BASES FOR ORGANIZATIONAL COMPETITIVENESS: ORGANIZATIONAL COMPETITIVENESS STATUS REPORT IN HUNGARY

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Abstract

Competitiveness is a certain kind of indicator of the economy that covers a much more complex notion than for example the economic growth. While the latter can be quite easily expressed by the GDP index, we can only determine competitiveness as a multidimensional index-number. The two notions differ in this respect and yet they are still inseparable from each other. You cannot achieve a spectacular economic growth without competitiveness. In order to prove and demonstrate this I invoke the researches, studies and reports of several domestic and international organizations. The study wishes to give an overview picture about the competitiveness of the economy and firms and the changes in the global economic trends.

Key words: *competitiveness, innovation, business environment*

1. LITERATURE REVIEW

Every enterprise has a vested interest in maintaining the competitive advantage. As a business organization we aim at constantly trying to gain an advantage over our competitors, given that we can hardly mention any enterprise that has no potential opponents or challengers on the business markets. However, gaining an advantage is not something that develops spontaneously. Targeted investments are needed in a certain field, which will effectively result in the enterprise possessing a distinguished ability, and through that it will be able to meet the demands in a different or new form. Every enterprise is interested in obtaining and maintaining the competitive edge, because this is what can secure the favourable market positions over the long term. The competitive advantage is basically the set of such organizational abilities, by which the consumer needs can be satisfied at a much higher level than before. If an enterprise is in the possession of said abilities and it is capable of responding to consumer needs and expectations at a much higher level, it also has a very good chance to achieve long-standing business successes. Nonetheless, the first step in this direction is to create the abilities that might be necessary for these accomplishments in the first place.

If we want to express the definition of organizational competitiveness very plainly then we probably have to start from the above logic and examine every single potential material and non-material resources and the necessary abilities the organization has. The action taken (and at the same time the successfulness of the business activity) is determined by how well we manage to provide the appropriate competences. From this point of view we can say that the organizational competitiveness is after all the totality of such organizational potentials that the enterprise can use and utilize in order to reach the organizational goals, realize a profit and meet the consumer needs. In case the necessary abilities cannot be obtained and presented by a company, if it is unable to efficiently handle the organizational potentials, then this company will end up at a competitive disadvantage compared to the enterprises that were able to do all these during the same period of time.

The competitiveness of the economic operators refers to all the abilities and skills they have at their disposal that they can (could) effectively put at the service of creating value at all levels. The existence of the abilities and skills determines the potential competitive advantages and the possibility of fulfilling the needs at a higher level than they used to. Corporate competitiveness is defined by how the enterprises are able to adapt to the changed circumstances, what unique abilities they have and how they constantly endeavour to achieve better results.

However, the definition of competitiveness is possible not just in this context. Several Hungarian and foreign professionals, national and international organizations have made an attempt to define

corporate competitiveness. Not surprisingly, a harmonized definition has not been accepted yet to date, although there are a lot of similarities between the variations. In the following point (2) some of the definitions will be introduced that might help us with the right interpretation of corporate competitiveness and with the identification of the factors influencing competitiveness.

2. THE INTERPRETATION OF CORPORATE COMPETITIVENESS

There are no uniformly applied definitions for corporate competitiveness and its determinants. According to Michael Porter, one of the lead experts on researching competitiveness, corporate competitiveness is highly connected to the productivity of the economic operators. In his opinion the productivity of the national economy is suitable for the assessment of the national competitiveness, considering that only the continuous increase of productivity can lead to the improvement of the standard of living. On the other hand, the increase of productivity is based on the performance of the companies operating in the country (Porter, 1990).

Defining the organizational competitiveness is significantly simpler than the interpretation of the national economic competitiveness. This is expressed in facing the challenges, long-term survival and increasing wealth. In a competitive environment it means constant renewal, continuous adaptation and a constant compelling need for approval. The constant renewal and survival generate a pressure for modernization, therefore the companies have to go for finding solutions with which their current activities can be carried out much more efficiently. However, it is inconceivable without an enterprise-friendly business environment (Módos, 2004).

Atkinson emphasizes as well that it will not be the economy of a country mainly trying to attract companies with its cheap workforce that becomes competitive in the long term, but the one that creates an attractive environment for the enterprises in every respect, including the availability of motivated professionals with high level of knowledge (Csath, 2010). Under this approach, organizational competitiveness means how well an enterprise is able to utilize the available knowledge capital. These approaches highlight the fact that a competitive company cannot be built without the development of an enterprise-friendly business environment. The establishment of the latter does not fall within the sole competence of the companies anymore. It also assumes the existence of such factors as for example a pro-enterprise government, suitable social capital, financing systems, healthy employees, appropriate education system and professional staff, etc. Albeit the last ones can only be analysed at a macro – national – level. The interdependence of the national and corporate competitiveness can be discovered here too. The IMD's definition says that competitiveness is linked to the conditions of the business environment. According to the Swiss organization, the enterprises can only be made to be more competitive if the necessary conditions are granted to them. The bases of the suitable conditions are to be found in the enterprise-friendly environment, the creation and development of which is the job of the prevailing economic policy.

The competitiveness of the organizations is largely dependant on their innovative and value-adding abilities. The competitiveness of the companies is nothing else but the outcome of how successfully they are able to gain and maintain special and unique competitive advantages (Csath, 2010).

The most successful companies are the ones that are capable of doing international trades and joining the international economic life with their business activities. The ability of engaging in foreign trade means that through foreign capital investments and the establishment of subsidiaries the companies are capable of international expansion, or they are simply able to play an active role with regard to exports sales (Porter, 1993).

From a different point of view, competitiveness is the index of the capacity of how a company is able to adequately supply its means and services to a given environment, like other suppliers do, when there is demand for them and while at least the incurred costs are reimbursed (Freebairn, 1986). The competitiveness of the companies is the companies' ability to lastingly and profitably produce such products and provide such services that in the open market competition will meet the consumer needs on price, quality, etc. (Lengyel, 2003).

Corporate competitiveness is defined as a set of abilities, with the help of which the company – in accordance with the standards of the social responsibility – is able to offer such products and services to the consumers in the long term that they are more willing to pay for than for the products (services) of the competitors, under conditions that generate a profit for the company in question. In order to do this, the companies have to be able to assess the environmental and inner changes, and they have to be able to adapt to these changes. Moreover, they must achieve all this a lot faster than their competitors. This approach also strongly assumes the existence of strategic thinking at the companies (Chikán, 2006).

In many cases the competitiveness of a company can be connected to the geographic location of its business activities, while the majority of the competitive advantages in each industries are often linked to only certain regions or towns within the country. For that reason, on top of the corporate-level competitiveness, defining the regional or territorial competitiveness is more and more popular. Krugman himself was talking about the importance of the territories and the geographic locations too in the 1990s. Krugman focused his research on examining the territorial distribution of production, within which he mainly modelled the development and changes of the economic activities' spatial structure, giving the emphasis to the spatial concentrations. In his opinion, one of the best methods to understand how the international economy works is to see what happens within the national economies. If we wish to comprehend the differences between the national growth rates, the analysis of the dissimilarities in the regional growths is a good starting point; if we want to understand the international specialization, the examination of the local specializations is a good starting point (Lengyel, 2003). Michael Porter agreed with the above statement, adding that in the global economy the sources of the long-lasting competitive advantages can often be related to the local or regional levels. He highlighted that the geographically localized enterprises might play a significant role in competitiveness, as through clustering they can set up initiatives to strengthen competitiveness. A cluster is basically an association of geographically close enterprises operating in the same sector, the purpose of which is that the individual companies could specialize, acquire technological capabilities, adapt to the market needs, build their innovation and improve their competitiveness through the joint purchase of the inputs or the joint sale of the outputs (Porter, 1993).

We can find an element in every one of the above definitions that can be responsible for the improvement of corporate competitiveness. The clarification of the definition background is not complete. It needs to be stressed that the literature of the subject is quite extensive, and there are much more definitions to be found for corporate competitiveness. On the other hand, the above definitions are enough for us to identify the most essential sources of corporate competitiveness. In the further part of the study I examine how typical the pursuit of increasing competitiveness is of the Hungarian enterprises, and what the Hungarian companies try to compete with.

3. MATERIALS AND METHODS

The research called 'The bases for organizational competitiveness' set the objectives of evaluating the activity of the enterprises and the basic components of their success over a longer time period. In this regard, it pays special attention to fields like for instance the quality of leadership, the methodology of corporate governance, the existence of change management or last but not least the presence and role of innovations.

The research wished to involve enterprises from the entire country in the data collection process, which has been accomplished in absolute terms. The questionnaires were mostly sent to the enterprises in paper form, in which both my colleagues and students were of great assistance to me. The questionnaire contained 16 complex questions that can be divided into two larger parts.

The first part of the questionnaire (I.) dealt fundamentally with the characteristics of the enterprises, namely there were questions regarding for example the legal form of the enterprises, the amount of turnover, the number of employees and the export interests. Still in the first part of the questionnaire there was a question where the companies had to assess the changes in business (economic) results of the recent years. This question reveals whether the companies' basic indicators of effectiveness and

efficiency – such as the market share or the level of general competitiveness – have improved or deteriorated in the past few years.

The second part of the questionnaire (II.) dealt with the analysis of the factors determining competitiveness, asking questions for example about the strategic behaviour, the quality of leadership, change management, project management or the innovation potential of the companies. Rating scales, closed questions and also ranking lists were among these questions. The vast majority of the companies participating in the survey operate as a limited liability company (LTD), but the private limited companies (PLC) and the limited partnerships (LP) were present in great numbers too in the questionnaire survey. Three quarters of the sample consisted of LTDs, while the PLCs had the second highest share of participating in the survey. Of the business organizations without legal personality, the general partnerships (GP) and the public service corporations (PSC) only occurred in the sample occasionally. Considering that the LTD is the most popular and most frequently used business form in Hungary, the LTD-majority within the sample does not cause any major distortions with respect to the results.

In accordance with the regulations of the European Union, the enterprises can be classified in size categories by their number of employees, sales revenues and balance sheet total. Following the same methodology, during the survey I was also seeking for an answer to the question what the employee-distribution of the examined enterprises was like. With this question I wanted to determine the size of the enterprises participating in the questionnaire survey, based on the above indicators. It was found that half of the enterprises filling the questionnaire had 10 or less employees, whereas the other half belonged to the groups of small, medium-sized or large corporations, if we only take the number of employees into consideration. In this regard, the composition of the sample became favourable, because although half of the participants was coming from the micro enterprises, there was still no decisive shift towards that direction. The companies with more than 250 employees or no employees at all had the smallest percentage within the sample.

It is well-known about the Hungarian economy that 99.9% of the operating enterprises are SMEs, and the large corporations only represent 0.1%. Knowing this, additionally to the SME sector, I set the goal to include companies from the category of large corporations as well in the sample. Nearly 10% of the companies participating in the survey employ more than 250 people, so on the basis of the number of employees we can definitely find large corporations too in the sample. On the other hand, the annual net sales revenues need to be checked as well, which also produces an interesting outcome. Slightly less than half of the companies participating in the survey yielded a sales revenue higher than 50,000,000 Ft. By almost 21% of them this figure goes over 500,000,000 Ft, which indicates that these companies must be important actors of the industry they operate in, and therefore we managed to reach out to companies that have serious business experiences.

During the characteristics analysis of the enterprises it also has to be addressed which regions the companies are conducting business activities in. Naturally at this question the respondents were able to pick more than one answers, since an enterprise can exercise its productive or service-providing activities in several regions simultaneously. Most of the enterprises in the sample mentioned three regions, among which not surprisingly we can find Budapest and Central Hungary as well. Furthermore, many companies marked the region of Northern Hungary too, while in the case of the other regions a roughly consistent responsiveness could be experienced. From this aspect the research has achieved its goal to become a nationwide survey, and to receive filled and processable questionnaires from every region of the country. There are somewhat larger variations with respect to the scope of activity and the profile of the enterprises filling the questionnaire form.

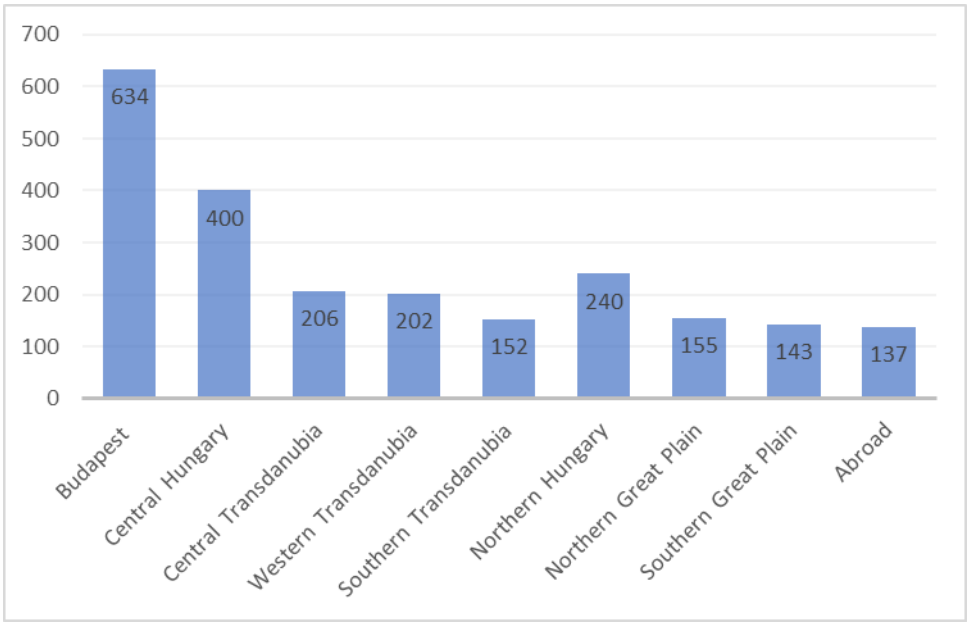


Figure 1. Distribution of the enterprises participating in the survey by the places of their activity

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

One of the questions of the form was looking for the answer to which sectors the enterprises are conducting business activities in. In this connection – according to the respondents' replies – trade is distinguished from the other activities, followed by the construction sector on the second and the industry on the third place. The smallest number of answers came from the enterprises operating in the fields of human health and social work activities, as only three of them chose this option. To sum up, it can be stated that most of the enterprises that filled the questionnaire are involved primarily in construction and trade. 1,050 Hungarian micro, small, medium-sized and large companies participated in the survey. I asked the highest-level executives to fill the questionnaires, and at the vast majority of the enterprises they were indeed filled by the executive director or the managing director. This was necessary so that I could receive first-hand information from the highest-level decision makers about what exactly the enterprises carry out for the sake of increasing the stimulation of their competitiveness. The questionnaire mainly aimed its questions at the issues that can be seen in the above word cloud diagram too, and which can chiefly be linked to the development of the organizational competitiveness. Here follows the review and evaluation of some of the questions of the questionnaire form.

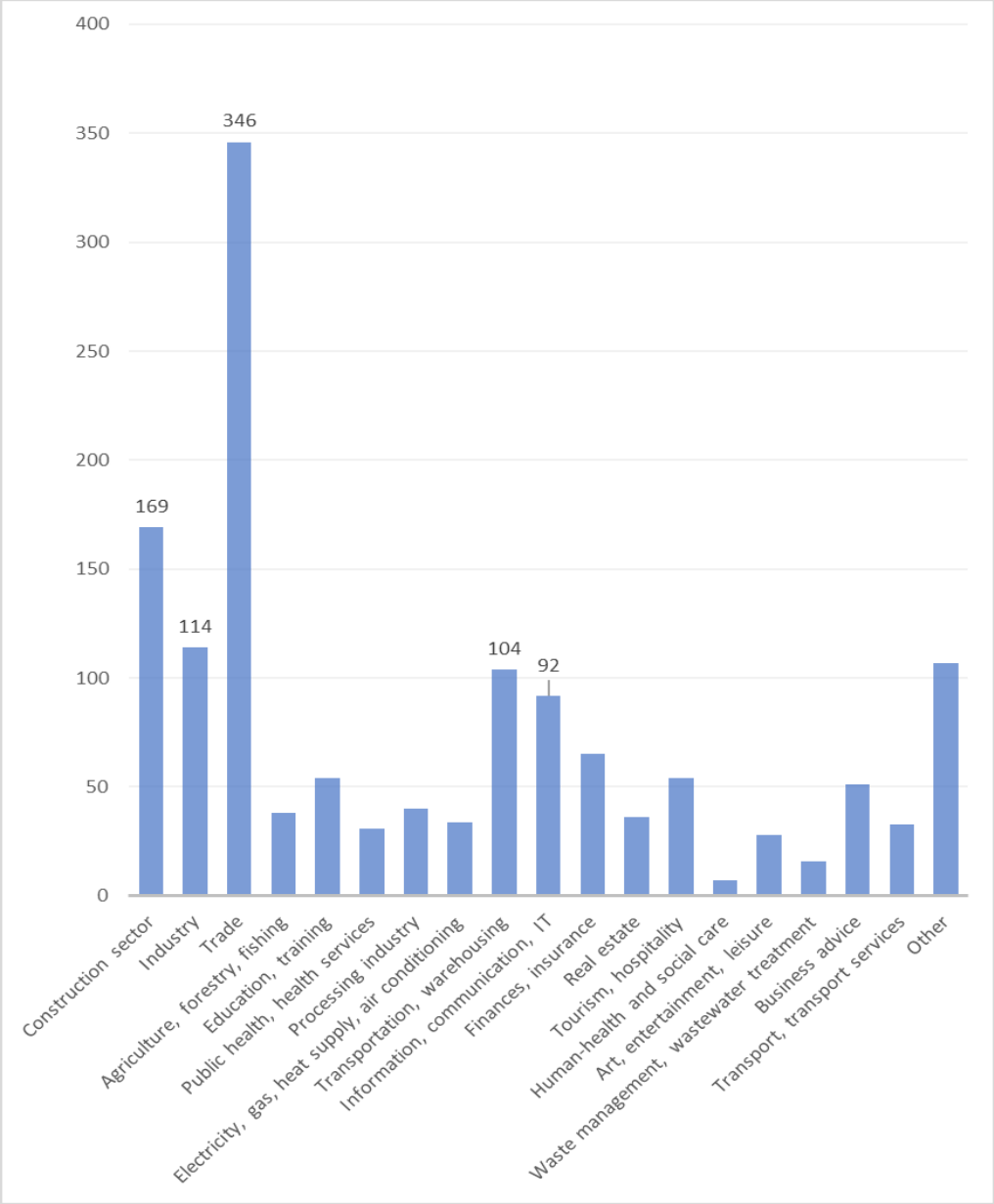


Figure 2. Distribution of the enterprises participating in the survey by their scope of activity

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

4. PRESENTATION OF THE RESEARCH FINDINGS

During the research 'The bases for organizational competitiveness' several questions were designed for the enterprises that could be related to the enhancement of their competitiveness. From the above definitions it became inevitably clear that innovation, monitoring the environmental changes, international trade or even the cooperations reveal a lot about the competitiveness of the companies. Of all the questions of the questionnaire form here I will introduce the ones that have the most direct connection with the organizational competitiveness, and through them we can refer to the strengthening or weakening of the competitiveness of the enterprises.

On top of the entrepreneurial characteristics (size, number of employees, etc.) the questionnaire addressed a few other questions, with which the strive the enterprises can be characterized with in the terms of strengthening their competitiveness will be able to assessed. Most of the times these questions

examined each factor with the help of rating scales from the point of view of how typical the individual statements are of the operation or organizational behaviour of the certain companies. The questions could be assessed on a scale of one to four, where one represented the answer least typical, while four meant most typical. Below I introduce some of the results related to competitiveness.

The leaders of the enterprises had the opportunity to assess the performance of their last year in the context of entrepreneurial profit and competitiveness. When we would like to measure competitiveness, the focus is very often on the result-oriented analyses. The effectiveness of the entrepreneurial activity can be measured from various aspects, but maybe the most obvious form is presented by the changes in the profit level. The companies' results and the development of their competitiveness from the last five years are truly reflected by how well they have been able to improve their business profits, which is only possible if the enterprise could also improve its competitiveness on the market to some extent. In this regard it can be noted that only half of the companies participating in the sample have been able to increase their profits in the past five years in some degree, which shows that part of the organizations would still have plenty to do in order to achieve a higher profit, and as a condition of the former, to achieve a more competitive operation.

Table 1. How has the entrepreneurial profit changed in the past five years?

significantly decreased	4.8 %
rather decreased	15.2 %
has not changed	24.4 %
rather increased	41.3 %
significantly increased	11.3 %
cannot assess	3.1 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

The executives also had to answer the question how they judged the general competitiveness of the enterprise. Similarly to the previous question, the respondents indicated the partial or complete growth of competitiveness roughly in the same proportion. This clearly demonstrates that even the top executives of the enterprises are not entirely satisfied with the improvement of their competitiveness, since barely 50% of the companies in the sample claimed that their competitiveness had become stronger.

This is problematic in a way, because competitiveness will always determine the future and future results of a company. If a company is not competitive today, it will suffer its true consequences tomorrow, as competitiveness is always the indicator of how the certain enterprises are able to meet the present or future expectations and adapt to the environmental changes. Table 2 excellently illustrates the executives' opinion, according to which the organizational competitiveness of many enterprises can be characterized at a lower level, and this needs to be strengthened by all means in the future for the sake of achieving new business successes.

Table 2. How has the general competitiveness changed in the past five years?

significantly decreased	1.3 %
rather decreased	9.6 %
has not changed	37.1 %
rather increased	39.4 %
significantly increased	8.3 %
cannot assess	4.4 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

We could see in many cases in the above definitions that organizational competitiveness is associated with innovation or with creating new things. The questionnaire also asked how typical it is of the enterprises to create new things and to endeavour for a continuous innovation. Again, not surprisingly, only 50% of the approached companies said that there had been an improvement in innovation, therefore these enterprises had paid more attention to the innovation processes. The table above reveals that companies have become more competitive and more profitable in the exact same proportion, which is confirmed even more by the correlation analysis. The enterprises that were able to increase their innovation performance reported the improvement of their competitiveness and profit-making ability at a higher rate.

Table 3. Is the gradual increase of the innovation performance and the regular innovation activity typical?

not typical at all	11,10%
rather not typical	31,90%
rather typical	36,20%
completely typical	15,20%
cannot assess	5,60%

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

In addition to the innovation performance, a greater emphasis has to be placed on the companies' R+D activity as well. Research and development needs to be fundamentally separated from innovation, since its outcome will probably not be an actually manufactured market product. The executives of the companies participating in the survey had to assess their own R+D activity too.

While the knowledge-based and most competitive economies put a significant amount of focus on supporting and promoting R+D, in Hungary this same approach can only be mentioned to a limited extent. This limitation can also be discovered regarding the enterprises participating in the sample, because the intensification of the R+D activity was present at only one-third of them. The rest of the enterprises do not see this instrument as the primary key of strengthening competitiveness, thus they do not treat the investments into R+D with priority.

Table 4. Is the improvement of the R+D activities typical?

not typical at all	23.3 %
rather not typical	35.5 %
rather typical	23.5 %
completely typical	12.7 %
cannot assess	5 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

This is further corroborated by the fact that 43% of the approached companies do not spend a lot for purposes of this kind. Moreover, 17% of them have not even expressed their views on this subject, claiming that they cannot assess its true value. The latter rather indicates that these companies do not spend on research and development either. If a company invested a significant amount in developments, it would have an up-to-date register and accurate information about the issue, with which they could measure the efficiency of the developments and the reimbursement of these investments.

Table 5. What percentage of the sales revenues is spent on R+D or other developments?

there are no R+D costs	18.1 %
less than 3%	25.2 %
3-5%	19.2 %
6-10%	10.8 %
more than 10%	9.3 %
cannot assess	17.4 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

The endeavour for competitiveness is also well reflected in things like how much attention is paid to the regular development of the processes. These days, when everything is changing fast and abruptly in the business environment, it is a crucial question how quickly an enterprise can react to the changes. However, quick reaction demands changes and refinement in the processes of the organization from time to time for the sake of better organizational responses. Developments have to be made systematic in the organizational processes, which does not always mean radical changes, given that often we only need to make refinements or a little fine-tuning.

The goal is always to be able to give a maximal response to the changed circumstances, which unfortunately occur more and more frequently in the operation of the enterprises. In this respect, the continuous development of the organizational processes can constantly be an agenda point in the life of an enterprise. Table 6 shows a 50% rate, just like the ones I have introduced previously. That is the percentage of the sample where the development of the processes is detectable at least to some extent. The rest of the enterprises are trying to be successful on the markets by other means.

Table 6. How typical is the (radical or smaller) development and amendment of the processes?

not typical at all	13.1 %
rather not typical	32.6 %
rather typical	37.1 %
completely typical	14.6 %
cannot assess	2.6 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

Nevertheless, there is something the vast majority of the enterprises in the sample agreed on. Most of the enterprises attempted to highlight that they do their utmost to keep their customers satisfied. They constantly try to get customer feedbacks, follow the customers' requirements, and develop a spectrum of products and services accordingly, with the help of which they are able to maintain their market positions. On the other hand there is not much of a harmony in the instrument of maintaining that position. As seen above, innovation and R+D are considered to be an instrument of competitiveness by only 50% of the sample. The rest of the companies rather believe in strategy planning, plus services provided to the customers, good marketing and other similar means. Obviously they are extremely important too to keep the customers, but if we truly want to be competitive then we have to do more.

On its own the competitive advantage is not a position on the market. The competitive advantage is basically a set of abilities with which the consumer needs can be met at a higher level. Ultimately, competitiveness means that we possess certain abilities that can provide this opportunity for us, namely that the company is able to satisfy the needs at a much higher degree. But in order to do this, we need abilities that distinguish the enterprise from its competitors, which results in the creation of qualitatively better products or services. Those companies can be deemed sincerely competitive that can show the existence of distinctive competence the most. This is what makes competition a huge challenge to the enterprises. The ones that are able to develop distinctive competence faster and more often will be able to gain a true competitive edge. However, it was specific only to less than one-third of the approached companies.

Table 7. Compared to the competitors, how typical is it that the enterprise can create divergence? Is there a distinctive competence?

not typical at all	3 %
rather not typical	14.3 %
rather typical	46.3 %
completely typical	27.1 %
cannot assess	9.3 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

If we take into consideration that many people identify competitiveness with exportability, then we have to also examine how many of the companies are present on foreign markets. In Porter's opinion, the truly competitive industries contain a high number of companies that are able to produce for export. This could also mean that they hold stronger positions at home too, they produce high-quality products acceptable to the foreign markets as well, and they are really capable of reaching these

foreign markets. Typically it is not the less competitive company that will produce for export. Only 35% of the enterprises participating in the survey has foreign markets, whereas two-third of them focus on the domestic market. Considering that there are quite a few large corporations in the sample, this rate can be deemed low. It is definitely not an unrealistic expectation for an SME to have international connections and interests, so here the size of the organization cannot be a sufficient explanation for the lower external trade intensity.

However, most of the companies participating in the survey experienced some improvements too. A substantial number of enterprises reported that they had become more successful in terms of environment analysis, better at risk management, they pursued a more cautious strategy and they endeavoured to monitor the environmental changes really well. The vast majority of the enterprises agreed with this. As a consequence, the companies are trying to be much more reasoned and rational when making business decisions, but this alone does not constitute the long term improvement of competitiveness. Not just responsibility and security should be strengthened at the enterprises, but targeted investments would be needed as well that would generate visible positive changes in the inner or outer environment of the organization.

According to the executives, the enterprises achieved significant successes in enhancing customer satisfaction. They managed to do it by charting the customer expectations well and trying to provide more and more related services. Albeit this does not equal to an enterprise building on innovation and knowledge. While meeting the consumer needs, a truly competitive company is aiming for more. It would like to establish experiences, feelings, values, which won't just result in the customer being satisfied, but it would also want to achieve more. Competitiveness can also be expressed in how much value was created for the consumers. 75% of the companies participating in the survey confirmed that they were able to meet the consumer needs at an increasingly high level. These companies are able to gain a competitive edge easier than their competitors. On the other hand it would be fortunate if we could find an even higher number of enterprises in this group.

Table 8. How typical is the improvement of customer value and satisfaction?

not typical at all	1,70%
rather not typical	4,80%
rather typical	33,70%
completely typical	57,70%
cannot assess	2,10%

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

The endeavour to improve competitiveness also appears in how fast we can recognise the fields that need development the most. At many companies it is not even entirely clear in what fields they should carry out developments, because their strategy has no proper focal points. The strategic focal point of an innovation-based enterprise is the innovation. In the case of a company with a marketing strategic concept, it is the consumer behaviour and the changes of the market processes. In short, the operation and strategic thinking of every enterprise must have a focal point. Only 24% of the companies participating in the survey stated that they were completely successful at recognising the development areas and problems. This is either not typical of the other enterprises, or only to a smaller extent. According to a saying that is almost a cliché, WHAT YOU DON'T INVEST TODAY, YOU'RE GOING TO MISS TOMORROW. The lack of necessary investments will not have a negative effect on the current circumstances, but it will endanger the future profit level of the company. On a long term, the decrease of profit can easily cause malfunctions in the operation, or it can even jeopardize

the existence of the enterprise too. The enterprises need to make more investments today in many aspects.

Every enterprise has a business model, which describes the value-creating method of the organization. At certain companies it means a well-defined, well-organized and developed model, while in other cases it can be described as a spontaneously created and routinely used organizational specification. The further improvement of the business model is greatly responsible for how successfully we can produce high value for our customers. Awareness and the organization of value-creating processes are typical of only slightly more than 20% of the approached companies. At the rest of the enterprises the value-creating processes are organized by a different kind of mechanism, or as it has been mentioned before, they develop almost routinely during operation.

Table 9. How typical is the existence of an effective business model at the enterprise?

not typical at all	1.4 %
rather not typical	13 %
rather typical	54.5 %
completely typical	20.9 %
cannot assess	10.1 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

The outcome of the competitive operation or the lack of competitiveness can be expressed not only in the profit, but it can be assessed by other indicators as well. The realization of the organizational goals clearly shows how successful a certain enterprise can be considered to be in the activity it is engaged in. The vast majority of the companies participating in the survey did not confirm that they're undoubtedly successful in carrying out the organizational goals. Several enterprises blamed the surrounding business environment, although it does not always solely depend on that. Indeed, there are problems in the domestic business environment, which might hinder the operation of the enterprises, but it would be a mistake to blame everything on that alone. In spite of the state of the current business environment there are still enterprises that can be competitive and successful, although the environment they operate in is not far easier for them either. The companies participating in the survey – the majority of them – highlighted the external environmental changes as the primary deciding factor, albeit many of them drew attention to the role of internal capabilities too in connection with the changes of the organizational competitiveness. Within the sample, the proportion of the enterprises that can be deemed the most successful with regard to the implementation of the organizational goals was only around 24%. This again can show a close correlation with the state of the organizational competitiveness.

Table 10. How typical is the effective implementation of the organizational goals?

not typical at all	2.1 %
rather not typical	11.6 %
rather typical	55.9 %
completely typical	24.7 %
cannot assess	5.7 %

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

Based on some of the approaches, competitiveness also means how well the economic actors were able to establish connections with each other, which might help promoting the achievement of the cooperating parties' goals. The greater number of enterprises participating in the survey affirmed that their relationships had been improved and they were also able to establish more and more economic recovery relationships. Mainly the number of domestic partnerships had been managed to be expanded, while the foreign relations were underlined by the respondents in a smaller percentage.

5. SUMMARY

The research called 'The bases for organizational competitiveness' wished to examine the decisive factors of the organizations' operation from several points of view. This study tried to find a connection between the definitions of organizational competitiveness and the characteristics of the enterprises participating in the survey.

In the first part of the study I highlighted definitions that are able to determine the actual meaning of competitiveness and identify the possible tools with which it can truly be enhanced. For the sake of improving competitiveness we can emphasize innovation, the continuous developments and renewal, the international activities, the cooperations, the importance of strategic planning, the pursuit of quality, the creation of distinctive abilities, the continuous learning. On top of these we can define other competitiveness-strengthening elements too, but the above definitions mainly focused on these factors.

In the research 'The bases for organizational competitiveness' 1,050 enterprises answered the questions that I had addressed to them about competitiveness. Through these questionnaires the above characteristics can be evaluated accurately, and we can even answer the question what the instruments are these days for strengthening the competitiveness of the Hungarian enterprises. The results are summarized by the following table.

Table 11. Summary of the results

Instrument of strengthening competitiveness	How typical is it of the majority of the companies in the sample?
innovation	typical of half of the companies
R+D	typical of one-third of the companies
continuous developments	typical of half of the companies
existence of distinctive competence (competitive advantage)	completely typical of barely one-third of the companies
customer satisfaction, quality	typical of 90% of the companies
effective business model	completely typical of 20% of the companies
strategic approach, environment analysis	typical of the vast majority of the companies
export markets	35% of the companies have them
cooperations	has improved at most of the companies
implementation of the organizational goals	completely typical of one-quarter of the companies

Source: Own compilation, based on the research 'The bases for organizational competitiveness' (N=1,050)

It is clear from the above table which instruments help the enterprises the most to become more competitive. A smaller number of them compete with innovation and high added value. The majority of the companies unequivocally build on strategic planning, pay more attention to their customers and to the changes in the environment. This is not surprising, since the economic crisis of 2008 brought a much more cautious approach to life at every economic actor. The results of the domestic enterprises clearly show that we have not moved enough towards innovation and a knowledge-based economy yet. It would be incredibly important for the Hungarian economy to have more and more enterprises that consciously create distinctive competences, which will also be the source of their future competitive advantage. The continuous developments and fine tunings need to be given the same significance. The operation of the organization and the individual processes all need to be regularly sharpened and improved. The constant endeavour for reaching better results demand us to work on the improvement of operational efficiency and effectiveness day by day. We have to create such an organizational culture and routine that will systematically look for the opportunities for improvement in almost every area of operation. We can never be satisfied with our current situation and we can always find areas where we can make developments – even if it's only a small one. This way of thinking is one of the steady pillars of the long-term successes. The competitiveness of the Hungarian enterprises is well-reflected by their innovation performance, their presence on the export market or by the implementation of continuous developments. If the enterprises made a major step forward in these areas as well, it would most certainly mean that their competitiveness has improved considerably too. However, in addition to the adequate development of the business environment, it is also necessary that the enterprises themselves take initial steps. On top of the above, competitiveness requires an adequate management as well and an organizational culture that promotes changes. Clearly the internal and external factors determine competitiveness together, hence in the future it will be necessary to establish definitions and measurement methods, which will be able to take all these factors into consideration at the same time. As a conclusion to this study, it can be stated that the enterprises that can be deemed competitive have indeed a lower proportion in the sample, and this is reflected in the rate of innovative enterprises, in the companies spending on R+D and in the number of enterprises having export markets. For the sake of enhancing their competitiveness further targeted investments and initiatives will be needed in the future.

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