

Environmental policy enterprise as a competitive advantage

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ABSTRACT:

Competitiveness belongs at a constantly changing market environment at the present time at the pillar requirements and therefore is regarded as one of the fundamental characteristics of the company. In difficult economic conditions, only the strongest enterprises will survive, so the issue of competition and competitiveness are actual and encourages the current pressure on controlling costs in enterprise in order to maintain competitive advantage. Environmental management is in the field of manufacturing and services one of the most effective tools of achieving the priority objective - minimizing the negative impacts of production activity to the individual components of the environment. Through environmental oriented management in a company it is required to carry out such activities in order to overcome the discrepancies among market, society and environment. Environmental management program allows increasing the economic efficiency of the business entity to get a new profit potential and improve the environmental profile of the company. A company anxious to succeed in foreign market is faced with more intense environmental certification requirements of quality products, manufacturing and services.

Keywords:

indicators of profitability, environmental policy, economic analysis of the company SWOT analysis

Introduction

Profitability - competitiveness in the area of key indicators such as concept, which has ceased to be something new and unknown - is still difficult to measure. This is primarily related to its complexity but also specificity. The research of competitiveness focuses primarily on the identification and description of the decisive factors. At the micro level it is most often measured by the indicators of productivity, profitability, export performance or more precisely with market share. A common feature of these indicators is a significant inertia, which means that the current value of this indicator largely depends on its value in the previous period. From a macroeconomic perspective and in increasing measurement, statistically significant indicators identified by regression analysis are considered to be the key factors. Among the most important belong the essence of competitive advantage and the related technological level of production process, innovation capability, the volume of expense on research and development, but also, for example, credibility of the police, willingness to delegate authority, etc. .

Business sector, which is the main source of the country's competitiveness, can perceive many of them as irrelevant. It follows that competitiveness is actually "competing with other suppliers in the given branch." Kissová defines competitiveness of the company as the ability to produce and sell a specific product on condition of profitability preservation. A competitive company must be prepared, if necessary, to reduce the final cost of the product and offer a higher quality than its competitor. [1] An important factor in enhancing business competitiveness is to ensure the improvement of current production, increasing utility value, functionality and simplifying manageability while reducing production costs, functionality and simplification of controllability in the process of the current decreasing of production costs. Therefore, in the process of transition to production with higher added value and higher share of sophisticated work, weight of investment in research and development as another of the

main actors grow as another of the main factors. Competitiveness belongs in a constantly changing market environment between the pillar requirements at the present time and therefore is regarded as one of the fundamental characteristics of the company. An essential feature of the market economy is the freedom of customer to decide not only about what product to buy, but mainly from whom. This reality leads to a potential supplier's competition for a customer. It can be said that the supplier chosen by the customer has higher competitive ability than other competitor participants. Every business should strive to create such competitive advantages that enhance the competitiveness of offered products. [2] Marinom says that the basis for the definition of competitiveness is a high quality item, real interest rate understood as the price of money, and marginal costs. The basis, however remain that insufficiently quality goods reduces overall quality of company and thus the competitiveness of company.

If companies want to take hold in the market in a dynamic economy, their behavior must be disciplined in providing quality, whether for products or services. First at a competitive competition is that who can properly communicate and present his/her products. All businesses are exposed to competition. [3]

Indicators of profitability versus the company's environmental policy

Chajdiak defines profitability as achieving the same or better results as compared surroundings or more precisely not lagging for compared surrounding. Be profitable means higher revenues, improved cost management, better position in the ranking, which was compiled from evaluations, respectively from potential objects. [4] Competitive advantage arises from the value that the company is able to create for its customers. It may take the form of lower prices for identical products than its competitors, or providing for specific advantage, which compensate higher price. Competitive advantage enables enterprise in authorised field of business reach average results for a long period. The successful functioning of the market environment must be created by a particular enterprise competitive ability. The competitiveness of enterprise is the result of level and working of his business activities. It is increasing with innovation activity, reproductive and expert force, payment readiness and ability, increasing qualification of workers.

Efforts for high competitiveness already starts strategic goals in research, development and marketing, proceed with relationships with suppliers and supply strategy, reflects in the using of cutting-edge techniques and technology in the transformation process, reflects in the innovated production assortment and high quality and culminates in customer satisfaction, good business reputation and positive assessment of the public. (6) The foundation of competitiveness is a competitive advantage. The origin of competitive advantages can be:

- differentiation through the different instruments of marketing mix on the basis of new ecological attributes
- cost advantages, whether through design or technological innovations, which are the result of reduction in the consumption of material, energy, pollution or waste associated with a product or service,
- entering in new markets, as just markets for sustainable products present currently the fastest-growing areas,
- use of market gaps,
- innovation and creativity in product development.

According to Karpissová the competitiveness of business indicators can be divided into two groups. External and internal. External indicators are those which enterprise cannot affect directly but only indirectly the enterprise fails, but only marginally or indirectly. There are bargaining power of suppliers and customers, competitive contest, market products, corruption in the environment, interest in employment in enterprise, supporting local and national authorities. [1] Internal competitiveness indicators, as opposed to external is firm able to influence. These include factors of scientific and technological development, marketing and distributive factors of production and its management, working sources, financial and budgetary aspects of the business. On the basis of the research studies of the Department of research of the National Bank of Slovakia the most important factors in the competitiveness of Slovak enterprises were identified in 2008. Factors are divided into three areas for internal, sectoral and macrolevels. In the table there are the factors in competitiveness arranged according to their importance, from the most important factors in the competitiveness to the least significant. [5]

The most important factors in the competitiveness of Slovak companies [5]

Internal factors	Branch factors	Macrolevel factors
Professionalism of management, Quality of enterprise management, Orientation on reducing costs (production costs), Efficiency of enterprise management, Scope for utilisation of communications technologies	Customer demands, Availability of skilled and experienced managers, The essence of competitive advantage, Offer of adequate trained workforce, The existence of a developed customer industries	Membership in the European Union, Energy costs, The adoption of the euro, Exchange rate stability, The quality of transport infrastructure

Clearly the most important factor, not only within the group of internal, but also within the entire identified set is professionalism of management of the enterprise. The second highest rated is the quality of management in company. In the top five most influential came also the efficiency of management. Other important internal components were focusing on reducing the cost and the scope of using of communication technologies. Strong or very strong factor is reducing costs is in three quarters of enterprises. These results are more or less agree with the generally observed facts. Slovakia is still the country with the attribute "assembly shop". It also documents the structure of foreign trade. In addition to the high proportion of exports to GDP it is characterized by a high share of imports to GDP, while the bulk of imports has the nature of the inputs to industrial production. The weakest influence on current competitiveness has been associated with other property connection with other enterprises in the industry, customers and suppliers. Exports outside the EU, control over international distribution and expenditure in research and development has also relatively low impact. Based on the SWOT analysis of the competitiveness of Slovak enterprises [5] identified strengths, weaknesses, opportunities and threats for Slovak companies were identified, which are summarized in table 2. Strengths in almost all the most important areas can be identified in Slovakian enterprises. Slovak companies have professional management using effective leadership.

SWOT analysis of competitiveness of Slovak enterprises

Strong aspects	Weak aspects,
The use of IS and communications technology, Professionalism and effectiveness of leadership, Customer orientation, Proportion on the export and sale, Emphasis on modernization of production,	Control of international distribution, Horizontal and vertical integration, Using of Marketing Strategy for differentiating themselves from the competition, Human resources management and controlling costs
Opportunities	Threats
The difficulty of customers, The depth of supplier's, related and customer's branch, The membership in the EU and EUR payment system Accessibility and quality of telecommunication infrastructure, Access to loan and and accessibility of office space.	Availability of workforce with international experience and adequate levels of education Quality and availability of specialized educational and research services, High cost of energy, Lack of functionality of legal system, allotting of investment incentives, The quality of transport infrastructure

Indicator	Average indicator industry of Manufacture of other machine	Average indicator industry of manufacturing [6]
Return on equity	6,28	1,69
Return on assets	3,12	0,55
Operating return on sales	3,20	1,57
Share of value added in sales	26,99	20,46
EBITDA share in sales	9,56	4,58

Source: own calculations, [6]

Indicator Return on equity talks about the return on the own resources invested into the business in the conversion of net profit. On average the result is 6.28% which is 4.59% higher than the profitability throughout industrial production. In comparison with other possible alternative business - eg. use of funds for such investment ag. deposits to term deposits or purchase of securities, we can characterize the result as satisfactory given the current interest rate yield in fixing five years ranging from 2.5% to 3%. This implies the result in favour of the business where the percentage recovery is on average 3% higher than the non-business activities. The average value of return on equity for the business is a total of 0.16%, among the most profitable industry belongs the rated industry.

Return on assets indicator tells the evaluation of the general assets contributed to the company, regardless of its origin or source of coverage. From this perspective represents recovery of funds invested in the business, as well as evaluating the overall economic activity of the company. Compared to the average for the sector is the result of 2.57% higher. Also in this sense we can say that the overall attractiveness of the sector of mechanical engineering: Manufacture of other machine is attractive from the perspective of business.

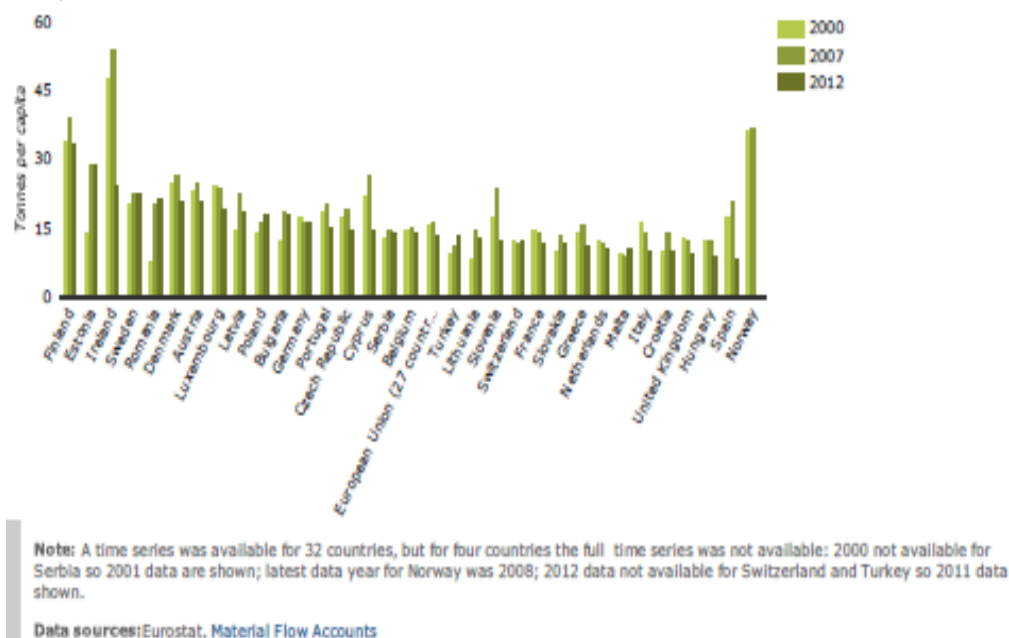
Operating return on sales indicator shows the profitability of the main business of the company, therefore how much effect company can produce 1 € sales, the evaluation result is an average indicator of industry Manufacture of other machinery operating profit of € 0.32 per euro of revenue, compared with average indicator in manufacturing by 50% higher. Height 32% of the profit per one euro in sales compared with the previous analysis is supported argument attraction to business in that sector.

Indicator of added value share in sales is the ability of company to establish a value on purchased inputs precisely this figure is a significant indicator of GDP in developing and determining the significance of countries in the creation of value. This figure thus says how much added effect is created by the euro from sales, the calculation of the indicator is 26.99%. This figure is among the highest in all production areas and suggests an attractive environment. The aim is to promote the interest of the state GDP growth and thus the sector where the added value of most forms. This indicator talks about the future of the industry in favour of his support.

Indicator Share of EBITDA in sales as a measure of profit before tax, interest and depreciation cost in euro of sales, talks about the effectiveness of profit, but also the ability

to cover the payment ability of the company and the costs resulting from depreciation. This indicator is compared to the average indicator in manufacturing increased by 50% and also talks about paying ability to meet interest and amortization of fixed costs. Calculated indicator considering the average values of individual sectors is satisfactory and argues in favour of the company in the reporting sector. Resource efficiency is a strategic priority of the Europe 2020 Strategy, a policy response to address a wide spectrum of important economic and environmental concerns.[7] In 2010, a flagship initiative for a resource-efficient Europe was adopted[8] and the resulting 2011 Roadmap to a resource-efficient Europe identified milestones for specific areas and almost a hundred individual actions to be taken by the European Commission and Member States.[4] One of the priority objectives of the 7th Environment Action Programme, which will guide European environment policy until 2020, is to 'turn the Union into a resource-efficient, green, and competitive low-carbon economy'.[9] However, no targets have yet been adopted for resource use or resource efficiency at a European level. In the recent communication, Towards a circular economy: a zero-waste programme for Europe,[10] the European Commission proposed the adoption of a resource-productivity target, and it is hoped that this would provide an impetus for countries to also adopt targets. At present, only a few individual countries (e.g. Germany) have concrete and measurable targets accompanied by a deadline.[11] Many European countries have developed their own national programmes or strategies for resource efficiency. These initially tended to address individual topics such as energy consumption or waste recycling. However, they have gradually expanded to cover wasteful production and consumption patterns; the increasing cost of energy and raw materials; the rising global demand for raw materials; concerns over depletion of resources and the security of supply; environmental pollution; and global impacts of greenhouse-gas emissions. A review of national initiatives shows that there is a great variety of regulatory settings and organisational arrangements in place in relation to resource-efficiency policies.[11] National policy priorities and responses are guided by EU regulations but vary widely, driven by a combination of local economic and geographic conditions, environmental priorities, and economic concerns. The total use of material resources is strongly correlated with the population of a country and the size and structure of its economy. In 2012, the three countries with the largest total DMC were Germany, France, and Poland, while those with the lowest were Malta, Luxembourg and Cyprus.

Figure 1: Material resource use (DMC) per capita in 32 European countries (2000, 2007 and 2012)

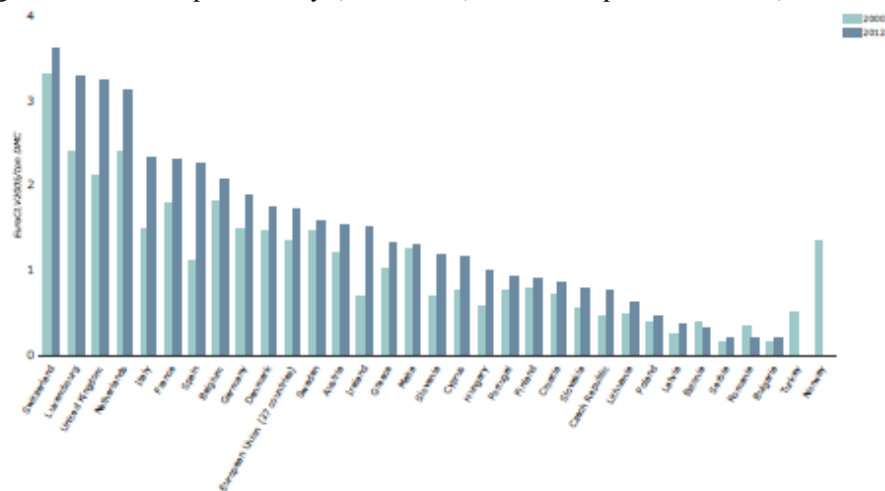


The economic crisis that started in 2008 has been a major factor shaping trends in resource use. In individual countries and at European level, the most significant changes in resource use took place during 2007–2011 (Figure 1). In the EU-27, DMC grew from 15.6 tonnes/capita in 2000, peaked at 16.7 in 2007, before declining by 19% to the current figure

of 13.7 in 2012 (Figure 1). In 2012, the countries with the highest per capita DMC were Finland, Estonia and Ireland, while the lowest were Spain, Hungary and the United Kingdom.

There has been a reduction in per capita DMC in the majority of countries over the period 2000 to 2012. The largest decline was recorded in Ireland (50%) (Box 1) and Spain (49%) — mainly caused by a collapse in construction activities — followed by Italy (38%) and Cyprus (32%). Per capita DMC increased in 13 countries, and the largest per-capita increases over this period — primarily due to large-scale infrastructure investments — were recorded in Romania (178%), Estonia (104%), Lithuania (54%), Bulgaria (46%) and Turkey (44%).

Figure 2: Resource productivity (GDP/DMC) in 32 European countries (2000 and 2012)



which it carries out business. Many factors determine resource use and productivity, including climate, population density, infrastructure needs, domestic availability of raw materials versus reliance on imports, prevailing fuel in the power generation sector, the rate of economic growth, technological development, and the structure of the economy.[12] There is also the long-term tendency for absolute amounts of resources used to increase in tandem with economic growth despite technological progress (the 'rebound' effect). The long-term objective of current European environmental policies is that the overall environmental impact of all major sectors of the economy should be significantly reduced, and resource efficiency increased.[9] This policy goal — a double decoupling of resource use from both economic growth and environmental impacts — provides a framework and direction for national policies.[8] The large differences in resource-efficiency performance amongst countries — and the fact that the same half-a-dozen countries have remained at the bottom of resource efficiency rankings since 2000 — indicates opportunities for improvements and actions. Efforts to support the exchange of good practice in policy design could be one tool to facilitate faster uptake of the most effective solutions. In addition, the use of indicators such as RMC will give a broader perspective on resource productivity, incorporating upstream material use. However, the link to the overall environmental impact of resource use is still not easily captured within available indicators.

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