makes it dependent on the ability to compete and achieve and maintain competitive advantage of a company. He emphasizes, at the same time, that maintaining this position is strictly related to the variable environment expressed through different levels of the economic system: micro, meso, macro due to which competitiveness is a relative feature (Gorynia, 2002).

M.J. Stankiewicz presents this issue in quite a complex manner. According to him, as part of the competitiveness system, we may distinguish its components which are subject to the impacts of general environment and, as part of the phenomena taking place, come into interactions with the competitive environment. The structural elements of the competitiveness system indicated by M.J. Stankiewicz include (Stankiewicz, 2002):

- competitive potential – defined as a system of material and intangible resources due to which an enterprise is able to use the most optimum instruments for competing on the local market, or as resources necessary to achieve competitive advantage and build the enterprise's long-term development. The elements of the competitiveness potential constitute creating appropriate and effective instruments for competing on the market.
- competing instruments – in the subject literature defined as consciously created by companies, measures designed to acquire business partners as part of the presented market offer, determining the level of market activity of an enterprise. The catalog of instruments is directly related to and depends on the strategy of operation determined by an enterprise, as part of which we distinguish instruments that can be implemented in a relatively short period of time, e.g. prices, payment conditions. In the second group we distinguish instruments created in the long period of time which include all instruments related to creating company image and product policy.
- competitive advantage – is strictly related to competing instruments and means the level of preferences on the part of recipients of the product/service offer of a given enterprise as compared to the offer of competitive entities by means of specific instruments.
- competitive position – being the result of quantitative-qualitative evaluation of an examined enterprise as compared to competitors within a specified sector of activity.

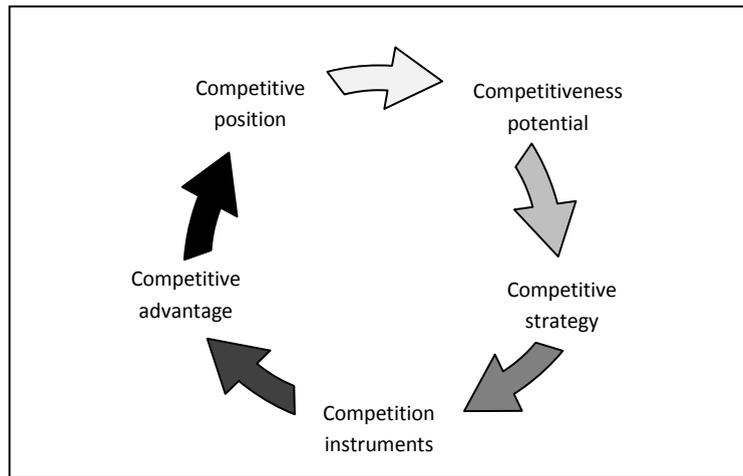


Fig. 1. Competitiveness cycle

Source: M. Moroz, *Konkurencyjność przedsiębiorstwa – pojęcie i pomiar*, "Gospodarka narodowa"2003, No. 9, p. 49.

A cycle of dependencies of consecutive particular structural elements resulting from the competitiveness system has been presented in Fig. 1. This system, as compared to M.J. Stankiewicz's concept, has been extended by the competitive strategy element. It results from the competitiveness potential of an enterprise and allows to apply relevant competing instruments in order to obtain market advantage and, as a result, the competitive position of a business entity. The author of the presented system containing the cause-and-effect cycle of enterprise competitiveness is M. Moroz who bases his assumption concerning this subject matter on the chain of competitiveness components resulting one from another, included in the diagram.

## 2. Importance of competitive advantage in enterprise development

Searching for the sources of concept with regard to the enterprise's competitiveness advantage, special attention should be paid to two outstanding trends. The first one issue represented by M.E. Porter defined as the positioning school based on his classic competitiveness theory and the second trend – a newer and more contemporary, created at the turn of the 1980s defined as the resource school. According to the representatives of the positioning school, the market advantage of an enterprise is affected mainly by external factors. This view results from the assumption that all elements affecting the capability of competitive advantage originate from the environment in which the business entity operates. Therefore, the representatives of this trend supported creating the competitiveness advantage of an enterprise starting from external factors towards internal ones. The basis to analyze the environment as that which plays the key part in the effectiveness of a company strategy, was considered to be M.E. Porter's five forces model which include: power of suppliers, power of customers, intensity of competitive rivalry, threat of substitute products and threat of new entrants (Wysocki, 2002).

A group defined as the resource-based school created a different approach with regard to analyzing the enterprise's competitiveness advantage than that which was created by M.E. Porter. The most known representatives of this trend included: J.B. Barney, G. Hamel, H. Minzberg, C.K. Prahalad, J. Kay, M.A. Peteraf, R. Hall, Ch. Olivier. According to this view, the essential elements being the source of competitive advantage are within the enterprise (Wysocki, 2002). Author of the resource theory model<sup>b</sup>, J.B. Barney, assumes that the competitive advantage achieved by the enterprise is directly affected by the resources gathered inside the company which closely correlate in order to achieve the assumed economic objective. It should be noted that such impact is only achieved in the case of resources which

<sup>b</sup> The following theories were created within the resource-based school: Resource Based View of the Firm, Competence Theory of Firm, Knowledge-based Theory of Firm.

meet several assumptions at the same time. Namely, they are: valuable, rare, protected against imitation or substitution, giving the basis to achieve a sustainable competitive advantage (Ratajczak-Mrozek, 2010).

Considering the ongoing process of changes taking place in economic life, the key objective of each enterprise is to prepare and implement such strategic objective which will provide it with market success. The effects of conducted activities are most often expressed by achieving better results within the conducted business activity than competitive entities. However, in order to achieve the intended effect, the enterprise has to demonstrate the capability to conduct effective competitive struggle. All activities undertaken by the enterprise are aimed at achieving advantage over other market participants and the part of the enterprise is to take care that this position is maintained and aim to increase it (Wysocki, 2002).

The interpretation of competitive advantage is affected by many aspects and may depend on the subject, point of view and objectives for which it has been defined. As a result, it can apply to enterprises, products, markets, entire sectors and countries in which the companies operate. In addition, the competitive advantage may be identified from the point of view of (Pierscionek, 1996):

- an enterprise (specialized or diversified) – evaluated with regard to the percentage market share and financial situation of a given enterprise. Applied by enterprises for the purpose of/in order to determine their position in the market sector and determine their biggest competitors with which competitive struggle may be undertaken or with which it is worth starting a cooperation.
- recipients – competitive advantage with regard to the product and company is the buyer/consumer's subjective evaluation. It is present when the sum of values represented by the product of one company exceeds the same values over products of other companies within a given sector. Since the preferences of recipients are not identical, the number of companies within a given sector depends on the demand-related factor which is the level of recipient diversity. As a result, it was noticed that competitive advantage is related to two competition strategies according to M. Porter, cost-based leadership – if the company offers its products at the lowest price in the sector in which it operates – present mostly in economies developing on consumer goods markets with mass production. The second base defined as differentiation – i.e. being distinguished by specified product characteristics within the sector (e.g. product modernity, sales system, service system, reputation) when the recipient appreciates more – present mostly in developed economies on permanent use goods markets.
- entire economy – defined by the government of a given country. It is defined in order to create industrial policy of a given country on the basis of sectors, regions, nationwide companies, which may constitute the basis for achieving competitive advantage on international markets.

When determining the determinants of enterprise competitiveness, it is worth paying attention to its two-lane relation. On the one hand, it is the result of variable environment, on which the enterprise does not usually have influence and mechanisms with different time section; on the other hand, it depends on the decisions taken inside the company. The role of the owner is to undertake actions which, resulting from the strategies and long-term plans, are aimed at strengthening the company's competitive position. The most important fact is that in the process of creating and developing the enterprise's competitiveness potential we may speak about its beginning but its end should never take place (Flak and Głod, 2009).

The basic objective of research concerning the enterprise's competitiveness is thus to indicate the factors and mechanisms of action which affect this competitiveness and determine its achievement and maintenance. They have been presented in the empirical part of this article on the basis of conducted research (Juchniewicz, 2009).

### **3. Research scope and methodology**

The research was conducted in 2011 on a randomly selected sample of 520 private SME enterprises by means of a survey questionnaire method conducted by an interviewer. In the next stage of the research, surveys which did not contain full answers from the respondents to the asked questions or which raised doubts with regard to their reliability were rejected. The basis for further analysis and conclusions formulated in the article is research material collected from 460 enterprises. (The research was conducted by means of the eBadania application: <http://www.ebadania.pl>) The vast majority (95%) of the surveyed entities is located within three voivodeships (provinces) of southern and south-eastern Poland (śląskie, małopolskie, podkarpackie). 27 of the surveyed companies (5%) have their registered office in other voivodeships of central Poland. In terms of the number of employees, the prevailing group are

microenterprises, employing up to 10 employees – 65%, small – 27%, average – 8%. A detailed division of entities participating in the research taking into account the employment criterion and in terms of age of enterprises has been presented in Table 1.

Table 1. Structure of examined sample in respect of number of employed and age of enterprise

Size of enterprise		Up to 2 years	2-5 years	6-10 years	11-20 years	Above 20 years	TOTAL
Micro		33	76	74	85	32	300
Small		2	19	27	55	23	126
Medium		-	-	7	13	14	34
SME	Number	35	95	108	153	69	460
total	%	8%	21%	23%	33%	15%	100%

Source: author's own study based on conducted research, n = 460.

The division of the examined sample in terms of age of enterprises has also been made, while entities operating on the market for less than 1 year, i.e. established in 2011, do not take part in the analysis. The largest representation are companies established after the period of system transition in Poland in 1989 – 85% of the examined sample. However, as compared to all examined enterprises, the greatest share are companies 11-20 years old (33% of the surveyed companies). Enterprises which have managed to survive longer than 20 years on the market constitute 15% of the examined sample. Taking into account the legal form, one-man businesses dominate (62% – 285) while in the group of commercial companies and partnerships, limited liability companies prevail (16% - 73), which has been presented in Table 2.

Table 2. Legal form of examined group of enterprises

Legal form	Micro	Small	Medium	SME total	
Natural person conducting business activity	232	48	5	285	62%
Civil partnership	36	19	3	58	13%
General partnership	13	15	3	31	7%
Limited liability company	17	39	17	73	16%
Joint stock company	-	2	3	5	1%
Another legal form	2	3	3	8	2%

Source: author's own study based on conducted research, n = 460.

## 4. Interpretation of results

### 4.1. Factors strengthening and limiting the development and competitiveness of companies

It should be noted that the conviction about the need to possess company development strategy and its actual possession depends on the size of the enterprise. The bigger the enterprise, the bigger also the awareness concerning creating a strategy with direct correspondence on the long-term company development, i.e. accordingly: 50% of micro enterprises has a development strategy, small – 67 and medium – 74%. Unfortunately, the biggest problem still is the incorrect identification of the development strategy with short-term plans up to 1 by owners of micro- and small enterprises (accordingly 38% and 33%) who declare having plans for exactly such period of time. Due to the incorrect interpretation by entrepreneurs between plans and strategy, they are able to respond to situations taking place in their environment no sooner than when these actually occur. The lack of long-term strategies forces them to make decisions on the current basis. This is a quite common phenomenon and it results from the view of mainly micro enterprises for the need to survive the current year without becoming involved in creating future strategies. The attempt to undertake actions in advance in the case of micro enterprises applies to 30% of the examined group, for enterprises employing up

to 50 employees this is 44%, while 56% of medium companies react in advance to situations taking place in their environment on the basis of created plans and strategies.

It is worth realizing that the issue of strategies is very important in the context of creating competitive advantage. As a result, it is necessary to remember that when interpreting the notion of strategy, attention should be paid to what the enterprise has done so far and what it intends to do in the future regardless of the effects of these actions. Survival of an enterprise on the market is possible only due to having an appropriate competitive advantage which the enterprise is able to create as part of an accordingly implemented strategy of development and competition (Piatkowski, 2011).

Table 3. Sources of knowledge concerning conducting business activity in examined group of enterprises (in %)\*

Specification	Micro	Small	Medium
Subscriptions of trade journals/handbooks	43 %	53 %	62 %
Training courses/business conferences	37 %	52 %	62 %
Business web portals	68 %	68 %	65 %
Subscribes newsletters	10 %	14 %	21 %
I belong to discussion groups on web message boards, in social network services (e.g. Facebook.com)	13 %	9 %	12 %

\* The results do not add up to 100% because the respondents could select more than one answer.

Source: author's own study based on conducted research, n = 460.

Information from where entrepreneurs mainly obtain knowledge how to conduct business activity has been presented in Table 3. This result shows how important and valuable the Internet and the information gathered there is in obtaining knowledge on the part of entrepreneurs. This is a medium of contemporary civilization which has become an inseparable part of conducting business activities and the entrepreneurs are perfectly aware of this fact, which is indicated by in the entrepreneurs presented in the results. The greatest share in the source of knowledge on this subject matter are trade web portals, which is indicated by the respondents from all examined groups. Knowledge is the most valuable resource in a company which shows that medium entrepreneurs value every possible source of obtaining it. They lead among the other groups in participating in business conferences and training courses. They also subscribe to trade journals most often.

Table 4. Share of examined companies verifying actions with regard to development directions and managing company with competitors (in %)

Size of enterprise	Very frequently	Frequently	Neither frequently, nor rarely	Rarely	Very rarely	Does not verify
Micro	16	31	26	14	4	9
Small	13	41	23	13	3	7
Medium	6	55	24	9	6	-
SME total	14	36	25	14	3	8

Source: author's own study based on conducted research, n = 460.

In the course of the conducted research it has been stated that 92% of entrepreneurs verifies the activities undertaken by them with regard to the development directions of the entity which they manage with activities performed by competitive companies within the same sector, of which 50% of the whole conducts this analysis very frequently and frequently. Almost every fifth respondent (17%) rarely observes its competitors and verifies action plans referring them to the behavior of competitive companies. Detailed information on this issue have been included in Table 4.

Thinking about increasing the company's competitive advantage, the entrepreneurs undertook in the period 2009-2011 various kinds of actions as part of the conducted strategies which were supposed to allow them to survive on the

market and increase the share level in it (see Table 5 and 6). According to the declaration submitted by the entrepreneurs, in 2011, nearly every third of them (31%) allocated almost 5% of revenue from activity for investments aiming at developing the company and increasing competitiveness. The entrepreneurs demonstrated the biggest investment activity with regard to purchasing machines and equipment (50% of the surveyed – 230 companies), 20% of the surveyed invested in new technologies, of which, in the group of small and medium enterprises, respectively 38 and 10 companies (30% each). The group of the remaining, but equally important actions being key actions from the point of view of development and competitiveness of examined enterprises, in the period of the last three years the following were included: expanding the sales area by new groups of customers (50% of the surveyed), expanding the scope of activity by new products (services) and employing new employees, which was indicated by 40% of the surveyed.

Table 5. Revenue share of examined companies intended for investments in 2011 (%)

Size of enterprise	Up to 5%	6-10%	11-20%	21-30%	31-40%	Above 40%	No
Micro	31	18	22	7	3	6	13
Small	31	19	27	7	7	6	3
Medium	24	9	40	18	-	6	3
SME total	31	17	24	8	4	6	10

Source: author's own study based on conducted research, n = 460.

Table 6. Significant actions undertaken in examined group of enterprises in period 2009-2011 (%)\*

Specification	SME total	Micro	Small	Medium
Expanding sales area by new groups of customers	50	47	51	68
Purchase of new machines and equipment	47	40	56	71
Expanding scope of activity by new products (services)	40	40	38	44
Employing new employees	40	35	48	50
Implementing projects increasing level of competitiveness	26	16	41	59
Increasing sales area of products/services by regional or national market	22	18	29	29
Purchase (introduction) of new technologies	18	14	25	29
Acquiring external sources of funding	18	14	26	29
Opening new branches (offices)	12	8	19	26
Increasing sales area/services abroad	10	7	15	24
None of the above	12	15	8	6

\* The results do not add up to 100% because the respondents could select more than one answer.

Source: author's own study based on conducted research, n = 460.

The determination by the company management of key factors which contribute to achieving the intended effect by the enterprise, aiming at the appropriate competitive position (see theoretical introduction to the discussed issue) plays an important part in creating an effective competitive strategy. However, in any market segment, various enterprises have various products, other consumers and therefore they achieve different competitive advantage and a different level of competitiveness. For this reason, it is easier, for analytical reasons, to establish the factors affecting the examined level of competitiveness measured with the so-called success factors having the biggest importance for achieving competitive advantage by the surveyed. Table 7 arranges the factors which, according to the examined entrepreneurs, have the biggest importance for them from the most important factor to the least important one.

The enterprise whose main objective on the market arena of competition is to satisfy the customer's needs does this by delivering relevant products or services. A company, creating possibilities to satisfy the customer's specific needs, has to offer him products (services) of the highest quality in accordance with one possible strategy in order to achieve

competitive advantage. Therefore, the quality of these products is ranked first in the group of factors significant from the point of view of achieving this advantage. This factor, as an important one in company development, was indicated by 84% of all of the surveyed, of which 191 entities (48%) selected it as the first one. The second most frequently selected competing method is the price policy, namely the value of the purchased product (service) which is reflected in the presented research. This factor has been selected by 67% - 310 of the surveyed, of which 25% indicated it on the first place, the same number of the surveyed indicated it on the second place. The results for the first three key factors to which we also include company image and knowledge of the brand, are convergent with one another independently from the division into group taking into account the size of enterprise. A larger disproportion of results can be seen on subsequent places, particularly when we speak about the satisfaction of end recipients with the purchased goods (services). The representatives of small enterprises employing fewer than 50 employees care about this factor more than medium enterprises.

Table 7. Success factors in examined group of enterprises, arranged with reason on degree of importance from the most important to the least important\*

Factors having biggest importance for company success and competitiveness	Importance of factor with breakdown into size of enterprise			
	SME Total	Micro	Small	Medium
Quality of products (services).	1	1	1	1
Price policy	2	2	3	2
Company image and knowledge of brand	3	3	2	3
Knowledge about customers' needs, competitors and own market position	4	4	6	5
Satisfaction of end recipients with our products (services).	5	6	4	9
Minimization of own costs	6	5	5	7
Maintaining financial liquidity	7	8	7	6
Expanding scope of activity (new products, services)	8	7	9	4
Advertising and promotion of company, product (service)	9	9	8	8
New sales markets for previous products (services)	10	10	11	12

\* The position of particular factors has been determined by multiplying the frequency of occurring of each factor according to the importance criterion by the reverse of their position in the scale within this criterion. The factor ranked first was multiplied by 10, second by 9 etc. The respondents could indicate from 1 to 10 factors and this is also the range of the used multiplier.

Source: author's own study based on conducted research, n = 460.

Change in product quality is possible to implement in a short period of time as part of the marketing strategy on the basis of existing technologies, changes in the production process and company management or the distribution network. Other factors such as price or company image are factors requiring long-term actions as part of the adopted strategy of company competitiveness and development. In the course of the conducted research, a group of barriers restricting business activity in Poland, in the opinion of the surveyed, has been determined. As for the process of determining factors having importance for company development and competitiveness, also in this case the barriers have been detailed in Table 8 from the biggest one (1) to the smallest one (10).

The shameful top of the group of the biggest barriers also includes complicated and burdensome administrative procedures accompanying business activities and the variability of legal regulations. As part of observation of economic processes and company management, emphasis is put on creating medium- and long-term strategies for development and competition on the market by the owners of companies. Such a model of conducting business activities and creating long-term investment-development plans is disturbed by any kinds of changes of legal regulations. It is worth noting that the barrier usually observed by entrepreneurs, i.e. the level of non-payment labor costs, which include payroll taxes and mandatory insurance premiums, often called the so-called tax wedge, can be found equally high but only in the middle of the table of the ten biggest barriers.

Table 8. Barriers for conducting business activity in Poland according to examined group of enterprises, arranged according to degree of importance from the most important one, to the least important one\*

Barriers for conducting business activity in Poland	Importance of factor with breakdown into size of enterprise			
	SME Total	Micro	Small	Medium
Tax system and amount of taxes	1	1	1	1
Complicated and burdensome administrative procedures	2	2	2	3
Variability of legal regulations	3	3	3	2
Strong competition	4	4	5	5
Non-payment labour costs	5	5	6	10
Unfair competition	6	6	8	4
Delays in payments from customers	7	8	4	6
Conditions for obtaining credits	8	7	9	7
Fluctuations of economic situation	9	10	7	8
Decreasing number of customers	10	9	10	12

\* The position of particular barriers has been determined by multiplying the frequency of occurring of each factor according to the important criterion by the reverse of their position in the scale within this criterion. The factor ranked first was multiplied by 10, second by 9 etc. The respondents could indicate from 1 to 10 factors and this is also the range of the used multiplier.

Source: author's own study based on conducted research, n = 460.

#### 4.2. Actions undertaken to increase level of competitiveness

According to nearly half of the surveyed (48%), they would be interested in participating in training courses or postgraduate studies with regard to creating competitive advantage of an enterprise, and 76% of those who said yes concerning this subject matter would be willing to pay for the knowledge obtained during such meetings.

Most of the examined entrepreneurs agree that a long-term development strategy is favorable to creating the enterprise's competitiveness advantage. The largest percentage of companies (78%) declaring that it is important or very important to them, can be found in the group of small enterprises. In the group of micro- and medium enterprises, such belief was expressed accordingly by 63% and 61% of the examined entities. These results are convergent with the evaluation of enterprises concerning creating a strategy expressed in previous research of business entities. The plans and tasks undertaken by the examined companies resulting from the development of their enterprises are not, in the most part, copied activities of their main competitors, which was indicated by only 30% of the surveyed. 41% of all of the surveyed companies entirely or partially disagrees with such conduct where the leading role is played by the process of imitating the competition. At the same time, the respondents indicate that in the process of achieving and strengthening the competitive position of an enterprise an important part is played by having IT software to manage the company and its resources at all levels, called ERP (*Enterprise Resource Planning*) as well as CRM (*Customer Relationship Management*) which applies to managing relations with customers.

It is also worth noting the large awareness of the examined entrepreneurs concerning the importance of a well qualified employee in company development. More than 90% of them, and as much as 60% in the vast majority, agrees with the opinion that skills, qualifications and competencies of employees are favorable to creating the enterprise's competitiveness advantage. At the same time, according to 60% of the surveyed, the expenses for training courses for employees to raise their skills and professional qualifications is a necessary investment for a company. Nearly half of the examined persons (49%), who answered affirmatively concerning this subject matter, believe that they are willing to allocate up to 1000 PLN annually to train employees in order to increase their skills.

### 5. Interpretation of results

A potential entrepreneur who intends to begin his business activity is aware that upon implementing his business idea he will be a participant of the market game whose inseparable part are competitive activities performed by his business opponents. For this reason, his part when running his own company is competent observation and reading the

processes taking place in the micro- and macro-environment of the company he runs. As part of the entrepreneurship processes taking place inside a business entity, the entrepreneur formulates an area of competitiveness and organizational capabilities which are to affect the company's final achievements.

The entrepreneurs participating in the research conduct business activities mostly in rapidly developing sectors and sectors which are already mature. This results in the fact that the intensity of competitive activities on the part of companies operating within the same sector is received by them as very high or moderate.

On the basis of the conducted empirical research, it may be stated that the main factors having direct impact on creating the competitive position and development of companies remain the quality of offered products (services) and an accordingly conducted price policy. The entrepreneurs compete with each other in both these areas to an equal extent. It is also necessary to emphasize the quality of customer service who is the recipient of our product. The elements which bind together the actions of entrepreneurs with regard to creating competitive advantage remain also the company image and its perception by the environment and the need to gather knowledge about customers' needs and about competitors and own market position in the sector. This is a clear signal that knowledge and information still remain, according to entrepreneurs, key elements of creating competitive advantage, being one of the most expensive ones and the most difficult to achieve. It may be expected that in the age of increasing competition, even greater emphasis will be put on this element as part of conducting business activities and struggle for the end recipient. Paying attention to the barriers which contribute to reducing the competitiveness and development of SME companies, they relate to the tax system and complicated administrative procedures to the greatest extent.

It is worth noting that the respondents, as a part of pursuing company objectives, verify actions undertaken by them, regardless of the size of enterprise, even though this observation and imitation of the competition's actions is the determinant of gaining competitive advantage and conducting business activities.

The conducted research with regard to creating competitive advantage and its role in the development of enterprises will play an increasingly important role in obtaining business objectives of enterprises in a situation of variable environment and free-market economy at growing share of foreign companies on the domestic market.

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