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Differences in Competitiveness of the Construction Enterprises in Czech Republic and Austria

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Abstract
The paper is aimed at analysis in the areas of strategic management, competitive position and decision-making in small and medium-sized construction enterprises according to their managers. It presents the results of the survey conducted in Czech Republic and Austria. The results are mutually compared and the differences between the enterprises and their managers are identified. For the questionnaire survey two approaches were used, namely resource-based view and the market-based view, for the identification of the competitive position of the enterprises. There are also questions focused on propositions for manager’s decision-making. All the acquired results are statistically evaluated with appropriate commentaries. Relationships between those areas in each enterprise provides better understanding of mutual dependence of strategic management, decision-making and competitive analysis. It also provides evidence of different approach of the Czech and Austrian enterprises in analysed areas. Results can be used by managers to understand links and different approaches to those areas in Czech and Austrian small and medium-sized construction enterprises.

Keywords: Enterprise competitiveness, Strategic management, Decision-making, Small and medium-sized enterprises (SME), Marked-based view (MBV), Resource-based view (RBV), Management

JEL classification: M10, M21, L74

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Introduction
Every human being makes decisions. Our decisions are based on lots of factors, many of them we are actually not aware of at the moment of making decisions. We are influenced by the environment, internal environment of our own mind settings (subjectively based decisions) and also the environment of our surroundings (objectively based decisions). Decision made is thus our choice according to factors in the form of the information available at the time and place of decision has been made (Muth 1961; Lucas, Sargent 1981).

The issue of individual decision-making is examined as part of decision implementation within the framework of economic theory. This activity can be classified as the rational process of selecting one of several possibilities based on the values and preferences of the decision maker. As mentioned before, if we assume
that we are dealing with an intelligent human being then we can infer that his
decisions are made in the form of expectations (Kahneman, Tversky 2000).

In this context, there can be assumption formulated for relationship between the
economic factors, which influence the decision-making process made by managers
of enterprises. Such relationship can be expected between the evaluation of the
actual economic situation and the evaluation of the past development of the
selected financial indexes (development evaluation of the turnover and the profit).
The logic of the assumed relationship is based on the conviction that the human
beings make consistent decisions and evaluations as the part of the decision-making
process. Thus the evaluation of the past financial indexes should correspond to the
evaluation of the present economic situation, with the most important financial part.

Moreover, as the economic theory describes, there are financial factors, such as
the turnover and profit, which are very important in evaluation of the enterprise,
especially in the evaluation of the performance of the enterprise. But there are other
non-financial factors which are very important as well. Financial factors thus can be
seen as the part of the resource-based view to the evaluation of the enterprise.
Resource-based view stresses the importance of the internal factors of the enterprise,
which should be specific and important for the enterprise (Wernerfield 1984; Grant
1991; Kraaijenbrink, Spender, Groen 2010). Influence of the factors from the external
environment of the enterprise is represented by the market-based view (Porter 1994;
Nalebuff, Brandenburger 1996). Both concepts are basics for evaluation of the
enterprise and could lead to identification of the enterprise specific sources usable
for the gaining of competitive advantage, and thus overall to the competitiveness of
the enterprise. (Barney 1991)

According to abovementioned assumption of the human beings decision-making
process and the influences to this process in the form of evaluation of selected
aspects in mutual relationships, there were questionnaire survey conducted among
the small and medium-sized construction enterprises in the Czech Republic and the
Austria. The survey was part of the international research project as cooperation of
Masaryk University, Fachhochschule Wien and the Chamber of Commerce of the
South Moravia (Marinic, Zathurecky 2014; Zathurecky, Marinic 2013).

The aim of the article is to identify and compare the differences of evaluation of
chosen aspects of the reality made by managers of construction enterprises and its
mutual relationship. To be able to do this methodology of questionnaire survey is
provided as well as the results of the comparison of financial indexes and non-
nonfinancial indexes in categorization to internal and external factors. Identified
differences are discussed and the important suggestions for explanation are
provided for the decision-making process.

**Methodology**

The data for the analysis was obtained through the questionnaire survey conducted
among the more than 1500 small and medium-sized construction enterprises in the
both mentioned countries, Czech Republic and Austria (Marinč 2012). The obtained
data from both sides allows describing relationship between the evaluation of the
actual economic situation and the evaluation of the selected financial indexes
development (turnover and profit) and non-financial internal and external factors
according to RBV and MBV – 60 selected factors. The managers were asked to
evaluate the all factors using the 3 point scale (positive, neutral and negative
evaluation).

The relationship was analysed by the statistical tools such as descriptive statistics
and analysis of the mean difference. The aim of the analysis is to identify the
differences in the factors evaluation of the two groups of enterprises, Czech and Austrian enterprises. This approach allows making the conclusions about approach to the selected factors and their relationships according to the country were the enterprises provide their business.

**Results**

First step of the analysis is the relationship between the evaluation of the selected financial aspects, resp. evaluation of the enterprises’ situation and the development evaluation of the profit and the turnover. According to the results (table 1), there are the differences in evaluations of the all selected aspects. In general it is able to say that Austrian managers evaluate the economic situation, and development of the both financial indexes more positive than the Czech managers.

**Table 1**

Relationship between evaluations of the selected aspect according to country

<table>
<thead>
<tr>
<th>Country</th>
<th>Descriptive Statistics</th>
<th>Analysis of Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
</tr>
<tr>
<td>---------</td>
<td>---</td>
<td>------</td>
</tr>
<tr>
<td><strong>Evaluation of Situation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT</td>
<td>111</td>
<td>1.91</td>
</tr>
<tr>
<td>CZE</td>
<td>164</td>
<td>1.96</td>
</tr>
<tr>
<td><strong>Development Evaluation of the Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT</td>
<td>109</td>
<td>1.95</td>
</tr>
<tr>
<td>CZE</td>
<td>169</td>
<td>1.95</td>
</tr>
<tr>
<td><strong>Development Evaluation of the Turnover</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT</td>
<td>109</td>
<td>1.92</td>
</tr>
<tr>
<td>CZE</td>
<td>167</td>
<td>1.87</td>
</tr>
</tbody>
</table>

Note: CZE = Czech Republic; AT = Austria
Source: data analysis of the questionnaire survey, own processing

The more significant difference can be seen in evaluation of development of the profit (difference -0.421) than in evaluation of turnover (difference -0.250). According to the analysis there can be seen difference in the evaluation of the economic situation of the enterprise as well (difference -0.153). Thus we can conclude there is strengthen influence of development evaluation of profit on the evaluation of economic situation of the enterprise.
### Table 2
Relationship between evaluations of the selected aspect according to country

<table>
<thead>
<tr>
<th>AT</th>
<th>C2</th>
<th>N</th>
<th>Mean</th>
<th>N</th>
<th>Mean</th>
<th>t</th>
<th>Difference</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>k25_1_1</td>
<td>107</td>
<td>2.30</td>
<td>156</td>
<td>2.39</td>
<td>-0.092</td>
<td>0.009</td>
<td>0.929</td>
<td></td>
</tr>
<tr>
<td>k25_1_2</td>
<td>103</td>
<td>2.50</td>
<td>155</td>
<td>2.62</td>
<td>-0.124</td>
<td>1.475</td>
<td>0.143</td>
<td></td>
</tr>
<tr>
<td>k25_3_1</td>
<td>108</td>
<td>2.22</td>
<td>146</td>
<td>2.34</td>
<td>0.031</td>
<td>0.286</td>
<td>0.975</td>
<td></td>
</tr>
<tr>
<td>k25_3_2</td>
<td>106</td>
<td>2.50</td>
<td>156</td>
<td>2.90</td>
<td>-0.356</td>
<td>0.589</td>
<td>0.600</td>
<td></td>
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<tr>
<td>k37_1</td>
<td>109</td>
<td>2.77</td>
<td>166</td>
<td>2.63</td>
<td>0.138</td>
<td>1.834</td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td>k38_2</td>
<td>107</td>
<td>2.46</td>
<td>252</td>
<td>2.48</td>
<td>0.030</td>
<td>0.318</td>
<td>0.752</td>
<td></td>
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<tr>
<td>k38_3</td>
<td>108</td>
<td>2.08</td>
<td>142</td>
<td>1.84</td>
<td>0.745</td>
<td>5.042</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k38_4</td>
<td>105</td>
<td>1.89</td>
<td>140</td>
<td>1.36</td>
<td>0.259</td>
<td>5.499</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k42_1</td>
<td>105</td>
<td>2.42</td>
<td>133</td>
<td>1.97</td>
<td>0.450</td>
<td>4.887</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k52_2</td>
<td>105</td>
<td>2.12</td>
<td>133</td>
<td>1.81</td>
<td>0.312</td>
<td>3.441</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>k53_3</td>
<td>106</td>
<td>2.70</td>
<td>155</td>
<td>2.35</td>
<td>0.346</td>
<td>3.946</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k54_4</td>
<td>106</td>
<td>2.48</td>
<td>148</td>
<td>2.59</td>
<td>-0.114</td>
<td>-2.429</td>
<td>0.154</td>
<td></td>
</tr>
<tr>
<td>k65_1</td>
<td>106</td>
<td>2.33</td>
<td>157</td>
<td>1.66</td>
<td>0.666</td>
<td>7.010</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k65_2</td>
<td>106</td>
<td>2.24</td>
<td>149</td>
<td>2.17</td>
<td>0.068</td>
<td>0.682</td>
<td>0.496</td>
<td></td>
</tr>
<tr>
<td>k65_3</td>
<td>107</td>
<td>2.08</td>
<td>144</td>
<td>2.00</td>
<td>0.028</td>
<td>0.286</td>
<td>0.775</td>
<td></td>
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<tr>
<td>k65_4</td>
<td>106</td>
<td>2.20</td>
<td>144</td>
<td>2.11</td>
<td>-0.043</td>
<td>-0.427</td>
<td>0.670</td>
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</tr>
<tr>
<td>k65_5</td>
<td>107</td>
<td>2.57</td>
<td>141</td>
<td>2.04</td>
<td>0.488</td>
<td>5.053</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>k65_6</td>
<td>107</td>
<td>2.09</td>
<td>132</td>
<td>1.02</td>
<td>0.263</td>
<td>2.612</td>
<td>0.010</td>
<td></td>
</tr>
</tbody>
</table>

Note: C2 = Czech Republic; AT = Austria; 35_X_X = internal factors (RBV); 36_X_X = external factors (MBV); bold = significant factors

Source: data analysis of the questionnaire survey, own processing

According to analysis of the mean differences in the evaluation of the internal and external factors, it is obvious that there can be seen the different approach to these factors from Czech managers point of view and the Austrian managers point of view. Differences were identified in almost the half of the factors, thus it is possible to conclude that the differences in the evaluation of the actual economic situation...
is also caused by the differences in the evaluation in the internal and external factors. Generally it is possible to see the worsen evaluation in the internal factors by the Austrian mangers, in comparison with the evaluation of the external factors (more positive mean differences in the case of internal factors in comparison with the external factors).

**Discussion**

The analysed data provide us with the insight to the decision-making process, in the form of evaluation of the chosen aspect of the reality, and their relationship to the evaluation of the actual situation of the enterprise. It is possible to identify the differences between the Czech and Austrian managers; and these differences can be characterised as caused by the influence of different environment of these countries.

According to the differences in evaluation of the economic situation it is obvious that Austrian managers evaluate it more positive, and this evaluation corresponds with the evaluation of the chosen financial indexes. Thus we can conclude, that profit situation of the Austrian enterprises is better and also better evaluated by the managers of the enterprises. We can also conclude that this evaluation is based on the better situation in whole construction sector. According to the internal and external factors it is bit surprise that the evaluation of the internal factors made by Austrian mangers are more negative than evaluation made by Czech managers. Evaluations of external factors made by Austrian managers in compare to the evaluations by Czech managers are almost in all cases more positive. Thus it is obvious that there is different approach to the internal and external factors by Czech and Austrian managers of construction enterprises.

**Conclusion**

From the results presented above, it can be stated that there is greater optimism among Austrian construction companies than among Czech ones. This assertion follows on from the demonstrated differences between mean values for the individual variables of chosen financial indexes, where in all cases lower mean values were identified for Austrian companies in comparison with Czech ones. More optimism can be explained through the possibility of different influence of the economic crisis after the year 2008, when construction industry has suffered the high volume of decreases in all activities.

The different approach to the internal and external factors can be identified as well. Quite surprise, the internal factors evaluation made by Austrian managers in comparison to Czech managers is worsening. The interpretation of the better evaluation of economic situation connected with the worsen evaluation of the internal factors suggest, that the Austrian managers take internal factors as the bigger problems of the enterprise. External factors are evaluated in compliance with the evaluation of the economic situation, and thus it is possible to conclude the same direction of influence of the external factors according to the distribution of the enterprises.

Moreover the results and their interpretation encourage us to spend more time and effort with the next phases of analysis of the differences. There is the space for other analysis of the relationships among the results of the questionnaire survey to analyse for getting the more information about the differences of managerial work and decision-making process (especially in the form of evaluation of selected
aspects of reality) in the future. We can fearlessly state that the environment can represent the basic ground for differences, with all its impacts. There are obvious differences in the environment characteristics, but it is very interesting to discover which of them have bigger influence, or is more important for decision-making in the form of evaluation.

Also the evaluation as the subjective process can be evaluated in the contextual form. It means it is possible to analyse the subjectivity of that process and compare the data obtained through the questionnaire survey with the objectivised form of the data to conclude other part of the analysis of the decision-making process. But this is the insight to the other topic for other analysis and research.

References

About the author
Mr. Peter Marinič is Ph.D. student and instructor at Department of Corporate Economy, Faculty of Economics and Administration, Masaryk University in Czech Republic. He is also the member of research teams focused to the topics of competitiveness, quality and development of the SMEs especially the constructions enterprises and the food-producing enterprises. He is also focused on educational support initiatives in the field of entrepreneurship and start-up. The author can be contacted at marinic@mail.muni.cz.