COMPETITIVENESS AND GROWTH OF SMES IN THE CONTEXT OF INTELLECTUAL CAPITAL AND THE KNOWLEDGE

Juraj Tomlain
Slovak university of technology Bratislava

Jakub Recica
The Ministry of Education, Science, Research and Sport of the Slovak Republic

Abstract: The authors try to describe details of already known theoretical background of the knowledge, wisdom and the intellectual capital of the organization in the introduction. Following main part of the paper is based on the practical empirical research in real conditions. There are evaluated several aspects by feedback from the small and medium enterprises related to the implementation and using knowledge processes in their conditions. The results of the research aim to the positive approach in the field of work with and using knowledge.

Keywords: Intellectual capital, knowledge, enterprise growth, competitiveness of SMEs

Introduction

The characteristic features after the 2000 year in the economy are increasing competition, diversification, and pressure on technical innovation. As the best example of an extensive regional integration is the European Union itself. The overall process of globalization in the EU is influenced by by the interaction of economic growth, competitiveness and employment of the individual Member States and regions.

The varieties of factors influence to the enterprises operating in the real market and economic environment, and affect their business activities. In general, most of these factors coming from the vicinity of the enterprise and are identified as external factors. Internal factors that are part of the company are called internal call.

Objectives

This publication aims to highlight the links knowledge as intellectual capital of the company to the actual marketing environment in which the entity is located. Marketing environment consists of micro and macro environment, which consist of factors that are difficult to predict or control. Macro-environment includes features, factors, conditions and variables, incurred and operating outside the enterprise and are usually completely independent of its business and the actual behavior of the company. This environment is common to all companies doing business in that country or region (market segment). Companies do not have direct possibility to influence it, only remain a detailed analysis and the preparation of decisions to consider all possible alternatives possible future developments. The variety of methods are known for the analysis of macro environment, the most important is Porter's five forces model and PEST analysis. These methods are not further addressed. Factors influencing marketing microenvironment of the company affect the organization's ability to meet customer needs. The microenvironment is defined of the following factors (Kita et al., 2000):

Suppliers are enterprises and individuals who supply the organizational resources needed to produce goods and services. Most companies are forced to buy raw materials, semi-finished products, operating materials, labor, machinery, energy...

- This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.
- Selection and peer-review under responsibility of the Organizing Committee of the conference
*Corresponding author: Juraj TomlaiE-Mail: juraj.tomlain@stuba.sk

© 2016 Published by ISRES Publishing: www.isres.org
**Intermediaries** - companies belonging to the distribution channels that help enterprises to find and to get customers, to sell good as well. They are wholesalers and retailers. Intermediaries perform important functions that the organization itself could not do effectively. Selecting and working with intermediaries is a strategically important decision. Today, there are relatively large and well-organized wholesale and retail businesses, which have strong position on the market and dictate terms. Producers can be eliminated from certain markets as well.

**Customers.** The company must consistently do market research of its customers, and in terms of business markets can be divided into types:
- Consumer markets (individuals, household)
- Producer sector market (organizations buying products in order to use them)
- Intermediaries markets (organizations buying products to resell them and make a profit)
- Government markets (government and NGO)
- International markets (foreign buyers – consumers, producers, intermediaries and governments)

**Competitors (competition).** Marketing concept says that to be a successful firm is to meet the needs and desires of consumers better than do its competitors. Organizations need to adapt to the needs of target consumers and also the competitors’ strategies. There is not a competitive strategy that would apply to all businesses as well. Each company must choose a strategy that will give it a better position in the market as a competitor.

**The public** is any group that has actual or potential interest in the product, service or organization.

To fulfill basic as well as advanced indicators of the success of the company it is required (within the scope of the marketing activities) perfectly know the customers and their requirements, behavior, and also need to communicate with them at the right time. The right understanding of the attributes of potential customers allows companies to obtain competitive advantage and achieving the company’s objectives. Mainly in the small and medium-sized enterprises it is essential that the individual companies have the necessary knowledge in the context of their internal processes.

**Company’s Intelectual Capital**

Intellectual capital is a significant part of the stock value of organizations. (Bureš, 2007). Knowledge assets are the resources that make up the input and output of the process of knowledge creation. Nonaka and Takeuchi defined four basic types of knowledge assets:
- procedures and rules, and
- assumptions and facts
- ideas and values
- intellect, ability and skills (Nonaka, Takeuchi, 1995)

According to Alexy, employees in the organization seek and evaluate knowledge at least implicitly. Enterprises often employ people for their skills than for their intelligence or education, because they recognize the value of knowledge that is generated and tested over time. Managers, who make important decisions, carry out more frequent consultation with the people respected for their knowledge, as they should look for information in databases. Managers receive two thirds of information and knowledge in personal meetings. (Alexy, 2011). Detailed specification of individual types of knowledge assets is shown in the following table.

<table>
<thead>
<tr>
<th>Experimental knowledge assets</th>
<th>Conceptual knowledge assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tacit knowledge - is shared by the common experience: ability and know-how of individuals love, trust, interest and safety energy, passion and tension</td>
<td>Explicit knowledge - is articulated through concepts, symbols and language: product concept design characteristic branch properties</td>
</tr>
<tr>
<td>Routine knowledge assets</td>
<td>Systematically organized knowledge assets</td>
</tr>
<tr>
<td>Tacit knowledge - it becomes routine and is used in activities and practices: know-how routines of company enterprise culture</td>
<td>Systematically classified explicit knowledge: documents, specification, manuals database patents and licenses</td>
</tr>
</tbody>
</table>
The effort of managers is active managing and development of knowledge assets as well as other assets of the company. The increasing importance of knowledge finds expression, knowledge has become a capital-called intellectual capital. The importance of traditional forms of capital is on the decline and intellectual capital is constantly more widely promoted. Drucker called this new kind of capital "knowledge capital", which is created by people with advanced intelligence capability and higher knowledge. These are people who have a competitive advantage in the value processes forming (Drucker, 1993).

Methodology

To verify the theoretical principles in the context of the issue of knowledge as an instrument of competitiveness in SMEs was conducted empirical research. The respondents of the survey were SMEs in the chemical, pharmaceutical and food production operating in the Slovak Republic. The total number of correctly completed questionnaires was 88; the total number of questionnaires circulated reached 542 units. The data were collected in the course of 2013 through an electronic questionnaire system.

Results

Evaluation of basic factors „Creating a successful strategy“, „Using knowledge to search for new opportunities“ and „Potential of intellectual capital and corporate strategy development“ provides a detailed view in understanding of the knowledge processes in SME’s. Evaluation of the research is primarily aimed to identify specific factors that significantly contribute to the development and implementation of individual knowledge processes and substantially define the real use conditions in SMEs. In the context of the research SMEs evaluations has been focused on the importance, benefits and using of knowledge processes and definition of key knowledge and identification of potential benefits of knowledge processes.

Creating a successful strategy was rated (Fig. 1) by among respondents in the range of at least important to very important. The results of research showed that only 2% of SMEs considered researched factor as the least important, 16% as the less important, 23% as the important, 27% as the more important and finally 32% of SMEs considered as the very important factor, i.e. the most significant group of SMEs considered a Creating a successful strategy as a very important factor.
Using knowledge to search for new opportunities was rated by SMEs (Fig. 2) as follow: Researched factor was considered by SMEs as the least important in 1%, 14% as the less important, 23% as the important, 29% as the more important and 33% as the very important factor by SMEs rating, what represents the main researched group.

Potential of intellectual capital and corporate strategy development was evaluated in Fig. 3. as the least important in 1%, 25% as the less important, 14% as the important, 27% as the more important and as the very important in 33% of SMEs.

Conclusion

Final results focused on positive trends within small and medium enterprises in the field of knowledge processes. The importance of researched factors has been proven; researched factors rated by SMEs were considered as a positive. In general, factors have been rated by SMEs mostly as the very important (approximately at 33% of researched SMEs). The meaning of individual knowledge assets lies not only in security of optimal functioning of processes, but especially in gaining of competitive advantage within SMEs. This advantage in marketing focus gives SMEs ability to using potential of small and medium enterprises in areas, where is possible to substitute large enterprises by SMEs.

Positive trend in SMEs is the fact that researched SMEs in their approach present trend within the knowledge - it is recognition of the importance of knowledge processes. Revised successful strategy, seeking new opportunities and potential of intellectual capital enhances competitiveness, healthy economic growth and prosperity of SMEs. Mentioned findings confirm the fact that SMEs in the chemical, food and pharmaceutical production, coordinates their processes and activities in the meaning of knowledge-based economy and knowledge-based approaches.
References


