Strategic Management in SMEs in Selected European Countries

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Abstract. The paper focuses on situation of strategic management principles implementation within the SMEs in Czech Republic, Slovakia, Sweden, and Finland. Data come from a quota sampling research done in May-July 2014 among 1004 SMEs in the above-listed countries. Focusing on the key aspects of strategic management (setting objectives, their internal communication, coordination, and performance monitoring) authors found that the level of use of principal strategic management tools is relatively high–80 % of SMEs do set goals in the main business areas, 74 % communicates majority of plans with employees, 84 % pay significant attention to coordination, and 84 % systematically monitors performance. Results in the particular countries were very similar; major difference appeared in the case of Slovakia and Finland in the area of internal communication, where the chi-square test resulted in the lowest value – but, still, the value of 0.9941 shows almost complete compliance.

Keywords: Setting objectives · Communication · Coordination · Performance monitoring · Level of difference · Czech, Slovak, Swedish, and Finnish SMEs

1 Introduction

Small and medium size enterprises (SMEs) represent the backbone of the economies of all EU countries amounting for 90 % of all registered companies, creating more than 65 % of jobs in the private sector, and over 54 % of the overall value added [1]. Their sustainable development, competitiveness, and growth are therefore on of the EU's economic priorities [2]. Research, though, indicates, that SMEs do have certain weaknesses, which negatively impact their long-term competitiveness – more specifically, their managers and/or owners do not manage their firms strategically [3–5]. One of the key reasons for this is that the SMEs owners and/or managers lack the necessary knowledge.

International research suggests, that implemented strategic management systems in SMEs lead to their better financial [6], and overall performance [7–9], and to their faster growth [10].

These findings have lead the author to participate in a project consortium and submit a project addressing these issues within the Leonardo da Vinci scheme (the project was accepted, and is being solved in the period of December 2012 to February 2015, No. CZ/12/LLP-LdV/TOI/134004. This paper uses a part of the results achieved,

and aims on identifying the real status of strategic management implementation in Czech Republic, Slovakia, Sweden, and Finland based on the research done on a representative group of companies by STEM/MARK agency.

2 Objectives and Methods

Objective of the paper is to evaluate the overall situation of strategic management implementation in SMEs in Czech Republic (Cz), Slovakia (Sk), Sweden (Sw), and Finland (Fi), and to identify the existence of possible differences among SMEs in the above-listed countries.

The research was done in a form of CATI,[1] based on quota sampling with the sample sizes shown in Table 1. Micro-entreprises (less than 10 employees) were excluded from the research.

Table 1. Sample sizes in the selected countries

Country	Number of SMEs with 10-249 employees	Sample size
Czech Republic	34 048	311
Slovak Republic	13 707	200
Sweden	29 044	277
Finland	15 005	216

Source: Eurostat, and STEM/MARK

Research questionnaire consisted of 25 main questions focusing on identification of the level of implementation of principal tools of strategic management (e.g. setting objectives, their communication within the organization, performance monitoring etc.). Respondents answered on five-point scale (definitely yes – definitely no). Due to the limited extent of the paper, authors selected four areas to be paid attention to, aiming on reaching the objective of the paper – these include:

– Setting objectives;
– Communication of objectives within the organization;
– Coordination of particular activities;
– Performance monitoring.

These areas are analyzed in terms of semantic differential in the whole set of answers, and differences among the four countries are examined (using chi-square test).

3 Results and Discussion

One of the key features showing the very basic condition for strategic management implementation can be seen in setting objectives, which also represented the first question asked. Overall results are presented in Fig. 1. It is apparent, that 80 % of the

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[1] Computer-Aided Telephone Interview.

respondents use objective setting as an obvious component of business management. Within such a result, it is not surprising, that the differences among the particular countries are insignificant – chi-square test showed almost no differences comparing the particular countries (ranging from 0.9965 in case of Sk-Fi to 0.9999 for Fi-Sw). Best result of this indicator was reached in Finland (84 % of companies setting objectives in all or most of the areas), lowest percentage was noted in case of Slovakia (76 %).
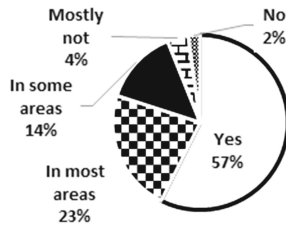

Fig. 1. We manage our business by specifying goals related to turnover, profit etc.

Another important aspect of strategic management implementation is internal communication within the company – whether the people actually know the business plans they should contribute to within their fulfilment. As shown in Fig. 2, the situation is not so unambiguous, here, as far as only 29 % of respondents fully confirmed the communication with employees in this respect. On the other hand, at least majority of the business plans is communicated in 74 % of the cases, which still shows relatively high level of communication about the business plans. Major differences were found between Sk and Fi (chi-square test result was 0.9941), but in all other cases the differences were very low (the lowest between Fi and Sw, with the chi-square of 0.9999, again). Best result of this indicator was reached in Slovakia (80 % of respondents reported communication in at least majority of the areas/employees), lowest percentage was noted in case of Finland (68 %).

Another examined aspect was internal coordination of particular activities. In this respect, full coordination was reported by 44 % of SMEs in total, and coordination of at least majority of activities by 84 % of SMES. In this area, major difference was identified between the situation of SMEs in Slovakia and Finland, again, where the chi-square test resulted in the value of 0.9979. Other comparisons, showed similar values as in previous cases, no difference being noted between Cz and Sw, and Sk and Sw (chi-square of 1.00). Best result of this indicator was reached in Slovakia (88 % of companies reported coordination of at least majority of the activities), lowest percentage was noted in case of Finland (77 %).

Last examined area within this paper is the performance monitoring, where, again, the results are very positive with 84 % of companies reported systematic monitoring of at least majority of the areas. Major difference was noted between Sk and Fi, again, where the chi-square test reached the value of 0.9953, full compliance being found in the case of Fi and Sw. Best result of this indicator was reached in Slovakia, again (93 % of companies monitoring all or majority of performance indicators), lowest percentage was noted in case of Finland and Sweden (79 %).
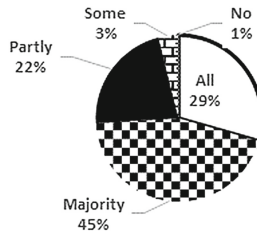
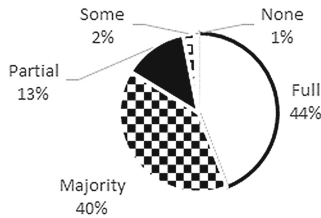**Fig. 2.** Our employees know our business plans and their role in their fulfilment

Fig. 3. Particular activities (procurement, production, marketing etc.) clearly contribute to reaching overall goals
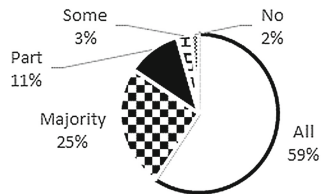

Fig. 4. We systematically monitor development of the key performance indicators

Thus, "major" difference was identified between Slovakia and Finland in the area of internal communication, where the chi-square test resulted in the lowest value – but, still, the value of 0.9941 shows almost complete compliance, which is a rather surprising result for the authors.

Lowest variability of the answers was found in the area of performance monitoring in Slovakia, where the standard deviation reached the value of 0.76 (lowest overall variability was reached in the setting objectives area – standard deviation of 0.99). Highest variability, on the other hand, was reached in the case of Slovakia in the area of setting objectives (1.01), highest overall variability being identified in the area of internal coordination (0.82).

Major limitation of the research done, represents its basis on the subjective perception of SME representatives, which might not always reflect the reality of business activities. Therefore it is too soon to make comparisons, at the moment. Authors aim on continuing with analyzing the acquired data and connect them with economic data on the companies, as far as majority of them provided also their identification details.

4   Conclusion

There is no doubt that SMEs require a specific attention in terms of general support, and specifically support in terms of providing available theoretical tools applicable in business practice. These tools have to be presented in an understandable form, which has also been the major focus of the project, within which this paper has been elaborated. Results of the project – mainly an on-line scoring and eLearning portal – are available on www.strategy4smes.cz. This portal also enables authors a continuous data collection and a good potential for further deepening of the research done.

Even though no major differences have been identified, so far, this finding also represents an interesting impulse for further investigation.

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