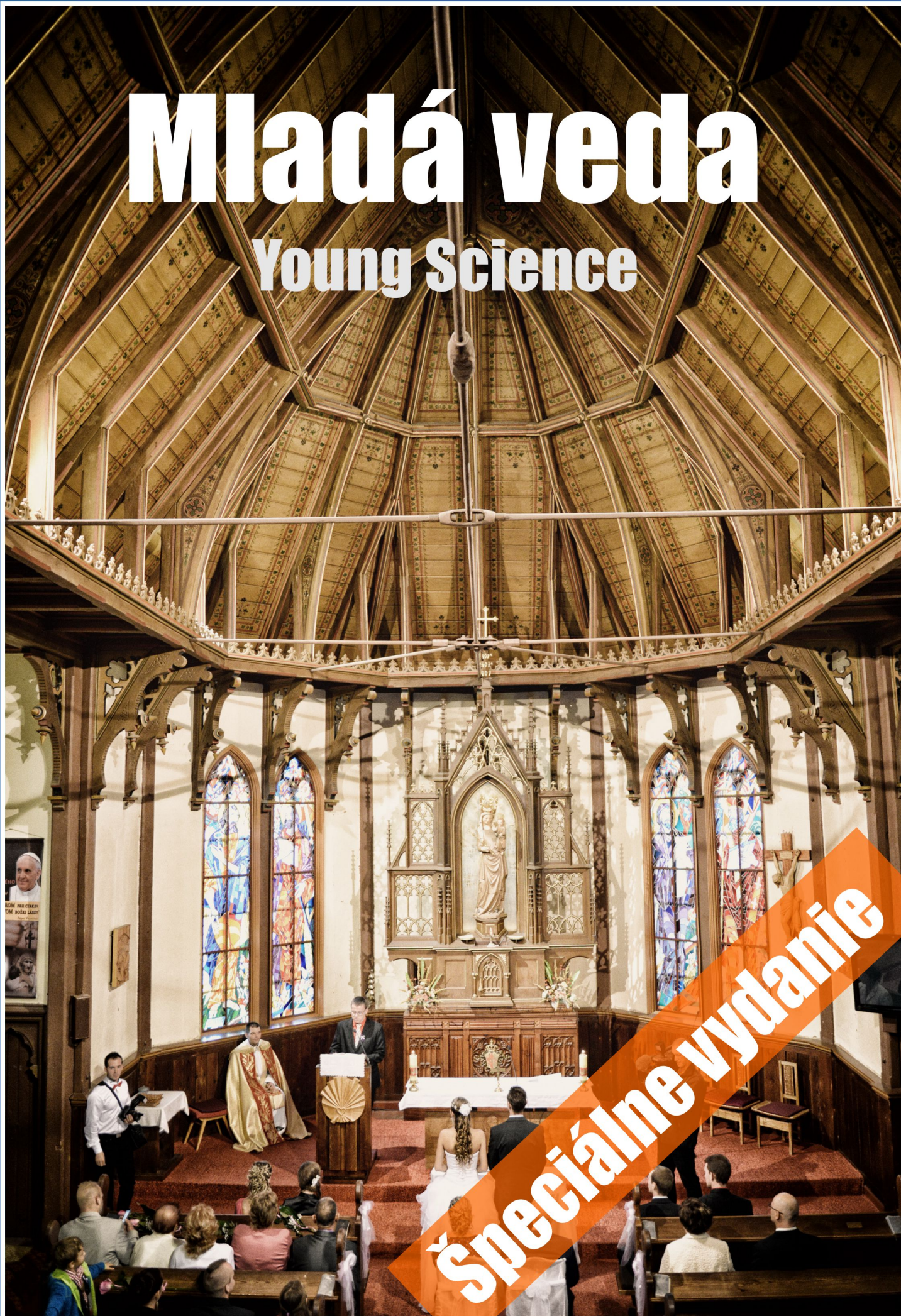


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EXTERNAL COMMUNICATION OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE REGION OF SOUTH BOHEMIA

VNĚJŠÍ KOMUNIKACE MALÝCH A STŘEDNÍCH FIREM V JIHOČESKÉM REGIONU

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Monika Březinová works as an external associate at the Department of Tourism and Marketing at the Institute of Technology and Business in České Budějovice. She focuses mainly on SMEs. Marie Slabá works as a head of the Department of Tourism and Marketing at the Institute of Technology and Business in České Budějovice. She focuses on marketing communication, CSR, brand and stakeholder management theory in her research.

Abstract

Communication with the public, external communication is an important part of management systems providing transmission of information in order to make them accessible to those concerned and to those it may concern. A part of such communication is communication with the media and through them with the professionals and the public in general. Communication is responsible for providing objective, comprehensive, accurate and understandable information about the corporate strategy, but also their services, which positively affect the image of an enterprise.

Key Words: Communication, SME, process, channels

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Abstrakt

Komunikace s veřejností, vnější komunikace je důležitou součástí systémů řízení, který zajišťuje přenos informací, tak aby byly přístupné dotčeným osobám a osobám, kterých se týkají. Součástí takové komunikace je komunikace s médii a prostřednictvím nich s odborníky a veřejností obecně. Komunikace je zodpovědná za poskytování objektivních, komplexních, přesných a srozumitelných informací o podnikové strategii, ale také o službách podniku. Správně realizovaná komunikace pozitivně ovlivňuje image podniku

Key Words: komunikace, SME, proces, komunikační kanály

Introduction

Veber (2009) discusses communication in terms of an enterprise. He differs the communication with the external environment - external communication - and communication within the organization, this means communication with co-workers - in this case he speaks of internal communication. He also mentions that external communication may be seen from two angles: obligatory external communication (organization should be connected to, for example, the tax authority and other public authorities, but also the banking sector, the insurance company, customers, suppliers, etc.) and optional communication (public relations including care of external and internal public).

Pelsmacker (2003) says: "External public relations, the oldest form of activities in this area, are focused on various external target groups, such as the institution of public affairs, finance and media workers."

Veber (2009) further defines the public relations as the overarching label for all activities whose mission is to (positively) influence the relationships between an organization and its public (target groups). Public relations is a tool that focuses on creating, maintaining and managing communication processes among enterprises and other organizations and institutions and public groups to achieve common understanding, trust and understanding based on the alignment of interests of all concerned.

Pelsmacker (2003) defines three groups of subjects included into the external communication: Public Affairs, the financial community and the media. Public affairs are a matter of management and focus on the social and political sphere. It is a constant monitoring of trends and issues in relation to decision-making processes of government and the formation of opinions and attitudes of the general public. Public relations also include relations with local, regional, national and international authorities, and all the pressure groups, ecological, ethnic, linguistic, consumer etc. This includes influencing important decisions of stakeholders in response to changes in opinions and attitudes in order to consolidate the reputation of an enterprise.

The financial community includes shareholders, potential investors, consultants of possible shareholders and investors, which can be both consultants and banks (Čevelová, 2011). They are vital to building long-term options to acquire financial resources. A key objective in this regard is the building and maintenance of image enhancing investor's confidence. A good example of PR activities in this area may include presentation of annual financial reports, listing an enterprise on the stock exchange, financial information related to mergers and acquisitions etc.

The media are the most important intermediary in relation of enterprise to the public and vice versa. Media participation is extremely important in strengthening and maintaining it (Kožená, 2009). Goals in these relations are as follows: to inform, to build a positive attitude, to create a positive image as the basis for a good business name of an enterprise and to promote innovations linked to marketing. At the same time, indirectly in terms of supporting favourable publicity about an enterprise, products, brands and all the projects that strengthen the image and support marketing goals. Good relations with the media can result in positive comments when introducing a product to the market, good variety of business activities and provoke public interest in various business events, activities and sponsorship.

As Medek (2005) reports, internal and external types of communication are two important steps leading to success and surviving of an enterprise. Effective internal communication is the basic framework for external communication. In the opinion of this author, it is the most important for an enterprise to communicate with customers. Customers determine success or failure. External communication passes across the spectrum of stakeholders: financial institutions, associations, consumers, government, neighbours, media, suppliers, competitors and shareholders.

Veber and Srpová (2012) list other small enterprises, organizations, large companies, customer, consumer, government, local government, government, public authorities, agencies, government organizations, business representatives, and affiliation partners as the most important subjects of external communication of small and middle-sized enterprises. They also list electronic data exchange, internet marketplaces, printed journals, newsletters, e-mails, catalogues, procurement, information about subsidies and grants, electronic signature, data boxes, Czech Point, basic public administration registers etc as the most important tools of external communication of small and middle-sized enterprises and the public. Other tools of external communication include Internet presentations, Internet discussions, customer centres, promotional leaflets, and last but not least suitable sponsorship.

Kotler (2004) reports news, speeches, special events, written materials, audiovisual materials, corporate materials, public activities and the website as the most important tools. As reported in a survey in 2010, small and middle-sized enterprises use websites, business cards, customer events, personal selling, seminars, webinars, the Facebook, advertising, competitor analysis, calls and e-mailing as the most often types of external communication and also, sponsorship and press releases to a lesser extent. Another survey reports websites, e-mails, social media and printed material.

Methodology

Basic file and research sample

Categorisation of the surveyed enterprises was conducted in accordance with Act No. 47/2002

Coll., on the support of small and medium-sized enterprises, as amended, which refers to the definition of small and medium-sized enterprises (SMEs) by Commission Regulation (EC) No. 70/2001 Coll., with the amendment to Act No. 364/2004 Coll., in Appendix 1 (European Commission, 2008). Categorisation was performed according to three basic criteria: number of employees, turnover/assets and annual balance sheet total.

Enterprise Size	Number of employees (Annual work unit)	Annual Turnover	Annual balance Sheet total
Middle-sized ent.	50–249	< 2500 mil. CZK	< 1075 mil. CZK
Small enterprise	10–49	< 250 mil. CZK	< 250 mil. CZK
Micro-enterprise	0–9	< 50 mil. CZK	< 50 mil. CZK

Table 1 - Classification of small and medium-sized enterprises

Source: EU

As of 2013, the basic file of 66,514 economic entities belonging to the selected category were registered in the South Bohemian Region, of which 96% are micro-enterprises (61 560), 3% small enterprises (2 349) and at least 1% of medium-sized enterprises (608).

The research sample included 1,075 enterprises selected on the basis of economic data traceability. Each of these companies (1,075) received a questionnaire in electronic format. Of the 325 questionnaires returned, 23 were excluded because of incomplete answers.

Characteristics of the examined sample (302 enterprises) are as follows: micro enterprises with up to 9 employees represent 19%. Small businesses are represented by the greatest number, even though they comprise only 3% of all SMEs in the region, i.e. 49%. Most medium-sized enterprises are in the district of České Budějovice, which is connected with better conditions for business (infrastructure, easier connections with institutions supporting the development of small and medium-sized enterprises, etc.). 608 of these are registered in the region, representing the smallest proportion of the total number as they represent only 1%. (Statistical Bulletin – South Bohemian Region 2013). Within the examined sample, these companies represented 32%.

Number of employees	Number of enterprises	
0–9	57	19 %
10–49	149	49 %
50–249	96	32 %

Table 2 Structure of the sample of small and medium-sized enterprises by number of employees

Source: our research

The average age of the companies in the sample is 16 years, the longest survival of the enterprise in the research sample is 50 years and the shortest is one year. Most enterprises (58%) are older than 15 years and only 25% of enterprises are newer than 10 years.

From the basic file (66,514 enterprises), the research sample (1,075) was selected by a non-probabilistic method of random selection, due to the difficult conditions of data collection. The sample, which consists of 302 small and medium-sized enterprises operating in the South Bohemian Region, was generated from the research sample.

Methodology of questionnaire survey

The information database was formed by data of a quantitative and qualitative nature. For the purpose of the solution, data from the operating company documentation were used. Value (financial) indicators of production and non-production activities, including financial analysis indicators and data on human resources were used.

Quantitative economic data were also obtained by search in Annual Reports and Profit and Loss Statements according to the registration numbers (IČ) of enterprises participating in the questionnaire survey.

On the basis of the study of expert literature and the experience of the research team, a structured questionnaire was compiled and tested on a sample of 12 small and medium-sized enterprises in 2013. The questionnaire consists of two thematic parts. In the first part, basic identification of information of the examined company was collected. The second part continues with more detailed information in the field of Human Resource Management, corporate culture, communication and social responsibility.

Assessment of the functioning in external communication process within the SMEs of South Bohemian Region

The process of external communication in SMEs is mostly focused on communication with suppliers and customers. The paper discusses the function of this process as seen by managers and owners of the SMEs. In particular, the paper analyses communication with the media, referred to as the external communication, and the channels that are used within this type of communication (classified by Peslmacker, 2013).

In the research, the managers had the opportunity to evaluate the functioning of the external communication process as a whole on a scale of 0% (no process) to 100% (error-free process). The average assessment of managers and owners of small and medium-sized enterprises engaged in the research amounted to 52%. This result supports the often quoted fact that SMEs do not realize all items, discussed by theory, in this area in their external communications. It also gives some space for improvement of this process in small and medium-sized enterprises.

In the sample, 18% of managers saw this process as unsatisfactory (0-20%), 12% as below average (21-40%), 22% as average (41-60%) and 48% of managers as good or even excellent (61-100%). More than half of sample companies evaluated the process of external communication as unsatisfactory, below average or average. These results are consistent with the literature, which often says that small and medium-sized enterprises suffer from a lack of resources, both financial and human resources with relevant experience.

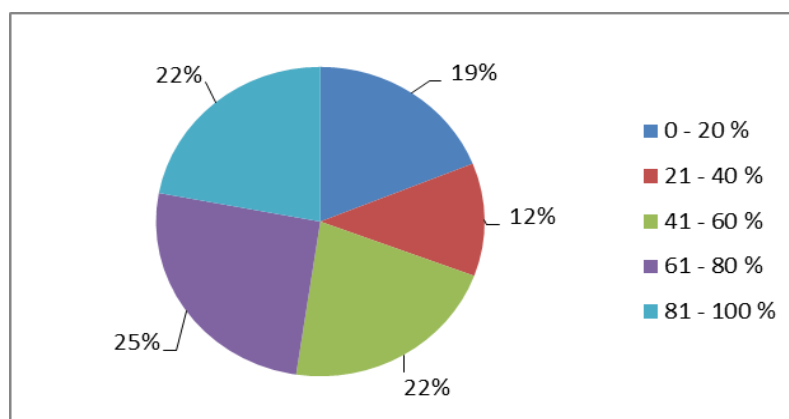


Figure 1 functioning in external communication process within the SMEs of South Bohemian Region. (0- 20 % Unsatisfactory; 21- 40 % Below average; 41- 60 % Average; 61 -80 % Good; 81 – 100 % Excellent)

Source: our research

Further analysis of the sample classified by the size of an enterprise revealed that the managers of small enterprises (10-49 employees) are the least satisfied with the process of external communication. By theory, the least satisfaction should be revealed for the managers of micro-enterprises (0-9 employees) as they should have the smallest resources for such communication. Our results revealed the opposite, as seen in figure 1, the largest percentage (27%) of managers of micro and only 19% of managers of SMEs, assesses the process as excellent, although there is the greatest assume the existence of all the necessary resources to realize quality external communication in the SMEs within the size distribution of enterprises. Small enterprises evaluated this process as excellent in 23%. Unsatisfactory or below average process was assessed by both micro and medium-sized enterprises (30%), and small enterprises (31%).

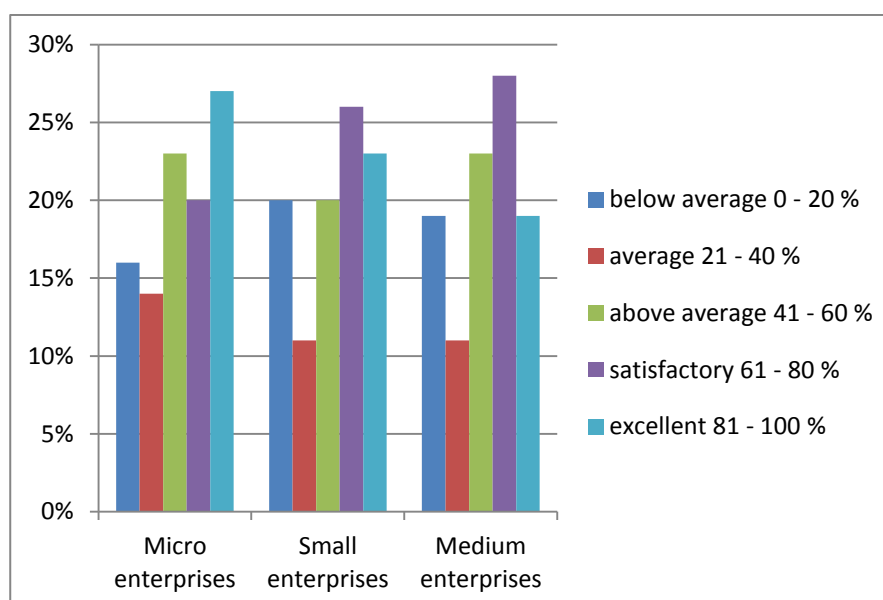


Figure 2 Assessment of the process of external communication by size of enterprise.
Source: our research

Channels used to conduct external communication in small and medium-sized enterprises in South Bohemian Region

There are three types of external communication: oral, written and electronic. If we take the external communication process as a whole, in this part will reveal how the different channels are used to achieve this unit. The managers should determine what percentage of the total external communication is routed to a selected channel type (oral, written, electronic). These results were further grouped into the following percentage intervals.

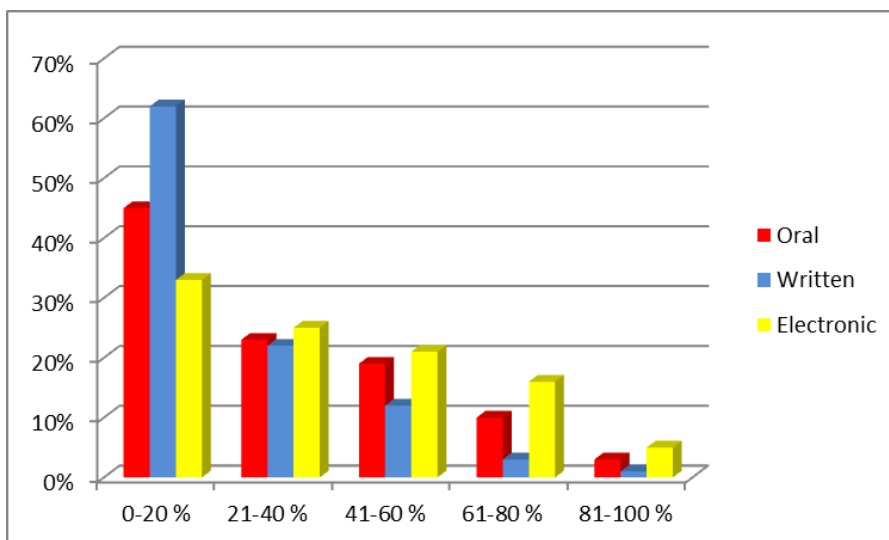


Fig 3: Percentage of use of different channels within the external communication of small and medium-sized enterprises.

Source: our research

Within the sample, written communication is used in the range of 0-20% by 62% of enterprises. Oral communication is used in this range (0-20%) by 45%. Electronic communication is used in the same range by 33%. The greatest possible use (81-100%) of the channels in external communication was revealed for oral communication by 3% of enterprises, for electronic communication by 5% of enterprises and for written communication by 1% of enterprises. To implement external communication all available channels are used, as confirmed by results in Figure 4. There is a small percentage of enterprises that use only one of these channels for its external communication, and with the percentage of use ranging 81-100%. An extreme case of using only one channel to the implementation of external communication was not recorded in any of the enterprises in the research. In average, oral communication is used in 36%, written communication is used in 26% and electronic communication is used in 38%.

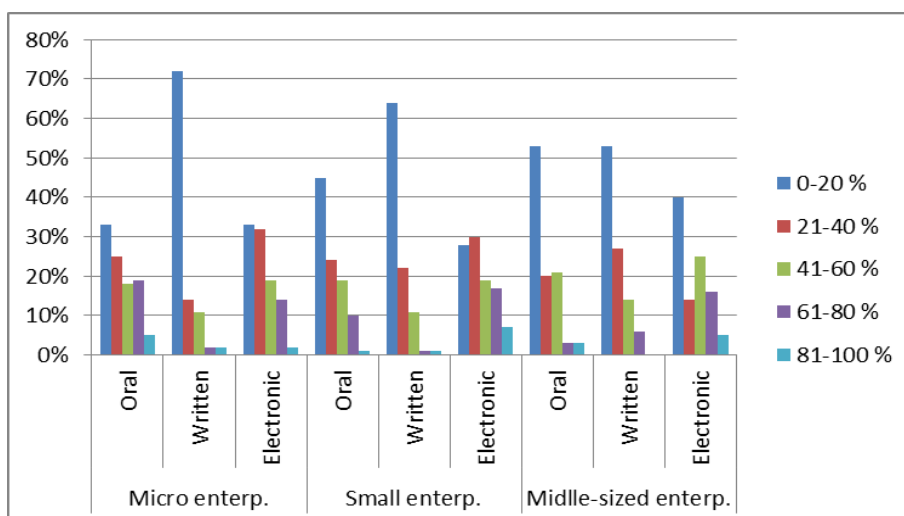


Fig 4: Percentage use of different channels within the external communication of small and medium-sized enterprises by size of enterprise.

Source: Own research

For different sizes of enterprises, the classification of using different channels of external communication was similar.

All channels are mostly used in the range of 0-20%. Only within the group of small enterprises, electronic communication is used in the range of 21-40% by the biggest group (of 30% enterprises) any by 28% in the range of 0-20%. Within this category, it was reported that no middle-sized enterprise uses written communication in the range of 81-100% to realize external communication. Most of the enterprises use all kinds of communication in the interval of 0-20%, none of the companies did not, however, report a value of 0 in any kind of communication.

Conclusion and Recommendations

The above mentioned text presents the results of different sizes of small and medium-sized enterprises. The paper focused on some important issues that would have characterized the relationship of SMEs to external media communication. The questions were focused on the functioning of this process in an enterprise and the level of usage of selected communication techniques.

This process was assessed very similarly by different sizes of enterprise; the micro-enterprises assessed its functioning by 52%, as well as 53% of small enterprises and medium-sized enterprises. Different methods of communication are used by different sizes of enterprises as follows: Micro-enterprises used oral communication for their external communication in 48%; written communication in 18% and electronic communication in 34%. Small enterprises used oral communication in 37%; written communication in 21% and electronic communication in 42%. Medium-sized enterprises used oral communication for their external communication in 38%; written communication in 25% and electronic communication in 37%.

Oral communication was mostly used by micro and medium enterprises. On the other hand, small enterprises used mostly electronic communication. In conclusion, we can say that small and medium-sized enterprises regardless of their size or focus used mostly oral and electronic communications, the functioning of the process of external media communication were assessed in the range from 47 to 57%.

The SME could improve the area of external media communication significantly. It would be advisable to use a special tool to use for each group of the public, which they want to address, inform and influence, and to use that tool in a long-term horizon. It would also be efficient to combine their economic, human and experiential resources and to advance uniformly in this area, as connected by one of the logical links (the same sector, region, etc.). It is necessary for SMEs to keep improving this process and to use it as a way of increasing its competitive advantage in the market.

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