

Competitiveness, Adaptability and Anticipation of a Company – Correlation

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Abstract

A process of competition is commonly understood as a rivalry between companies in order to find a client, that means a buyer of offered goods on the market. This process is an integral part of market economy. Contemporary companies follow obligatory market rules, co-forming a process called adaptation, which means adapting a company to present conditions of its economic activity. Mechanism of competition is an economic controller of both adaptation and anticipation processes. Moreover, it can be said that adaptation is a short-term process of changes, whereas anticipation a long terms process.

1. Introduction

Basic features of a company independent of its economic activity are self-reliance, self-financing and enterprise (with which innovation is strictly connected). They are integral factors of a company not requiring the existence (or description) of relations between a company and its environment and elements of the environment. There are features, though, consequent upon certain relations between a company and the environment (both closer and further) it functions actively in (Fig.1). These factors are:

1. competitiveness,
2. adaptability,
3. anticipation.

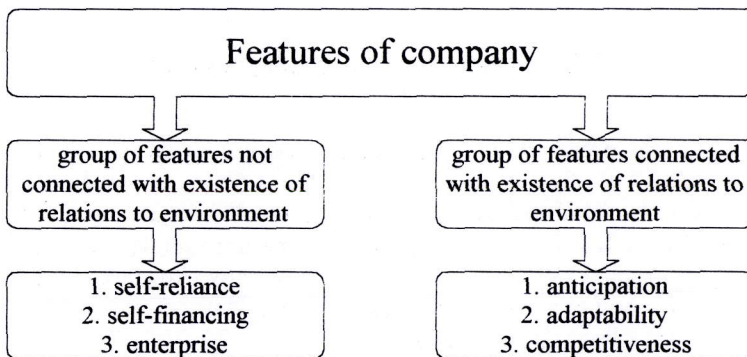


Fig.1. Features of a company in a view of correlation with environment

Source: own

Self-reliance, self-financing and enterprise are features of a company in market economy. If instructions cannot be given from outside and company's expenses come from the income derived from the sold products or offered service, the company possess two basic features of market economy responsible for its existence.

Enterprise can be then identified from two points of view. The first is a permanent ability to reconstruct the company's mission, and is strictly connected with formulating and implementing new developmental strategies; the second initiates innovative activities, often loaded with a high level of risk.

2. Features of companies derived from the existence of relations to environment

Social development or broader, the development of civilization is an integral part of humanity. In consequence the whole world economy (and in particular national economies) faces changes coming of technical, technological and economic improvement. In the contemporary world a company continuously adapts itself to changeable economic conditions. If the company does not implement adaptable activities it will not be able to exist in the competitive environment.

It has been differentiated between the process called *adaptation* and a quality called *adaptability*. Adaptation, the process, and adaptability the state (level) characterizing a certain quality of adaptation are different but strictly joined with each other basic concepts (Fig.2).

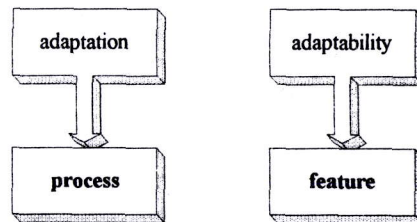


Fig. 2. Adaptation versus adaptability

Source: own

Such methodological presumption of adaptation, suggested by G. Nizard, does not define the process but feature. According to the author adaptation is "ability to overcome restrictions and obstacles, danger and unexpected events, formulating original and novel solutions" [Nizard,1998, p.9]. At the same time he defines adaptation as a reaction of organization. Cited definition by G.Nizard allows formulating the definition of adaptation understood as a process consisting of three types of actions (Fig.3):

1. overcoming restrictions and obstacles,
2. overcoming dangers and unexpected events,
3. formulating original and novel solutions.

Objective conditions of market game and competitive mechanism create a possibility to overcome existing obstacles and restrictions. On the grounds of the above formulated decision about *adaptation* it can be said that other types of activity (such as overcoming dangers and unexpected events and formulating original and novel solutions) are strictly connected with ability to predict conditions for economic activity in future, that means with anticipation.

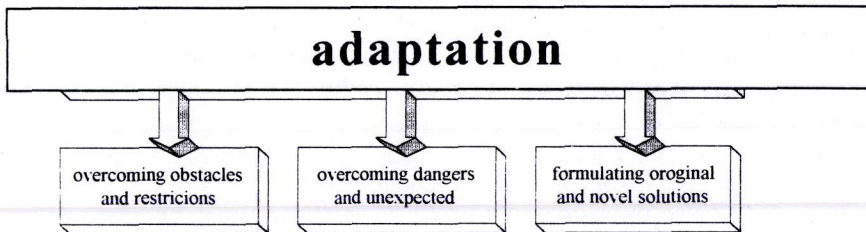


Fig. 3. Actions constitute the process called adaptation

Source: own

The company requires a joint order and a system of cooperation between its parts [Kortan (edit.), 1997, p.197]. The most common criterion to estimate the management of a company is efficiency (Fig.4), understood as a level of achieved aim and effectiveness understood as a relation between the effects to the cost [Cyrson (edit.), 1996, p.244]. A major factor in contribution a high level of such understood efficiency is organization and management system, which functions appropriately and is adequate to real possibilities and needs of a company.

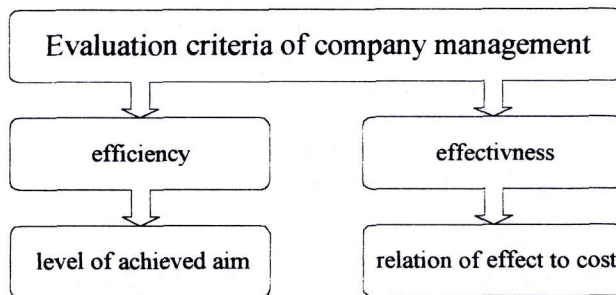


Fig. 4. Evaluation criteria of company management

Source: own

The structure of organization and management in economy as a whole, in its branches and all subjects should be adjusted to the needs of economic system, its subsystems and a company. Companies which production technology determines concentration of activity are characterized by complex organization. It is connected with a ladder structure of management with low ability to changes. In macroeconomic scale the

structure of economic system is the effect of historic process of development. Changes in macroeconomic structures are slower than in its particular subsystems or elements, among which the essential is a company. Historically constructed macrostructure often makes it difficult or even impossible to increase competitiveness of a company because of, for instance, relatively underdeveloped branch producing in support of another one.

For a company to be effective and fulfill its own aims defined organizational structure and system of management, that means strict set of rules and skills of staff formulating rules and ways of behavior should be prepared. Planning, organization, motivation and control constitute four basic functions. Efficiency of the management system depends on organizational structure, quality of staff, quick flow of information and the way decision is made.

The aim of creating organization and system of management is to divide a company into inner units, able to function, which should include:

1. mutually harmonious work share,
2. obligatory rules of inferiority and superiority,
3. authority to give instructions,
4. necessity to communicate.

Organizational structure of a company with its hierarchically joined units of the system regulates the division between responsibility and management [Kortan (edit.), 1997, p.198]. Aspiration to increase competitiveness of a company is connected with a high quality of material and human resources necessary for production processes, their right share and effective use. Thus company ought to implement such a system of management which will lead to the growth of competitiveness at the same time defining tasks, connected with company's aims, for each groups of people. Improvement of competitiveness may have priority over other aims of organization.

To work out an appropriate system of management it is necessary to define certain tasks for particular groups of things and people. Task division is usually based on "faylow" type of management in which planning, organization, motivation and control are singled out, and a basic criterion for the division is relation between the head and the employee.

It is the best-known type of work division. Basic advantages of work division according to the way of realization are, firstly, the use of specialization and secondly, the creation of homogenous, efficiently acting units with broad competence [Frese, 1988, p.502]. It is also possible to make posts and departments in a company based on object-oriented organization, where the criterion is work division and specialization [Steinmann, Schreyögg, 1995, p.252-257].

In the light of discussions about competitiveness, adaptability and anticipation of a company, important is its quick reaction towards situation changes on the market. That is why the company's structure must be adequate to the ranges of activities of its subsystems. It must mainly serve decreasing the amount of information necessary for efficient operating on the market [Buchner, 1990, p. 38-39]. The company, which aspirates to the improvement of its competitiveness, simultaneously pressing on the creation of adaptability and anticipation, should try to make use of various possibilities developing products and systematically adapt them to recorded (and anticipated) market

needs. Realization of such formulated developmental strategy of a company is connected with a high self-reliance of its units which deal with separate activities and that is why have more chances to find a market. It is mainly true for large enterprises with a variety of products.

A significant place in researches conducted on a company take tasks connected with a vision of a future company, taking into account organizational structures showing the feedback from technology, integration of information technology and general view of company organization and management. "Considering the trio: man-technology-organization, closer attention requires the latter one and its inner structure" [Kasprzak, 1994, p.37].

When building the company's structure few major functions must be fulfilled:

1. economic, deciding about the realization of company's aims,
2. innovative,
3. coordination between particular organizational chains,
4. motivation understood as identification of all employees with the company's aims.

In the presented conception a great attention is paid to an innovative function of a company. It is also claimed that structures, which do not generate innovative ideas, decide of lack of competitiveness. Joining competitiveness with both a technical development and effectiveness of a company management, the influence of organizational structures and methods of management may be observed on its particular features, which are connected with the relation to the environment such as competitiveness, adaptability and anticipation.

In a research on correlation between organizational structure of a company and its level of competitiveness attention is called to a process of decreasing the importance of traditional organizational structures [Meyer Stamer, 1996, p.3]. Growth of importance is seen in such structures, which make possible to use effectively creative potential of employees. But making a research on influence the organization and management have on competitiveness attention must be paid to multi-variation correlation system among organizational structure, the size of a company and the market as a controller, which creates this competitiveness. Competitiveness is understood as a quality, which defines, among others, company's ability towards continuous creation of developmental tendencies and efficient development of markets. It is essential then, from the point of view of its research, whether the company can quickly adapt itself to changeable market situations. It also means (beside high level of competitiveness) that it is characterized by high level of adaptability and anticipation. The minor feature, though, is its organizational structure because it depends on a size and a production process.

Such approach in research on correlation between organization and management versus competitiveness, adaptability and anticipation is equal with a contemporary conception of creating inner structure of a company. To build the structure of organization (and a company as well) flexible adaptation to needs and obligations of the environment must be considered [Fournier, 1993]. It is especially important when global processes of competitiveness are in existence and Poland aspires to integrate into European Union. In the context of the discussed production processes attention is called to adaptation, which in economic relationships means a process of company's

adaptability towards competitive environment through creative acceptance of these market game patterns which assure to achieve advantage over a competitive firm in an unsure situation [Morawski, 1998, p.11]. Changeable environmental conditions enforce companies to change their stiff organizational structures and existing management systems for more flexible ones in order to act efficiently in future [Grudzewski, Hejduk, 1998a, p.19].

Influence of organization and management on competitiveness of a company is strictly connected with a possibility of adaptation to market economy conditions. Attention to effective adaptation was paid in 30's, when for example Ch. Barnard conducted a research on process of organization, mainly on cooperation. According to him *effective adaptation*, understood as ability to preserve organization, differentiates good from bad system of cooperation. Effective adaptation depends on a complex balance, under constant changeable conditions, of substances, parts and forces that require adaptation of inner processes to organization. However, in the center of interest should be put the process itself through which this is done [Williamson, 1998, p.19].

Presented results of researches conducted by Ch. Barnard constitute a solid foundation for further discussions, mainly relating to competitiveness of a contemporary company, which face a problem of adaptation and anticipation. If under the term *adaptation in the economic sphere* a process of company's adaptation to surrounding conditions is understood, so in the light of a suggested definition, *adaptability* is a feature of a company characterizing a possibility to adapt towards changes in the environment measured by time the company needs to make these changes. The shorter the time the larger company's ability to adapt itself into existing conditions of its economic activity.

From the point of view company's competitiveness analysis it is essential whether the inner system of management is highly adaptable to obligatory rules of market economy (Tab.1).

Table 1. Correlation between company's adaptability and competitiveness

Adaptability decreases	⇒	competitiveness decreases
Adaptability increases	⇒	competitiveness increases

Source: own

Company's adaptability is in direct proportion to competitiveness that means that the growth (decrease) of adaptability to existing market mechanisms causes the growth (decrease) of company's competitiveness, *ceteris paribus*.

In the light of presented correlation essential seems the statement that the degree and speed of adapting new resources of knowledge in the company helps to grow its competitiveness on the market [Grudzewski, Hejduk, 1998b, p. 233].

Restructurization is a complex of changes (adapting processes) on the level of a company. It allows the growth of economic effectiveness and competitiveness [Karpińska-Mizielińska, 1995, p.9] so its importance must be emphasized in the considered matters. They indicate that not only the organizational structure and organization of company management play a key role but a possibility to adapt existing

inner structures to changes in its environment as well. Such restructurization means changes in different fields of company's activities: law and connected with it rights of ownership, financing system, structure of production and organization and management system.

Apart from the size, economic and financial conditions, organizational and legal forms of a company processes of adaptation, which come of restructurization of Polish economy force companies to search and create adapting solutions to being built market economy [Borowiecki, 1998, p. 57]. It concerns long-lasting restructurizational decisions connected with flexible adaptation of existing organizational structures to changeable market conditions. With this, though, the process of anticipation and anticipation as a feature of a researched company is strictly connected. On the grounds of presented considerations it may be said that correlation between anticipation and competitiveness exists.

If under the term *adaptation in the economic sphere* a process of adaptation of a company to surrounding conditions is understood, then *anticipation in the sphere of economy* is the process of adapting a company to predicted conditions for future activity.

In the light of a suggested definition *adaptability* is a company's feature characterizing a possibility of adaptation towards expected changes in the environment and – similar to anticipation – is measured by time, which a company needs do make these changes. The shorter time the larger ability to overcome predicted obstacles and restrictions, dangers and unexpected events and formulate novel and original solutions.

Trying to define correlation between particular features of a company arising from certain dependence between a company and its environment it may be claimed that this correlation is in direct proportion to particular features (Tab.2).

Table 2. Correlation between competitiveness, adaptability and anticipation

Anticipation decreases ⇒ adaptability decreases ⇒ competitiveness decreases
Anticipation increases ⇒ adaptability increases ⇒ competitiveness increases

Source: own

A company which stops its adapting activity becomes an element of the economic system which relatively fast will lose previously achieved competitive position characterized by lower, decreasing in time competitiveness. Besides a company not trying to anticipate conditions of its activity will make more risky decisions.

In 1994 among managers who decided to change the structure and the way of company's activity, the idea was treated as an example of enterprise, a survey was held [Karpńska-Mizielińska, 1995, p. 10]. Such restructurization became one of the distinguished examples of the way enterprise was understood. According to respondents significant importance during restructurization of the system in order to improve competitiveness of a company play:

1. organization of new departments, including marketing,
2. excluding units which are economically self-reliant,
3. liquidation of ineffective units,

4. liquidation of workers' councils and establishing supervisory boards,
5. implementation of computers into management processes.

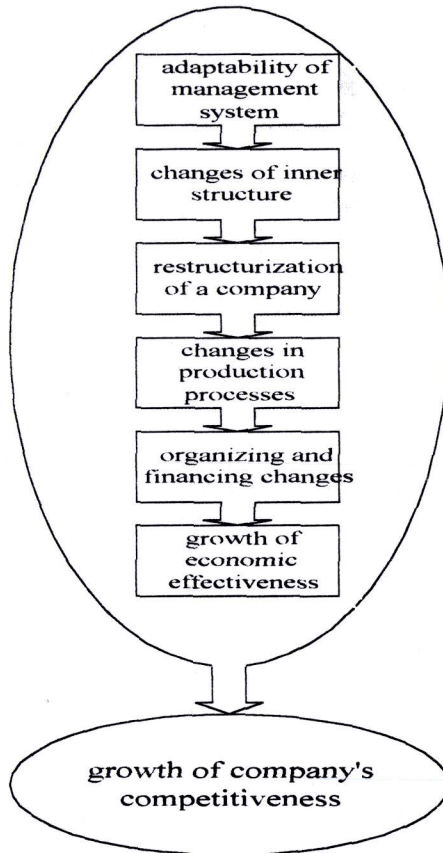


Fig. 5. Influence of adaptability on competitiveness

Source: own

The above mentioned elements of management organization of a company constitute one of the most important group of elements creating restructurization processes, which influence the level of competitiveness. It may be added that most often the necessity of changing the level of employment and improvement of managing the company's property was mentioned. This indicates that respondents attributed a major significance in creating the level of company's competitiveness to human resources and organization of production.

Growth of adaptability of a company causes necessity to change its inner structures with which restructurization processes are connected. They change the sphere of production and production technology extorting restructurization in organization and finances. In consequence economic effectiveness and competitiveness of a company

increase. Restructurization, with its rebuilt organization, finances and changes in production and technology, is an instrument to achieve this goal. Adapting the inner structure of economic subjects and their organizational strategy to market mechanisms, as a consequence of restructuring, is a condition to stay (survive) in a new environment (Fig.5).

A basic condition a company must fulfill to create its own competitiveness through changes in organization and management is its presence on a competitive market. Since A.Smith's times monopoly has been "the enemy of good management". If "good management" results in growth of competitiveness the condition to achieve this growth is a company's best, effective etc organizational structure improving those parameters which determine competitiveness. In relation to obligatory rules of market economy adaptability is one of the major factors. It is mirrored in a research on adapting ability of Polish enterprises towards market economy conditions [Przybylska-Kapuścińska, 1995, p.8-11]. The role of staff management on improving indicators such as storage, employment, investment and modernization declarations is emphasized. Old and not flexible structure of company's organization will not allow changing these indicators and will not improve its competitiveness, either.

3. Conclusion

A process of competition is commonly understood as a rivalry between companies in order to find a client, that means a buyer of offered goods on the market. This process is an integral part of market economy. Contemporary companies follow obligatory market rules, co-forming a process called adaptation, which means adapting a company to present conditions of its economic activity.

Mechanism of competition is an economic controller of both adaptation and anticipation processes. Moreover, it can be said that adaptation is a short-term process of changes, whereas anticipation a long terms process.

Competitiveness of a company is a feature, which defines its ability to continuous creation of developmental tendencies, increase of productivity (measured in macro scale) and efficient development of markets where competitive companies offer better goods and/or new, better and cheaper service. It is emphasized that competitiveness of a company is strictly connected with adaptation of the offered goods to the competitive market demands. Although researches conducted on competitiveness indicate that the level of competitiveness depends on many factors, meeting a competition and offering products, which will find a buyer, is one of many external features.

Technical, technological and economic changes imply constant adaptation of a company to changeable economic conditions. It is an objective need and a company, which does not implement activity adaptable in its character, is not able to exist in a competitive environment.

Processes of adaptation depend on changes in a company's environment. As a consequence, at a given stage of development, these changes create obligatory in economy elements. Ability to adapt these elements together with simultaneous

institution of changes within a company indicates a large ability of adaptation in the sphere of economy.

It is worth seeing that adaptation of a company, through its own transformations, towards a changeable environment (necessity to follow obligatory elements) proves that a company makes use of its own ability to adapt to its environment, and not transforms its environment through changes within a company. These two points of view allow to divide companies into two groups; companies-adaptators and companies-anticipators. The latter change themselves predicting changes in future, which means adapting themselves to future through present reality. Such a point of view causes a different attitude of companies; they treat current transformations as the way of changing predicted future reality, whereas a company -adaptor changes its organizational structure, technological process and marketing methods in order to adopt itself to existing conditions.

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