

POSSIBILITY OF EVALUATION AND DEVELOPMENT OF COMPETITIVENESS IN THE INTERNATIONALIZATION PROCESS OF SME'S

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Topic of internationalization of SMEs is very important. There are a lot of viewpoints, which could be very interesting both for theory and practice. Main theme of this article is competitiveness of the Czech SMEs in the internationalization process and, in this context, changes in their management. The question is how changes in management of SMEs reflect the internationalization process and what exactly has been changed in management of SMEs with respect to the internationalization process. Not all competitive strategies selected by the Czech SMEs are sustainable and suitable. In this article the most developed competitive advantages of SMEs, management of which is considered as important in a process of internationalization, are identified. Evaluation of a contemporary situation in the Czech SMEs is based on the research carried out in 2002-2004. So-called success ability conception is used for the evaluation. Main aspects of this theoretical conception and related topics as understanding of competition, basic aspects or resource based view and core competencies conception important for SMEs in a process of internationalization are also described in this article.

Key words: *internationalization process; competitiveness; global market; management of SMEs*

Introduction

Probably governments of all countries, which recently joined the European Union, used to say "We will have to be prepared for new conditions; we will have to improve our competitiveness and competitiveness of our companies." Management of companies, of course, agreed. They surely knew that companies had to operate on global and internationalized market. Some level of involving of companies to international activities and business seems to be necessity and not unique exception. From the certain point of view it is not even question of a choice. Domestic markets are, thanks to all changes, as much international and global that even companies with no ambitions on foreign markets are in this way forced to be internationalized. It does not mean anything less than a necessity to develop competitiveness, which is able to hold up on the domestic-international market.

Positive of this extreme requirement is naturally growing potential of companies to be involved into international activities. Considering competitiveness as a necessary condition of the internationalization process should respect that different levels of competitiveness and different competitive advantages are required at different stages of the internationalization or for different internationalization forms. Probably not all strategies selected by the Czech SMEs are sustainable and not all management features are changing enough. Some specific but typical problematic approaches can be characterized. It is very important to find answers to the following questions:

- *Do changes in management of SMEs reflect the internationalization process?*
- *What exactly has been changed in management of SMEs with respect to the internationalization process?*
- *Which competitive advantages are the most developed in SMEs in different levels or types of internationalization?*
- *Do SMEs recognize risks connected with "non-competitive factors"?*
- *What development of competitiveness and management can be expected in SMEs passing howsoever through internationalization process?*

These questions can be hardly answered in simple and the only right way. Fashion of easy and good looking answers is probably one of the most dangerous vices in business. SME's are not rich enough to buy "branded solution". At the same time traditional approaches to the competitiveness are not sufficient. Companies want to survive and, if possible, to develop their activities. They cannot ignore internationalization because they are or will be in short time confronted with international and global competition, customers, business practices, management, etc. There is no escape. Future development of SMEs has to consider all possible aspects of their competitiveness and reality of international and global market no matter if they see their market only on "the domestic playground".

2. Theoretical conceptions used or developed within research

2.1. Process of internationalization

Essential starting point for delimitation of internationalization is the approach defined by P.W. Beamish. In the context of majority of SMEs it is important to respect the following characteristics of internationalization activities:

- internationalization of companies and their activities is a process;
- within the framework of the internationalization process it is possible to talk not only about transfer - sale and purchasing of products, but also about transfer of knowledge, people, methods, manufacturing, etc. In relation to this transfer, direction is important, i.e. "domestic market - foreign market" or "foreign market - domestic market";
- from the point of company behavior, we can talk about active and passive internationalization. Active internationalization can be understood in such a way that company itself tries to establish oneself in foreign markets and with it corresponds to changes in its competitive strategy and management. On the contrary, passive internationalization can be understood as changes shown in the company by acceptance of new methods and progresses responding to generally higher level of internationalization of markets without their own effort to establish oneself outside the scope of domestic market.

From the point of recognition of internationalization process of companies, specific forms, which the company selects, are important. The forms most frequently used by Czech SMEs are as follows:

- *Import of final products*
- *Import of raw materials, semi products, etc.*
- *Export through independent sales representatives*
- *Export through own sales representatives*
- *Export through own subsidiaries*
- *Unexpected request from foreign partner*
- *Franchising*
- *Particular contract (not-repeated)*
- *Joint Venture with foreign partner*
- *License holder (Buying foreign license)*
- *Licenser (sale of license to foreign companies)*
- *Establishing new subsidiaries on foreign market*
- *Involving to international strategic alliances*

2.2. Competition

SMEs move in highly complicated competitive environment, delimited not only by them. It means that many factors must be taken into consideration, which is difficult to be monitored or even influenced. Significant role is also played by large companies and their influence over the nature of competitive environment, irrespective to the fact whether SMEs - in point of fact - want to compete with them or not. With respect to continuing process of political-economic changes, which in reality permanently and continuously remodel global competitive environment, the importance of this question is more and more growing. When starting to specify the competition, the *competitors* are defined as various companies and organizations, with which the company competes for customers and for needed resources (for example labor forces, raw materials and material and even whole organizations). *Consistent competitors* - producing identical or similar products and services - and *non-consistent competitors* - clearly different but still competing organizations - are distinguished (17). In the context of running changes it seems that this rather broad understanding of competition is - with respect to requirement of development of competition and ability of companies to succeed - very beneficial (60, 61, 62).

In principle, similar characteristic features of competitors can be found out in the works of P. Kotler. Nevertheless, he focuses on competition in the area of competition for customer from marketing point of view. In his view, competition includes all real or potentially substitutive offers, which customer can in his/her purchasing decision take into consideration (37). From the point of the relation customer-competitor-product he uses the factor of substitutability. Four levels of competition can be specified on this principle, namely (37):

- *Brand competition* - comes into existing if the company considers companies offering similar products and services for similar prices to customers as its competitors.

- *Industry competition* - arises in the moment if the company reckons producers of the same class-type of product as its competitors.
- *Form - service competition* - in this particular case the company sees all companies offering the same service as all its competitors. This can be understood as competitors satisfying similar needs of customers.
- *Race competition* - this concept is by far the broadest one as the company considers all companies against which it competes for money of customer as competitors.

Kotler's factor of substitutability clearly corresponds with consistency and non-consistency mentioned in above specified definition of competition. In principle, in both cases it represents the emphasis of the need to see companies with different direction as competitors, too. This concept of competition offers wide possibilities when delimitating of potential competitors, with which the company competes for the position in the market. It is even possible to declare too broad possibilities. The problem is namely specification of relevant and significant competitors. Statement of the fact that any company is the competitor, as offered for example by the concept of "competition of race" is in principle correct, but questionable. This is valid not only with respect to requirements to development of products or services, but also especially with respect to overall development of competition. From the point of this development the emphasis of the need of sufficient competitiveness in the area of competition for sources is also relevant. In this area the factor of consistency and non-consistency of potential competitors is more than relevant. In this concept SMEs, on one hand, can better identify possible competitors; on the other hand, they are becoming new competitors for companies, which did not see them as competitors formerly. This - principally - causes the growth of the intensity of competitiveness as such.

Analyzing the competition, either for purposes of research or market analysis, it is essential to respect that delimitation of competition covers both process of competition and identification of companies involved. In the first part, i.e. in the process, it goes primarily for mutual relations. In the second part it goes for finding relevant and important competitors. It is clear that these two parts of competition analysis can be separated and studied separately from the point of the theory; nevertheless, the practice, not only in the field of small and medium enterprises, requires complex approach. This can be principally summarized into the following points:

1. ***Process of competition includes both competition during sale of the products and in the area of acquisition of sources.*** From system point of view, we can also talk about competition in the area of outputs and inputs (Fig. 1.). It is substantial that in these both competitive spaces different rules can be valid and the company can meet other competitors. This, of course, puts higher requirements for development of its competitiveness.

In relation to the above-mentioned, the understanding of competition "only" as the competition between companies or products during sales is rather problematic, if not insufficient or erroneous. If we understand the competition in this way, then it is not possible to involve all factors influencing its growth. The given approach is only limited to partial part specified usually by the company and provider and customer as consumer. The fact is that existing growth of competition is caused by series of factors lying practically outside this partial part.

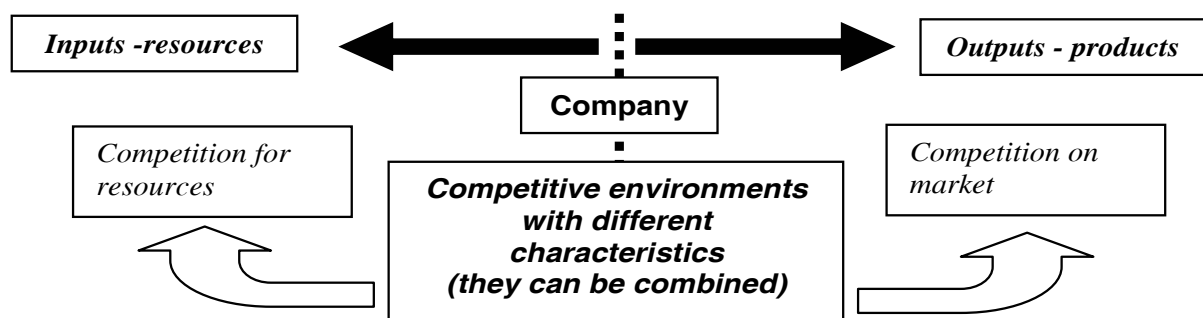


Fig. 1. Delimitation of competition from the point of the interest

For example, from the research *The CEO Challenge: Top Market-place and Management Issues 2001* (30, 31, 53), it is clear that the mentioned area of competition for sources is considered as highly important. In the context of enlargement of the European Union the evaluation of managers of European companies stressing for example problems in the competition for talents, lack of key abilities, approach to capital, etc. can be

interesting (Table 1.). This confirms that companies must react to competition in the area of sources and that this part of their competitiveness is the substantial factor of their ability to be successful or at least to survive.

Table 1. **Evaluation of the most critical problems in year 2001 in Europe** (30, 31, 53)

FIELD OF MARKET		AREA OF MANAGEMENT	
impact of the Internet	50,0%	competition for talent	35,5%
industry consolidation	48,2%	increasing flexibility and speed	35,5%
shortage of key skills	39,1%	managing mergers / acquisition / alliances	31,8%
changes in type/level of competition	29,1%	customer loyalty	30,9%
downward pressure on your prices	29,1%	improving the stock price multiple	23,6%
changes in supply / distribution systems	20,9%	increasing innovation	22,7%
changing technology	20,9%	developing and retaining of potential leaders	19,1%
regulatory issues (labor, market access, etc.)	18,2%	reducing costs	19,1%
access to / cost of capital	11,8%	engaging employees in company's vision/values	18,2%
pressure from institutional investors	11,8%	making investment and capital allocation decisions	13,6%
shareholder relations	6,4%	transferring knowledge ideas and practices	9,1%
currency issues	2,7%	top management and / or board succession	8,2%
instability in emerging markets)	1,8%	leveraging diversity (including cultural diversity)	3,6%
environment, health and safety issues	0,9%	Others (including e.g. company reputation)	2,7%

2. *When identifying competitors, it is necessary to take into account the factor of relationship, resp. consistency and non-consistency.* Of course, these factors shall be expressed in large scope in different way in the area of competition during assertion on the market and during obtaining of resources. In principle, larger probability of clash with non-consistent competitors is within the field of resource allocation. Qualified experts are requested resource for companies in many fields as well as for example financial resources. In the area of customers it is, in case of the use of Kotler's understanding of competition, clear that the company takes into consideration more non-consistent competitors if the company understands the competition as the race competition rather than mark resp. product.

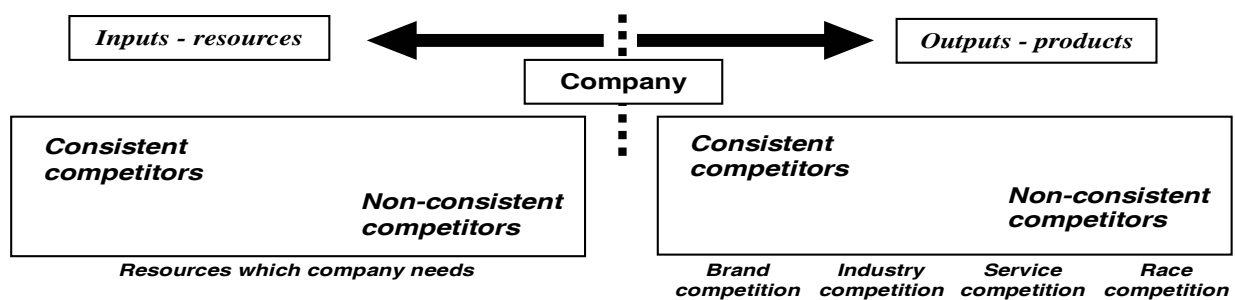


Fig. 2. **Delimitation of competition from the point of relationship and consistency**

3. *New types of relations between competitors are developed.* This statement is not completely exact. In reality, in no case does it represent relations previously unknown or not used. From this point, it rather represents new terms, not something so far unknown to companies. Nevertheless, the fact is that some of these forms are definitely less traditional, and more attention is paid to them. Theory offers the terms such as negative co-operation (competition as such), positive co-operation - (co-operation) and neutral co-operation (the effort to avoid real competitive struggle) (55, 56). In particular connection terms such as „co-opetion“, etc. are more and more frequently introduced. These “puns” are may be rather purposeful, but they are trying to find general specification of what really happens. Naturally, the effort for these forms of “co-operation-competition” can face disfavor of anti-monopoly bodies, unfortunately quite often absolutely justifiable. On the contrary, when

- respecting certain rules and keeping of at least some rate of real competition. this trend is rather perspective and in no case they can be ignored.
4. *Growing non-structuralization of branch significantly changes competitive conditions.* Firstly, it makes difficult the identification of relevant competitors and it forces the companies to operate with the factors of relationship and consistency. Another closely related influence is formation of still new competitors. Terms “barriers of entrance” then gain rather different meaning. The business field is not entered by a new company, but by a completely new branch. Twenty years ago probably nobody would have dared to say that telephones would be competitors to cameras. Ten years ago, probably most of the people would not think that mobile phones could take pictures. At present time there exist studies telling that integrated cameras in mobile phones might gradually liquidate the segment of cheap digital and analogue compact cameras. Barriers between individual branches are very uncertain protection.
 5. *When evaluating the product from the point of its life-cycle, it is necessary to have in mind that each individual stage has its own characteristic features from the point of competitiveness.* Similarly, it is possible to evaluate competition and competitive behavior also from the point of life-cycle of the company, or possibly the whole branch. Moreover, from the point of the product and development of branch the competition in the moment of development plays an enormous role. The enforcement of standards may influence the future of company that succeeds and earns substantially higher revenues than those entering later. This concept starts to be enforced rather intensely in various forms describing stages or levels of competition (24). From macroeconomic point of view, the business cycle also plays its role. The problem is that this “cyclic” understanding brings many variants and situations, in which the company must behave differently.
 6. *Growth of intensity of competitiveness as the most significant characteristics of contemporary environment is to certain extent problematic factor, which can tempt to misleading and simplifying interpretations.* The problem is that this growth is not interesting as such. Reasons of this growth are important. It concerns the fact, characteristics of which are changing and what causes the fact that competition is evaluated as more intense. Then we also reach the fact that reasons of this growth can vary in different markets. The statement that company must cope with growing intensity of competition can mean in different cast a completely different problem. If drop of demand is the reason in one market, then another market can be problematic because of the increase of costs, etc.
 7. *Statement that changes in competitive environment requires changes in the work of management is hardly to be impeached.* Also based on this reason, the defined influence of management and the way in which management controls the company can be as basic pre-requisite of successful development of competitiveness. Therefore, it is necessary to consider consequences of changes of competitive advantage and competitiveness as such in the context of all elements and functions of management.
 8. *In relation to company the evaluation of external and internal influences of changing competitive environment is an important aspect.* Also managerial model of competitiveness covers both external and internal elements (61, 62). Similar logic was also used in mentioned research „The CEO Challenge“ (30, 31, 53), when one of the groups of factors was considered as rather internal (management) and the other one - rather external (market). It is understandable that this differentiation does not mean that it is possible to focus only on internal or external influences. At the same time, it would be a mistake to assume that there are no relations between internal and external changes and influences.
 9. *Concept of „success-ability“ also analyzes - besides competitiveness of the company - factors, which can take the company under certain conditions to success, but theses do not have to develop their own competitiveness (61, 62, 63).* It clearly differentiates those factors, which are advisable to be considered as competitive advantages from other factors. It takes into account that in the competition, negative aspects, which cannot be completely covered by legal regulations, are shown and shall be shown. Hence, it is not possible to clearly specify all factors, which shall be shown in the competition in the particular environment. In no case does it mean recommendation or exhortation to non-ethical behavior or breaking of laws. More likely it enables the implication that on the market companies, which ignore such rules, shall be and the differentiation of various conditions in various markets. The fact is that what it is unethical or legally forbidden in one market can be absolutely normal in another environment. An example can be for example comparative advertising. Whereas certain countries prohibit it, in others it is perfectly common. Other frequent

influences can be represented by various forms of state aid. If a sufficient, usually political reason exists for state aid to non-effective operation companies or even whole field, the governments are trying to enforce any method of help. The effort for keeping of the rate of employment and elimination of possible negative socially economical impacts is quite comprehensible. The question is under which conditions this help is executed and how it is used. Consequently, these and other factors are evaluated as another type of competitive advantage, i.e. the concern is not to evaluate them or even refuse. It is important to be aware of the fact that they have another meaning than competitive advantages and own competitiveness of the company.

10. ***Hand in hand with the growth of the importance of abilities, knowledge and functional competitive advantage, in principal it shall be more and more difficult to define rules of competition and to declare hypothesis about future development.*** If the competition is evaluated for example from the point of the price, it would be possible to operate with such concrete parameter relatively exactly. Nevertheless, if growth of competition is related to certain knowledge or abilities, then it is difficult to specify exact rules for their using and evaluation.

Influence of changes of competitive relations within the framework of strategic alliances to the structure of competitive environment

One of the subjects, topical in the context of internationalization of SMEs, are strategic alliances as the form of the internationalization. Their formal specification is the subject of many discussions and their birth brings other transformations of competitive environment. In harmony with various theoretical definitions the strategic alliance can be understood in detail as *organizational form, which enables to ensure co-operative business activity. A strategic alliance is formed by two or more mutually independent organizational units. On the grounds of mutually set strategic targets and consecutive tactic and operative targets, the strategic alliance operates as relative autonomous business unit. Its mission is to activate and evaluate possible additional effects of co-operation (positive co-operation) of strategic partners in specified field of interest of business activity. So as to ensure such mission, alliance disposes with specified sources and has both authority and responsibility to use then in efficient and effective way. Moreover, it has specified rights to implement risk business operations and to take part in their business consequences* (56). Classification of strategic alliances covers three basic types based on the reason of alliance formation - alliances based on sharing of activities and sources, reduction of competitive clashes and formation, transfer and use of knowledge (56).

When using specified concept, it is irrespective to cause the origination of alliance and its form clear that their development fundamentally changes competitive environment. They significantly contribute to frequently mentioned non-structuralization of competitive environment. *If - in the given context - we use Porter's mode of five competitive powers*, the situation is absolutely clear. This model, usually used as a tool for delimitation of competitive position of the company, resp. situation in a particular branch, can be used for the explanation of changes, occurring due to alliances. According to some authors, the fact that by concluding of alliances the companies are trying to reach better position within the framework of powers, described by the model is essential (55, 56). From the point of structuring of branches, the alliance brings one more significant change. It is substantial that alliance develops both across all parts of elements of competitive model of five powers and across various fields. This occurring cohesion has clearly far larger impact than "simple" alliances of previous competitors, striving for positive co-operation within one branch (Fig. 3.). The fact that also other subjects can be incorporated into alliances - educational and research institutions etc., which can also mean their significant strengthening is also important.

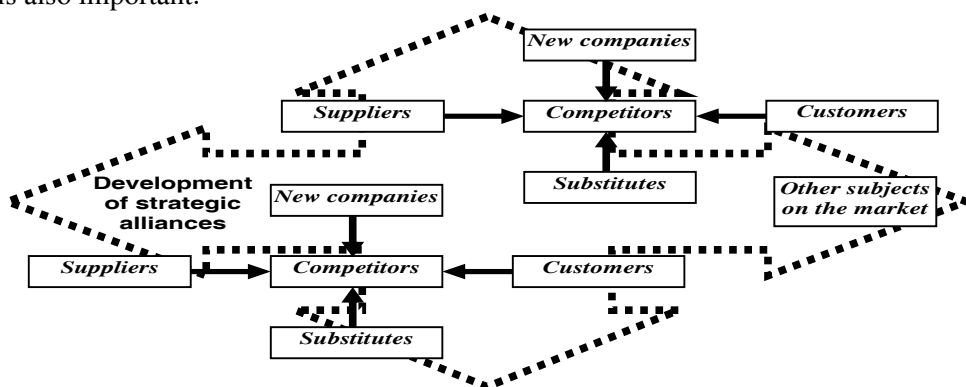


Fig. 3. Influence of origination of strategic alliances to change of structure of competitive environment

Relations within the framework of strategic alliances can also be evaluated from the point of the business system (11, 41). When using this less classical approach, it is possible to evaluate both competitiveness and co-operation relations within the framework of alliances from rather different point of view. The using of so-called business system (11) enables to better understand certain diversities of newly originating relations and requirements to functioning within the framework of originating alliances (Fig 4.). For completeness it is necessary to add that similarly it is possible to use for example Porter's concept of value chain (47). It is important to take into account that operation of whole business system of formed alliance must be interesting for individual companies also from the point of their business systems. With respect to mutual competitive and co-operation relations it then requires considerable openness and trust of involved companies. Larger stress is also put on co-ordination of progress. Here can be significant problems not only administrative and organization problems, but also legislative standards. These can prevent some provisions, which can be marked as activities, disturbing free competition. This is clear in the moment when for example they are trying to develop their business system together with business systems of independent business representatives and dealers. They can hardly avoid negotiations, including discussions over prices and costs, which can be viewed as absolutely inadmissible. Companies cannot avoid problems even during mapping of requirements of customers and within formation of offers. They must avoid the accusation of the effort to divide the market and the risk of restriction of own competitive activities. On the other hand, there is clear space for developing of individual areas within the framework of various relations. This - in overall consequence - shall result in even more non-structuralized competitive environment and to more problematic evaluation and analyzing.

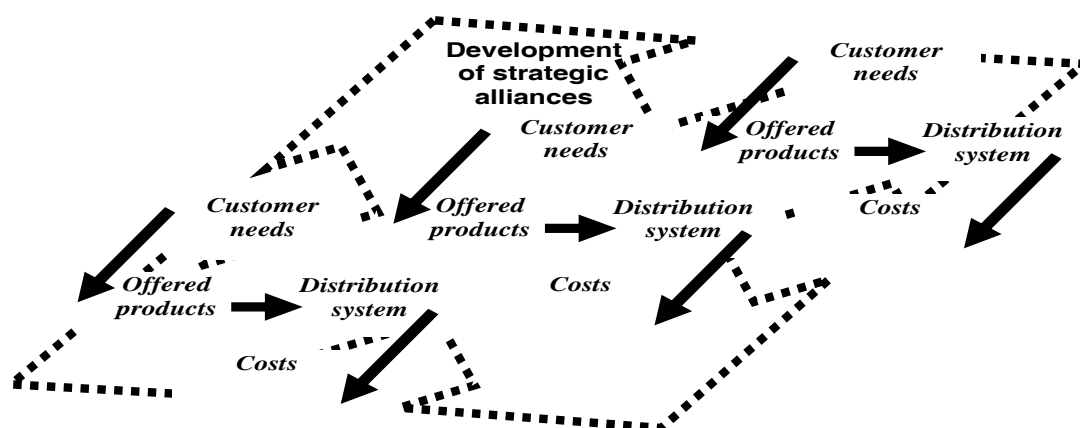


Fig. 4. Growth of strategic alliances from the point of business system

2.4. Competitiveness and Success-ability conception

Considering problems related to application of Porter understanding of competition and competitive strategies in the conditions of SMEs, is for evaluation of competitiveness of SMEs in the process of internationalization suitable to search for methods how to broaden this approach. One of the possibilities is the use of success-ability conception (61). Basic understanding of competitiveness based on Success-ability conception can be shortly summarized by the following characteristics (61):

- management is the most critical factor of the building and development of competitiveness - management must be responsible for it
- both internal and external part of the competitiveness have to be developed
- two types of the competitive advantages - structural competitive advantages and functional competitive advantages - exist and their importance is changing
- the term success-ability - as a "collective term" describing capacity of the company to achieve the success. This capacity is created by the competitiveness and so called non-competitive factors. Group of non-competitive factors includes illegal or unethical activities and factors such as government support, luck, by chance and other approaches.

Application of this approach includes the following four steps (61):

- identification of non-competitive and competitive advantages and their importance - "Matrix of the Success-Ability Potential"
- evaluation of the relevancy of selected approach - "Matrix of the Relevancy"

- evaluation of the ability of the development of selected approach - “Matrix of the Manageability”
- evaluation of the used approach from the view of competitors and customers “CI & CV Matrix”

Resources for development of competitive advantages

When searching for sources of competitive advantages of SMEs in the process of internationalization, it is desirable to come out from certain concepts of strategic management. Under existing conditions seems to be more suitable the use of so called resource based view, especially in comparison to traditional understanding based on progresses defined by M.E. Porter operating with the attractiveness of the industry. Traditional concept (marked also as „I/O model of Above-Average Returns (12)) - generally theoretically and in practical realization evaluates business environment on the basis of Porter model of five competitive forces. Following four pre-requisites are important for applicability of its application (27):

- external environment is determining factor, decisive for ability of company to achieve above-average earnings;
- most of companies operating in the branch have similar sources and similar strategies coming out from the approach to these sources;
- sources are highly movably and transferable among companies and each difference in the approach to certain source is quickly eliminated;
- decision-making process in the companies comes out from rational requirements to protect the interests of the company as much as possible and to achieve maximal profit.

When respecting the fact that important resource is for example abilities of employees, especially the second and the third pre-requisites are rather problematic. Another problem of this approach is strong accent to large companies. Last but not least, forced fact is that classical approach frequently requires rather stable environment, which for sure cannot be said about conditions, in which SMEs operate in the process of internationalization. Resource-based view works with rather different pre-requisites. Above all, it understands each organization as the file of unique sources representing the basis for development of their strategies. Significant use of competencies of companies for development of these sources is assumed. Sources are not understood generally as mobile and stable in time (27). Development of competitive advantage is then unambiguously bound to the fact whether the company has at disposal needful sources and whether the company is able to use them - i.e. competence to use given sources - see Figure 5.

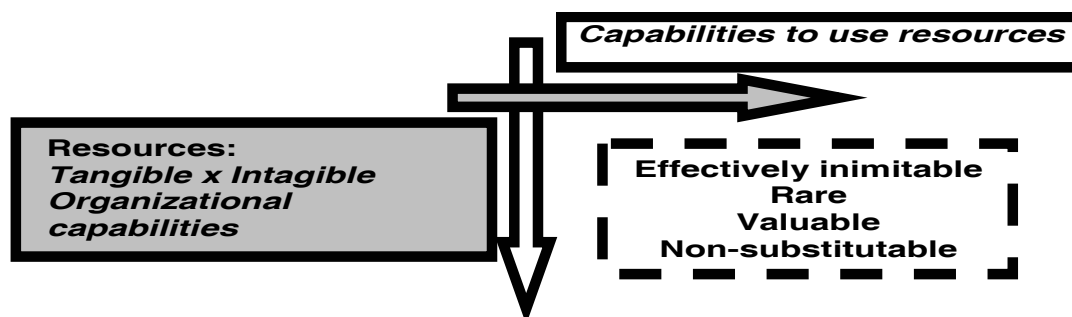


Fig. 5. Development of competitive advantage based on company sources

When searching for resources for establishment and development of competitive advantages is broadly applied concept schematically shown in the previous Figure 6. Sources are comprehended very broadly and include all entries which company inputs into operating processes. Besides classical resources in macroeconomic understanding and property of the company is dedicated considerable attention to abilities as important source on the basis of which is desirable to develop competitive advantages. Individual groups of resources could be described by the following characteristics:

- *Tangible resources* - most of them can be easily delimited by the fact that most usually these are only sources covered in the balance-sheet. In principle they are consumed by use (12).
- *Intangible resources* - includes factors such as reputation of the company, trademark, patents, etc. By using they are not usually consumed, but rather developed (12).
- *Organizational capabilities* - includes factors such as reputation of the company, trademark, patents, etc. By using they are not usually consumed, but rather developed (12). In other words, they can be understood as the ability to use sources for achieving of output and achieving of target (27). From

this point of view, below mentioned core competencies could be classified here. Capability to use resources mentioned in scheme on Figure 5 includes also partially organizational abilities.

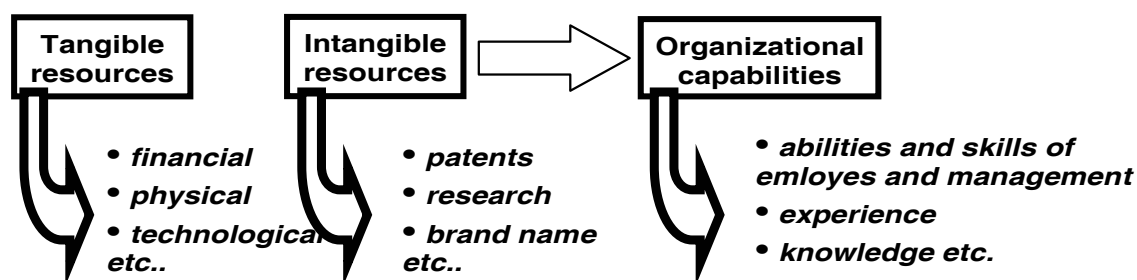


Fig. 6. Basic determination of sources usable for development of competitive advantages (on the base of 12, 27)

It is clear that not all resources and abilities of the company have the potential to establish and develop competitive advantage. Four criteria plays their role - uniqueness resp. effective non-imitability, rareness, value and non-substitutability (12, 27):

- *effective inimitability* - troublesome possibility to imitate, or too high expensiveness of imitation
- *value* - has the value for company, it means that it enables the company to use opportunities in the market. Moreover, it is possible to stress the fact that they enable to generate the value for customer.
- *rareness* - limited approach of competitors to given source
- *nonsubstitutability* - no adequate substitutes exist, enabling to reach the same effect

From the point of the possibility of imitation are important four categories of factors, which influence the possibility of imitation of the source (and it is possible to state that similarly they are shown within abilities) (12):

- *uniqueness of source* - factors falling into this group are practically unimitated; to this category unique location, mining rights, patents, etc. belong. The problem is that in many cases the companies see as inimitable factors which are minor or factors which can be imitated in some way (e.g. by new different technology, principle, etc.) (12).
- *long-term formed sources* - advantages the obtaining of which is long-term matter - loyalty of customers, satisfaction of employees, reputation of the company, etc. New competitor is not able to quickly “imitate” the company having such advantage, and which can develop these factors from long-term point of view (12).
- *hardly identifiable sources* - these are advantages which are not evident at first sight, resp. it is difficult to identify what is the real cause of the success of particular company. To a certain extent simplified example can be the question whether particular company is successful based on good management or based on the fact that management passed some training. These advantages can be imitated; nevertheless, it is difficult to reveal them (12).
- *economic sources* - this area does not include only financial means as such, but also means invested for example into manufacturing equipment. The higher and the more difficult transferable these means, the more probably the company shall stay in particular field. On the other hand, competitor can review whether he shall imitate the approach of existing company, or whether he shall use another approach with similar sources. These approaches are - in fact - quite easily imitable; the question is very frequently restricted capacity of market, which decides about the fact if more competitors with identical or similar approaches can be sufficiently profitable (12).

One of the approaches, which can be used for identification of sources and abilities for development of competitive advantages, is the concept of „core competencies“. For development of competitiveness of SMEs in the process of internalization this approach has enormous potential. In contrast with large companies, SMEs have significant advantage in the fact that they can recognize their competencies better and in more detail. Large companies - most usually - primarily focus on formation of strategic business units than to development of competencies. Consequently, it is for them far more complicated to understand the company not only as the portfolio of products or services, but also as the portfolio of competencies, as development of core competencies demands (24). SMEs should be able to realize this development more efficiently with respect to organizational scope. Naturally these companies will have to solve related problems, such as questionable

enumeration of plans and benefits of provisions of development of core. Delimitation of core competencies can be based on their classical characteristics (24):

- these are such abilities and technologies, which enable the company to form benefit for customer.
- if companies in competition focus on core competencies, the competition is then more complex and it does not represent only competition between two products - core competencies are not specific features of individual products.
- they contribute to competitiveness of more products or services, they overrun framework of individual product or service, or field in one company.
- period for which particular competence can be used is longer than life-cycle of products. Nevertheless, core competencies come under the time as the substance forming their basis can be tomorrow only necessary pre-requisite.
- these abilities usually can not be developed without the support of management of all levels.
- integration of abilities is the basic pre-requisite of their development. Competencies represent rather package of abilities and technologies than individual skills and technologies. They constitute sum of learning and recognition through abilities in the individual organizational units. Therefore, it is difficult - and even impossible - to build them by means of the individual or small team.

In the effort to develop core competencies in harmony with resource based view is the significant element their differentiation from competencies or capabilities, having rather partial characteristics, which is rather difficult. Authors of this approach say that companies have - in reality - about 5 -15 real core competencies (24). *Three conditions, which core competencies must satisfy*, are defined (24):

1. **Value for Customer** - Core competencies shall contribute to value perceived by customer. These abilities shall enable the company to offer some benefit to customer. Contract between core and non-core abilities is formed by the fact what the customer sees and significant and what not. Nevertheless, it does not mean that the benefit can be clearly seen and clearly identifiable by customer.
2. **Differentiation from Competitors** - Quality of basic abilities is also specified by their uniqueness in comparison to competitors. It does not mean that the company is the only one having it, but the fact that it is the best. In each field we can find many abilities and qualities which represent necessary condition for existence of the company in particular field. Nevertheless, there is a difference between necessary abilities and differentiating abilities. There are many companies, which try to present themselves with something which is absolutely common.
3. **Possibility of Development** - Basic abilities shall be identified in such a way so as they would enable development of new products and acquisition of new markets. Whereas individual ability can appear as basic from the point of one segment, it is not essential from the point of the company as a whole, if it does not offer the possibility of development.

On the other hand, it is obvious that from the point of resource based view, concept of success-ability and real situation in the company, the companies just can not forget to develop so-called partial abilities. Theory of success-ability can help to SMEs to differentiate individual factors in the process of internationalization from the points of their importance for competitiveness and success of their activities. Interference point of RBV, concept of success-ability and core competencies is also the fact how during the development of core competencies is stressed the need to differentiate the property - asset, infrastructure, competitive advantage, critical factor of success and core competencies (24). Relations between mentioned elements can be explained rather easily (24). Core competencies do not represent any property in accounting point of view. Factory, trademark, patent etc. can not be core competencies - these are rather matters and abilities. On the other hand, ability to control manufacturing can form core competencies. Core competencies do not wear and tear; contrariwise, their use means their development. Core competence is the source of competitive advantage if it is unique from competitive point of view and brings value to customers. It is valid that core competencies are sources of competitive advantage, but not every competitive advantage constitutes core competence. Identically, every core competence is a critical factor of success, but not every critical factor of success is core competence. In this relation it is possible to understand core competencies as certain capability. However, in business there exist many advantages, which are not based on competence. It does not mean that these factors are insignificant; nevertheless, they must be controlled in different way. Difference between core competencies and other forms of competitive advantages is in difficulty of their generation. As a rule, it is easier to achieve advantage resulting for example from infrastructure than to build core competencies (24).

3. Contemporary competitiveness of SMEs in the Czech Republic

Results and evaluation of situation of the Czech companies, presented below in this article, come out from two researches. Basic and General Evaluation of Competitiveness of SMEs comes out from the research "The Possible Trends of the Development of Mechanical and Electrical Engineering Companies with Emphasize on the South Moravia Region (1999 - 2004) - Identification number MSM 265100017". This is, however, only partial part of evaluation. Substantial part of evaluation comes out from the results of the research "Internationalization of the SMEs' in the Czech Republic (2002 - 2004) identification number GA 402/02/0106"

3.1. General Evaluation of the Competitiveness of the Czech SMEs

General evaluation describing competitiveness of SMEs in the Czech Republic was done in years 1999 and 2000 as a first stage of complex research focused on the Czech companies in mechanical and electrotechnical engineering industries continuing till today. View which was applied in these researches was not connected directly with internationalization. It was focused on general aspects of the development of all companies. Nevertheless information about competitiveness of evaluated companies can be used as a very suitable starting point. Results summarizing the most developed and the most popular competitive advantages of small ("s") and medium-sized ("m") enterprises are the following (49):

- SMEs stress quality as important competitive advantage (61% - "s", 84% - "m").
- Middle-sized companies stress more than small companies qualified employees (61% - 18%), short delivery time (55% - 46%), company name (50% - 32%), skills and abilities of management (37% - 14%), wide product range (29% - 18%).
- Small companies stress more than middle-sized companies customer satisfaction (68%-45%), low price (32%-24%) a low cost (21%-13%).
- If we define two conditions - involvement of management to the process of building and developing of the competitiveness and development of the functional competitive advantages - as the basic presumption of the success, than the best situation is probably in middle-sized companies. They are even better then large companies.
- Small companies probably do not use the best approach, because their strategy is too much based on low costs and low price. They even stress this factor more than large companies (only 21% of large companies see low costs as the most important advantage).
- 67% of small companies develop from 3 to 6 most important competitive advantages, 82% of middle-sized companies develop form 3 to 7 the most important competitive advantages. There is relatively less of small companies which are forced to survive with smaller competitive base.

Companies with no significant advantages still exist (11% - "s", 3% - "m").

We can say that probably the best competitive potential had middle-sized companies. Problem is, that this "best" does not have to mean sufficient. Conception of functional and structural advantages was tested within this research. This view confirmed "the best" position of middle-sized companies even in comparison with large and small companies (Table 2.).

Table 2. Developed Functional Advantages (49)

% of companies considering the advantage as the most important				
Advantage	All	Small	Middle	Large
<i>quality</i>	70%	61%	84%	63%
<i>qualified employees</i>	50%	18%	61%	63%
<i>customer satisfaction</i>	46%	68%	45%	32%
<i>short delivery date</i>	44%	46%	55%	32%
<i>company name</i>	40%	32%	50%	37%
<i>management abilities</i>	29%	14%	37%	32%
<i>wide variety of production</i>	27%	18%	29%	32%
<i>work of management</i>	14%	11%	18%	13%

Small firms were orientated to surviving with strategies, which were not sustainable from the long term view. The question is whether the contemporary level of the competitiveness resulting from this focus can be acceptable base for future development and whether it can be successfully confronted with global competition which is connected with internationalization. Another question is whether SMEs are not in process of building of their competitiveness too influenced by large companies. It means they do not try too much use the same strategies as their "bigger relatives". According to that, their competitive strategies could be evaluated as too much based on Porter's generic competitive strategies and especially unfortunately as too much inspired by low cost advantage or cost leadership strategy. Portfolio of their competitive advantages is rather conglomerate with not well defined competitive strategy resulting in problems in management activities as planning, organizing, strategic management etc.

3.2. Competitiveness of the Czech SMEs within Internationalization Process - Pre-research 2002

Pilot test of research methodology of research focused on internationalization of the Czech SMEs was done in 2002. Part evaluating competitiveness and management development was based, as was already mentioned, on complex managerial model of competitiveness. Main objectives of this pilot test were verification of the applicability, process ability of obtained data and detailed specification of research hypothesis and evaluated relations. Sample of companies involved to this test contained about 30 companies. It means, of course, low statistical significance of these pilot results, but it was not purpose. These first results were summarized to the starting points regarding developed competitiveness and competitive advantages and changes in management within internationalization process.

Main pre-research conclusions regarding competitiveness and competitive advantages (14):

- Companies probably consider as the most important advantages deciding about their success in internationalization process generally the same advantages like advantages marked as the most important for future development four or five years ago. Quality, customer satisfaction, low costs, low price and flexibility are still evaluated as the most important.
- Whereas emphasize on flexibility and customer satisfaction is unambiguously positive, low costs and price and quality could be followed by many questions. It again indicates not very suitable application of Porters approach in condition of SMEs
- Non-competitive factors like illegal and unethical activities are refused as the base for internationalization.
- Unethical behavior is probably relatively stronger deprecated in comparison to ignoring of legislative norms.
- Government is not seen as a very positive and helpful factor.
- Strong partner is seen as a very important and suitable possibility.
- Many companies are not able to identify factors which should be base of their internationalization activities. "Uncertain area" is quite important.
- Own competitiveness is comprehensibly seen as the most perspective way.

Main pre-research conclusions regarding changes in management (14):

- Management probably does not respect requirements of internationalization on the changes in its work.
- Relatively the most significant changes induced by internationalization activities could be recognized in areas like sales, finance, organization and control.

3.3. Competitiveness of the Czech SMEs within Internationalization Process - Final research 2003 - 2004

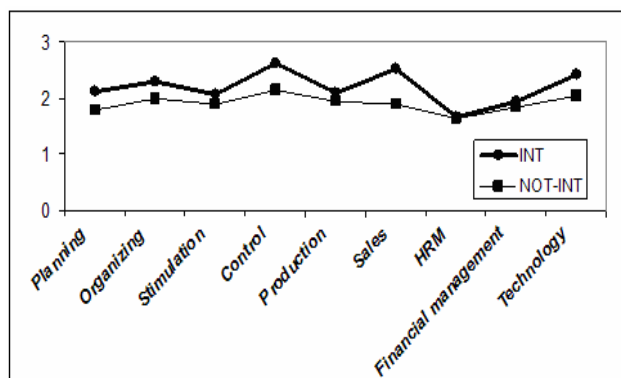
Data for final part of the research were acquired from the sample of about 90 companies. Orientation from the point of sector was given from the very early beginning, prevailingly mechanical engineering and electrotechnical engineering companies. From the legal form point of view, the sample copies the structure of the Czech economy. It means that far largest part is formed by limited companies. Smaller part comprises of joint stock companies and other legal entities. Sufficient criterion of the size was number of employees. Usual standards used in the EU were chosen – at small companies 10-49 employees, at middle sized companies 50-249 employees. The questionnaire itself naturally charted besides competitiveness of companies and work of management also forms of internationalization, marketing of companies and financial management.

In successive part of the article are presented basic data characterizing competitive behavior of SMEs and development of their management in relation to internationalization process. Companies endeavoring to

develop their internationalization activities purposefully are hereinafter marked with "INT", companies not promoting this development so far are marked with "NOT-INT". Correlation coefficients and Pearson correlation are used for the evaluation of relations and dependencies. Used level of importance is 1% (in the tables marked with the font type **Bold**) and 5% (in the tables marked with the font type *Italic Bold*). Used range for questions in the questionnaire was 1 to 5, while 1 generally indicates "no" and 5 indicates "yes". Specification of this range is mentioned within each individual table or graph. Values of responses for companies as a whole are specified as mean.

3.3.1. Changes in management caused by internationalization process

Results, expected on the grounds of pre-research, were confirmed in the area of management in the large extent. The fact that rate of changes in the progresses used by management is generally relatively low was confirmed. Likewise, not all the changes are apparently specifically associated with the internationalization effort of the company. For example, technology belongs to field relatively more replaced. The reason of changes is natural need to change and modernize technological equipment of companies. Similarly, changes in the area of controlling are generally inspired by the effort not to only increase the quality of production, but also by external pressures requiring certification of type ISO, etc. Definitely most significantly are changed - in relation to internationalization activities - sales activities of companies. From statistic point of view was the difference between INT and NOT-INT shown quite significantly. Problem is that this entry could indicate the perception of internationalization as only the method of sale. From the point of management and influence of this work over the development of competitiveness and success in the internationalization process, the changes should be deeper and should be expressed in the whole system of management. Very surprisingly, companies change very little their procedures in the area of stimulation and HRM. This phenomenon is in rather scale both negative and traditional. The problem is that companies usually stress abilities of their employees as important competitive advantage. These abilities are also the fundament for development of abilities of the company as a whole. It is then the question how the companies want to use and develop abilities of own employees without changing of the method of work with them.



* 1 - no changes, 2 - partial changes, 3 - some approaches completely changed, 4 - most approaches changed, 5 - completely changed approach

Management elements and functions	INT	NOT-INT	ALL	Min	Max	St. dev.
Planning	2,12	1,80	2,04	1	4	0,94
Organizing	2,30	2,00	2,23	1	5	1,01
Stimulation	2,06	1,90	2,01	1	5	1,01
Control	2,61	2,15	2,49	1	5	1,17
Production	2,08	1,95	2,05	1	4	0,87
Sales	2,53	1,90	2,36	1	5	1,08
HRM	1,66	1,65	1,65	1	5	0,87
Financial management	1,95	1,85	1,92	1	5	0,95
Technology	2,43	2,05	2,33	1	5	0,94
Others	2,33	3,00	2,67	1	5	1,97

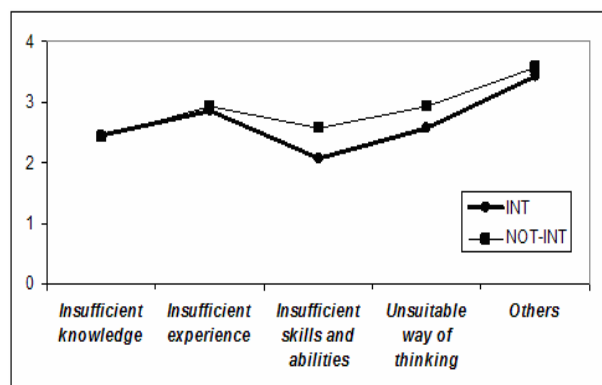
Fig. 7. Evaluation of change called by internationalization processes in the individual areas of company management (13)

From attached graph and table (Fig. 7.) it is obvious that INT companies are changing from the point of management little bit more than NOT-INT companies. The fact that this difference is not more considerable can be explained by two reasons. Firstly, companies involved in internationalization activities do not reflect enough the need to change their management. On the other hand, changes in the group of NOT-INT companies could be strong internationalization pressures operating in domestic markets, i.e. "passive" internationalization.

If we look at changes in the work of management from the point of concrete forms of internationalization, the conclusion is rather unambiguous (see Appendix - Table 4.). From statistical point of view we can not practically talk about any significant dependency between individual forms and changes in management. This dependency within evaluation with correlation coefficient was more significantly

demonstrated only between changes in manufacturing procedures and export via independent business representatives. Generally, the operation of management do not reflect too much selected method of internationalization. Finally, it only confirms insufficient development of management in the context of internationalization process.

Certain explanation of insufficient changes in the management might offer the evaluation of the proficiency of management as the barrier of internationalization (Fig. 8.). In the pre-research answers to this question certain unwillingness of management to admit that the problems could be hidden in improper method of thinking and insufficient skills and abilities could be seen.



* 1 - absolutely not, 2 - probably not, 3 - sometimes, 4 - mostly yes, 5 - absolutely yes

Part of managerial proficiency	INT	NOT-INT	ALL	Min	Max	St. dev.
Insufficient knowledge	2,45	2,44	2,45	1	5	1,09
Insufficient experience	2,86	2,94	2,88	1	5	1,22
Insufficient skills and abilities	2,07	2,56	2,19	1	4	0,91
Unsuitable way of thinking	2,58	2,94	2,67	1	5	1,12
Others	3,43	3,57	3,50	1	5	1,51

Fig. 8. Evaluation of individual parts of expertness of management as the barriers in the internationalization processes (13)

Knowledge and experience were marked as more significant barrier (14). On the basis of contemporary results it is possible to say that generally in NOT-INT companies the proficiency represents more serious problem. This confirms thesis that management of companies is significant factor influencing their ability to enforce themselves in the international markets. If proficiency of management is not sufficient, the companies will not be able to effectively start and pass internationalization process. From the point of development of competitiveness based on abilities is important that difference between INT and NOT-INT is drawn in the level of statistical importance. NOT-INT companies have probably more problems with the abilities or their managers in comparison to INT.

Similarly to previous case of the relation between changes in the work of management and individual internationalization forms, the relation of perceiving of individual parts of proficiency of management as barriers of internationalization and individual internationalization forms did not show significant dependence (Appendix - Table 5.). More significant dependence is only between perceiving of knowledge as the barrier and purchase of licenses and insufficient abilities and skills and integration into international networks and franchising. It seems that companies in a certain extent by these forms outsource knowledge and abilities which the management lacks. These ways are then perceived as the possibility of solution to problems with own management. Nevertheless, the question then remains whether the companies are aware of the need of own effective management for example within the integration into international networks.

3.3.2. Competitive advantages developed within internationalization process

In this area was examined what importance the companies attribute to individual competitive advantages in relation to internationalization. Nearly all competitive advantages evaluated as the most significant ones are practically identical as advantages developed by companies generally, determined by mentioned research 1999 - 2000 (Table 2. and Table 3.). Certain relative growth can be seen in the perceiving of abilities of management as competitive advantage. On the contrary, relatively less significantly are surprisingly evaluated abilities of employees as such. Yet, they are still evaluated as outstandingly important. This could finally mean that companies are minimally intuitively aware of the importance of qualified management for the development of internationalization activities. That results also from the fact that abilities of management are one of the advantages perceived by INT companies as more important than NOT-INT with identifiable statistical importance of this difference.

Practically only three competitive advantages are evaluated by NOT-INT companies as more important than INT companies. These are broad product line, trademark and market share. All these advantages are generally evaluated as the least, i.e. important rather as average. This indicates several interesting facts. For SMEs it is probably easier to enforce themselves rather with specific product. This advantage is within INT evaluated higher significantly than within NOT-INT also from the point of statistic importance. Lower importance of trademark is given also by the fact that many companies enforce themselves as “no name” sub-supplier, or sell their products under the logo of more renowned foreign partner. Based on similar reasons INT companies do not evaluate market share as its important advantage. They are not able to achieve such large share so as to be able to consider it as competitive advantage.

Table 3. Evaluation of importance of competitive advantage in relation to development of internationalization (13)

Competitive advantage	INT	NOT-INT	ALL	Min	Max	St. dev.
Competencies of employees	3,50	3,15	3,41	1	5	1,06
Competencies of management	3,97	3,35	3,80	1	5	1,06
Low costs	3,57	3,37	3,52	1	5	1,03
Low price	3,64	3,38	3,57	1	5	0,97
Quality	4,36	3,84	4,22	2	5	0,80
Wide product range	2,91	3,00	2,93	1	5	1,05
Specific product features	3,58	2,89	3,41	1	5	1,04
Flexibility	3,77	3,50	3,70	1	5	0,81
Image	3,33	3,25	3,31	1	5	1,03
Brand	2,77	2,90	2,81	1	5	1,13
Technology	3,36	3,10	3,29	1	5	0,90
Service	3,61	3,50	3,58	1	5	1,00
Customer satisfaction	4,50	4,15	4,40	1	5	0,87
Market share	2,85	3,33	2,97	1	5	1,00
Knowledge	3,43	3,45	3,44	1	5	0,97
Others	2,00	4,50	3,00	1	5	1,87

1 - no or almost no significance, 2 - minimum significance, 3 - average significance, 4 - mostly decisive, 5 - always decisive

INT companies put significantly higher stress on quality. This was again confirmed also from the point of statistical importance. From the point of long-term development it is important so as these companies realize that quality represents important competitive advantage, but in demanding markets the quality represents the commonplace.

Positive is relatively lower significance attributed to low costs and low price. Companies still view them as over-average significant, but generally as not the most important ones. This declension from tradition decision scheme specified by Porter generic strategies is very important from the point of long-term development of competitiveness. Especially SMEs must purposefully develop certain portfolio of competitive advantages going through Porter schemes, which is in this relation too much strict and restricting

From the point developing competitive advantages and concrete internationalization forms was identified several interesting implications (Appendix - Table 6). Negative correlation between joining into international networks and competitive advantages as specific property of the product, flexibility, image, technology, service and customer satisfaction indicate possible perception of this form as the way how to solve problems with insufficient level of these advantages. The more companies incline to joining to international networks, the less significantly they evaluate given advantages. In other words, companies which are not able to achieve needed level of certain advantage compensate this lack by joining the network. This helps them either to improve or reach another competitive advantage. Again, we can talk about outsourcing of competitive advantages or rather formation of competitive advantages throughout the whole networks. Positive correlation, however without higher level of importance, occurs in case of networks and alliances with competitive advantage of low costs and low price. Most of networks, which the companies join, probably rather solve problems with costs,

purchasing of raw materials, goods, etc. Potential for sharing and development of knowledge then remains undervalued and underdeveloped.

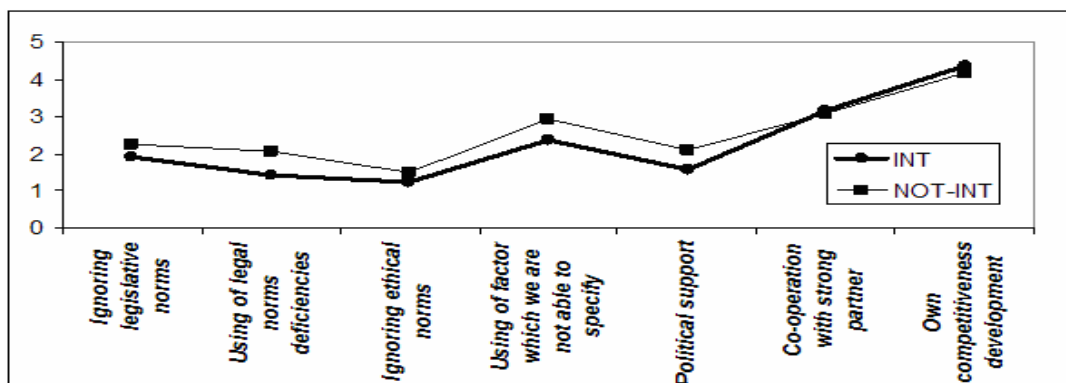
Statistically important is also negative correlation between Joint Venture and knowledge and purchasing of license and satisfaction of customers. It is a clear shift in the area of evaluation of Joint Venture. After 1989 most of Czech companies viewed this form as the way how to acquire the financial sources from foreign partner. For SMEs today Joint Venture represents possibility how to solve problems with insufficient knowledge and experience.

Within three other forms of internationalization statistically important correlation with one to three competitive advantages occurs. Correlation between unexpected demand from abroad and low costs confirms that companies inclining to this competitive advantage have the tendency to accept any offer. Level of elaboration and orderliness of their internationalization activities is probably very low. Companies importing material, semi-finished products etc. put the stress on quality and technologies. In this way is solved the problem with unavailable or poor suppliers in domestic market. It also tries to modernize its technology by the purchasing of top-quality equipment. Potential uncertainty related to foreign deliveries and any dependency on them compensates higher reliability and quality. Companies exporting via independent business representatives stress quality, specific properties of products and broad product line. These companies apparently got to know that it is necessary to offer to independent representative an interesting offer based on more factors than on low price and low costs. This procedure can be evaluated as more effective from long-term point of view and enables the company to gradually enforce themselves in more demanding foreign markets. Other correlations were not shown so significantly. Certain trends in the behavior of companies could be derived only from marks of the individual correlations. One of further chapters of the research shall be dedicated to this analysis.

3.3.3. Possibility of development of success-ability and competitiveness in internationalization process

From the point of general evaluation of possibilities of development of competitiveness it is clear that INT companies put rather higher stress than NOT-INT to development and strengthening of own competitiveness. The fact that INT companies are aware of the fact that they must more rely on themselves and on their real ability is demonstrated by the fact that they evaluate as less beneficiary the using of imperfection of laws or waiting for government support and aid. Here is the difference against NOT-INT also statistically important.

Possibility of competitiveness development	INT	NOT-INT	ALL	Min	Max	St. Dev.
Own competitiveness development	4,35	4,19	4,31	2	5	0,75
Co-operation with strong partner	3,15	3,10	3,14	1	5	1,13
Ignoring legislative norms	1,91	2,25	2,00	1	5	1,07
Ignoring ethical norms	1,24	1,50	1,31	1	5	0,74
Using of legal norms deficiencies	1,42	2,05	1,60	1	5	0,83
Political support	1,57	2,10	1,71	1	5	0,98
Using of factor which we are not able to specify	2,36	2,94	2,52	1	5	1,14
Others	2,75	-	2,75	1	5	2,06



* 1 - absolutely not, 2 - minimum possibility to use, 3 - average, 4 - mostly applicable, 5 - always the best

Fig. 9. Evaluation of possibilities of development of competitiveness in internationalization process (13)

Conviction, indicated already in pre-research, that government policy and support is not effective in this point and that Czech SMEs do not evaluate it as too beneficiary factor. Companies which already operate in the international markets, have already come into conclusion that unethical behavior and evading the laws are not sustainable method of reaching of success from long-term point of view.

Surprisingly still very high is - both with INT and NOT-INT companies - evaluation of the importance of factors, which the companies are not able to clearly identify. Here more detail analysis of the situation with the aim to eliminate this uncertainty as much as possible could be clearly recommended.

In relation to general evaluation of the possibility of development of competitiveness and individual forms of internationalization not too many important correlations were shown (see Appendix -Table 7). In principle only within two forms it was possible to mark the correlations as statistically important. In case of the export via own business representatives is negative correlation with evading the laws and political support. Clearly is demonstrated that these companies must rely on own powers and they refuse to wait for more favorable government policy or to risk legal problems. With franchising is - on the contrary - the correlation with political support positive, identically as the using of factors which the companies do not know to specify. Especially in second case it could be that the companies are not able to differentiate whether in the framework of franchising obtained something what is successful in the market or whether their own abilities enable them to use their gain. Within political support the company would probably expect the help of state institutions within the acquiring of information, searching for partner etc. Identically positive is fact, not statistically important correlation, between government support and foundation of own subsidiary companies. Companies would welcome the help of government institution in this particular case.

In other dependences the correlations are not too high and statistically important. From marks of acquired correlations can be evaluated only the logic of behavior of companies. For example companies preferring cooperation with foreign partner logically show the tendency of positive using of all co-operative forms of internationalization, which can be developed from long time point of view - Joint Venture, strategic alliances, networking, etc. Development of own competitiveness is not generally bound to any concrete form of internationalization. This is positive in the sense that it is probably understood as generally necessary condition of any development. If in further investigation is shown the willingness of companies not to respect legislative standards within the joining into networks and alliances indicated by positive mark of correlation, companies can expect whole series of problems. These can be especially problems linked with provisions controlling the market, practices of unfair competition etc. which such originating groups should respect. In this stage it is rather estimation of behavior coming out from available results, so as much can seem to be probable in the context of behavior of companies.

Conclusions

Results of the research described in this article offer many questions. All theoretical conception of internationalization sees management as a very important factor. From this view problem of the Czech SMEs is a fact that hypothesis that rate of changes in the progresses used by management caused by internationalization process is generally relatively low was confirmed. Likewise, not all the changes are apparently specifically associated with the internationalization effort of the company. Definitely most significantly are changed - in relation to internationalization activities - sales activities of companies. Problem is that this entry could indicate the perception of internationalization as only the method of sale. From the point of management and influence of this work over the development of competitiveness and success in the internationalization process, the changes should be deeper and should be expressed in the whole system of management.

Very surprisingly, companies change very little their procedures in the area of stimulation and HRM. This phenomenon is in rather scale both negative and traditional. The problem is that at the same time companies usually stress abilities of their employees as important competitive advantage.

Difference between companies involved to internationalization process and companies which do not see this way as possible or perspective was not as evident as was expected. The fact that difference is not more considerable can be explained by two reasons. Firstly, companies involved in internationalization activities do not reflect enough the need to change their management. On the other hand, changes in the group of NOT-INT companies could be caused by strong internationalization pressures on domestic markets, i.e. by "passive" internationalization.

Important aspect of management work is proficiency of managers. On the basis of existing results it is possible to say that generally in NOT-INT companies the managerial proficiency represents more serious problem. This confirms thesis that management of companies is significant factor influencing their ability to enforce themselves in the international markets. From the point of development of competitiveness based on abilities is important that difference between INT and NOT-INT is drawn in the level of statistical importance.

Evaluation of competitiveness and competitive advantages of companies shows some interesting aspects. Nearly all competitive advantages evaluated as the more significant for internationalization process are practically identical as advantages generally developed by companies. Certain relative growth can be seen in the perceiving of abilities of management as competitive advantage. On the contrary, relatively less significantly are surprisingly evaluated abilities of employees as such. Yet, they are still evaluated as outstandingly important. This could finally mean that companies are minimally intuitively aware of the importance of qualified management for the development of internationalization activities. It results also from the fact that abilities of management are one of the advantages perceived by INT companies as more important than NOT-INT with identifiable statistical importance of this difference.

INT companies put significantly higher stress on quality. From the point of long-term development it is important so as these companies realize that quality represents important competitive advantage, but in demanding markets the quality represents the commonplace.

Positive is relatively lower significance attributed to low costs and low price. Companies still view them as over-average significant, but generally as not the most important ones. This declension from tradition decision scheme specified by Porter generic strategies is very important from the point of long-term development of competitiveness. Especially SMEs must purposefully develop certain portfolio of competitive advantages going through Porter schemes.

Positive finding is that developed individual competitive advantages reflects internationalization forms generally more than work of management. On the other hand there are still some problematic questions. For example probably most of networks or strategic alliances are probably established to solve problems with costs, purchasing of raw materials, goods etc. Potential for sharing and development of knowledge then remains undervalued and underdeveloped. Change in understanding of Joint venture is always very positive. For SMEs today represents Joint Venture more possibility how to solve problems with knowledge and experience than way how to find financial resource.

From the point of general evaluation of possibilities of development of competitiveness it is clear that INT companies put rather higher stress than NOT-INT to development and strengthening of own competitiveness. It means that INT companies are aware of the fact that they must more rely on themselves and on their real ability. Nevertheless development of own competitiveness is not generally bound to any concrete form of internationalization. This is positive in the sense that it is probably understood as generally necessary condition of any development. Surprisingly still very high is - both with INT and NOT-INT companies - evaluation of the importance of factors, which the companies are not able to clearly identify.

This article presented only a part of obtained results and basic theoretical background. Both positive and negative aspects in management and competitiveness of the Czech SMEs in internationalization process were identified. Following research it will be in this area focused on more detailed analyses of critical areas and finding of solutions of management and competitiveness problems of the Czech SMEs related to their internationalization activities.

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APPENDIX

Table 4. Correlation between internationalization forms and management elements and functions (13)

	Import of final products	Import of raw materials, semi products etc.	Export through independent sales representatives	Export through own sales representatives	Export through own subsidiaries	Unexpected request from foreign partner	Franchising	Particular contract (not-repeated)	Joint Venture with foreign partner	License holder (Buying foreign license)	Licensor (sale of license to foreign companies)	Establishing new subsidiaries on foreign market	Involving to international strategic alliances
Planning	-0,09	0,08	-0,05	0,20	0,14	-0,13	0,00	0,05	0,17	0,08	-0,01	0,05	0,00
Organizing	-0,14	0,14	-0,13	0,20	0,13	-0,10	0,09	0,08	0,04	0,12	0,04	0,06	-0,03
Stimulation	-0,18	-0,04	-0,01	-0,10	0,10	-0,23	0,00	0,13	0,17	-0,09	-0,17	0,06	-0,12
Control	-0,08	0,16	0,09	0,12	0,12	0,05	-0,14	0,11	0,14	-0,07	-0,07	-0,05	-0,14
Production	-0,07	0,14	0,18	0,30	0,09	-0,07	-0,14	-0,14	-0,01	0,18	0,08	-0,08	0,13
Sales	-0,07	0,21	0,09	0,18	0,12	0,01	-0,04	0,03	0,10	0,02	0,10	0,08	0,07
HRM	-0,20	0,03	-0,03	-0,03	0,06	-0,16	-0,09	0,09	0,16	-0,03	-0,12	0,16	-0,09
Financial management	-0,03	0,09	-0,08	0,00	0,13	-0,12	0,13	0,14	0,10	0,10	-0,07	0,14	0,01
Technology	-0,09	0,22	0,22	0,02	0,05	-0,08	0,20	-0,04	0,03	-0,06	-0,06	-0,02	-0,04
Others	-0,42	0,13	-	-0,42	-	-	0,58	-	-	-	-	-	-

Table 5. Correlation between internationalization forms and areas of managerial proficiency seen as barrier of internationalization (13)

	Import of final products	Import of raw materials, semi products etc.	Export through independent sales representatives	Export through own sales representatives	Export through own subsidiaries	Unexpected request from foreign partner	Franchising	Particular contract (not-repeated)	Joint Venture with foreign partner	License holder (Buying foreign license)	Licensor (sale of license to foreign companies)	Establishing new subsidiaries on foreign market	Involving to international strategic alliances
Insufficient knowledge	0,107	-0,024	0,037	0,023	-0,166	0,038	0,166	0,009	0,008	0,236	0,160	-0,084	0,273
Insufficient experience	0,041	0,097	0,039	-0,019	-0,092	0,043	0,200	0,023	0,016	0,150	0,150	-0,146	0,105
Insufficient skills / abilities	-0,169	0,018	0,081	-0,119	-0,169	-0,170	0,233	-0,177	-0,126	-0,034	-0,034	-0,117	-0,024
Unsuitable way of thinking	-0,181	0,066	-0,045	-0,160	0,000	-0,065	0,139	0,150	-0,025	0,050	0,050	-0,184	-0,070
Others	-0,300	-0,180	-	0,281	-0,478	-0,478	0,096	-0,096	-	-	-	-0,478	-

Table 6. Correlation between internationalization forms and developed competitive advantages (13)

	Import of final products	Import of raw materials, semi products etc.	Export through independent sales representatives	Export through own sales representatives	Export through own subsidiaries	Unexpected request from foreign partner	Franchising	Particular contract (not-repeated)	Joint Venture with foreign partner	License holder (Buying foreign license)	Licensee (sale of license to foreign companies)	Establishing new subsidiaries on foreign market	Involving to international strategic alliances
Competencies of employees	0,069	0,040	-0,098	0,061	-0,111	0,052	0,169	0,116	0,089	-0,062	0,013	0,073	-0,150
Competencies of management	-0,016	0,217	0,010	0,052	0,053	-0,049	0,129	0,182	0,030	-0,048	0,030	0,037	-0,088
Low costs	0,172	0,153	-0,065	-0,015	-0,032	0,244	0,055	-0,112	0,161	0,079	-0,003	-0,038	0,055
Low price	0,005	0,056	0,080	0,215	-0,047	0,165	-0,068	-0,124	0,073	-0,012	-0,012	-0,050	0,051
Quality	0,224	0,311	0,262	0,004	0,102	0,196	0,113	0,047	-0,047	-0,047	-0,047	0,082	-0,180
Wide product range	-0,006	0,104	0,323	-0,147	-0,034	-0,113	0,008	0,031	0,011	-0,070	-0,151	-0,053	-0,106
Specific product features	0,023	0,107	0,253	0,009	-0,003	0,023	0,182	0,266	-0,148	-0,148	-0,067	0,079	-0,275
Flexibility	0,038	0,171	0,115	-0,032	0,098	-0,005	0,185	0,091	-0,041	-0,142	-0,142	0,159	-0,242
Image	-0,133	0,053	-0,053	0,118	-0,029	-0,169	0,193	0,102	0,031	-0,213	-0,132	0,071	-0,264
Brand	-0,064	0,152	-0,030	-0,004	0,096	-0,088	0,126	0,143	-0,121	-0,121	-0,046	0,098	-0,190
Technology	-0,144	0,314	-0,052	0,065	0,092	0,101	-0,038	0,101	-0,054	-0,147	-0,054	0,055	-0,299
Service	0,065	0,166	0,104	-0,030	0,118	-0,092	0,051	0,041	-0,186	-0,186	-0,186	0,090	-0,312
Customer satisfaction	0,028	0,082	0,109	-0,039	-0,025	0,046	0,079	0,090	-0,173	-0,269	-0,173	0,061	-0,323
Market share	-0,099	0,050	-0,066	-0,036	0,058	-0,137	0,122	-0,025	-0,164	-0,080	-0,080	-0,064	-0,115
Knowledge	0,067	0,196	-0,140	-0,029	0,045	0,047	0,069	0,085	-0,250	-0,076	0,098	0,049	-0,054
Others	-	-0,244	-	-0,598	-	-0,976	0,299	-	-	-	-	-	-

Table 7. Correlation between internationalization forms and general possibility of development of success-ability and competitiveness (13)

	Import of final products	Import of raw materials, semi products etc.	Export through independent sales representatives	Export through own sales representatives	Export through own subsidiaries	Unexpected request from foreign partner	Franchising	Particular contract (not-repeated)	Joint Venture with foreign partner	License holder (Buying foreign license)	Licensor (sale of license to foreign companies)	Establishing new subsidiaries on foreign market	Involving to international strategic alliances
Own competitiveness development	0,044	-0,121	0,060	0,071	0,009	-0,091	0,103	0,073	-0,066	0,041	0,041	-0,018	-0,046
Co-operation with strong partner	0,158	-0,048	-0,053	-0,066	-0,121	0,097	-0,014	0,113	0,124	0,124	0,052	0,093	0,188
Ignoring legislative norms	0,226	-0,107	-0,036	0,027	0,000	-0,139	-0,111	-0,070	-0,079	0,079	0,079	0,000	0,222
Ignoring ethical norms	0,156	-0,053	0,063	-0,108	0,106	-0,136	-0,050	-0,002	-0,071	-0,071	-0,071	-0,071	-0,050
Using of legal norms deficiencies	-0,096	-0,088	-0,053	-0,244	0,001	-0,143	0,201	0,067	-0,122	-0,122	-0,122	0,082	-0,086
Political support	-0,046	0,073	0,125	-0,262	0,136	-0,151	0,277	-0,059	-0,123	-0,037	-0,123	0,136	-0,086
Using of factors which we are not able to specify	-0,243	0,050	-0,109	-0,150	-0,063	-0,064	0,285	-0,046	-0,059	-0,167	-0,249	-0,003	-0,174
Others	0,728	-0,140	-	-0,566	-	-0,980	0,404	-	-	-	-	-	-