FACTORS INFLUENCING THE MOMENTARY SITUATION AND STANDING OF ENTERPRISES ON THE MARKET

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1. INTRODUCTION AND AIM

The factors that are significant for an enterprise to be able to maintain pace and a stable position on the market or even to grow market share were established on the basis of a market research investigation into 276 Czech enterprises in 2003.
Which factors influenced the momentary standing of Czech enterprises on their market the most?

2. RESEARCH METHODOLOGY

The momentary standing of enterprises on their markets was expressed with the assistance of the so-called General Electric (GE) Matrix. This is a two-dimensional matrix that is based on the principle of the interactions of two factors – the attractiveness of the market and the competitive standing of the enterprise. This matrix enables the assessment of the momentary situation of an enterprise on the market and it can therefore be used to assess entrepreneurial activities like a primary and holistic view of the market standing of an enterprise.

Working hypotheses investigated.

H_1: *The momentary situation and standing of the enterprise on the market within the context of the GE Matrix has an influence on the branch of activities in which an enterprise operates.*

H_2: *The quality of the management team of the enterprise has an influence on the momentary situation and standing of the enterprise on the market within the context of the GE Matrix.*

H_3: *The level of marketing within the enterprise has an influence on the momentary situation and standing of the enterprise on the market within the context of the GE Matrix.*

H_4: *The implementation and exploitation levels of the Internet in the marketing activities of enterprises has an influence on the momentary situation and standing of the enterprise on the market within the context of the GE Matrix.*

H_5: *Controlling activities performed through a system of marketing audits has an influence on the momentary situation and standing of the enterprise on the market within the context of the GE Matrix.*

3. METHODOLOGY FOR ESTABLISHING THE GE MATRIX

The methodology used to establish the GE Matrix for individual enterprises was based on earlier research carried out in 2001. The following aspects were established as being *Market Attractiveness Factors*:

- **Market size**
- **Customer quality**
- **Entry barriers for new competitors**
- **Influence of changes to production savings**
- **Dependency on legislation**
- **Dependency on recessions**
- **Room for pricing policies; and …**
- **Intensity of the competition**

The following aspects were defined as being *Enterprise Competitive Market Standing Factors*:

- **Product range** — **Innovative ability**
- **Delivery conditions** — **Customer service**
- **Distribution network** — **Quality of employees**
- **Product quality** — **Product price; and…**
- **Technological level** — **Market share**
- **Trade/Brand name recognition**

Individual aspects were allocated a weighting depending upon their level of importance in which the establishment of these weightings was based on consultations with the enterprise being studied within the framework of the previous research study conducted in 2001, where the individual enterprises reacted to the suggested weighting and inclined to such an assessment and agreed with such differentiation.

The top management employees of these enterprises assigned points ranging from 1 to 5, whereby the greater the number of points the better the enterprise stood for the given factor. On the basis of multiplications of the amount of points allocated with their corresponding weighting for individual aspects and the calculation of the points gained for each factor separately, it was possible to express the qualities of the Market Attractiveness and the Enterprise Competitive Market Standing Factors for the enterprises being tracked.

Evaluation of the completed questionnaires was conducted in collaboration with the Stem/mark, Centre for Empirical Research and with the assistance of the Media Opener software programme.

4. STATISTICAL CHARACTERISTICS USED

Since we are dealing with ordinary quantities, the following statistical characteristic measures of ordinal variables were used on the information acquired in order to determine whether a dependency between the position of the enterprise on the market within the context of the GE Matrix and the individual aspects under investigation existed in a 95% value of mutuality:

- **Spearman's correlation coefficient**
- **Student's** t
- **Somers'** d, d_{yx}, d_{xy}

5. CHARACTERISTICS OF THE ENTERPRISES UNDER INVESTIGATION

The subject of this research investigation was that of Czech enterprises in Czech ownership and in which the enterprise was managed by a Czech management team. For reasons of a more detailed and meticulous investigation of the outcomes of the research study, the individual problems and issues were investigated separately on the basis of the size of the enterprise such that the interpretation of the results would be as comprehensive as possible. The enterprises were differentiated according to size and according to the number of employees.

Category:	№ of Employees:	№ of Enterprises Tracked:	
		Absolute Value:	**In %:**
Very Small	$0 - 19$	113	41
Small	$20 - 49$	50	18
Medium-large	$50 - 249$	69	25
Large	250 and more	44	16
Total:	—	276	100

Table 1. Research study differentiation according to size.

Within the framework of the on-the-ground investigation conducted in 2003 into 276 enterprises, these were divided into enterprises doing business in branches with potential growth, doing business in computer technologies, in new technologies, reflecting fashionable trends, advisory services, educational agencies, advertising, etc…, in industrial branches with elements of durability, e.g. engineering, glass-working, wood and furniture production, the food processing industry, etc…), and in industrial branches headed towards oblivion, retail comestibles chains, wholesaling activities, etc…)).

6. DATA COLLECTION

The investigation conducted in 2003 addressed enterprises from the Czech Republic on the basis of a random selection. The individual enterprises were visited personally, in the course of which the questionnaires were completed together by the questionnaire administrator and the top management of the enterprise concerned. The elaborated results of this questionnaire served for the establishment of tables, which then served as the basis for further statistical investigations. Students of the Faculty of Management and Economics, Tomas Bata University in Zlín assisted in the data acquisition phase, and these were predominantly drawn from the ranks of scientific assistants (Doctoral students) who also had a share in the given research investigation.

7. INVESTIGATION RESULTS

The mutual dependency between the attractiveness of the market in which an enterprise operates, and the competitive standing of the enterprise are depicted in the following General Electric Matrix, where each of the nine fields shows the percentile number of enterprises which were allocated to a given field.
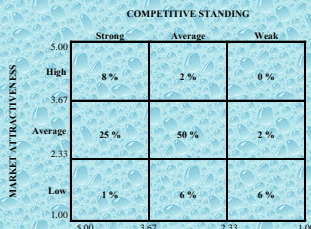

Figure 1. The General Electric Matrix.

This investigation also pointed up the fact that for the Czech enterprises being tracked on the basis of their size, the least advantageous standing was felt by the Very Small and Small Enterprises. The standing of large enterprises is either felt to be strategically advantageous or averagely so.

8. RESEARCH INVESTIGATION RESULTS

The subject of this research study was above all to gain a picture of the influence of individual factors on the placings of these enterprises within the framework of the GE matrix (*see* Table 2).

H1: This hypothesis was not confirmed. **The branch of activities** in which an enterprise operates DOES NOT HAVE an influence on their momentary situation or standing.
Since the Spearman's Coefficient is close to zero, there is no direct dependency that would have confirmed the assumption that the better the branch in which one operates the better the standing of the enterprise on its market, on the contrary rather, it denotes the opposite tendency. Student's t tells us that no dependency was found.

H2: Hypothesis was confirmed. The 95% mutuality level allows us to say that **the quality of the management** DOES HAVE an influence on the placing of the enterprise within the framework of the GE Matrix, while the given dependency is both-sided which is shown by the results of Somers' d_{yx} and d_{xy} coefficients.

H3: Hypothesis was accepted. **The level of marketing activities** within an enterprise DOES have an influence on the placing of the enterprise within the framework of the General Electric Matrix and its standing on the market. Spearman's correlation coefficient is positive – which confirms the hypothesis as to the direct dependency between the x and y variables. Student's p-value has a statistical dependency of 0.0000.

H_4: Hypothesis can be accepted. The Spearman's correlation coefficient is positive, which confirms the hypothesis of a direct dependency between the x and y variables. Student's p-value of statistical dependency is 0.000, and the two statistical variables and are directly statistically dependent upon one another. It is possible to say to a 95% level of mutuality that the implementation and **exploitation of the Internet in the marketing activities** of the enterprise DO HAVE an influence. The results of the Somers' d_{yx} and d_{xy} coefficients indicate a mutual dependency. Based on these results, where d_{xy} is greater than d_{yx} it was possible to state that not only is the standing of the enterprise within the framework of the General Electric Matrix influenced by the implementation and exploitation of the Internet in the marketing activities of the enterprise but also that the enterprises which are well-placed on the market are also forced to improve their communications and the informative level of marketing through the intermediary of uses of the Internet.

H_5: Hypothesis can be accepted. Spearman's correlation coefficient is positive, which confirms the hypothesis of a direct dependency between the x and y variables. Student's p-value of statistical dependency is 0.0037. It is possible to say to a 95 % level of mutuality that for more than 17% of these enterprises regular performance of **marketing controlling activities** in the form of marketing audits DO HAVE an influence on the standing of an enterprise within the framework of the GE Matrix. However, it is necessary not to over-value this dependency since it is not particularly statistically significant. The results of Somers' d_{yx} and d_{xy} coefficients indicate if this has at all to do with the dependency of the tracked variables, then this is predominantly within the context of the momentary situation and standing of the enterprise within the framework of the GE Matrix and is dependent upon regular marketing controls in the form of marketing audits.

9. CONCLUSION

It was proved that **the industrial branch** in which an enterprise operates does not have such a great influence on the standing of an enterprise within the framework of the GE Matrix. This means that enterprises operating in growth sectors do not feel the advantages of their standing directly, nor do they feel the advantages flowing from the attractiveness of their market in dependency with their competitive standing.

On the contrary, **the quality of the management** of Czech enterprises is a significant contribution to the good standing of the enterprise on its market, while at the same time there exists an countervailing pressure in the direction of improving the quality of the management even more in cases of the growing advantageousness of the standing of the enterprise. This index indicates the highest value of all in comparison with the other aspects investigated.

The quality of **the marketing activities** is one of those aspects that influence the standing of an enterprise on its market. The given piece of research pointed out the fact that the better the level of marketing activities within an enterprise, the better the standing of that enterprise may be within the framework of the GE Matrix. Just as with the previous factor, the quality of the management of the enterprise, evokes a similar tendency towards the improvement in the quality and level of marketing in cases where the standing of the enterprise improves.

For the next inline of the aspects investigated, **the implementation and exploitation of the Internet in the marketing practices** of an enterprise, its influence on the standing of the enterprise on its market was proved, however its competitive advantage is reduced by the certainty and ubiquity of the use of this significant information and communication channel in Czech enterprises, since it was discovered in the course of this investigation that the Internet has been implemented into 94 % of all the enterprises questioned, whereas for enterprises employing over 50 employees the figure was 100 %.

The significance of the dependency of **marketing controlling** activities in the form of marketing audits is not overly high. Despite the same, it is not possible to extrapolate from the data that marketing controls in Czech enterprises are not a significant factor which would have influence on the momentary stranding of an enterprise. We have to take into consideration the fact that these controlling activities are not ubiquitous in Czech enterprises. The investigation proved the use of such marketing audits as a tool for company control mechanisms in only 27 % of the enterprises, while regular controls in the form of marketing audits were logged by only 14.5 % of them. The low occurrence of these marketing audits in these enterprises reduced the probability of their being able to advantageously influence the standing of an enterprise within the framework of the GE Matrix – which is the contradiction of the situation regarding the implementation and exploitation of the Internet in the marketing activities of an enterprise.

SUMMARY

In conclusion, it can be stated that of all the factors investigated in the course of this research study, the level and quality of the management have a direct influence on the advantageous standing of an enterprise on the market as does the level and quality of the marketing activities, while it is not nearly so decisive as to which branch the enterprise operates in.

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Statistical Characteristics:	Results of Evaluation of individual Factors:				
	Branch of Activities:	**Management Quality:**	**Marketing Level:**	**The Internet:**	**Marketing Audits:**
Spearman's Correlation Coefficient r_s	− 0.0549	0.3430	0.3228	0.2844	0.1743
Student's t	− 0.9102	6.0449	5.6453	4.9106	2.9292
Critical value $t_{0.05}$	1.9687	1.9687	1.9687	1.9687	1.9687
p-**Value**	0.3635	0.0000	0.0000	0.0000	0.0037
Somers' d	− 0.0518	0.3143	0.2913	0.2626	0.1522
Somers' d_{yx}	− 0.0569	0.3152	0.3050	0.2703	0.2585
Somers' d_{xy}	− 0.0475	0.3135	0.2787	0.2554	0.1079

Table 2. *Results of the Degree of Dependency of the Momentary Situation of an Enterprise on its Individual Factors.*