

PROCESS MANAGEMENT IN SMALL AND MEDIUM BUSINESSES IN THE SOUTH BOHEMIA REGION REGARD TO THE OBJECTIVES, THREATS AND BENEFITS COMPETITIVE COMPANIES

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ÚVOD

Small and medium-sized companies play an important role in creating jobs and generally acts as a factor in social stability and economic development. The European Union considers small and medium companies as the backbone of European economy, employment and social integration. The Czech Republic belongs among countries where the further development of small and medium companies, given its importance in the economy, a significant impact on the overall economic and social development as well as by country and individual regions [1].

Currently, there are several views on how classify a small or medium companies. It depends on what classification is used. Most of this division is used to provide financial assistance either from the government, or the European Union. According to the classification of the European Union for a little, small and medium-sized considered a company which employs fewer than 250 employees and an annual turnover not exceeding EUR 50 million, or annual balance sheet total not exceeding EUR 43 million. Within the category of small and middle-sized companies, small companies are defined as companies which employ fewer than 50 persons and whose annual turnover or annual balance sheet total not exceeding EUR 10 million. Little business is defined as entrepreneurs who employ less than 10 persons and whose annual turnover or annual balance sheet total not exceeding EUR 2 million. Likewise, Veber agree that for small and medium sized companies classification is determined by the number of employees, even though other indicators are recommended [2]. According to the number of employees, then both the EU as a state following division: a micro (little) company (1-10 employees), a small company (11-50 employees), and a big

company (51-250 employees). This classification also provides Bednářová [3].

In business management today is very often the word most often process and is placed increasing emphasis on the so-called process management, which represents a new perspective on organization and management of the company. It is an alternative to divisional or functional arrangement in which the company is divided into plants, sections, unions, departments and each department has its own agenda and their responsibilities. In this model, departments have a tendency to create barriers around them (especially communication and information), which suffers from the equality of activities that are important for the prosperity of the company [4]. A new direction in the process of organizing companies based on the fact each product (product or service) there is a certain sequence of activities is a process. This is adapted to a new way of displaying organizational relationships using process (rolling) diagram including all the necessary activities, links between them, their sequence and responsible workers. This way of organizing decision-making activities and establishes personnel responsible for their solution [5]. Among foreign authors who deal with this problem, at least mention Harmon [6].

This course in business management is applied, especially in large companies, but this does not mean that it could not be applied in small and medium companies.

METHODOLOGY

The application of process management in SMEs explores Department of Management in the Faculty of Economics on the grant project GAJU 068/2010/S. In this article we focus on the identified target companies, competitive

advantages and possible threats as seen by the undertakings themselves. Data were obtained through a questionnaire investigation in 2010. For basic data processing procedures have been used commonly used for processing questionnaire survey. To get initial ideas about the nature of the data were constructed by one-sorting table honesty, possibly through a two-stage sorting PivotTable. The interesting cases were used classic Chi-square test to verify the independence of observed characteristics.

RESULTS AND DISCUSSION

Total analyzed 188 businesses. Data acquisition was attended by a total of 11 interviewers. Viewed economic subjects came from 53 different locations (location based on postcode), the vast preponderance of businesses came from České Budějovice (66 subjects connected with the zip code 370 01), the second territories were Horažďovice (14 subjects with zip code 341 01), the last is Klatovy (10 subjects with zip code 33901). The structure of the activities of individual entities is obvious from the details given below. The largest proportion of subjects were oriented to the specialized construction activities (24 abs.

comp., 12.77%), organizations focused on the production of fabricated metal products (24 abs. comp., 12.77%), actors in the field of building construction (18 abs. comp., 9.57%), organizations focused on wholesale and retail trade and repair of motor vehicles (10 abs. Comp, 5.32%). The average duration of action in the market for all subjects was 17.27 years. Only a quarter of units and has worked in the market for more than 19 years.

The results found in corporate goals shows that 62 (33%) subjects preferred as its most important target market generating profits, for 56 (30%) of the companies is the most important stability in the market and 17 (9%) increase in quality. Among other objectives mentioned include, customer satisfaction, market coverage, and expansion of the company and others as shown table No. 1. Interesting is the goal that gives only one body, and employee satisfaction. The company will most likely work with positive stimulation employees and strive to achieve their best performance by maximizing their own satisfaction.

Tab. 1: What is the purpose of your business? Objective 1. Listed in descending order of their absolute frequency and %.

Objective 1	The absolute frequency	%
Profit	62	33
Stability in the market	56	30
Improving the quality	17	9
Customer satisfaction	8	4
Market coverage	7	4
Expansion of the company	7	4
Innovation	6	3
Extending service	6	3
Expansion of product	6	3
Survival	4	2
0	3	2
Good name of company	2	1
Stability of service	2	1
Flexibility	1	1
Employee satisfaction	1	1

Resource: GAJU 068/2010/S

A significant portion of business 68 (36%) failed the second goal, it means that this scale has specified only one goal, who wants to reach the

market, other agencies reported such as market stability, expanding companies and other targets, which shows a table No. 2. 73% of

companies said they have no third objective and 5% of subjects reported both innovation and customer satisfaction as its third specified

objective market, do not mention other objectives in relation to their negligible share.

Tab. 2: What is the purpose of your business? Objective 2. Listed in descending order of their absolute frequency and %.

Objective 2	The absolute frequency	%
0	68	36
Stability in the market	21	11
Expansion of the company	15	8
Increasing the quality	15	8
Customer satisfaction	13	7
Profit	13	7
Extending service	11	6
Innovation	7	4
Market coverage	6	3
Good name of company	4	2
Expansion of product	4	2
Flexibility	3	2
Survival	3	2
Stability of service	2	1
Customer retention	2	1
Retaining staff	1	1

Resource: GAJU 068/2010/S

When specifying its competitive advantages reported 50 (27%) companies such as his first and greatest competitive advantage of both,

quality and range of work, an overview is shown in Table No. 3.

Tab. 3: What your company stands and what is its competitive advantage? Competitive advantage 1. Listed in descending order of their absolute frequency and %.

The competitive advantage 1	The absolute frequency	%
Quality of work	50	27
Range	50	27
Flexibility	26	14
Know-how	12	6
Good name of company	11	6
Quality of staff	7	4
Company background	6	3
Centralization of services	5	3
Complexity	5	3
Reliability	4	2
0	2	1
Quality of material	2	1
Personal approach	2	1
Market coverage	2	1
Customer satisfaction	2	1
Innovation	1	1
Lower price	1	1

Resource: GAJU 068/2010/S

Tab. 4: What your company stands and what is its competitive advantage? Competitive advantage 2. Listed in descending order of their absolute frequency and %.

Competitive advantage 2	The absolute frequency	%
0	83	44
Range	17	9
Know-how	15	8
Flexibility	14	7
Quality of work	13	7
Personal approach	10	5
Good name of company	6	3
Quality of staff	6	3
Reliability	6	3
Lower price	4	2
Complexity	3	2
Portfolio of clients	3	2
Customer satisfaction	2	1
Supplier-customer relationships	1	1
Quality of material	1	1
Retraining courses	1	1
Company size	1	1
Company background	1	1
Knowledge of market	1	1

Resource: GAJU 068/2010/S

As the second most important competitive advantage was said most businesses 17% range, then 15% of the know-how and 14% flexibility. Their third most important competitive advantage did not provide 85% of businesses. The results show that the vast majority of businesses have clearly defined the first target and the first competitive advantage, the second objective (64%) and competitive advantage

(56%) is significantly represented. Regarding the threats that enterprises specified here is the first threat of insolvency, which plagues 24% of companies with sales decline 21% of enterprises. In other places ranked competition, decreased demand and government policy. 53% of companies did not provide any other threat that would have plagued the market.

Tab. 5: What do you consider as the biggest threat to your business? (drop in revenue, increase cost, ability to pay customers) Threat 1. Listed in descending order of their absolute frequency and %.

Threat 1	The absolute frequency	%
Paying customers ability	46	24
The decline in sales	40	21
Competition	28	15
Decline in demand	20	11
State politics	19	10
Increase in costs	13	7
0	7	4
Lack of quality staff	6	3
The economic crisis	5	3
Slow response to growing demand	2	1
Reputational risk	1	1
Stagnation	1	1

Resource: GAJU 068/2010/S

Tab. 6: What do you consider as the biggest threat to your business? (drop in revenue, increase cost, ability to pay customers) Threat 2. Listed in descending order of their absolute frequency and %.

Threat 2	The absolute frequency	%
0	100	53
Increase in costs	23	12
Paying customers ability	20	11
State politics	14	7
The economic crisis	8	4
The decline in sales	7	4
Competitive	5	3
Lack of quality staff	3	2
Appreciation of the Czech crown	3	2
Decline in demand	2	1
Lack of language skills of employees	1	1
Lack of quality staff	1	1
Slow response to growing demand	1	1

Resource: GAJU 068/2010/S

All 188 subjects selected monitoring processes, which are marketing and sales, production, personnel management, financial management and logistics.

Satisfaction with individual entities processes shown in Table No. 7.

Tab. 7: Enterprises processes evaluation of Marketing, Production, HRM and Finance

Level of satisfaction	Marketing %	Production %	HRM %	Finance %
0 – 20 %	11	16	6	7
21 – 40 %	8	4	4	1
41 – 60 %	16	9	12	6
61 – 80 %	33	33	37	37
81 – 100 %	32	38	41	49

Resource: Own results elaboration of project GAJU 068/2010/S-Rolínek [1]

CONCLUSION

In conclusion, all results correspond to the current state of the Czech economy and confirm that the majority of enterprises focus on generating profits and stability in the market, these firms to reach individual goals through quality work and composition range. The threats that businesses currently on the market perceive fall largely to a group of financial threats, namely the insolvency of customers, decrease costs and grow revenues.

In connection with various business processes is necessary to say that companies are largely to the activities covered by the selected

processes within process management (Table No. 7.) satisfied. What specific indicators are involved in various processes and how they are applied by companies is subject to additional articles.

Článek je součástí projektu: GAJU 068/2010/S - Jihočeská Univerzita v Českých Budějovicích

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Abstract: Small and medium-sized businesses play an important role in creating jobs and generally acts as a factor in social stability and economic development. Currently, there are several views on how to classify a small or medium enterprise. It depends on what classification is used. For research purposes GAJU 068/2010/S businesses have been divided by number of employees. The research objective is to characterize the main business processes, which are small and medium enterprises engaged in and specify the most important indicators, which are provided. Partial results of this research are presented in this article, we focus mainly on the identified target companies, competitive advantages and possible threats as seen by the undertakings themselves.

Key words: Small and medium businesses (shortcut = SME), Process management, Targets, Threats

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