Abstract
As competitiveness increases, its definition more and more broadly enters such domains as economics and management. The success of a firm, under conditions of a very fierce competition, depends (to greater and greater extent) on its strategy of competitiveness. Good strategy is based on thorough analyses of factors, which are main sources of competitive advantage, thorough analyses of competitors and coordinated competitive actions taken on many markets. The analysis of factors and mechanisms that form competitiveness of firms plays a crucial role as well.

Key words: competitiveness of a firm, sources of competitiveness of a firm, conditions under which a firm is competitive

Introduction
Competitiveness has been addressed from a number of different perspectives in the literature. Researchers focusing on the national level have defined competitiveness as the ability to sustain an acceptable growth rate and a real standard of living for the citizenry while efficiently providing employment and maintaining the growth potential and standard of living for future generations (The World Competitiveness..., 1994). This definition is linked to the nation’s employment and, consequently, the standard of living of its citizens. The level of national employment, the growth in employment, and the standard of living in the economy, however, depend on competitiveness of firms within the country. Hence, the nation’s competitiveness depends on underlying factors that influence competitiveness of individual firms and industries.

Firm-level definitions of competitiveness have been put forward by various economists. For example, competitiveness is defined as the ability to deliver goods and services at the time, at the place, and in the form sought by buyers at prices as good as or better than those of their suppliers while earning at least opportunity costs on resources employed (Gorynia, 2002). This definition, although viewing competitiveness from the perspective of a firm, fails to address the sources that give firms the ability to deliver goods or services at “competitive” prices. Still, other definitions view competitiveness as the sustained ability to profitably gain and maintain market share on domestic or foreign markets. This firm perspective explains competitiveness in terms of performance indicators (e.g., net worth, profitability, and market share).

Theory and practice have had many various conceptions of competitiveness of a firm. In the literature, the view that economic development and the growth in competitiveness are connected with far-reaching social, political and institutional changes that have been made is common and clear. The complexity and interdisciplinary character of these processes are probable reasons of the lack of one general theory explaining the phenomenon of competitiveness formation. Existing conceptions which clarify the essence, measures and
sources of competitiveness- regardless whether it is considered at macro- or microeconomic level- can be divided into three basic groups (Dwyer, Kim, 2003):

- comparative advantage and/or price competitiveness perspective,
- strategy and management perspective,
- historical and socio-cultural perspective.

Conceptions, which are included into the above-mentioned groups, differ in the sphere of understanding the essence of competitiveness as well as focusing the attention on sources of competitiveness. And so, economists have paid attention to prices and elements specific for the economy of a particular country, whereas researchers have focused on the firm-specific characteristic. Other researchers have ascribed a key role to such factors as social, political and cultural variables. Various, and having an interdisciplinary character, attitudes toward competitiveness of a firm cause the need for the systematization of its sources and determinants.

**The model of competitiveness of a firm**

As far as views and conceptions in the literature are concerned, there is an agreement with reference to the fact that competitiveness is determined by a specific behaviour of firms. The formation of competitiveness requires making decisions and taking strategic actions which may be defined by means of the model of the structure of competitiveness and its management that includes elements such as:

- competitiveness potential which is a totality of material and non-material resources of a firm necessary to the functioning of a firm on the arena of market competitiveness
- competitive tools which may be defined as means that are consciously created by a firm in order to attract contracting parties for presented or designed (future) offer
- competitive advantage defined as an effect of such using competitiveness potential of a firm (taking environment conditionings into consideration) which enables an effective generating of attractive market offer and effective tools of competing
- competitive position understood as the result of a firm’s competing which was achieved in a particular sector, considered on the basis of the results achieved by competitors.

The advantage of the presented model of the formation of competitiveness of a firm is the fact that it defines and displays this issue in a complex way as a dynamic process in which there are elements related to the result and factors. Thus the results of competitiveness management of a firm and a good measure of its efficiency are a firm’s market share and its position on the market with regard to its competitors. However, the source of competitiveness of a firm is its competitive potential, i.e. capabilities of a firm and its actions taken in the scope of exploiting resources and transforming them into basic competence and abilities. The condition that is significant as far as achieving some sort of competitiveness of a firm on the market is competitive advantage of a firm.

The essence of competitive advantage may be defined as the fact that a particular firm does something better or in a different (from its competitors) way, due to which it achieves better results. In this sense, competitive advantage may be understood as a tool of the transfer of the potential of a firm to its success on the market (competitive position). One should also take into consideration the fact that competitive advantage depends on two crucial factors: (1) capabilities of a firm in the scope of configuration of its resources and (2) the ability to use these resources by means of choosing the most advantageous arena of competition, foreseeing possible moves of competitors, etc. (Gabiszewski, 2004).

During the creation of competitive advantage of a firm one pays attention to three basic kinds of this advantage: the way in which a product or service is delivered to a customer, the price and quality of these goods.
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In accordance with the above described model, achieving a relatively permanent high level of competitiveness of a firm requires using many sources of competitiveness. The manner of their selection and usage in a complex and dynamic process of competitive advantage formation is a result of competition conception accepted by a firm. The conception of achieving and maintaining competitiveness of a firm includes a general way of dealing with competitors which describes leading mechanisms and tools of competing in short and long term perspective and has its reflection in the strategy of competing adopted by a firm.

The procedure of creating and applying the strategy requires conducting specific sequences of actions and analyses. Their aim is to examine and identify phenomena external in relation to a firm that may have a positive or negative influence on the opportunities of effective functioning on the market, as well as to confront them with a particular structure and means of forming competitive resources and abilities of a firm (strong and weak points of a firm). The choice of strategy consists in defining such actions of a firm that engage strong points of a firm and take advantage of opportunity and, at the same time, do not require using non-competitive resources and abilities (weak points) and avoid dangers appearing in its environment. Such an approach toward the creation of assumptions of competitiveness of a firm results from the necessity to consider external conditions of acting created by macro environment and immediate market environment as well as a firm’s capabilities of adjusting which are results of its internal potential.

Without providing a detailed description of possible variants of acting connected with designing and applying the strategy of competition, two basic approaches toward formulating the strategy, namely:

• industry-oriented approach, from the outside to the inside of a firm,
• resource-oriented approach, from the inside to environment of a firm (Pierścionek, 2003).

The industry-oriented approach assumes that a basic determinant of the strategy of a firm are analyses of environment and its ability to compete effectively is a result of constant adjusting to the changes of environment. The realization of such a conception of competitiveness formation requires a firm to have a wide range of possibilities of its resources formation in line with the requirements resulting from the changes that occur in an environment. The resource-oriented approach assumes that the analysis of resources and abilities of a firm serve as a starting point and a basis for a choice in the process of designing the strategy of development and competition of a firm. It is a conception of constant adjusting environment to the resources, which is realized by means of seeking for such product and geographical markets in which distinctive abilities of a firm will transform into competitive advantage (Kay, 1996).

The above-mentioned traditional approach toward a firm’s competitiveness formation (and other, more recent conceptions of competitiveness) enable to point to two groups of factors determining the ability of a firm for effective market competition, namely:

• Factors external in relation to the firm, in line with the view that a major source of competitiveness can be found in the interaction between a firm and its environment (these factors should be treated as a specific set of exogenous conditionings of a firm’s functioning that define its abilities of effective competing). These factors are beyond of the control of a firm and require flexible adjusting to changing conditions of acting.
• Internal factors which have their source in resources that are at the disposal of a firm and

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1 The basis of the analysis of chances and dangers occurring in environment as well as strong and weak points of a firm (SWOT analysis), which reflects the rule of strategic fit was created by H. I. Ansoff in the 60’s. Because of its universalism, this method is used in the process of strategy formulation until now.
in the ways they are used in order to create an optimal strategy to achieve success (endogenous factors that constitute so-called competitive potential of a firm). Internal factors are located in an autonomic sphere of a firm’s actions.

It may be stated that competitiveness of a firm depends on a firm itself and is determined by the state of its resources and specific market behaviour with regard to its competitors and receivers. Market behaviours take place in a particular socio-economic environment. The dynamics and structure of this environment provide a significant context for strategic choices of a firm. Ipso facto, conditions which are created by external environment and a firm’s capabilities of supply may be treated as determinants of competitiveness of a firm.

Traditional conceptions of competitiveness of a firm concentrated on key market factors of competitiveness. The best known approach toward the formation of competitive advantage of a firm and its sources is the proposition of M. Porter (Porter, 1980). According to him, there are four factors which enable a firm to compete effectively. These are the following:

- conditions of production factors (factors determining supply), such as infrastructure or access to qualified labour force,
- conditions determining internal demand,
- related and supporting sectors (the existence, in a particular country, of branches connected with a particular branch of production and similar ones which meet international standards),
- strategy, structure and competition between firms.

The arrangement of these factors (so-called Porter’s “diamond”) marks conditions of competitiveness of firms in a particular country, influencing (in this way) the results achieved by them in competition on a global scale (Porter, 1990).

According to Porter, the choice of proper strategy of competing has to be preceded by the analysis of major forces affecting a firm inside a sector and its environment, forces defining environment of competition (Porter, 1980). While developing the strategy of competing on the market, a firm should formulate it from the outside to the inside by means of finding an attractive area of activity allowing for occupying position better form that of competitors and adjusting internal capabilities to achieve better and better results. The model of environment analysis proposed by Porter- so-called model of five competitive forces- can be reduced to the assessment of conditions under which a firm functions through the analysis of deliverers force, purchaser force, force of present and potential competitors as well as substitutes force. The use of this model allows for the identification of sources of chances and dangers coming from environment and determine the structure of a branch. Information obtained in this way constitutes a starting point for the choice of one out of two fundamental paths leading to achieving an advantageous market position, i.e. cost leadership strategy (costs minimization) or the strategy of distinguishing the choices (differentiation). As a result, a firm is viewed- both by consumers as well as real or potential competitors- from the perspective of quantitative and qualitative production offer (provided services) and conditions of their sale.

Next to the structure of market relations between a firm, its competitors and receivers, a widely understood technical progress should be recognized as a major force increasing the pace of changes that take place in a firm and determining the level of its competitiveness (Adamkiewicz-Drwillo, 2002). Without defining a term ‘technical progress’ (which is generally associated with a process which improves and perfects as far as the sphere of technics and organization of labour is concerned), it can be stated that the modification of the quantity, prices and quality of offered goods and the standard and range of provided services are effects of this progress. Changes in technical sphere which occurred during last two decades, especially due to teleinformation revolution, greatly influenced the character and methods of competition, and information technologies became a major creative force of
changes in the world’s economy and its institutions (Bossak, Bieńkowski, 2004).

Other conceptions of competitiveness of a firm emphasize new challenges and conditions of competitive environment, resulting from the increase in the pace of market environment changes, and also the change in the arena of competition (in many sectors there was a transformation of local and national competition into international and global). In this situation, firms have to make use of “international” conception of competitiveness both from the perspective of tools of competitiveness that have been used as well as sources of competitiveness (the above-mentioned conception of competitiveness “diamond” presented by Porter is his reply to observed changes of conditions under which firms function). These “international” conceptions of competitiveness of a firm include mainly external, in relation to the resources of a firm, sources of competitive advantage. These sources can be divided into comparative and strategic. The source of comparative advantage is a precise location of various domains of activity in countries that have various resources, abilities and cost of labour force, infrastructure level, cooperation and raw material resources. The strategic source of competitive advantage of firms is an imposition of proper structures and strategies, including concentration, specialization, coordination as well as internalization (internal dealings of a corporation) (Pierścionek, 2003a).

One of the most important conceptions of sources of competitive advantage that concentrates on external factors is J. H. Dunning’s conception of international production. According to Dunning, competitive advantage of a firm has three sources and is a result of their interaction (Dunning, 1979):

- the existence, in a firm, of owner-specific advantage, both material and non-material. The knowledge acquired during the activity of a firm (experience) has a particular importance.
- Internalization advantage, which consists in replacing market transactions of a firm with the transactions made within a firm due to transactional costs.
- Location-specific advantage on a national and regional scale.

The above-mentioned three factors are known as a paradigm: Internalization-Location-Property, thereafter extended with access to innovations introduced abroad (Pierścionek, 1998).

Competitiveness of a firm is also a category closely related to a special role of a country as a sovereign creating not only a particular legal and institutional order, but also providing new chances and opportunities as well as encouraging and catalyzing certain behaviours of economic subjects. The improvement in the quality of legal order, deregulation of the economy, the increase in the range of economic freedom and competition as well as pro-progressive economic policy favour the effectiveness of market mechanism, the reduction of transactional costs and the risk of conducting the activity by economic subjects as well as positively influence opportunities of firms’ development. Deregulation and the improvement in institutional order are crucial factors that increase chances of the realization of effective strategies that are a foundation of the formation of competitive ability of firms and, in this sense, the entire economy.

Recent research proves that- formulated in a complex way- specific features characterizing the economy, technology and politics of a particular country as well as its society along with tradition and culture play a significant role in the formation of competitiveness of firms. It is confirmed by institutional actions which deal with the assessment of competitiveness of particular countries. The Institute for Management Development (IMD) from Lozano and World Economic Forum (WEF) from Geneva play a leading role here. These institutions present extensive reports, on the basis of complete set of data and comparative analyses, which allow for assessing factors that considerably influence competitiveness of particular countries.

The fact which is emphasized in the report of World Competitiveness Yearbook
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(WCY) published by IMD is that the object of analysis is a place and capability of countries for providing conditions which support competitiveness of firms. According to the authors of the report, firms do not function in vacuum and their behaviours and figures depend, to a great extent, on immediate and distant environment. IMD distinguishes four major groups of factors which form competitive environment of firms. Currently, one may find, in WCY report, assessments of competitive environment of a country within such categories as:

- economic figures of a country (development, international trade, foreign investments, employment, prices),
- the effectiveness of a country (public finance, fiscal policy, institutions, economic law, education),
- the effectiveness of business (capacity, labour market, finance, management, the influence of globalization),
- infrastructure quality (basic, technological, scientific, of health and the natural environment, set of values) (WCY, 2005).

The importance of these forces depends, to a great extent, on the level of development, economic structure, tradition, history that form a particular country, even when they are not formally established and defined (Bossak, Bieńkowska, 2004).

The experts of World Economic Forum (the authors of Global Competitiveness Report) pay attention to competitiveness of firms while analysing changes in competitive ability of countries, as well. In contrast with IMD, they make a clear distinction between so-called ex post competitiveness and ex ante competitiveness the latter of which they call growth competitiveness. The report of WEF includes information about competitiveness of countries based on so-called Growth Competitiveness Index (GCI). According to WEF, technologies, the quality of public institutions and macroeconomic environment (economic stability, solvency of a country, a share of budget expenditures in GDP) are foundations which provide competitive abilities of firms and economies. On the other hand, MICI index makes use of the set of microeconomic indicators. The index is based on the assumption that efficiency and wealth creation are rooted in the quality of microeconomic (competitive) environment of a firm and management practices.

Another way of considering the issue of the formation of advantage of a firm is based on a view that the abilities and resources which a firm has are key determinants of its competitive ability. The matters that gave rise to new approach toward strategic thinking (that then gave rise to so-called resource school) were viewing sources of competitiveness of a firm in the resources which were at the disposal of a firm and in the ways of using them in order to create an optimal strategy for achieving success, as well as the analysis of relations between those resources and results. There were several related theories created within the resource school, among which the following should be mentioned: resource-based view of firm (J. Barney), competence theory of firm (Hamel, Prahalad), and knowledge-based theory of firm (Sveiby).

Referring to internal factors and abilities of a firm as well as attaching considerable significance to them (priority over external factors) are features of resource approach. In accordance with the resource conception, the matters which influence the success of a firm are its strategic potential in the form of well selected and competitive resources as well as the abilities of a firm (competence) so that these resources could be used innovatively and effectively. The basis for the described theory is a thesis that what enables a firm to achieve permanent competitive advantage are resources and abilities that are rare, imperfectly mobile, and difficult to be imitated (Barney, 1991). Resources of a firm are any assets which a firm uses in its processes and actions. They can have material (material, financial and human assets) or non-material character (knowledge, organizational culture, reputation, brands, relations with environment, intellectual property rights) (Głuszek, 2004). From the
perspective of the resource approach, value of resources and materials is defined in terms of their fulfilling criteria mentioned by Barney, which greatly influence advantage over competitors. Therefore, basic groups of resources that are traditionally distinguished, namely: material resources, human resources and capital resources, undergo transformation now, and their role as factors influencing the development of firms undergoes modification. For, the most important and common feature of these resources is their original character and limited occurrence. Non-material resources, including especially personnel of a firm - human capital, are basic resources of dynamically developing firms (Białasiewicz, 2002). The following factors may be considered as the ones which differentiate one firm from another and make imitation difficult: specialized assets, abilities of particular groups of people, organizational culture, patents, trademarks and reputation (Sulimowska-Formowicz, 2002).

The resources, constituting a foundation of the fact that a firm is active and a share in all processes realized within it, are- regardless of their value- used in one way or another to achieve advantageous market position. The abilities to develop, coordinate and apply possessed assets to realize strategic aims of a firm are called capabilities or competence of a firm. The capabilities which are of special importance as far as competitive advantage is concerned include: organizational learning, established standards of acting, initiative. Some of the capabilities of a firm are so rare, valuable and unavailable for consumers that they can provide a firm with permanent competitive advantage (they are called core competence or distinctive competence then). Core competence is a result of organizational process of learning, especially how various abilities of production should be coordinated and how the multitude of technologies applied to the process of providing a receiver with value should be integrated (Prahalad, Hamel, 1990). The conception of core competence explains impossibility of a situation in which the success of one firm is recurrent by another firm by using these competence to imitate the way resources are used, even homogenous ones.

Still, other approaches toward competitiveness of firms emphasize the role of innovation and initiative. The fact that innovativeness is selected as a factor which influences competitiveness of firms results from a few reasons. Among other things, innovativeness has, as a rule, dynamic and evolutionary character, collaboratively positive influence on the remaining sources of competitiveness of a firm, and greatly affects creation of market demand. The main argument for a key role of innovativeness in the growth in competitiveness of a firm is the ability to gain priority in the creation of new products and services that satisfy new needs or improve efficiency of satisfying hitherto existing needs of receivers. As G. Hamel and C. K. Prahalad have justified, nowadays competitiveness of a firm implies working out and using core competence to achieve long-term advantage over competitors. The analysis of their research leads to the conclusion that the basis of the process of construing core competence of a firm is innovativeness expressed by the development of particular domains, researches, collecting projects in order to achieve mastery in the production and sale of products, which provides a firm with the position of a leader for a long time (Hamel, Prahalad, 1999).

J. Kay presented a conception which refers to original sources of competitiveness of a firm. He stated, on the basis of the results of extensive research made by British firms, that a firm achieves success when it properly recognizes its special abilities and chooses a market best adjusted to them (Kay, 1996). The bases for the creation of competitive advantage are: architecture, reputation, and innovations. While the benefits- from the perspective of the influence on competitiveness- coming from innovations that occur within a firm and its reputation were mentioned by other researchers as well, the notion of architecture is a new approach. By architecture the researcher means relations between a firm and its employees

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2 In contemporary circumstances, innovativeness is understood as the ability to generate and introduce new technical, organizational and social devices to a global market.
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and relations between employees themselves (internal architecture), as well as between a firm and its clients, deliverers and similar firms (external architecture). Organizational knowledge (systems of organization), rules of acting in organization as well as ethics of cooperation are also elements of architecture. It is crucial that, according to Kay, architecture is a source of competitive advantage which creates market success of a firm even on the basis of average resources.

Table 1. The classification of factors determining competitiveness of firms

<table>
<thead>
<tr>
<th>Determinants of competitiveness of firms</th>
<th>1/ original sources of competitiveness of a firm, forming competitive potential of a firm</th>
<th>Capabilities and competence of a firm</th>
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<td><strong>The resources of a firm</strong></td>
<td>material: real, financial, human assets</td>
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<td>non-material:</td>
<td>innovativeness</td>
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<td>- knowledge</td>
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<td>- reputation</td>
<td>the ability to create relations: firm –</td>
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<td>- organization culture</td>
<td>employees, firm - market</td>
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<td>- human capital</td>
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<td>- trademarks</td>
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<td><strong>Capabilities and competence of a firm</strong></td>
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<td><strong>Conditionings of competitiveness of a firm</strong></td>
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<td><strong>Internal factors:</strong></td>
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<td>• the character of a firm’s property</td>
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<td>• organization and management system</td>
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<td>• marketing, especially in the context of</td>
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<td>creating firm-market relations</td>
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<td>• qualifications of employees</td>
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<td><strong>Market factors:</strong></td>
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<td>• the size of market offer</td>
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<td>• factors of demand</td>
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<td>• the price of a good/service</td>
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<td>• the quality of a good/service</td>
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<td>• the intensity of market competition</td>
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<td>(strategies realized by competitors)</td>
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<td><strong>External factors:</strong></td>
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<td>• norms: technical, ecological, legal</td>
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<td>• the conditions of creation, organization and management of firms</td>
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<td>• the formation of a proper branch arrangement (supporting and related branches)</td>
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<td>• equipping with factors of production</td>
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<td><strong>Factors outside the market:</strong></td>
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<tr>
<td>• The size of production resources structures; efficiency of their usage</td>
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<td>• Socio-economic system</td>
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<td>• Economic policy (fiscal, monetary, exchange policy, educational policy)</td>
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<td>• Social capital</td>
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<td>• Competition policy</td>
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<td>• Institutional environment of business</td>
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<td>• Infrastructure state (basic, technological, ecological)</td>
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<td>• Changes in social values</td>
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<td>• Black economy</td>
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<td>• Expenses on B=R; technical progress</td>
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Source: own compilation based on the literature of the subject

To sum up, the above-mentioned traditional approach toward the formation of competitiveness of a firm as well as other, more recent conceptions of competitiveness allow for pointing to two groups of factors determining the ability of a firm to effectively compete on the market. These include the following:

- Factors external in relation to a firm, in accordance with a view that a major source of competitiveness can be found in the interaction between a firm and its environment (these factors should be treated as a specific set of exogenous conditionings of the functioning of a firm that define its abilities of effective competing). These factors are beyond the control of a firm and require flexible adjusting to the changing conditions of acting.

- Internal factors which have their source in resources that are at the disposal of a firm and in the ways they are used in order to create an optimal strategy to achieve success (endogenous factors that constitute so-called competitive potential of a firm). Internal factors are located an autonomic sphere of a firm’s actions.

It can be stated that competitiveness of a firm depends on a firm itself and is determined by the state of its resources and specific market behaviour with regard to its competitors and receivers. Market behaviours take place in a particular socio-economic environment. The dynamics and structure of this environment provide a significant context for strategic choices of a firm. Ipso facto, conditions which are created by external environment and a firm’s abilities of adjusting may be treated as determinants of competitiveness of a firm. Table 1 presents the compilation of factors determining competitiveness of firms which was made on the basis of basic conceptions of competitiveness of firms.

The above-mentioned, selected and briefly discussed conceptions of competitiveness of firms do not fully deal with the matter; they merely signalize complexity and interdisciplinary character of the approach toward the creation of competitiveness of a firm. Basically, it may be stated that the authors of particular conceptions of competitiveness of a firm concentrate either on real factors (real sphere) or on factors of regulation. The former emphasize the role of technology, specialization, diversification, scale of production, experience, raw material resources and labour resources, infrastructure and localization. The latter place information systems, methods and procedures due to which decisions are made, knowledge resources and abilities to use them, methods and procedures of learning about organization, organizational forms of a firm as well as management structures in the center of attention. Considering them (in competition strategy) will enable a firm to achieve relatively permanent advantage in the sphere of production, offering and management (Stankiewicz, 2002):

- advantage in production may be achieved when a firm possesses better elements of competitive potential in these functional-resourceful spheres which are connected with processes involved in the creation of a product;

- advantage in offering is based on possessing better (more suitable and efficient, generally-more competent) relations between a firm and market contracting parties (deliverers and especially receivers); achieving such advantage requires marketing competence, abilities to form proper systems, relations and attitudes so it results from non-material resources;

- advantage in management- consists in better (than that of competitors) management of a firm. It requires a relative superiority of elements of competitive potential rooted, to a great extent, in so-called “soft” resources, such as competence of management staff and competence of management system. The last feature requires a complex approach toward such elements as organizational knowledge and culture, information, interpersonal relations, processes of communication and introduction of changes, the ability to formulate and implement strategies, etc.

Defining implications for conceptions of competitiveness of firms in a different way, it can be stated that they lead to diverse classification of factors including rather all forces
formulating competitiveness of firms. Generally, two approaches may be distinguished, the first of which refers to the primacy of external factors, whereas the second one- to the primacy of external elements. The proposition to combine above-mentioned sources into one, which would be a basis of formulating and realizing development strategy is a complex approach. It turns out, from the development strategy, that determinants influencing the ability of a firm to compete may be divided into two categories of factors, i.e.:

- the resources that are rare, capable of changes, and extremely difficult to be imitated (especially non-material) and which constitute original source of competitiveness of a firm (competitive potential of a firm); they may be defined as endogenous factors (microeconomic);
- conditionings of the activity of a firm influencing its abilities to form its capabilities for competing; these are exogenous (macroeconomic and meso-economic) factors of competitiveness of firms

Summary

Competitiveness of firms is an issue that is thoroughly discussed in the literature, both in the sphere of cognition and application, and has an interdisciplinary character. The research concerns different levels of competitive chain, its various aspects, different degrees of generality, universality and points of observation. However, the fact that there are many publications in this matter that present various conceptions does not lead to a consensus as far as understanding the notion of competitiveness, competitive advantage and factors determining it is concerned. Usually, it is taken for granted that the ability of existing firms to profitably gain and maintain market share indicates competitive advantage. Yet, knowledge of profitability of a firm or its market share does not provide information regarding any specific source of competitiveness. The increase in the profitability of a firm or industry may indicate the increase in competitiveness, but it does not indicate whether this result stems from decreased cost, increased quality, or some external factor. Similarly, relative advantage in any individual source of competitiveness does not guarantee profitability or a sustained share of the market.

Generalizing the conclusions concerning determinants of competitiveness of a firm and areas of their origins, conceptions of competitiveness may be divided into internal and external. The former assume that the main source of competitiveness is located inside a firm, in its key resources and capabilities. The latter group of factors consists of conditions that have an external character in relation to a firm and are revealed in its interactions with environment.

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