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**THE ROLE OF ORGANIZATION DEVELOPMENT IN IMPROVING
COMPETITIVENESS AT FOOD INDUSTRY COMPANIES**

Thesis of the PhD dissertation

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2012

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CONTENTS

1.	INTRODUCTION	2
1.1.	The importance and timeliness of the topic	2
1.2.	Objectives	2
2.	MATERIAL AND METHOD	4
2.1.	The research approach	4
2.2.	Methodology of research	4
2.3.	The possible relationship between organization development and competitiveness.....	5
2.4.	Test model.....	7
2.5.	Research Hypothesis.....	8
3.	RESULTS	10
3.1.	Characteristics of organization development.....	10
3.2.	Environmental impacts	10
3.3.	Strategy	12
3.4.	Structure.....	12
3.5.	Human resource	13
3.6.	Management.....	14
3.7.	Information	15
3.8.	New and original scientific findings	16
4.	CONCLUSIONS AND SUGGESTIONS	19
5.	SUMMARY	25
6.	REFERENCES	26
7.	LIST OF PUBLICATIONS	27

1. INTRODUCTION

1.1. The importance and timeliness of the topic

In the future only those companies can remain competitive which are open in their operations and organization, respond appropriately even to the most unexpected environmental challenges and can increase their business flexibility. One form of this paradigm is the transformation coming into existence through conscious intervention – organization development, which keeps the organization moving toward a better future while having an effect on partner companies and the environment as well.

Two major groups of change management strategies can be distinguished:

1. *Classical Approach.* – The leadership executes organizational changes for the sake of radical, quick and effective conformity prior to the prospective environmental changes.
2. *Behavioral Organization Development.* – The organization aims to respond and learn gradually and incrementally as well as attempts to modify the system of environmental conditions thereby expanding its latitude.

My research mainly focuses on organization development based on human capabilities therefore I am doing my research with the behavioral approach in mind, which wants to promote the planned organizational changes and to prepare organizational members to change in order to help increase organization competitiveness as well as the individuals' personal skills and welfare. In other words, it is able to re-evaluate business processes, build on each person's talent and inventiveness, and to put a continuous revision of thinking into its center. In consequence, I find this an appropriate method for increasing competitiveness in today's modern world.

1.2. Objectives

I restricted my research to Hungarian food industry companies¹ and my aims are as follows:

1. The Hungarian food industry stands in the sixteenth place in the EU and struggles with competitiveness problems. One reason for that is its double-pressing place between agriculture and trade. It is equally affected by the troubles of agricultural productivity, the changes in support policy and the

¹ I did my research only about the Hungarian state in case of international food hyper- and supermarkets.

lack of cooperation along the food chain. Setting out from the possibilities of our country, I see that in the future it should focus on the development of high quality, professional food sectors where potential opportunities present themselves.

2. In my opinion, the proper solution to the occurring problems can be organization development because one of the main obstructions to competitiveness in food industry is human resource, which is the central factor of organization development.
3. The primary goals of my study are to approach from the organization's side and to consider possibilities of applicability, that is why I focus less on economic factors such as supply costs, total outgoings etc.
4. I also try to put forward some proposals for development that can be used successfully in the food industry.

2. MATERIAL AND METHOD

2.1. The research approach

Studying technical bibliography it can be stated that only few have used qualitative and quantitative methods jointly to examine the effects of organization development on organizational competitiveness.

In the case of both topics there are directly usable sources that served as a starting point for me. My research was made more difficult by the different views on organization development and the little amount of organizational studies on competitiveness.

2.2. Methodology of research

Recently, social sciences have elaborated various methods and theories for handling processes going on in organizations and problems occurring in the meantime.

In my survey I have combined and jointly used qualitative and quantitative methods, which this way helped me better understand my project.

I started my research in the following directions:

- Relying on technical bibliography and my conversations with experts and consultants, I outlined the subject of organization development, together with its benefits and process etc. From Beckhard's model in 1974 to current definitions there have been various views and approaches in use, relying on which I could formulate the definition and developmental process I used.
- Depending on different national competitiveness surveys and setting out from Selye's thoughts claiming that, "The best theory is the one that allows us to unify the most facts through the fewest premises because it is the most capable of assimilating even more facts without damaging its own structure" (Selye, 1967, p. 361), I tried to define such aspects of competitiveness that can be applied for organizations above all.
- As a connection point between the two fields I divided several related, complex question areas, which I used in the case of 28 food industry companies by means of questionnaires and deep interviews.

Since my survey was made with the aim to reveal problems, the questions are mostly related to opinions, values and behaviors. I tried to make each question clear, concise and unambiguous for the person who answers it and to restrict each sentence to one statement or question only.

I made my research in two periods since there came a longer break after the first one. Having been an innocent victim of a car accident, I suffered serious injuries and was only able to continue my research after a long period of hospital treatment and rehabilitation. Because of this long break I repeated my earlier survey as well as refined them thanks to the new methods coming to light in the meantime.

My goal is to analyze the sector in order to show the areas where organization development can yield results, improve the competitiveness of the given organization, or occasionally, the whole sector. Because of the limits of this survey I do not aim to support my assumptions thoroughly with figures, I only try to demonstrate the role of organization development in improving competitiveness.

My aim is not to test an existing theoretical model or to measure the variables deduced from this but to consider a new attitude. At some places I complete empirical investigations with theoretical, deductive research refining, further developing and enriching the existing theories to some extent.

2.3. The possible relationship between organization development and competitiveness

Looking for a possible connection between the two fields I set out from the following (Figure 1.):

- An organization is regarded as competitive if it is flexible, has an appropriate organizational culture, a good communication system, skilled staff, and is affected by the realization of objectives, the existence of necessary resources, the quality of information flow, the quantity of conflicts within the organization and the level of staff commitment.
- Mapping the position of food industry, the key to its possible future seems to be knowledge and talent, that is employing and improving creative workforce, which is also the central idea of organization development. Its competitiveness is also influenced by the self-forming of organizations, the acquisition of quality guaranteeing trademarks, the

participation of the state, and also how it meets the challenges of the environment.

- The effectiveness of organization development appears in the quality of the workforce, can affect costs (marketing, sales, salaries, etc.), moreover, it has an influence on organizational culture, sharing knowledge and the changes in organizational climate.

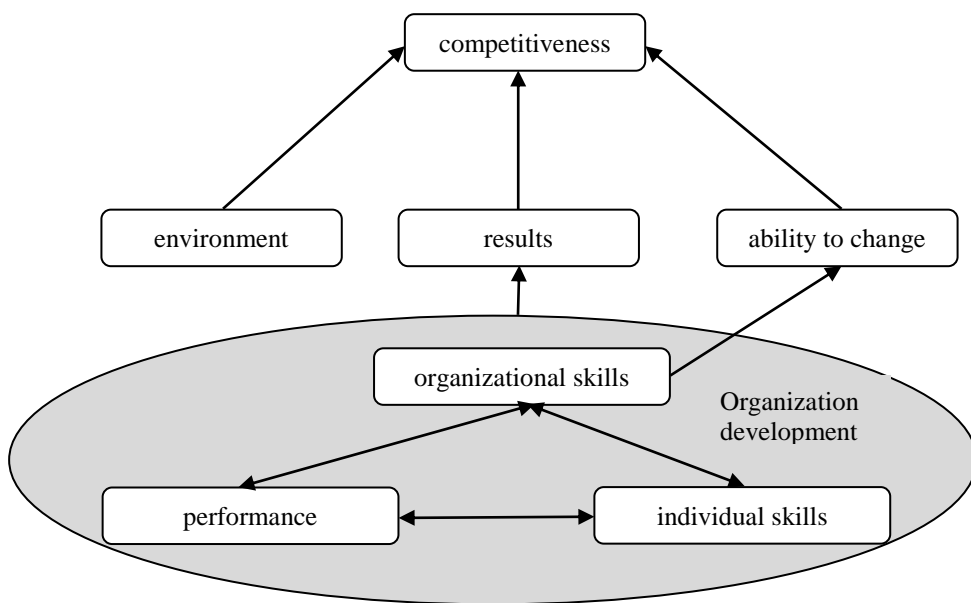


Figure 1: The factors affecting the competitiveness

Source: the author's compilation on the basis of Chikán, 2006

In my view, organization development is able to improve competitiveness to a great extent by:

- making the given organization capable of a quicker response to changes with the help of the applied behavioral means and methods;
- supporting the training of the members and managers of the organization;
- providing support to define strategy;
- rectifying organizational behavior, information management and decision-making processes;

- strengthening organizational culture;
- preparing the company not only for quick and appropriate responses to environmental effects but also being able to influence them at times.

2.4. Test model

Formulating my research model (Figure 2.), beside the previously mentioned factors, the strategy, the position, the technical-technological background of the organization and the expertise and attitude of its employees were also regarded as important. Consequently, my model was divided into the following dimensions by the environment – strategy – structure – workforce – management line:

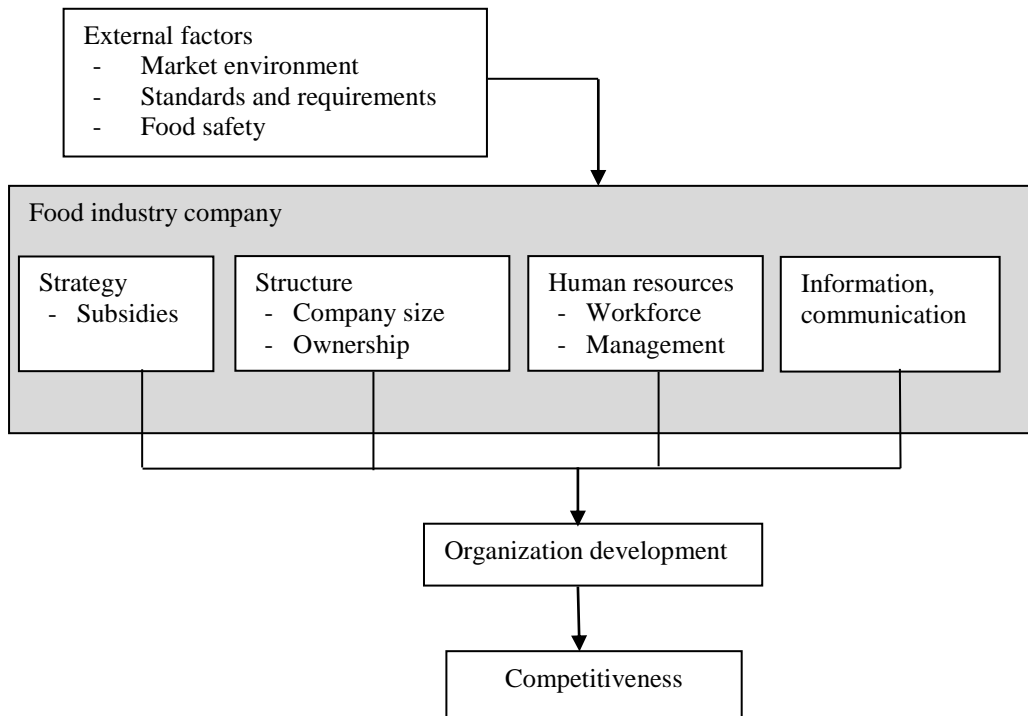


Figure 2: Test model

Source: the author's compilation

2.5. Research Hypothesis

Relying on technical bibliography and my own experience I defined the following hypotheses while setting my objectives:

Hypothesis 0 (H0): In spite of the fact that there are about a hundred definitions of organization development, in national professional circles the Beckhard model is dominant.

Since in everyday practice, similarly to theoretical research, the behavioral organization development approach is not used unambiguously, during my research I carried out a pre-survey limited to the definition and the methods of organization development, which – to my knowledge – have been applied in Hungary so far.

I set out from the fact that it is Beckhard's model that is mostly identified with – almost without any alterations –, which best summarizes methodologically the important elements and characteristics of the behavioral organization development approach.

Hypothesis 1 (H1): In the process of organization development the significant characteristics of the sector under investigation cannot be left out of consideration.

Food industry companies are special. Since food is an essential necessity and appropriate quality food will always be demanded, it can be regarded as a strategic industrial sector. Nevertheless, the position of food industry companies is affected by natural conditions, the quality of the agricultural raw materials available, the capacity of the producing industry and the skill of the workforce.

In my opinion, essential differences can be found in terms of the strategy, size, ownership structure, logistics and storage etc. characteristics of the companies. Among others, a local market dealing with alternative sales, for example, requires a different market organization from a hypermarket, but also there are different export opportunities for the dairy industry, for the wine sector etc.

Hypothesis 2 (H2): In the sector, the indisputable role of quality and safety control regulations may push human and organizational factors unfairly into the background in managerial thinking.

The performance of food industry has been decreasing in the last decades. All food industry sectors are characterized by market-loss, production decrease and the existence of cheap and often poor quality products on the national

market. The sector, at the same time, is more exposed to international competition than other industrial sectors.

As a result of increasing global requirements and strong competition on export markets companies see the opportunity to preserve their capability of competitiveness in producing higher quality products. It is also supported by the fact that noticing stagnation in Europe some food industry companies are looking for new markets in Asia, where there is a constantly increasing interest in good quality Hungarian products.

Hypothesis 3 (H3): In connection with food industry a number of factors prove that the development of organizational culture is inevitable from the view of competitiveness.

In order to increase the competitiveness of food industry companies, with regards to the previous economic situation, there is a need for change during which renewal processes can be seen as long term investments.

For this purpose companies formulate strategies that are responses to environmental challenges. At the same time, the strategy is supported from the inside by the organizational culture harmonizing with it and promoting its realization. The latter can influence the organization's structure, set of values, the formation of its attitude, the commitment and behavior of the management and employees.

The harmony of these three provides for successful corporate operation and the maintenance of competitiveness. If some weakness occurs in any of them, the company becomes less flexible, which may lead to the loss of market areas.

Hypothesis 4 (H4): One of the key areas in food industry organization development is the question of cooperation among organizations.

Food industry – just like other industries – is more and more information driven. Since the formation of vertical integration (base material producers, production, sales) each stage of food production can be monitored thus increasing consumers' sense of health and willingness to purchase. From the companies' side cooperation promotes risk estimates, information flow and setting better market prices.

The participants in vertical integration have an unique market connection. Nevertheless, the mutual supposition of the contacting parties can only lead to verticium if its technological, proprietary and/or organizational unity is also realized. The tighter the connection between the cooperating parties, the greater the safety but also a certain extent of giving up independence.

3. RESULTS

3.1. Characteristics of organization development

In the first phase of my research I visited consultants and experts working in the food industry to find out which definition they apply from the set of definitions for organization development. About 90% of the respondents apply the 1974 Bekhard's model without any alterations from it. Taking only the consultants' feedbacks into consideration the result becomes 80%.

Currently, food industry companies mostly come across with organization development accidentally while looking for suitable ways of increasing efficiency. From applying the program 60% expect unifying their organizational culture, 50% expect an appropriate performance evaluation system and 43% expect becoming more competitive.

All the same, not all companies can afford to carry out an improvement like this, regarding the high cost and long duration of the program. Also for financial reasons, smaller companies lack a future vision and do not regard it as important. Out of middle, large and multinational companies only those can make good use of these advantages whose management assesses their own and their competitors' positions realistically.

3.2. Environmental impacts

The competitiveness of food industry companies is greatly dependent on the environment, which is formed by the joint effect of several factors. Although individual companies cannot have an influence on these by themselves, their organized, collective behavior can yield a positive outcome. Most of the organizations involved in the research emphasized the following areas as the decreasing factors in their competitiveness that needed development:

- *Difficulties in administrative and authorization processes.* – There is a need for less ambiguous and simpler approval and official processes, which could shorten the time of administration.
- *Question of food safety.* – Their purpose is to protect human health and food connected consumers' interests. The European Union membership of Hungary has an impact on food industry as well. Regarding that legal regulations have undergone a complete structural change, the quality categories and quotas have partly changed, different quality control

trademarks² have appeared and special attention has been drawn to food safety questions.

- *Application of rights.* – It includes regulations on prevention to cruelty to animals, on environmental protection and on work health and safety as well, however, putting it into practice is slowed down by inadequate organizational or infrastructural background.
- *Technical-technological development.* – A lot of companies fall behind in this respect, they have obsolete equipment or IT networks.
- *Research and development.* – In 2007 the whole food industry received 0,5-0,8% of the entire amount of R&D costs, which is rather low considering the sector's 2,5% contribution to the GDP (KSH, 2008). Besides, in this sector it is quite rare to cooperate with a research or higher education institute.

My general experience is that the extent of how difficult problems are is in reversed proportion to the size of the food industry company. The smaller the organization is, the bigger the problems the challenges cause for them.

A great step forward could be a cooperation within the limits of which managers could share their experiences and support one another. Organization development can provide help with mapping the processes and improving the quality of connections.

In food industry, concentration and multinational companies gaining ground resulted in smaller companies being forced to sell on more and more markets and have more and more partners compared to bigger companies. Only those companies can expect long term existence that connect to some commercial chain, are able to adapt to changes and appearing needs. The others – mainly small enterprises – would still rather sell in the traditional ways, that is why they are gradually forced back from the market and eventually close down.

After all, we do not expect a great degree of change in market connections, since national food industry companies are basically loyal, the main directions in sales take shape at the beginning of a company's life and slightly change later on.

² Trademarks (KME, 2010) distinguish products meeting quality requirements, inform and protect consumers, stimulate quality development and contribute to the improvement of general consumer culture.

3.3. Strategy

Food industry companies are simultaneously influenced by economic, social and technological changes, whose factors can affect the future of the companies. Such factors are the world market and domestic price of raw materials and energy, the sales under cost-price or the high rate of import.

At the same time, customer behavior, export opportunities and entrepreneurial spirit can give their aims a stimulus.

I analyzed strategy from several points of view:

- *Strategic plan.* – From the aspects of moderate increase, keeping market positions and aggressive increase, a general trend develops that the bigger the company is, the longer term conceptions they work with, the more participants they have and the more growth oriented they are.
- *Subsidies.* – Most companies do not use any subsidies, whereas small, medium and large firms with no restriction to forms of entrepreneurship may apply, for example, to the European Agricultural Fund for Rural Development (EAFRD) for changing their product mix in order to improve competitiveness, for improving the conditions of food safety and environmental protection, for building or modernizing slaughterhouses.

Talking of company strategy, it is worth studying one of its objectives: the opportunity of international expansion, which comes to light in parallel with the growth of the size of companies. Differences between organizations can be seen not only in connection with their sizes but also in the various export rates of the different sectors. In other words, for the sake of long term existence and a competitive edge they need to define their own company specific advantages and to increase their production on that basis.

The methods of organization development can be successfully used in both defining strategies and mapping the company, they help shorten the time spent, give the management a better picture of the organization and the competitors as well as help them make decisions faster.

3.4. Structure

An organizational structure can be regarded as appropriate if it adjusts to the organizational strategy and the environmental challenges, takes the organization's inner capacities into consideration, supports the management and

has a positive impact on competitiveness, which is emphasized by organization development, as well.

At the same time, food industry is in an unfavourable income position created by high debts and sensitivity to capital, and is also influenced by the rising price of base materials, high salary and energy costs as well as by the increasing rate of foreign goods.

My survey also points out that two areas are necessary to emphasize:

- The importance of small and medium businesses (SMBs). – Small and medium companies mean an important base since they provide for 35-40% of production and 30-40% of export incomes.
- The influential character of acquisitions. – Its situation continually changes the circle of participants making use of market positions and their place in the competition.

Differences can be seen according to sectors. Acquisition as the reason for companies' growth – the process of which is generally followed by organization development at larger companies – is most typical for dairy and confectionary industries. The particular forms if this can be:

- acquisition of rival companies,
- financial growth,
- enrichment of available product mix as a result acquisition,
- diversification,
- purchasing a well-known and profitable brand name.

3.5. Human resource

Recently, in the case of food industry companies – irrespective of their sub-sectors – it has been an essential criterion to only employ people of appropriate qualifications and expertise.

General characteristics of the sector are:

- Flexible employment is wide-spread. – Such as seasonal, part-time or temporary jobs.
- An effort to employ cost-effective staff. – The amount of wages is mainly determined by high taxes and contributions imposed on live

labor, which makes operation almost impossible especially for smaller businesses. Therefore, an accepted way of more cost-effective operation is the more and more widely used fringe benefits completed staff income and, in case of smaller companies, an officially reported minimum income completed with an unreported amount.

- Non-manual workers are greatly outnumbered by manual workers.
- The lack of skilled workers affects more and more areas. In order to handle the problem producer companies of high quality products with great added value train staff themselves, which of course, means them longer interruption time and last but not least higher costs. Moreover, it influences the organizational structure: the rate of semi-skilled workers may exceed that of skilled workers.

In order to increase corporate competitiveness organization development also needs to pay attention to the deficiencies of human resources: to enlarge professional knowledge, to reduce prejudice and to promote training. All this is also important because it is mostly human resources that determines the general management style of an organization.

3.6. Management

Another essential element of corporate competitiveness is management and its quality. The results of my research point out that:

- Managers' demand on professional knowledge changes in parallel with changes in the size of organizations.
- The bigger a company is, the greater demand it has for managers with expertise in certain professional fields and with the necessary competence and managerial experience.
- The composition of the management is various. Some companies favour younger managers, while others prefer elder ones. All the same, it is generally true that professional skills prevail over age.
- A lasting form of cooperation is becoming more and more important: team work that can accelerate product development processes and decrease costs.
- Companies' attention paid to human areas influences competitiveness as companies that pay more attention to them turn to the methods of organization development sooner and may achieve targets in shorter time.

Organization development helps managers to enlighten opportunities for professional cooperation among different departments – accelerating processes, improving relationships, information, marketing activities, etc. – as well as to strengthen organizational culture. Its impact brings the 'empowerment' style manager gradually into light, who focuses on changes, forces the organization into development, shapes up the organization's character of learning and improves its competitiveness.

3.7. Information

A computerized infrastructure along with the improvement of its business portfolio means essential potential to improve performance, which also has an effect on competitiveness. These days a company has to be capable of up-to-date and reasonable management and of adapting devices and techniques that support effective corporate planning and operative management (Szűcs, 2003).

Organization development can yield results in several fields:

- Up-to-dateness and quality of the information system can reshape supplier–purchaser relationships.
- It improves response capability to changing consumer demands and market changes.
- Gathering quality information about consumers and competitors.
- Better formal and informal data flow within the company.

The form of realizing all this:

- Carefully chosen corporate information flow (corporate journal, placard, intranet, box).
- Fruitful relationships with partners.
- A strategic alliance between non-competing companies as an unique way of inter-organizational connections.
- The importance of distinguishing features (custom-designed packaging, trademarks), which is becoming more and more essential. Customers have become more conscious and expect trustworthy information about the ingredients, nutritional facts, production methods of food.

Another way of providing information is the marketing activity of the company, on which food industry firms spend little part of their revenue – 5.8% on average (Chikán – Czakó, 2009, p.241).

As a result of organization development, the companies taking part in the survey make use of several marketing tools in order to strengthen their positions. These are:

- Offering occasional sponsorship depending on financial resources.
- Advertisement slots bought at local or national televisions and radios – mainly by large or multinational firms – can result in familiarly sounding product names even without meeting them in reality.
- The most commonly used tool is the flier.
- A corporate homepage is owned by 92.8% of the respondents. Nowadays this form is generally more effective than printed adverts. Online marketing activities are becoming more and more common among smaller companies as well, since not only are they cost-effective, but also they can build better trust with customers and partners.
- A special marketing activity characteristic of multinational companies is participation in food fairs, which demands a large financial investment with an uncertain outcome – it can attract few new customers.

3.8. New and original scientific findings

Out of my research findings I regard the following as new and original from a scientific aspect:

1. *The subject of the research.* – A new approach to the role of organization development in improving competitiveness, in which I tried to explore more precisely the most common definitions of both fields as well as the differences between aspects. Studying technical bibliography it can be stated that there has been little empirical research so far that makes a connection between organization development and competitiveness.

On the ground of different analyses and the results of organization development at a number of companies I made an attempt to prove a positive connection between the two fields.

2. *Examining the definition of organization development.* – If I am not mistaken in Hungary there has not been a survey done to examine the

components and fields of the definition of organization development among either consultants or companies.

My survey points out that Beckhard's model is still the most widely used without alterations. In the case of several consultants, however, the service they offer does not cover the entire content of the idea and there is a great deal of uncertainty. There are no concordant answers in connection with the fields of organization development either. Some consider organization development in a tighter meaning, as a form of intervention, while others classify various steps taken to improve the organization's operation under this name.

3. *Research model.* – Setting out from the regional competitiveness indexes I defined dimensions of research in which I could analyze food industry companies organically involving aspects of organization development.
4. *Among food industry companies organization development occurs less often than justified.* – Studying the position and ideas of food industry companies there can be found a general tendency to improve different processes only occasionally. It is very slow to change the obsolete technology, although a number of managers have talked about intensive modernization. It means that update mostly affects automation and IT developments. As for action programs, applications of human systems or employing consultants smaller investments are allowed. In other words most companies choose further employment; technological, product or marketing development; cost-cutting; project increase in order to get on, and much fewer of them look at the methods of organization development for a solution.

Investigating the question from the consultants' point of view, the demand for organization development in the sector obviously falls behind other industrial sectors. The questioned developers do only 8% of their assignments in the food industry, which is very low. Nevertheless, some improvement can be seen comparing it to the 6% in the first period of my research.

5. *Organization development plays an important role in bettering relationships among food industry companies thus enhancing competitiveness.* – The results of the survey prove that an essential element of the competitiveness of food industry companies is vertical integration. The interrelated structure of agricultural production, food processing and trade, the quality of the vertical and horizontal connection between them can greatly influence the market prospects of organizations (better price-negotiation position, cutting down on foreign products, joint marketing activity, lower storage and logistics costs, etc.).

Organization development – due to its methods – supports training members and managers in the organization, rectifies organizational behavior, information management and decision-making processes, improves organizational responses to change, organizational culture as well as relationships. As a result, it creates the basis for a durable operation of the verticum and plays an important role in enhancing competitiveness.

In my survey I made an attempt to discover to what extent organization development could contribute to improving competitiveness. It is difficult to show in figures since at the beginning of improvements it was not a criterion to take this parameter into account. Therefore, I can only make assumptions about it. The companies involved could tell whether their had indexes better as a result of the innovation, however, the extent of direct connection between organization development and competitiveness was not clear for them.

6. *Making further use of new and novel findings.* – I believe the results of my research will be useful in the following areas:
 - Education of agricultural and food science.
 - In the work of the Ministry of Agriculture and Regional Development – professional education, subsidies for development, food safety regulations.
 - Consultancy – among professionals of organization development, food safety IT and recruitment.
 - Agricultural Marketing Center, HNT (Hill Village Council) – in collecting and providing information.
 - Food industry companies – identifying development opportunities and experience.

4. CONCLUSIONS AND SUGGESTIONS

The subjects involved in my thesis can yield in far-reaching and complex conclusions, about which I claim the following – beyond the previously mentioned.

The spread of globalization and the appearance of multinational companies motivate national food industry companies to become more effective. The greater the challenge is from their environment to improve food safety and to gain and keep consumer confidence, the higher the value of knowledge and professional skills is and the more obvious urgent problems are (the size of fluctuation, financial difficulties, the increasing number of conflicts, etc.), in the solution of which the methods of organization development can provide basic help.

On the grounds of my survey findings it can be established that there is relatively little request from food industry companies to consultants to carry out organization development. On the other hand, due to its strategic importance, food industry represents a significant sector of Hungarian national economy, where the group of definitive sectors has slightly changed for years. On the basis of all that, I think, consultants should prepare special development programs tailored to food industry companies with their specific characteristics in mind.

The basis of specific characteristics is:

- To ensure cooperation between production, sales and marketing is a crucial element.
- Companies rather pay attention to marketing instead of production as competition is getting fiercer.
- The Hungarian have a strong national feeling.
- A product needs to have a good brand name in order to be competitive.

In their case it is possible to achieve results if they handle the methods of organization development in a complex way, where:

- re-forming processes, re-defining systems as well as improving culture and the ability to accept happen simultaneously;

- processes are formed consciously and adapted to specific characteristics taking human factors into consideration, as well.

Besides, specific factors, external effects from the environment and competitors together with historical factors of the given organization all have an influence on the evolvement of organization development, being unaware or unconscious of which may make the organization vulnerable. As for a negative effect, it can be mentioned that the market is extremely dynamic and rival companies are eager to copy popular products as soon as possible and sell them at a lower price on the market, which may cause a considerable loss of market share for a company.

Knowing the organizational culture can help maintain and improve corporate flexibility thus making the company able to tolerate significant external effects and adapt to them in good time. Moreover, further supporting methods of organization development make processes smoother and employees more open-minded, who, consequently, can cooperate with one another and partners more easily.

In connection with changes in company size, in addition to previous results the following also needs to be emphasized:

- On medium, large and multinational companies innovation has a significant effect. Its forms can manifest in top management support, high level of qualifications and team work. A positive contribution of organization development to this is to make managers able to oversee and evaluate processes and to define particular duties, responsibilities and authorities etc. more precisely.
- Most food chains do not apply central purchasing, however, processes could become more efficient by establishing regional purchasing centers³. This could result in lower logistics costs since fully loaded trucks would transport goods instead of half loaded ones to a number of points of sale.

I suggest a more detailed study of measurement changes in food industry companies in the future, which can help draw conclusions about

³ In my opinion, this initiative could contribute to enhancing their competitiveness irrespective of the fact that most companies consider reasonable price and willingness for cooperation as influential factors in choosing a distribution channel.

competitiveness tendencies and differentiate among occurring problems. It could result in clear answers about the establishment opportunities and success secrets of large companies.

Some of them:

- started from nothing and became a large company very fast (eg. Red Bull),
- set off as a family business (eg. Zwack),
- were set up due to privatization,
- were growing through acquisitions (eg. Danone).

Nowadays, food industry companies are under the simultaneous influence of economic, social and technological changes. In these circumstances, only those organizations can stay competitive that are:

- more innovative,
- quality conscious,
- paying more attention to their employees,
- customer-oriented and
- built up of smaller autonomic units.

These days, the future of food industry companies is greatly affected by competition, where keeping pace is ensured by continuous definition of customer demand, handling its differentials and by frequent feedback on satisfaction. This system should be elaborated by the management, it is their responsibility to be aware of and make conscious use of the means of human resources. Assistance to that is provided by organization development, which improves the ability of response to change and the effectiveness of team work. Organization development enhances these characteristics playing an important role in improving corporate competitiveness.

It is a significant factor that training is in strong correlation with technological modernization at companies. There is two or three times more training at companies using up-to-date technology than at those with obsolete one. In other words active training is an important element of market opportunities and competitiveness.

It may cause change if an organization is acquired by a foreign company. During acquisition processes organizations always rely more on new managerial skills – management training results, expertise, marketing – than on financial resources or production technology. Recently, in Hungary there has been a growing number of foreign investors, which affects competition since:

- The ownership styles and set up conditions of companies have a significant impact on competitiveness and innovative opportunities.
- Multiplication effects are generally absent in Hungarian economical conditions.
- There is a big gap between companies of Hungarian and international ownership in terms of innovative opportunities and purchaser-supplier relationships.

Doing the survey it can be seen that food industry companies' competitiveness can be greatly improved by an united attitude, which can take several forms and which can be made more efficient by organization development. Such cooperation:

- A relationship most typical of the wine sector: producer – hill village – Hill Village Council – International Council of Hill Villages.
- A strategic alliance where various growth-oriented, proactive, mainly large companies cooperate and this alliance lets them work on the market more effectively.
- Establishing producer groups, which can bring about a solution to problems like concentrating supply, better preparation for sales, support in quality development, help for producers with fair income by setting appropriate demand-supply rates or eliminating large price changes, or providing work for small and medium producers.

At present, there is a low rate of organizing concentrated groups although there have been several subsidies and preferential initiatives for that reason lately. Most companies are afraid of such a partnership of joint operation because here consumers can often buy products at a higher price and as a result of this, they purchase less.

As for an united attitude, in the future it would be worth keeping Paul Krugman's (1994) point of view in mind, who believes that the basis of any competitiveness research is always a given geographical starting point, where measuring locality factors can lead us to understand the connections of international competitiveness. Krugman and his followers' results enlighten the

fact that a certain concentration can be seen in a given area, where companies are more competitive in economical alliance than operating separately.

I think, the high number of professions in-demand in the food industry can be lowered in several ways:

- The system of education should be adjusted to companies' demand and not to popular professions.
- In order to alleviate temporary staff shortages an up-to-date information system should be established in cooperation with Job Centers, a first step of which should be to bring about a change in slow, bureaucratic administration.
- Improving efficiency of Recruitment Agencies and maintaining a constant, closer relationship with them can also promote elimination of temporary staff shortages. As finding the appropriate candidate for a vacant position in a company can quite often take a long time.

For different food industry companies, assessing possible ways of realization for new commercial alternatives would also be useful work of preparation. Among others they should analyze:

- The applicability of direct marketing, telemarketing and electronic commerce that are already used by market leading companies. – More and more people choose the comforts of online purchase regarding food as well, though Hungarian consumers are cautious. It also means that before ordering something they search the Internet thoroughly, which companies have to consider and they need to update their websites frequently.
- The advantages of tele-working applying a clever strategy.

During my research my primary aim was to demonstrate the role of organization development in improving competitiveness through the analysis of food industry.

By further developing the research model it could be stated what other dimensions are worth analyzing.

To compare companies, I would consider some computer software the most useful, which could turn factors into figures.

If companies shared data and experience, in the future a reliable, specific consortium could be set up with a large data base, where members parallel to providing their own information could receive evaluated results that they could put into practice in order to improve competitiveness.

The information system could enhance vertical and horizontal relationships. Furthermore, it could provide companies with up-to-date information about possible tenders, and ministries and offices with necessary company data. This way it could, for instance, eliminate differences in information source based data between AKI (Agricultural Research Institute) and KSH (Hungarian Central Statistical Office).

5. SUMMARY

Examining the food market I assumed that a sector's competitiveness was determined by the beneficial properties of the companies belonging to it. Knowing and exploring the possible ways of economic development, I prognosticated a bigger chance to the exploitation of internal resources. Basically, it has two possible ways: either increasing the involvement of foreign capital or relying on local resources – promoting innovation and local companies.

The lack of infrastructure, the regressive payment benefit⁴ and the ability of other countries to attract capital almost make the reliance on external resources impossible. Therefore, only the other way remains, for the realization of which I found organization development eligible.

My empirical research meant an exploratory analysis validated with a statistical test where I proceeded from the current economic situation of the food industries.

The results revealed that the way to improve competitiveness was innovation and top management, and its obstructive factor was primarily the lack of financial resources. In leaders' opinion, considering the dynamics of development there does not seem to be an essential difference in efficiency among Hungarian and European companies. Labor productivity and the unit cost of products are listed as a primary competitive factor at the majority of companies. They are followed by quality and flexibility, which was previously considered important.

There were serious deficiencies in the preparedness and attitude of management. 20 percent of the surveyed companies did not have strategic and business plans, used few elements of marketing tools, and paid little attention to their employees' talents, as well.

I saw more advantages at companies that tried to improve their chances with organization development:

- Through data collection executed with the impartiality of an exterior beholder, opportunities arose to solve the real problem of the companies.
- They minimized resistance to alteration because organization development was carried out naturally with the involvement of stakeholders.
- As before the process it was clarified what kind of change in behavior was expected from the intervention, the process passed off faster and more efficiently.

⁴ Previously, international comparison of payment showed a significant difference, that is, the backwardness of Hungarian earnings was more remarkable than what the level of development would have justified (Márkus et al., 2008). However, thanks to increasing minimum earnings after 2000 and the affairs happening since then we can now talk about a momentous decrease of earnings benefit.

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