Masaryk University
Faculty of Economics and Administration

Field of study: Business and Management

THE USE OF STAKEHOLDER ANALYSIS IN STRATEGIC MANAGEMENT

Diploma Thesis

Tutor:
Ing. Ondřej ČÁSTEK, Ph.D.

Author:
Olga CÍGLEROVÁ

Brno, 2015

Name and surname: Olga Cíglerová

Title of the thesis: The Use of Stakeholder Analysis In Strategic Management

Department: Business and management

Thesis tutor: Ing. Ondřej Částek, Ph.D.

Year of defense: 2016

Annotation

The goal of the thesis, called *The use of stakeholder analysis in strategic management*, is to analyse the current company strategy, carry out stakeholder analysis and evaluate benefits of stakeholder analysis for the strategy adjustment. The theoretical part aims to explain essential terms related to the strategic management and connects the stakeholder approach to stakeholder analysis. The practical part applies information and procedures explained in the previous part to a particular company. After introducing the analysed company, the company's current strategy is introduced, a stakeholder analysis is carried out, the benefits of the analysis are evaluated and the adjustment of the strategy suggested.

Anotace

Cílem diplomové práce s názvem *Využití stakeholderské analýzy ve strategickém řízení* je analýza současné strategie podniku, provedení stakeholderské analýzy a ohodnocení přínosů stakeholderské analýzy pro upravení strategie. Teoretická část se zaměřuje na vysvětlení pojmů podstatných pro strategické řízení a spojuje stakeholderský přístup a stakeholderskou analýzu. Praktická část aplikuje informace a postupy vysvětlené v předchozí části na situaci konkrétního podniku. Po představení zkoumaného podniku je přiblížena současná strategie a provedena stakeholderská analýza. Její přínosy jsou ohodnoceny a jsou navrženy změny strategie.

Keywords

Strategy, strategic management, stakeholder, stakeholder analysis, stakeholder importance.

Klíčová slova

Strategie, strategický management, stakeholder, stakeholderská analýza, důležitost stakeholderů.

Author's statement

I hereby declare that I worked out the diploma work *The Use of Stakeholder Analysis in Strategic Management* myself, under the supervision of Ing. Ondřej Částek, Ph.D., and that I stated in it all the literary resources and other specialist sources used according to legislation, internal regulations of Masaryk University and internal management acts of Masaryk University and the Faculty of Economics and Administration.

Brno 04. 01. 2016

Handwritten signature of author

Acknowledgments

I would like to express my deepest appreciation to Ing. Ondřej Částek, Ph.D. for his valuable guidance and feedback during the development of this paper. I also want to express a sincere gratitude to the board member, management and employees of Altus Software, especially Mr. Štěpán Pokorný and Mr. Martin Cígler for their willingness and openness when providing the necessary data. Last but not least I want to give a special thanks to Mr. Jakob Bäcklund for his support and motivation that helped me to complete my diploma thesis.

CONTENT

Introduction....10
1 Literature Review....11
1.1 Stakeholder Theory....11
1.1.1 Historical aspects of stakeholder theory....11
1.1.2 Stakeholder Typology....13
1.1.3 Contributions/Benefits of Stakeholder Analysis....16
1.1.4 Criticism of Stakeholder Approach....17
1.1.5 Corporate Social Responsibility....18
1.2 Stakeholder Analysis....19
1.2.1 Determine the Goal of the Analysis....19
1.2.2 Identifying the Stakeholders....20
1.2.3 Analyse the Values....20
1.2.4 Analyse the Attributes....21
1.2.4.1 Power, Legitimacy and Urgency....21
1.2.4.2 Power versus Interest Grid....24
1.2.5 Apply the Appropriate Measures....25
1.3 Strategy and Strategic Management....25
1.3.1 Strategy....27
1.3.2 Strategic Management....29
1.4 Strategic Analysis....30
1.4.1 PESTEL Analysis....31
1.4.2 Porter's Five Competitive Forces....31
1.4.3 Financial Analysis....34
1.4.3.1 Profitability Ratios....35
1.4.3.2 Liquidity Ratios....36
1.4.3.3 Activity Ratios....36
1.4.3.4 Solvency Ratios....37
2 Methodology....**Chyba! Záložka není definována.**
2.1 Hypothesis....**Chyba! Záložka není definována.**
2.2 Research Methodology....**Chyba! Záložka není definována.**
2.2.1 Data evaluation....**Chyba! Záložka není definována.**
2.2.2 Limitations....**Chyba! Záložka není definována.**

3 Results ..... **Chyba! Záložka není definována.**
3.1 Introduction of the company ..... **Chyba! Záložka není definována.**
3.1.1 The products ..... **Chyba! Záložka není definována.**
3.1.2 Mission, vision and goal ..... **Chyba! Záložka není definována.**
3.1.3 Company's strategies ..... **Chyba! Záložka není definována.**
3.1.4 The merger ..... **Chyba! Záložka není definována.**
3.2 Strategic Analysis – External Environment ..... **Chyba! Záložka není definována.**
3.2.1 PESTEL ..... **Chyba! Záložka není definována.**
3.2.1.1 Political and Legal Factors ..... **Chyba! Záložka není definována.**
3.2.1.2 Economic Factors ..... **Chyba! Záložka není definována.**
3.2.1.3 Social Factors ..... **Chyba! Záložka není definována.**
3.2.1.4 Technological Factors ..... **Chyba! Záložka není definována.**
3.2.1.5 Environmental Factors ..... **Chyba! Záložka není definována.**
3.2.2 Porter's Five Competitive Forces ..... **Chyba! Záložka není definována.**
3.2.2.1 Competitive Rivalry ..... **Chyba! Záložka není definována.**
3.2.2.2 The Threat of Entry ..... **Chyba! Záložka není definována.**
3.2.2.3 The Threat of Substitutes ..... **Chyba! Záložka není definována.**
3.2.2.4 The Power of Buyers ..... **Chyba! Záložka není definována.**
3.2.2.5 The Power of Suppliers ..... **Chyba! Záložka není definována.**
3.3 Strategic Analysis – Internal Environment ..... **Chyba! Záložka není definována.**
3.3.1 Financial Analysis ..... **Chyba! Záložka není definována.**
3.3.1.1 Profitability Ratios ..... **Chyba! Záložka není definována.**
3.3.1.2 Liquidity Ratios ..... **Chyba! Záložka není definována.**
3.3.1.3 Activity Ratios ..... **Chyba! Záložka není definována.**
3.3.1.4 Solvency Ratios ..... **Chyba! Záložka není definována.**
3.3.2 Resources ..... **Chyba! Záložka není definována.**
3.4 SWOT Analysis ..... **Chyba! Záložka není definována.**
3.5 Stakeholder Analysis ..... **Chyba! Záložka není definována.**
3.5.1 Identifying the Stakeholders ..... **Chyba! Záložka není definována.**
3.5.2 Values of stakeholders ..... **Chyba! Záložka není definována.**
3.5.2.1 Owner ..... **Chyba! Záložka není definována.**
3.5.2.2 CEO ..... **Chyba! Záložka není definována.**
3.5.2.3 Big Customers ..... **Chyba! Záložka není definována.**

3.5.2.4 Small Customers ..... **Chyba! Záložka není definována.**
3.5.2.5 Employees ..... **Chyba! Záložka není definována.**
3.5.2.6 Managers ..... **Chyba! Záložka není definována.**
3.5.2.7 AVPs ..... **Chyba! Záložka není definována.**
3.5.2.8 Suppliers ..... **Chyba! Záložka není definována.**
3.5.3 Power and Interest Grid ..... **Chyba! Záložka není definována.**
3.5.4 Power, Legitimacy and Urgency ..... **Chyba! Záložka není definována.**
4 Discussion ..... **Chyba! Záložka není definována.**
4.1 Discussion of the Stakeholder analysis ..... **Chyba! Záložka není definována.**
4.2 Conclusion of the Stakeholder Analysis ..... **Chyba! Záložka není definována.**
Conclusion ..... **Chyba! Záložka není definována.**
References 39
List of tables 45
List of graphs 46
List of figures 47
List of shortcuts 48
List of attachments 49

INTRODUCTION

In nowadays global competitive world it can be difficult for smaller companies to succeed and survive due to the globalization and appearance of large multinational competitors. Therefore such companies concentrate on specifying and adhering the strategic management in order to reach their long-term goals. Lately, the companies trying to reach these targets are starting to concentrate not only on the company's goals and needs, but also more on their stakeholders as the groups of interests of the company. For this purpose serves the stakeholder theory and analysis which enables managers to move from an organization-based approach towards an approach based more on relationship networks.

The objective of this paper is *to analyse the application of stakeholder analysis in strategic management*. In order to fulfil this objective, this paper takes on a case study of a company that provides services on the ERP software market. This company is currently facing an important strategic decision, for which this paper finds supporting material based on the results from the strategic and stakeholder analyses.

This paper is divided into four parts. First part is the *Literature review*, which concentrates on gathering all the needed information about stakeholder theory and analysis, as well as strategic theory and analysis. It defines all the important information about the stakeholder theory (stakeholder typology, historical aspects of stakeholder approach etc.) and identify the steps of stakeholder analysis (identifying the stakeholders, analysing their attributes and values etc.). Then all the important terms of strategic theory are defined (such as mission, vision, goals and strategies) and the steps of strategic analysis, which are the PESTEL analysis, Porter's five competitive forces and financial analysis, are described.

The second part is the *Methodology*, which discuss the objective, hypothesis and research question of this paper. Then the research methodology is determined together with the final data evaluation. At the end of the chapter the research limitations are identified and discussed.

The third part presents the *Results*. First of all the researched company is identified together with its mission, vision and current strategies and the strategic decision is discussed in detail. After that, the external and internal strategic analysis is performed and concluded with a SWOT analysis. The chapter ends with stakeholder analysis, specifically the power and interest grid, the model of three attributes and the importance-satisfaction model for each of the stakeholders.

The last part of this paper is the *Discussion*. The research findings are concluded in this part and the suggestions for the company concerning its strategic decision are presented. The paper ends with a conclusion which discuss how the goal of the research paper was fulfilled.

All the chapters besides the *Literature review* are classified due to the trade secret of the researched company.

1 LITERATURE REVIEW

1.1 Stakeholder Theory

In nowadays global competitive world it can be difficult for smaller companies to succeed and survive despite the globalization and appearance of large multinational competitors. Therefore the companies concentrate on specifying and adhering the strategic management in order to reach their long-term goals. Starting with the landmark book written by R. Edward Freeman (1984) the companies trying to reach these targets are starting to concentrate not only on the company's goals and needs, but also more on its stakeholders as the groups of interests of company.

As R. E. Freeman (1984, cited by Miragaia et al., 2013, p. 648) says, the one of the great failures of organizations stems from a lack of strategy for identifying and dealing with present and future stakeholders. Therefore it is very important for strategic management to concentrate not only on what company need itself but as well on stakeholders as individual groups with their own needs.

Stakeholder theory enables managers to move from organization-based approach towards approach based more on relationship networks (Nguyen, Menzies, 2010), meaning the move from understanding stakeholders as dependent bodies, that are managed exclusively for the organization's own benefit to approach which cares more about stakeholder's needs. It describes the relationship between the company and its stakeholders, who differs in extent of interests in company's performance (Jones et al., 2007). It basically means that primary purpose of stakeholder theory is to help managers to identify influential stakeholders and manage them.

Stakeholder theory emerged as another contribution towards a better understanding of organizational management through focusing on the groups or individuals who either affect or are affected by the organization's actions (Freeman, 1984). Thus, an organization's social performance may be more effectively analysed and assessed through its relations with its stakeholders (Mainardes, Alves & Raposo, 2011).

Therefore I will first concentrate on stakeholder theory and its historical background.

1.1.1 Historical aspects of stakeholder theory

According to Freeman (1984) the origin of the term 'stakeholder' in management literature come back to 1963, when was first used in an international memorandum at the Stanford Research Institute and defined as "*those groups without whose support the organization would cease to exist*" (Freeman, 1984 cited by Elias et al., 2000). The meaning of this definition is that these groups are core for the company and the company would not otherwise survived.

In contrary Sturdivant (1979) stated that precise origins of stakeholder theory are impossible to determine, because during times there were several writers in a field of business, who referred to variety of corporate groups, but never called them stakeholders before.

Either way as a milestone of stakeholder theory is considered a book called *Strategic Management: A Stakeholder Approach*, written by R. Edward Freeman (1984), who is sometimes considered as the 'father' of stakeholder theory, because after he published this book the interest in stakeholder analysis rapidly grew. In his book he defines stakeholders as "*any group or individual who can affect or is affected by the achievement of the organization's objectives*" (Freeman, 1984, p. 46, cited by Mitchell et al., 1997, p. 854).

Since then, there have been many different approaches to stakeholder theory and therefore also many different definitions of stakeholders during the time. The definitions varied widely between:

a) Those that are very narrow and include only the groups around the company that are connected with key economic interests of the company (takes into consideration the limited resources, time and attention of the companies and limited patience of managers for dealing with external constraints (Mitchell et al., 1997)), such as Alkhafaji's definition, describing them as "*groups to whom the corporation is responsible*" (1989 cited by Mitchell et al., 1997), Thompson's definition as "*groups in relationship with the organization*" (et al., 1991 cited by Mitchell et al., 1997) or aforementioned Stanford Research Institute's definition (Freeman, 1984 cited by Elias et al., 2000).
b) To those that are quite wide and accepts the fact that companies can influence and be influenced by almost anyone (which can be very difficult for managers to apply), e.g. Freeman and Reed's definition (1983): "*any group or individual that affects or is affected by the consequences of an organization striving to attain its objectives*" or Donaldson and Preston (1995 cited by Miragaia et al., 2014) describing stakeholders as: "*all the people and/or group(s) with legitimate interests, participating in the organization, and attributed explicit or implicit contracts in order to obtain benefits and without any other specific interest*". Aim of stakeholder management practices in this approach is that managers might want to know about all of their stakeholders for firm-centred purposes of survival, economic well-being etc.

In order to bring more clarity Matuleviciene and Stravinskiene (2015) organized the stakeholder concepts according to following criteria:

a) Existing relationship between organization and stakeholders.
b) Power dependence (when organization is dependent on stakeholder or vice versa or mutual power dependence relationship.
c) Basis for legitimacy of relationship.
d) Stakeholder interests (legitimacy not implied).

Table no. 1: Stakeholder concept interpretation

Year	Author	Definition

EXISTING RELATIONSHIPS		
1991	Thopson et al.	"Groups in relationship with an organization"
1994	Freeman	"Participants in the human process of joint value creation"
1994	Wicks et al.	"Interact with and give meaning and definition to the corporation"
POWER DEPENDANCE		
1984	Freeman	"Those groups without whose support the organization would cease to exist"
1997	Mitchell et al.	
2006	Bailur	
2013	Florea	
1983	Freeman and Reed	"Any group or individual that affects or is affected by the consequences of an organization striving to attain its objectives"
1984	Freeman	"Any group or individual that can affect or is affected by the achievement of the organization's objectives"
1995	Brenner	"Are or which could impact or be impacted by the firm"
1995	Nasi	"Interact with the firm and thus make its operation possible"
1998	Eden and Ackermann	"People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization"
2002	Post et al.	"The stakeholders in a firm are individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers"
BASIS FOR LEGITIMACY OF RELATIONSHIP		
1989	Alkhafaji	"Groups to whom the corporation is responsible"
1990	Freeman and Evan	"Contract holders"
1994	Clarkson	"Are placed at risk as a result of a firm's activities"
1995	Bryson	"Any person, group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output"
1995	Clarkson	"Stakehlders are persons or groups that have, or claim, ownership, rights or interests in a corporation and its activities, past present or future"
STAKEHOLDER INTERESTS - LEGITIMACY NOT IMPLIED		
1991	Savage et al.	"Have an interest in the actions of an organization and ... the ability to influence it"
1993	Carroll	"Asserts to have one or more of the kind of stakes in business"
1995	Clarkson	"Have, or claim, ownership, rights, or interests in a corporation and its activities"

Source: Matuleviciene and Stravinskiene (2015), altered by author.

Matuleviciene and Stravinskiene (2015) conclude the table suggesting, that the definition made by Freeman (1984) could be considered as best one, because concisely and accurately identifies the relationship between the stakeholders and organization, based on power dependence. With reference to him, the stakeholders could be treated as groups or individuals, who can influence or be influenced by the purposes of the organization, proposing that stakeholders may have greater impact on the organization due to major power. To conclude this historical background I can summarize that stakeholders are core to the organization and need to be considered.

1.1.2 Stakeholder Typology

As already written in previous chapter, there are quite many different opinions on whom to consider as stakeholders and whom not anymore, which evokes following question:

"*Which groups are stakeholders deserving or requiring management attention, and which are not?*" (Mitchell et al., 1997, 855)

Freeman (1984 cited by Miragaia et al., 2014) list employees, customers, suppliers, shareholders, banks, environmentalists and the government as stakeholders – sourcing from the aforementioned definition by Freeman and Reed (1983) that considers the groups that are able to harm or help the organization as stakeholders. Post et al. (2002) consider stakeholders similarly, as seen in the picture bellow.

Figure no. 1: A stakeholder map

Source: Post et al. (2002).

The differences in answering the question of which groups to understand as stakeholders, come from the wide or narrow approach aforementioned. Nevertheless the groups such as employees, customers, shareholders, suppliers and banks are usually considered as stakeholders by most of the authors.

Other authors although do not consider groups such as environmentalist and governments as stakeholders, because of the reasons mentioned in previous chapter. Knowing all this, I will consider all the groups that could be influenced or could influence the company as stakeholders in the practical part of this paper, in order not to overlook some subjects that might be important to the company but is not really obvious.

Arising from the existence of very many different stakeholder groups, it can be useful to classify them to subgroups along following attributes. The classification can help to determine roughly their importance or needs:

- **Primary** and **secondary** stakeholders. When talking about these subgroups we can come back to the definitions of stakeholders and to the wide and narrow approach of the

stakeholder theory. It can be considered that primary stakeholders are those who are stated in the narrow approach and secondary are those described in the wide. Carlon and Downs (2014) understand employees, shareholders, customers and suppliers as primary stakeholders and competitors, community, government and others as secondary.

- **Owners** and **non-owners** of the company (Mitchell et al., 1997, p. 854).
- **Voluntary** and **involuntary**
- **Internal**, who operate entirely within the boundaries of the organization and **external**, who can be those who provide inputs to the organization (equipment, material suppliers), those who compete with the organization (for customers, resources) and those who have some other interest in organization function (government, media etc.) (Mayers, 2005; Carlon and Downs, 2014, 139)
- **Active** and **passive** stakeholders. Mahoney (1994) identifies active as those who seek to participate in the organisation's activities and they may or may not be a part of the organisation's formal structure, e.g. management and employees are considered as active stakeholders as well as can be regulators or environmental pressure groups. Passive stakeholders are those who do not normally seek to participate in an organisation's policy making, but it need to be emphasized that even though they should not be considered less interested or less powerful. Passive stakeholders will normally include most shareholders, government or local communities.

Carlon and Downs (2014) created a table of firm attributes and stakeholder variables (see below) to show how relevancy of stakeholders towards given company changes, based on number of criteria.

Table no. 2: Stakeholder valuing

Firm Attributes	Stakeholder Attributes
Identity Orientation	Location
Utilitarian	Internal
Relational	External
Collectivist	Group membership
Size	Primary
Large	Employees
Small	Shareholders
Form	Customers
Service	Suppliers
Manufacturing	Secondary
Life cycle	Competitors
Start-up	Community
Mature/decline	Government
Revival	Salience
Function	Power
For profit	Legitimacy
Not-for-profit	Urgency

Source: Carlon, Downs 2014, p. 139–140

1.1.3 Contributions/Benefits of Stakeholder Analysis

This model is intended to illustrate degrees of the quality of stakeholder management from the perspective of the stakeholders. It is based on Arnstein (1969, cited by Friedman and Miles, 2006), who developed a ladder of public involvement in policy creation.

The ladder comprises twelve categories as seen in the figure below. For each one is define the intention of engagement, level of influence and style of dialogue. Different categories are typical for different types of companies and relationships company-stakeholder. E.g. the lowest are typical for companies that only inform its stakeholders about conducted decisions. The middle categories are companies, that involve its stakeholders to future strategic decisions, but it is uncertain if they will be listened. The top part of ladder are companies characterized with attempts of active participation of stakeholders with decisions.

Figure no. 2: A ladder of stakeholder management and engagement

Source: Friedman and Miles, 2006, p. 162

1.1.4 Criticism of Stakeholder Approach

Developing of stakeholder theory had obviously experienced also criticism, not only positive welcome. There appeared critics aiming on stakeholder theory as whole, and others criticising Freeman's (1984) approach to it.

Sternberg (1997) says that stakeholder theory is far from being a source of improvements of defects of business and business ethics, because it is misguided and incapable of providing better corporate governance or business performance. He argues that stakeholder theory is incompatible with business and to claim that organizations should be accountable for all their stakeholders is in opposition with private property rights, because only the owners should determine how their property will be used and managed (Sternberg, 1997).

Other example is Susan Key (1999), who in her book Toward a New Theory of the Firm: a Critique of Stakeholder "Theory" was objecting, that although Freeman did provide management with valuable strategic tool, he didn't provide adequate theoretical basis for explaining firm behaviour or the behaviour of individual actors. She present four critics of the landmark book of stakeholder analysis such as inadequate explanation of process; incomplete

linkage of internal and external variables; insufficient attention to the system within which business operates and the levels of analysis within the system; and inadequate environmental assessment.

1.1.5 Corporate Social Responsibility

Since the 1950s the theory of corporate social responsibility (hereinafter CSR) started strongly to develop and nowadays is part of almost every large enterprise. One of the first definitions of CSR appeared in the book by H. R. Bowen called Social Responsibilities of the Businessman (Bowen, 1953, cited by Carroll, 1999, p. 269) where CSR was defined as: "obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".

After that, in 1960th and 1970th the CSR started to be deeply discussed topic as well as the topic of stakeholder analysis started few years later. The definitions of stakeholders started appearing, which some of them had clear connection with CSR, e.g. Alkhafaji defines stakeholders as '*groups to whom the corporation is responsible*' (1989, cited by Mitchell et al., 1997).

Historically, the purpose of corporate governance has been to maximize profits to shareholders, which was called shareholder perspective (Carlon and Downs, 2014). Jones (1980, cited by Mitchell et al., 1997, p. 856) defined corporate social responsibility as the notion that corporations have an obligation not only to shareholders, but also to constituent groups in society which goes beyond prescribed law, and indicate that a stake may go beyond mere ownership. This statement clearly shows that CSR started to be connected with stakeholder theory when suggesting to consider also other groups of interest besides shareholders (include also environmental issues). Pedersen (2011, p. 179) says that "stakeholder approach to CSR means that firms should try to integrate the values and viewpoints of stakeholders in firm's decision-making processes and behaviour".

Nowadays is CSR common part of the large corporation, especially those which activities are in discrepancy of what stakeholders wants or if damaging the environment. Companies engage in CSR because they can get some kind of benefits from such an engagement (Branco and Rodrigues, 2007), but some multinational companies react to increasing stakeholder pressure by shifting their socially irresponsible practices from its headquarters to its overseas subsidiaries located in 'pollution heavens' (Körten, 2001, cited by Surroca et al. 2013; also Tashman and Raelin, 2013).

Stakeholders are considered to have three roles when it comes to CSR: 1) they are the sources of expectations about what means desirable and undesirable company performance, defining the norms for corporate behaviour. 2) They experience the effects of corporate behaviour and 3) they evaluate the outcomes of companies' behaviours in terms of how they have met expectations and have affected the groups and organizations in their environment (Wood and Jones, 1995 cited by Branco, Rodrigues 2007). When it comes to trying to meet stakeholders'

expectations it means the need to consider prevailing social norms and dominant views of corporate responsibilities.

1.2 Stakeholder Analysis

As was seen in the previous chapter, there are many different stakeholders existing and the companies have to identify the crucial ones and concentrate their time and resources on them. The crucial stakeholders varies depending on companies' field, location, size etc. (Carlon, Downs, 2014, 139-140). Therefore is necessary to aim on the right groups of stakeholders, which can be rather difficult.

Stakeholder analysis helps to identify who are the stakeholders and what is their knowledge, interests, positions etc. and is really useful when conducted before changing or implementing new policy or starting new project etc. so managers can then detect and prevent potential misunderstandings. The analysis is also useful to conduct in a company to find out whether is treating stakeholders accordingly (Schmeer, 1999).

There are different ways how to conduct stakeholder analysis, e.g. Částek (2010, p. 171, taking in account Garrison and John, 2004 and Roberts and King, 1989) is suggesting these steps:

1) Determine the goal of the analysis.
2) Identify stakeholders.
3) Analyse the values.
4) Analyse the attributes.
5) Analyse the possible development of the values and attributes.
6) Create the stakeholder map.
7) Apply the appropriate measures.
8) Analyse the impacts of the measures and revise it if needed.

For the needs of this paper and aimed company I decided to conduct stakeholder analysis using these steps:

1) Determine the goal of the analysis.
2) Identify the stakeholders.
3) Analyse the values
4) Analyse the attributes
5) Apply the appropriate measures

1.2.1 Determine the Goal of the Analysis

In order for stakeholder analysis to be successful it is important to specify aimed company (or its part) or specific issue or policy on which the analysis will be aimed. Necessary is also to define the main ideas and concepts (Schmeer, 1999, p. 7) and to set up the time frame for the analysis (Částek, 2010, p. 171).

These information are used as basics for the stakeholder analysis and helps to identify possible problems when interacting with stakeholders (Schmeer, 1999, p. 7).

1.2.2 Identifying the Stakeholders

This step is extremely important to the success of the analysis, because it could be harmful to overlook any group of stakeholders. Also as Tashman and Raelin (2013) says, companies can sometimes have hard time distinguish the stakeholders who are important to the company from those who are not. The stakeholders who engage in voluntary relationships with a company and contribute directly to its operations (such as investors, employees, customers and market partners) expect to be better off as a result of the relationship. Involuntary stakeholders, on the other hand, particularly those who may be negatively affected by externalities such as pollution, expect that they will be at least as well off as they would be if the company did not exist (Post et al., 2002, p. 22 cited by Branco and Rodriguez 2007, p. 13).

To decided which stakeholders are the crucial ones help the following steps of the analysis described in next chapters. Onkila (2011) states it is useful to study stakeholder power and stakeholder relationships based on stakeholder demands and effect on those demands on corporation. Mitchell, Agle and Wood (1997, p. 878) developed the concept to describe the degree to which managers give priority to completing stakeholder claims, through their assessments of stakeholder power, legitimacy, and urgency. Important thing not to forget is also the fact that not only economic returns are fundamental to the company's most crucial stakeholders, but also other things are seek by stakeholders as well (Harrison and Wick 2013).

Friedman et al. (2004, cited by Miragaia et al., 2014) suggest four aspects for identifying stakeholders and the relationships between them and organization:

1) A direct or indirect connection between stakeholders and organization
2) Measurable interests
3) Perceived as a legitimate and integral part of organization
4) Stakeholders may undertake different functions

Concluding this chapter it is important to identify all the stakeholders that matters to the company and to be able to specify those which are crucial for aimed company.

1.2.3 Analyse the Values

Fontenot (et al., 2005) gathered several possible models, how to measure satisfaction of stakeholder groups – satisfaction-only, gap analysis, importance-satisfaction model and multiplicative approach. As they state in the article, it is better to combine few of these methods, as the results can significantly differ. In this paper there will be therefore used two of those models – importance-satisfaction and multiplicative approach, as it is two the most reflective methods.

Importance-satisfaction model uses the seven or five-point scale to ask respondents of their values concerning the researched company. The respondents needs to evaluate their importance of each value and their satisfaction with it. Then a quadrant map is used to identify areas for improvement by comparing the satisfaction level and importance of the various attributes measured. The attributes with high importance and low satisfaction receive the highest priority for action (Fontenot et al., 2005, p. 42). The importance-satisfaction map is pictured below:

Figure no. 3: Importance-satisfaction model

Source: Fontenot, 2005, p.

The **multiplicative approach** discovers the respondents' satisfaction and importance as well. Then a dissatisfaction score is computed as the difference between the highest possible satisfaction rating (number 5 or 7, depending on a range of scale) and the respondent's perception of the company's performance (satisfaction rating). The dissatisfaction score is then weighted according to the importance score, which gives the multiplicative score number (Fontenot et al., 2005, p. 43).

1.2.4 Analyse the Attributes

The aim of this step is to differentiate identified stakeholders groups according to certain attributes. This step is basic to identifying the stakeholder importance conducted in next step. This chapter consists of Mitchell's (et al., 1997) model of power, legitimacy and urgency and power versus interest grid.

1.2.4.1 Power, Legitimacy and Urgency

Mitchell, Agle and Wood (1997) in their article called 'Towards a Theory of Stakeholder Identification and Salience' were trying to find the definition of 'The Principle of Who or What Really Counts'. At first they found out that managers who want to achieve certain ends pay particular kinds of attention to various classes of stakeholders, second that managers' perceptions dictate stakeholder salience, and third that various classes of stakeholders might be identified based upon the possession of up to three attributes of power, legitimacy and urgency.

Power

The attribute of power is understood as: "The probability that one actor within a social relationship would be in a position to carry out his own will despite resistance" (Weber, 1947, cited by Mitchell et al., 1997, p. 865). Power can be defined as "the stakeholder's capacity to influence the organization" (Miragaia et al., 2014)

Etzioni (1964, cited by Mitchell et al., 1997) suggests more precise classification of power, based on the type of resources used to exercise power. It is *coercive power*, based on the physical resources of force, violence, or restraint; then *utilitarian power*, based on material or financial resources; and *normative power*, based on symbolic resources. A party has a power to the extent of how it gains access to coercive, utilitarian or normative means of power. This access to means is a variable, meaning the power is transitory and the acquired power can be lost as well.

Legitimacy

Weber (1947, cited by Mitchell et al., 1997) is proposing that legitimacy and power are distinct attributes that can combine to create authority, but can exist independently as well. It means that an entity may have legitimate claim on the firm, but unless it has either power to enforce it, or the claim is urgent, it will not achieve salience for the firm's managers.

Legitimacy is a desirable social good and it may be negotiated differently at various levels of social organization.

Urgency

Adding the attribute of urgency helps to move the model from static to dynamic. Urgency can exist only when two conditions are met:

- when a relationship or claim is of a time-sensitive nature,
- or when that relationship or claim is important or critical to the stakeholder.

Therefore urgency is based on the following two attributes: time sensitivity and criticality and can be defined as the degree to which stakeholder claims call for immediate attention.

After explaining the terms it is important to explain, that each attribute is variable and can change for any particular entity or stakeholder-manager relationship. An individual or entity may not be conscious of possessing the attribute or may not choose to use it. And stakeholder attributes are socially constructed reality, therefore not objective. The link between those attributes is that power gains authority through legitimacy which gains exercise through urgency.

On a basis of these attributes can be differentiated 8 classes of stakeholders, visualized in a figure bellow.

Figure no. 4: Stakeholder typology

Source: Mitchell et al., 1997

There are three types of stakeholders: *latent*, which possess only one of the attributes and therefore are considered as low salience classes; *expectant*, which possess two attributes and are called moderately salient stakeholders and *definitive*, which possess all and which are considered as highly salient stakeholders (Mitchell et al., 1997). In the text below there are described all the different groups of stakeholders depending on which attributes they possess (all sourcing from Mitchell et al., 1997).

Dormant stakeholders

They are latent stakeholders, because they possess only attribute of power. They can impose their will on the company, but because not having any other attribute, their power remains unused. Example of coercive dormant stakeholder can be those who have a loaded gun, utilitarian could be those who can spend a lot of money and symbolic could be those who can command the attention of the media.

Discretionary stakeholders

Latent stakeholders who possess the attribute of legitimacy. This group is particularly interesting for corporate social responsibility questions. There is absolutely no pressure on managers to engage in an active relationship with such stakeholders.

Demanding stakeholders

Latent stakeholders who have the attribute of urgency, which is reason why they are called demanding. They are usually very passionate in acquiring management attention, but without power or legitimacy they usually do not get any attention at all.

Dominant stakeholders

They belong to expectant stakeholder, meaning they possess two of the attributes. Being both powerful and legitimate, their influence in the firm is assured. They expects and receive much of managers' attention.

Dependent stakeholders

This group of expectant stakeholders lack power, they have urgent, legitimate claims, which they are having hard time to reach, therefore they are called dependant. They sometimes seek help through advocacy or guardianship of other stakeholders.

Dangerous stakeholders

They are expectant stakeholders possessing urgency and power. This stakeholders are often coercive or even violent. They sometimes express themselves through strikes, employee sabotage etc.

Definitive stakeholders

This group possess all three attributes and have the highest salience of them all. They are perceived by managers to be present. The most common occurrence is the move of stakeholders from dominant group to definitive (by obtaining the attribute of urgency).

To conclude this chapter is worth mentioning that some researchers believe that the concept of stakeholder salience to the firm contributes to convergence in stakeholder theory because it can help empirical researchers develop normative measures of stakeholder management (Tashman, Raelin 2013, p. 610).

1.2.4.2 Power versus Interest Grid

This method is described in detail by Eden and Ackermann (1998, pp. 121–125, 344–346). This method serves as a tool to determine which players' interests and power bases must be taken into account in order to address the problem or issue. It is based on two attribute: power and interest that are thought as range (from low to high) and helps to identify which stakeholders are the most powerful and which has the biggest interest in a company (Bryson, 2004).

There are 4 groups of stakeholder as a result of the grid (Bryson et al., 2011):

- Players, who have both significant power and interest. They are usually primary intended groups, the key stakeholders.
- Subjects have high interest, but low power. It is sometimes important to support this group, especially when they are effected by company.
- Context Setters is group with high power but little interest. It may be important to increase their interest, if they are likely to pose barriers through their disinterest.
- Crowd consists of stakeholders with low interest and power as well.

Figure no. 5: Power versus interest grid

Source: Eden and Ackermann (1998) cited by Bryson (2004)

Based on this matrix can be developed strategies for each stakeholder group. Players should be carefully managed, subjects kept satisfied, context setters kept informed and crowd monitored with minimum of effort spent (Johnson et al., 1999, str. 156, cited by Částek, 2010, s. 76).

1.2.5 Apply the Appropriate Measures

To be able satisfy the organization's most important stakeholders, managers must first of all identify those holding most influence (Mitchell et al., 1997; Aaltonen et al., 2008 or Miragaia et al., 2014). This was achieved in the previous step of analysis, therefore this step is to distinguish the important of groups of stakeholders from the information gathered in steps before (their values, attributes and especially their interests and needs) in order to be able to satisfy those.

At last all the information will be completed and analysed as whole and then the researcher will provide the measures how these information can be used for the benefits of the organisation. How to approach stakeholder groups, how to negotiate with them accordingly and how improve the relationship between them and the company. Then the results will be used to change and improve current strategy or develop a new one.

1.3 Strategy and Strategic Management

Due to nowadays competitive markets the success seeking company that want to become one of the leading companies in its field, must realize that core competitive advantage is to have excellent stable management that is able to do wise strategic decisions. One of the most

important functions of the strategic management process is to help the organization establish effective strategies (Johnson et al., 2014)

Strategy has its origins long time ago, among the earliest acknowledged writings discussing the concepts of strategy is *The Art of War* written by Taoist Sun Tzu around 400 BC. In this work and in other posterior writings (e.g. military history battles and wars memoirs) can be found the origins of modern strategy and its evolution. Along the human history, strategy has been an important force in the shaping of political, sociological, and commercial landscapes (Kannan, 2013, p. 4, 5).

There were several approaches to strategic management during the times as can be seen in the table below. The concept of strategy in relation with business moved to the forefront after World War II, therefore in the table is included only the latter thoughts.

Figure no. 6: Development of modern strategic thought

Who	Alfred Chandler	Igor Arcoff	Peter Drucker	Michael Porter	Kenichi Ohmae	Peter Senge	Hammer & Chempy	Henry Mintzberg	Hamel & Prahalad
What	Strategy and Structure	Corporate Strategy	The Age of Discontinuity	Competitive Strategy	The Mind Of the Strategist	The Fifth Discipline	Reengineering The Corporation	The Rise And Fall of Strategic Planning	Competing For the Future
When	1952	1955	1959	1980	1982	1990	1993	1994	1994

Source: Kannan, 2013, p. 7

Wheelen and Hunger (2012, p. 5) define strategic management as "a set of managerial decisions and actions that determines the long-run performance of a corporation". Zimmerer and Scarborough (2005, p. 65, cited by Karadag, 2015) are more concentrated on strategic management in small businesses and define it as "the process of developing a game plan to guide a company as it strives to accomplish its vision, mission, goals, and objectives and to keep it straying off-course".

To achieve a better understanding of the aforementioned definitions it is important to explain the terms used.

- **Vision** of the corporation is fundamental statement of its values, aspirations and goals. It as an appeal to its members' minds and hearts (Quigley, 1994, p. 39). It is an image of the company in future and it is based on the company's mission (Johnson et al., 2009). The vision statement is not a closed proposition, it may contain a slogan or picture, as it is meant to grab attention. (Quigley, 1994, p. 39). For example very interesting vision statement is interactive one of Toyota called The Tree Metaphor, where the roots represent Toyota principles (as the company must grow from the foundation of its beliefs). They support the trunk of the tree, which signifies the strength and stability of its operations. From the trunk lead the branches to 12 tenets that are the Toyota vision and serves as metaphor for how closely the people in Toyota work together to achieve

success. The whole tree is set in a human environment to serve as reminder of whom they work for – the customers. The Tree Metaphor can be seen in attachment (Toyota global vision, 2015).

- **Mission** comprise the existence of the company. It is a general expression of the overall purpose of the company, which is ideally in line with the values and expectations of major stakeholders (Johnson et al., 2009, p. 9). It answers fairly simply, but fundamental questions such as: why do we exist, what is our purpose and what are we trying to accomplish? The concern for stakeholder could be included in the mission statement (Bart, Taggar, 1998). There is an example of interesting mission statement of Dell: "Our mission is to be the most successful IT systems company in the world by delivering the best customer experience in all markets we serve. In doing so, Dell will meet customer expectations of: highest quality, leading technology, competitive pricing, individual and company accountability, best-in-class service and support, flexible customization capability and superior corporate citizenship" (Mission Statement of Dell, 2015).
- **Goals** are the outcome of mission and vision. It is the tool to fulfil the company's vision and should always correspond with the chosen mission. If the individuals' goals and objectives are more align with the company's ones, then the employees are more willing and engaged in their work (Rich et al., 2010, p. 619). The goals of the small and medium sized enterprises are often based on personal goals and preferences of the owner and companies should try to avoid this phenomenon and prevent to occur (Březinová, Průšová, 2014). Developing clearly defined strategic goals is critical to managing the company's and employees' performance. Often used tool for achieving success is called SMART goals, saying the strategic goals are meant to be (Lawrey, 2015):
    - Specific, meaning the best goals are well defined and focused.
    - Measurable, in order to be able to identify the point when the goal is reached.
    - Attainable, saying the goals must be realistic and possible to be achieved because unattainable goals could cause lack of motivation.
    - Relevant, meaning if the goals are really what the company wants to achieve and is corresponding to company's mission and vision.
    - Time based, as it is important to set up deadlines, so the plan and goals are effectively accomplished.

1.3.1 Strategy

Strategy is a plan, sort of consciously intended course of action, a set of guidelines to deal with a situation (Mintzberg, 1987). Even though to its aforementioned rich historical roots (of strategy in general, not only for business purposes as mentioned above), there has never been a single and definite definition of strategy (Mainardes et al., 2014). The reason is several different meanings of the term, different in scale and complexity that can mean policies, objectives, tactics, goals etc.

Johnson et al. (2009, p. 3) is defining strategy as: "direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration

of resources and competencies with the aim of fulfilling stakeholder expectations". He distinguish six characteristics of strategic decisions:

- The long term direction of an organization – strategic decision should be always long term oriented.
- The scope of an organization's activities – the company should concentrate on one area of activity deeply then to more activities thinly.
- Strategy should ensure an advantage for the company over competition.
- Strategic fit with the business environment – company need appropriate positioning in their environment, for example in terms of the extent to which products or services meet clearly identified market needs.
- The organization's resources and competencies – exploiting the strategic capability of an organization, in terms of its resources and competencies, to provide competitive advantages and yield new opportunities.
- The values and expectations of stakeholders.

Kannan (2013, p. 5) state that proper strategic decisions should possess characteristics of complexity, uncertainty (nobody can be sure about the future) and operational decisions. Even though strategist can't have all of the information needed, they must be committed to creating and implementing strategy. Uncertainties exist, not only from incomplete information, but also as the result of the actions of a dynamic and thinking opponent.

The process of realizing the strategies is seen in the picture below. Intended strategy is a pattern of actions of the company (not yet the plan) from which comes either deliberate strategy (where intentions that existed previously were realized) or those strategies that have never been realized. Then comes the emergent strategy, where patterns developed in the absence of intentions (Mintzberg, 1987, p. 13).

Figure no. 7: Deliberate and emergent strategies

Source: Mintzberg, 1987, p. 14)

1.3.2 Strategic Management

As already mentioned above Wheelen and Hunger (2012, p. 5) define strategic management as "a set of managerial decisions and actions that determines the long-run performance of a corporation".

Strategic management of an enterprise concerns with attaining a sustainable positive performance and contains four basic elements, which are environmental scanning, strategy formulation, strategy implementation and evaluation and control (Karadag, 2015, p. 29). It is an ongoing process involving the efforts of strategic managers to adjust the organization to the environment in which it operates while developing competitive advantages (Mainardes et al., 2014, p. 49). Strategic management creates clearer sense of strategic vision for the company, it focus more on strategically important problems and improve understanding of a rapidly changing environment (Wilson, 1994, cited by Karadag, 2015)

Karadag (2015) and Wheelen and Hunger (2012) agreed on following steps of the process of strategic management, that can be seen in the scheme below.

Figure no. 8: Strategic management model

Source: Wheelen and Hunger, 2012

The plan is coherent, continuous, step-by-step process and when conducted results in successful competition-overtaken company.

1.4 Strategic Analysis

In order to create company's strategy it is necessary to analyse the current situation of the company. It comes to the first step of the Strategic Management Model illustrated in the schema no. **Chyba! Nenalezen zdroj odkazů.**. The analysis is conducted into two parts: external and internal analysis. External comprises opportunities and threads, whilst internal strengths and weaknesses (Wheelen and Hunger, 2012). As it is comparable to the composition of SWOT analysis, therefore after gathering all the necessary information and data, it can be clearly organised into SWOT analysis.

For conducting an analysis of external environment will be used the PESTEL analysis as a tool to analyse the overall situation of the external environment, and Porter's analysis of five competitive forces to examine the industry environment of the company. For the purposes of internal analysis of the organization will be analysed the resources of the company, the company's culture (along with its mission, vision, goals etc.) and will be conducted financial analysis.

1.4.1 PESTEL Analysis

PESTEL analysis is tool to analyse and monitor external macro environmental factors that have an impact on company. It allows identification of the environment within which company operates and it provides data that enable the company to predict situations that might encounter in future, it is very useful tool of strategic analysis (Dockalikova and Klozikova, 2014).

PESTEL analysis concentrates on these fields: political, economic, socio-cultural, technological, environmental and legal. From these fields are derived factors, i.e. topics that will be examined in the analysis, in the figure below are examples of such factors for each field that can serve as basis.

Figure no. 9: PESTEL analysis

Source: Dockalikova and Klozikova, 2014, p. 421

1.4.2 Porter's Five Competitive Forces

In 1979 was published an article by Michael E. Porter called 'How Competitive Forces Shape Strategy'. He was suggesting that companies often define their competitors too narrowly (as if it occurred only among today's direct competitors), excluding so four other competitive forces, i.e. customers, suppliers, potential entrants and substitute products. From all this five forces results extended rivalry that defines an industry's structure and shapes the nature of competitive interactions within an industry. Therefore in order to understand industry competition and profitability it should be analysed the industry's underlying structure in terms of those five forces (Porter, 2008, p. 79–80).

Figure no. 10: Five competitive forces

Source: Porter, 2008

The configuration of these five forces differs among the industries. For example in the market of commercial aircraft, fierce rivalry between dominant producers and the bargaining power of the airlines that place huge orders for aircraft are strong, whilst the treat of entry, the treat of substitutes and the power of suppliers are more benign.

Threat of entry

New entrants to an industry bring new capacity and desire to gain market share. It puts pressure on prices and costs. The threat of entry in industry depends on the height of entry barriers present and on reaction entrants can expect from present competitors. E.g. if entry barriers are low and newcomers expect little retaliation, then the threat of entry is high and industry profitability is moderated.

Entry barriers are the advantages of present companies to new entrants. There are seven major ones:

- Supply-side economies of scale.
- Demand-side benefits of scale.
- Customer switching costs.
- Capital requirements.
- Incumbency advantages independent of size.
- Unequal access to distribution channels.
- Restrictive government policy.

How potential entrants believe that present competitors may react when entering also influence their decision whether to enter or not. The entrants can fear retaliation if:

- Present companies previously responded vigorously to new entrants.

- Current companies possess substantial resources to fight back (e.g. cash, available productive capacity etc.).
- Current companies seem likely to cut prices, because they are committed to retain market share at all costs.
- Industry growth is slow, so new entrants can gain market share only by taking it from current companies (Porter, 2008, p. 80–82).

The power of suppliers

Powerful suppliers can charge higher prices, limit quality of goods or shift costs to industry participants. Then it can be unable to pass on cost increases in its own prices. Companies depend on wide range of different supplier groups for input and such group holds power if:

- The group is more concentrated than the industry it sells to.
- Suppliers serve more industries, so do not heavily depend on this industry for its revenues.
- Industry participants face switching costs in changing suppliers.
- Suppliers offer differentiated products.
- There is no substitute for what the supplier provides.
- The threat of supplier integrating forward (Porter, 2008, p. 82–83)

The power of buyers

Powerful customers are the flip side of powerful suppliers. They have the negotiating leverage in case of:

- There are only few buyers or each one makes large purchases.
- The industry's product are standardized or undifferentiated.
- Buyers face few switching cost when changing the company.
- The threat of buyer to integrate backwards.
- The pressure on buyer to lower its purchasing costs.
- Price elasticity of demand.
- The industry product has little effect on buyer's other cost (Porter, 2008, p. 83–84).

The threat of substitutes

The substitute performs the same or similar function as an industry's product. When the threat of substitutes is high, industry profitability suffers, the customers switch for the industry of substitute. The threat of substitute is high if:

- Substitute offers an attractive price-performance trade-off.
- The buyer's cost of switching to the substitute is low (Porter, 2008, p. 84–85).

Rivalry among existing competitors

It can take many forms, such as price discounting, new product introductions, advertising campaigns or service improvement. High rivalry limits the profitability of an industry. The results of rivalry depends on the intensity with which companies compete and the basis on which they compete. The intensity of rivalry is greatest in case:

- There are many competitors or are roughly equal in size and power.
- Industry growth is slow, which causes fights for market share.
- High exit barriers.
- Rivals are highly committed to business and have aspiration for leadership (Porter, 2008, p. 84–85).

Price competition is more likely to occur if:

- Products or services are nearly identical and there are switching costs for buyers.
- Fixed costs are high and marginal low, which creates intense pressure for competitors to cut prices below their average costs (even close to their marginal costs).
- The product is perishable, which creates the pressure to sell a product while it still has value (Porter, 2008, p. 84–85).

The market concentration can be measured by Herfindahl-Hirschman Index (hereinafter referred to as HHI). Besides market concentration, the HHI is also useful in analysing horizontal mergers (Rhoades, 1993). HHI is calculated as:

$$HHI = \sum_{i=1}^{n} (MS_i)^2,$$

where MS_i represents the market share of company i and there are n companies in the market. Therefore if there is monopoly, meaning that only one company is present on the market, the HHI equals 10 000. If there are two companies both with 50 % market share, than HHI equals 5 000. If there are 100 companies, each with 1 % of market share, than HHI equals only 100. The great the HHI is, the weaker the competition on a market is. This index is very useful in case of mergers, at it clearly shows, how the competition changed after the merger (ibid).

1.4.3 Financial Analysis

Financial analysis is an internal environmental scanning of a company (Wheelen and Hunger, 2012). It is a very special part of strategic analysis that examines financial resources of a company. It gathers the information from balance sheet, income statement and cash flow statement (Růčková, 2011, cited by Cíglerová, 2012, p. 21). In financial analysis there are included following methods:

- Horizontal analysis (also called dynamic analysis) that compares financial statements during several years. It does not take into account the changes caused by external environment, therefore it is crucial to monitor also the changes in competition or prices of inputs etc. (Kalouda, 2011).

- Vertical analysis (also called static analysis) that compares composition of financial ratios within one year only (ibid).
- Ratio analysis that highlights the key performance indicators, such as profitability, liquidity, solvency, activity and cash flow ratios. (Růčková, 2011).

Vertical and horizontal analysis are basic analysis to be used as first step of financial analysis. Ratio analysis is more complex and it needs more explaining of how to examine all the different ratios, which is described in next chapters.

1.4.3.1 Profitability Ratios

Profitability ratios measure the ability of business to earn profit for its owners, it communicate its financial performance. Therefore it is usually the most tracked ratios, especially following ones:

Return on assets (hereinafter referred to as ROA)

The formula to calculate return on assets is:

$$\text{ROA} = \frac{\text{Annual Net Income}}{\text{Average Total Assets}}$$

Annual net income is referring to earnings after tax. ROA indicates the total profitability of assets no matter the resources (Růčková, 2011, p. 53). The higher the ratio is, the stronger the company's financial stability is.

Return on equity (hereinafter referred to as ROE)

Another important measure of company's earnings performance is return on equity, calculated as following:

$$\text{ROE} = \frac{\text{Annual Net Income}}{\text{Shareholder's equity}}$$

The higher a company's return on equity is, the better management is at employing investor's capital to generate profit. Rising of ROE can signal that a company is able to grow profits without adding new equity into business (Kijewska, 2016).

Return on sales (hereinafter reffered to as ROS)

It is most basic profitability ratio that measures the percentage of net income of a company to its net sales:

$$\text{ROS} = \frac{\text{Net income}}{\text{Net sales}}$$

It is often used to compare profitability of competitors in the same industry. If there is discrepancy in net profit margin, then it possibly appear in other fields as well (Růčková, 2011).

1.4.3.2 Liquidity Ratios

Liquidity ratios are very important to observe, due to a possibility of bankruptcy when company is not able to pay its debts. Different stakeholders have different views on liquidity ratios – owners usually prefer these ratios lower, while managers can allow slightly higher (ibid).

Current ratio

The most optimal situation is when current ratio is stable and recommended size is in between 1,5 and 2,5 (Dluhošová, 2010). The formula to calculate this ratio is:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

This ratio does not include the difference between those current assets that are more cashable and those that are less (Cíglerová, 2012, p. 24).

Quick ratio

Quick ratio examines more cashable assets than current ratio does. It measures the ability of a company to pay its debts by using its cash and near cash assets. It is calculated as:

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}} = \frac{\text{Cash} + \text{Marketable Securities} + \text{Receivables}}{\text{Current Liabilities}}$$

According to Dluhošová (2010), the optimal size of quick ratio should be in between 1 and 1,5.

Cash ratio

Cash ratio is the ratio of cash and cash equivalents only to its current liabilities. It is an extreme liquidity ratio, it measures the ability of a business to repay its current liabilities by only using its most liquid assets. The formula for cash ratio is:

$$\text{Cash ratio} = \frac{\text{Cash} + \text{Cash equivalents}}{\text{Current liabilities}}$$

The normal value of this measure should appear in between 0,2 – 0,4 (ibid).

1.4.3.3 Activity Ratios

Activity ratios indicates how effectively a company manages its assets, how efectively is business converting inventories into sales and sales into cash. These measures can influence ROA and ROE ratios (Kislingerová, 2010). The ratios concerning an inventory are not included in this paper, as the researched company do not keep any inventory.

Total assets turnover

Total assets turnover shows how fast a company turns assets into revenue. The higher ratio is usually the better (ibid).

$$\text{Total assets turnover} = \frac{\text{Sales}}{\text{Average total assets}}$$

Accounts Receivable Turnover

Accounts receivable turnover is used to measure the average number of days a business takes to collect its trade receivables after they have been created. It gives an information about the efficiency of sales collection activities. The lower the favourable.

$$\text{Accounts receivable turnover} = \frac{\text{Accounts receivable}}{\text{Credit sales}} \cdot \text{Number of days}$$

For a number of days there is used 365 in this paper, referring to whole year (the same is used in DPO as well).

Accounts payable turnover

This measure is an average number of days in which a company pays its suppliers. It should be compared with liquidity measures, because when a company's liquidity position is good, but accounts payable turnover ratio is high, it probably mean that company is delaying payments to its creditors till the last possible date. It highlights good working capital management. However if liquidity situation is not good and accounts payable turnover is high, it suggest company is facing problems to pay its suppliers (ibid).

$$\text{Accounts payable turnover} = \frac{\text{Average trade payables}}{\text{Sales}} \cdot \text{Number of days}$$

1.4.3.4 Solvency Ratios

Solvency ratios examines the relationship between the company's equity and its debt. High debt does not necessary mean negative performance of a company, it can increase overall profitability of a business (Sedláček, 2007, p. 63).

The two following ratios measure financial structure of business – the debt and equity. When summarized and add accruals, it gives a result of 100 %.

Debt ratio

The higher is a value of debt ratio, the riskier is a business for creditors. It measures what percentage of company's assets is financed by the creditors.

$$\text{Debt ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

Equity ratio

Basically equity ratio is opposite of debt ratio, it measures what share of company's assets is financed by the equity holders.

$$\text{Equity ratio} = \frac{\text{Total equity}}{\text{Total assets}}$$

Debt to equity ratio

The larger is a company's debt, the higher values debt to equity ratio reaches. This measure depends on the life stage of company, industry and the top management risk aversion. But generally it should be in a range from 80 to 120 % (Kislingerová, 2010).

$$\text{Debt to equity ratio} = \frac{\text{Debt}}{\text{Equity}}$$

REFERENCES

Primary sources:

[1] AALTONEN, K, JAAKKO, K, & TUOMAS, O (2008) Stakeholder salience in global projects, *International Journal Of Project Management*, 26, pp. 509-516.

[2] Aktuální trendy českého ERP trhu (2014) *System online: IT Systems* [online]. Available at < http://www.systemonline.cz/erp/aktualni-trendy-ceskeho-erp-trhu.htm> [cit. 2015-11-29].

[3] Altus software (2015) *Altus Software s.r.o.* [online]. Available at <http://www.altus.cz/> [cit. 2015-11-05].

[4] BART, C. K., TAGGAR, S. (1998) *A Model of the Impact of Mission Rationale, Content, Process and Alignment on Firm Performance*, Hamilton, Ontario: Innovation Research Centre, 44 p.

[5] BRANCO, M.C., RODRIGUEZ, L.L. (2007) Positioning Stakeholder Theory within the Debate on Corporate Social Responsibility, *Eletronic Journal of Business Ethics and Organization Studies*, 12(1), 5–15. Available from: <http://ejbo.jyu.fi/pdf/ejbo_vol12_no1_pages_5-15.pdf>. [cit. 2014-05-07].

[6] BŘEZINOVÁ, M., PRŮŠOVÁ, J. (2014) Small and Medium-Sized Enterprises in Terms of Their Goals, *Megatrend Review*, 11(3), 145–154.

[7] BRYSON, J. M., PATTON, M. Q., BOWMAN, R. A. (2011) Working with evaluation stakeholders: A rationale, step-wise approach and toolkit, *Evaluation and Program Planning*, 34(1), 1–12.

[8] BRYSON, J.M. (2004) What to Do When Stakeholders Matter, *Public Management Review*, 6(1), 21–53. Available from: <https://www.hhh.umn.edu/people/jmbryson/pdf/stakeholder_identification_analysis_techniques.pdf>. [cit. 2014-05-10]

[9] CARLON, D. M., DOWNS, A. (2014) Stakeholder Valuing: A Process for Identifying the Interrelationships between Firm and Stakeholder Attributes, *Administrative Sciences* (2076-3387), 4(2), 137–154.

[10] CARROLL, A. B. (1999) Corporate social responsibility: Evolution of a definitional construct, *Business and Society*, 38(3), p. 268-295.

[11] ČÁSTEK, O. (2010) Návrh využití stakeholderského přístupu při strategické analýze podniku, Brno: Masaryk university, dissertation thesis, p. 207.

[12] CÍGLEROVÁ, O. (2012) *Vliv změny dotací na pozici družstva*, Bachelor dissertation, Brno: Masaryk University

[13] COOPER, D. R., SHINDLER, P. S. (2003) *Business Research Methods*, New York: McGraw-Hill/Irwin, 857 p. ISBN 0-07-249870-6.

[14] DLUHOŠOVÁ, D. (2010) *Finanční řízení a rozhodování podniku: analýza, investování, oceňování, riziko, flexibilita*, Praha: Ekopress, 3rd edition, ISBN 978-80-86929-68-2.

[15] DOCKALIKOVA, I., KLOZIKOVA, J. (2014) MCDM Methods in Practice: Determining the Significance of PESTEL Analysis Criteria, *Proceedings of the European Conference on Management, Leadership & Governance*, 418–427.

[16] EDEN, C., ACKERMANN, F. (1998) *Making Strategy: The Journey of Strategic Management*, London: Sage Publications, 507 p., ISBN 0-7619-5225-X.

[17] Effect size to Wilcoxon signed rank test (2015) *Stack Exchange Inc* [online]. Available at <http://stats.stackexchange.com/questions/133077/effect-size-to-wilcoxon-signed-rank-test> [cit. 2015-12-12].

[18] Elektronická evidence tržeb (2015) *Asociace malých a středních podniků a živnostníků ČR* [online]. Available at <http://www.eltrzby.cz/cz/o-co-jde> [cit. 2015-11-25].

[19] Elektronická evidence tržeb se opět odkládá. Tentokrát zřejmě na neurčito. (2015) *Elektronická evidence tržeb* [online]. Available at <http://www.elektronickaevidencetrzeb.cz/content/elektronick%C3%A1-evidence-tr%C5%BEeb-se-op%C4%9Bt-odkl%C3%A1d%C3%A1-tentokr%C3%A1t-z%C5%99ejm%C4%9B -na-neur%C4%8Dito> [cit. 2015-11-25].

[20] ELIAS, A. A., CAVANA, R. Y., JACKSON, L. S. (2000) Linking Stakeholder Literature and System Dynamics: Opportunities for Research, *International Conference on Systems Thinking in Management – ICSTM*, 174–179.

[21] Firmy v ČR se potýkají s nedostatkem technicky vzdělaných absolventů (2015) *Národní soustava kvalifikací* [online]. Available at <http://www.narodnikvalifikace.cz/Clanky/firmy-v-cr-se-potykaji-s-nedostatkem-technicky-vzdelanych-absolventu> [cit. 2015-11-25].

[22] FONTENOT, G., HENKE, L., CARSON, K. (2005) Take Action On Customer Satisfaction, *Quality Progress*, 38(7), 40–47.

[23] FREEMAN, R. E. (1984) *Strategic Management: A Stakeholder Approach*, Boston: Pitman Publishing.

[24] FREEMAN, R. E. (2010) *Strategic Management: A Stakeholder Approach*, Cambridge University Press.

[25] FREEMAN, R. E., REED, D. L. (1983) Stockholders and Stakeholders: A New Perspective on Corporate Governance, *California Management Review*, 25(3), 88–106.

[26] FRIEDMAN, L. A., MILES, S. (2006) *Stakeholders: Theory and Practice. Oxford: University Press*, 330 p., ISBN: 978-0-19-926987-7.

[27] GARRIGA, E. (2014) Beyond Stakeholder Utility Function: Stakeholder Capability in the Value Creation Process, *Journal of Business Ethics*, 120(4), 489–507.

[28] GHIJSEN, P., W., T., SEMEIJN, J., ERNSTSON, S. (2010) Supplier Satisfaction and Commitment: The role of influence strategies and supplier development, *Journal of Purchasing and Supply Management*, 16(1), 17–26.

[29] HARRISON, J. S., WICKS, A. C. (2013) Stakeholder Theory, Value, and Firm Performance, *Business Ethics Quarterly*, 23(1), 97–124.

[30] HOFSTEDE, G. (2015) Czech Republic [online] *The Hofstede Centre*. Available at < http://geert-hofstede.com/czech-republic.html> [cit. 2015-11-30].

[31] Indexy spotřebitelských cen – inflace (2015) *Český statistický úřad* [online]. Available at <https://www.czso.cz/csu/czso/cri/indexy-spotrebitelskych-cen-inflace-cerven-2015> [cit. 2015-11-25].

[32] JOHNSON, G., SCHOLES, K., WHITTINGTON, R. (2009) *Fundamentals of strategy*, Essex: Pearson Education, 313 p., ISBN 978-0-273-71310-4.

[33] JOHNSON, G., WHITTINGTON, R., SCHOLES, K., ANGWIN, D., REGNÉR, P. (2014) *Exploring Strategy: Text and cases*, Harlow: Pearson Education Limited, 10th edition, 769 p., ISBN 978-1-292-00254-5.

[34] JONES, T.M., FELPS, W., BIGLEY, G.A. (2007) Ethical Theory and Stakeholder-Related Decisions: The Role of Stakeholder Culture, *Academy of Management Review*, 32(1), 137–155.

[35] KALOUDA, F. (2011) *Finanční řízení podniku*, Plzeň: Aleš Čeněk, 2nd edition, 158 p., ISBN 978-80-7380-315-5.

[36] KANNAN, V. R. (2013) *Strategic Management in the 21st Century*, Santa Barbara: Praeger, ISBN 978-0-313-39742-4.

[37] KARADAG, H. (2015) Financial Management Challenges In Small and Medium-Sized Enterprises: A Strategic Management Approach, *Emerging Markets Journal*, 5(1), 26–40.

[38] KEY, S. (1999) Toward a new theory of the firm: A critique of stakeholder "theory", *Management Decision*, 37(4), 317–328.

[39] KHAIRUDDIN HASHIM, M. (2008) *Strategic Management: Text and Cases*, Singapore: Thomson, 2nd edition, 194 p., ISBN 978-981-4232-48-7.

[40] KIJEWSKA, A. (2016) Determinants of the Return on Equity Ratio (roe) on the Example of Companies from Metallurgy and Mining Sector in Poland, *Metalurgija*, 55(2), 285–288.

[41] KISLINGEROVÁ, E., et al. (2010) *Manažerské finance*, Praha: C. H. Beck, 3nd edition, ISBN 978-80-7400-194-9.

[42] KLÍMOVÁ, V. (2007) *Rozvoj malého a středního podnikání*, Brno: Masaryk University, 133 p. ISBN 978-80-210-4239-1.

[43] Kontrolní výkaz k DPH (2015) *Portál Pohoda* [online]. Available at <http://www.systemonline.cz/erp/lokalni-i-globalni-trendy-erp-pro-rok-2015.htm> [cit. 2015-11-25].

[44] KOTEY, B., Meredith, G. G. (1997) Relationships among Owner/Manager Personal Values, Business Strategies, and Enterprise Performance, *Journal of Small Business Management*, 35(2), 37–64.

[45] LAWREY, K. (2015) Keeping your goals SMART, *Travel Trade Gazette UK & Ireland*, 38–38.

[46] Lokální i globální trendy ERP pro rok 2015 (2015) *System online: IT Systems* [online]. Available at <http://www.systemonline.cz/erp/lokalni-i-globalni-trendy-erp-pro-rok-2015.htm> [cit. 2015-11-21].

[47] MAHONEY, J. (1994) What Makes a Business Company Ethical, *Business Strategy Review*, 5(4), 1–15.

[48] MAINARDES, E. W., FERREIRA, J. J., RAPOSO, M. L. (2014) Strategy and Strategic Management Concepts: Are They Recognised by Management Students?, Ekonomie a Management, 17(1), 43–61.

[49] MAINARDES, E.W., ALVES, H., RAPOSO, M. (2011) Stakeholder theory: issues to resolve, *Management Decision*, 49(2), 226–252.

[50] Makroekonomická predikce – říjen 2015 (2015) *Ministerstvo finance ČR* [online]. Available at <http://www.mfcr.cz/cs/verejny-sektor/makroekonomika/makroekonomicka-predikce/2015/makroekonomicka-predikce-rijen-2015-22888> [cit. 2015-11-25].

[51] Malé a střední firmy v ekonomice ČR (2013) *Český statistický úřad* [online]. Available at < https://www.czso.cz/documents/10180/20534676/116111a01.pdf/42108b35-f884-47a3-b421-f3771aa15427?version=1.0> [cit. 2015-11-21].

[52] MARQUES MIRAGAIA, D.A., FERREIRA, J., CARREIRA, A. (2014) Do Stakeholders Matter in Strategic Decision Making of a Sports Organization?, *RAE-Revista de Administração de Empresas*, 54(6), 647–658. ISSN 0034-7590

[53] MATULEVICIENE, M., STRAVINSKIENE, J. (2015) The Importance of Stakeholders for Corporate Reputation, *Engineering Economics*, 26(1), 75–83.

[54] MAUNU, S. (2003) *Supplier Satisfaction: The Concept and a Measurment System*, Dissertation, Oulu: University of Oulu, 144 p.

[55] MAYERS, J. (2005) *Stakeholder power analysis: Power tools series* [online]. London: International Institute for Environment and Development. [cit. 2015-05-02]. Available: <http://www.policy-powertools.org/Tools/Understanding/docs/stakeholder_power_tool_english.pdf>.

[56] Ministerstvo průmyslu a obchodu (2013) *Finanční analýza podnikové sféry za rok 2012* [online]. Available at: <download.mpo.cz/get/48519/55958/605529/priloha002.pdf> [cit. 2015-12-06].
[57] Ministerstvo průmyslu a obchodu (2014) *Benchmarkingový diagnostický systém finančních indikátorů INFA* [online]. Available at: <http://www.mpo.cz/cz/infa.html> [cit. 2015-12-06].
[58] Ministerstvo průmyslu a obchodu (2015) *Finanční analýza podnikové sféry za rok 2014* [online]. Available at: <http://www.mpo.cz/dokument157262.html> [cit. 2015-12-06].
[59] MINTZBERG, H. (1987) The Strategy Concept I: Five Ps For Strategy, *California Management Review*, 30(1), 11–24.
[60] Mission Statement of Dell (2013) *Strategic Management Insight* [online]. Available at <http://www.strategicmanagementinsight.com/mission-statements/dell-mission-statement.html> [cit. 2015-05-30].
[61] MITCHELL, R.K., AGLE, B.R., WOOD, D.J. (1997) Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts, *Academy of Management Review*, 22(4), 853–886.
[62] Nezaměstnaný absolvent? Nic výjimečného (2013) *FinExpert.cz* [online]. Available at <http://finexpert.e15.cz/nezamestnany-absolvent-nic-vyjimecneho_1> [cit. 2015-11-27].
[63] NGUYEN, S. N., MENZIES, J. (2010). Event effectiveness: analysing the perceptions of key stakeholders of the Lexmark Indy 300/Champ Car Event, Gold Coast, *International journal of sport management and marketing*, 8(1-2), 106-130.
[64] ONKILA, T. (2011) Multiple forms of stakeholder interaction in environmental management: business arguments regarding differences in stakeholder relationships, *Business Strategy & the Environment*, 20(6), 379–393.
[65] PEDERSEN, E. R. G. (2011) All animals are equal, but ...: management perceptions of stakeholder relationships and societal responsibilities in multinational corporations, *Business Ethics: A European Review*, 20(2), 177–191.
[66] PORTER, M. E. (2008) The Five Competitive Forces that Shape Strategy, *Harvard Business Review*, 86(1), 78–93.
[67] POST, J. E., PRESTON, L. E., SACHS, S. (2002) *Redefining the corporation. Stakeholder Management and Organizational Wealth.* Stanford University Press, 334 p. ISBN 0-8047-4304-5.
[68] Práce v IT – vývoj, trendy, platy (2014) *Grafton Recruitment* [online]. Available at <http://www.grafton.cz/pro-uchazece/trh-prace/prace-v-it/> [cit. 2015-11-27].
[69] Price and Value to Book Ratio by Sector (US) (2015) *NYU Stern University* [online]. Available at <http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/pbvdata.html> [cit. 2015-12-05].
[70] QUIGLEY, J. V. (1994) Vision: How leaders develop it, share it, and sustain it, *Business Horizons*, 37(5), 37–41.
[71] Return on equity screening (2015) *CSIMarket* [online]. Available at <http://csimarket.com/screening/index.php?s=roe&pageI=9&fis=#tableind> [cit. 2015-12-06].
[72] RHOADES, S. A. (1993) The Herfindahl-Hirschman Index, *Federal Reserve Bulletin*, 79(3), 188–189.
[73] RICH, B. L., LEPINE, J. A., CRAWFORD, E. R. (2010) Job Engagement: Antecedents and Effects on Job Performance, *Academy of Management Journal*, 53(3), 617–635.
[74] RŮČKOVÁ, P. (2011) *Finanční analýza: metody, ukazatele, využití v praxi*, Praha: Grada, 4th edition, ISBN 978-80-247-3916-8.

[75] SCHMEER, K. (1999) *Guidelines for Conducting a Stakeholder Analysis* [online], Bethesda, MD: Partnership for Health Reform [cit. 2015-05-05]. Available at: <http://www.who.int/management/partnerships/overall/Guidelines ConductingStakeholderAnalysis.pdf>.

[76] SEDLÁČEK, J. (2007) *Finanční analýza podniku*, Brno: Computer Press, 1st edition, ISBN 978-80-251-1830-60.

[77] SEKARAN, U., BOUGIE, R. (2013) *Research Methods for business: a skill building approach*, Chichester: Wiley, 5th edition, 468 p. ISBN 978-0-470-74479-6.

[78] ŠIMBEROVÁ, I. (2009) Řízení vztahů se stakeholdery – Nová výzva pro marketingové řízení podniků na průmyslových trzích, *Journal of MANagement and ECOnomics*, 1(1), 77–84. Available at: <http://www.maneko.sk/casopis/pdf/1_2009.pdf#page=76> ISSN 1337-9488.

[79] SODOMKA, P., KLČOVÁ, H. (2011) Český ERP trh rostl nejméně za posledních pět let [online] *CVIS: Centrum pro výzkum informačních systémů*. Available at: <http://cvis.cz/hlavni.php?stranka=novinky/clanek.php&id=1207> [cit. 2015-11-21].

[80] SODOMKA, P., KLČOVÁ, H. (2012) Český trh ERP zrychlil růst [online] *System online: IT Systems*. Available at <http://www.systemonline.cz/erp/cesky-trh-erp-zrychlil-rust.htm> [cit. 2015-11-21].

[81] STERNBERG, E. (1997) The Defects of Stakeholder Theory, *Corporate Governance: An International Review*, 5(1), 3–10.

[82] STURDIVANT, F. D. (1979) Executives and Activists: Test of Stakeholder Management, *California Management Review*, 22(1), 53–59.

[83] SURROCA, J., TRIBÓ, J. A., ZAHRA, S. A. (2013) Stakeholder Pressure on MNEs and the Transfer of Socially Irresponsible Practices to Subsidiaries, *Academy of Management Journal*, 56(2), 549–572.

[84] TASHMAN, P., RAELIN, J. (2013) Who and What Really Matters to the Firm: Moving Stakeholder Salience beyond Managerial Perceptions, *Business Ethics Quarterly*, 23(4), 591–616.

[85] Top deset předpovědí pro oblast ERP v roce 2015 (2015) *Business IT* [online]. Available at <http://www.businessit.cz/cz/top-10-predpovedi-pro-oblast-erp-v-roce-2015.php> [cit. 2015-05-30].

[86] Toyota Global Vision (2015) *Toyota Motor Corporation* [online]. Available at <http://www.toyota-global.com/company/vision_philosophy/toyota_global_vision_2020.html> [cit. 2015-05-30].

[87] V Česku podniká rekordní počet lidí (2010) Podnikatel [online]. Available at <http://www.podnikatel.cz/clanky/nestoji-za-rozmachem-podnikani-svarcsystem/> [cit. 2015-11-27].

[88] VAZQUEZ-BRUST, D., LISTON-HEYES, C., PLAZA-ÚBEDA, J., BURGOS-JIMÉNEZ, J. (2010) Stakeholders Pressures and Strategic Prioritisation: An Empirical Analysis of Environmental Responses in Argentinean Firms, *Journal of Business Ethics*, 91, 171–192.

[89] VÚPSV (2007) Spokojenost zaměstnanců: Manuál pro měření a vyhodnocování úrovně spokojenosti zaměstnanců [online]. Available at <http://praha.vupsv.cz/Fulltext/manual.pdf> [cit. 2015-11-05].

[90] WALSH, G., MITCHELL, V.-W., JACKSON, P. R., BEATTTY, S. E. (2009) Examining the Antecedents and Consequences of Corporate Reputation: A Customer Perspective, *British Journal of Management*, 20(2), 187-203.

[91] WHEELEN, T. L., HUNGER, J. D. (2012) *Strategic Management and Business Policy: Toward Global Sustainability*, New Jersey: Pearson Education, 13th edition, 913 p. ISBN 978-0-13-215322-5.

[92] ZAMAZALOVÁ, M. (2008) Spokojenost zákazníka, *Acta Oeconomica Pragensia*, 16(4), 76–82.

Personal communication:

[1] POKORNÝ, Š., CÍGLER, M. (2015) Personal communication – semi-structured interviews [2015-10-21; 2015-11-12]; email communication.

The translation of balance sheet and income statement was based on:

[1] MLÁDEK, R. (2015) Rozvaha/Výsledovka in English [online] *GAAP-IFRS*. Available at <http://www.gaap.cz/cs/cus-uctova-osnova-reg/> [cit. 2015-12-4].

LIST OF TABLES

Table no. 1: Stakeholder concept interpretation 12
Table no. 2: Stakeholder valuing 15
Table no. 3: Types of the enterprises .....**Chyba! Záložka není definována.**
Table no. 4: Increase in the number of small and middle-sized enterprises**Chyba! Záložka není definována.**
Table no. 5: Percentage of ERP users .....**Chyba! Záložka není definována.**
Table no. 6: Profitability ratios .....**Chyba! Záložka není definována.**
Table no. 7: Liquidity ratios .....**Chyba! Záložka není definována.**
Table no. 8: Activity ratios .....**Chyba! Záložka není definována.**
Table no. 9: The age of receivables (in thousands CZK) ....**Chyba! Záložka není definována.**
Table no. 10: Solvency ratios .....**Chyba! Záložka není definována.**
Table no. 11: Solvency ratios – comparison with industry..**Chyba! Záložka není definována.**
Table no. 12: Tangible assets.....**Chyba! Záložka není definována.**
Table no. 13: Employee development .....**Chyba! Záložka není definována.**
Table no. 14: Intangible assets.....**Chyba! Záložka není definována.**
Table no. 15: SWOT analysis .....**Chyba! Záložka není definována.**
Table no. 16: Classification of the stakeholders .....**Chyba! Záložka není definována.**
Table no. 17: Owner's values .....**Chyba! Záložka není definována.**
Table no. 18: CEO's values .....**Chyba! Záložka není definována.**
Table no: 19: Comparison of big customers .....**Chyba! Záložka není definována.**
Table no. 20: Comparison of big customers .....**Chyba! Záložka není definována.**
Table no. 21: Values of customers.....**Chyba! Záložka není definována.**
Table no. 22: Comparison of small customers .....**Chyba! Záložka není definována.**
Table no. 23: Values of employees.....**Chyba! Záložka není definována.**
Table no. 24: Department comparison.....**Chyba! Záložka není definována.**
Table no. 25: Expected change in employee satisfaction after the merger**Chyba! Záložka není definována.**
Table no. 26: Importance and satisfaction of AVPs .....**Chyba! Záložka není definována.**
Table no. 27: Expected change in satisfaction after the merger**Chyba! Záložka není definována.**
Table no. 28: Suppliers multiplicative score .....**Chyba! Záložka není definována.**
Table no. 29: Expected change in supplier satisfaction.....**Chyba! Záložka není definována.**
Table no. 30: Interest and power of the stakeholder.....**Chyba! Záložka není definována.**
Table no. 31: Power, legitimacy and urgency .....**Chyba! Záložka není definována.**
Table no. 32: Opinion on merger.....**Chyba! Záložka není definována.**

LIST OF GRAPHS

Graph no. 1: IT university students in the Czech Republic . **Chyba! Záložka není definována.**
Graph no. 2: Market shares of all-in-one ERP systems on the small enterprises market in Czech Republic ..... **Chyba! Záložka není definována.**
Graph no. 3: Increase of ERP implementations on the Czech market **Chyba! Záložka není definována.**
Graph no. 4: Do you think Altus Vario is better than other similar ERP software on the market? ..... **Chyba! Záložka není definována.**
Graph no. 5: Do you consider changing Altus Vario for another ERP software? ..... **Chyba! Záložka není definována.**
Graph no. 6: Altus Vario or Money is good-quality software **Chyba! Záložka není definována.**
Graph no. 7: Do you feel good about the merger? ..... **Chyba! Záložka není definována.**
Graph no. 8: Do you feel sufficiently informed about the consequences of the merger? **Chyba! Záložka není definována.**
Graph no. 9: Do you think you will benefit from the merger? **Chyba! Záložka není definována.**
Graph no. 10: Do you agree with following statements? .... **Chyba! Záložka není definována.**
Graph no. 11: Do you agree with following statements? .... **Chyba! Záložka není definována.**

LIST OF FIGURES

Figure no. 1: A stakeholder map 14
Figure no. 2: A ladder of stakeholder management and engagement 17
Figure no. 3: Importance-satisfaction model 21
Figure no. 4: Stakeholder typology 23
Figure no. 5: Power versus interest grid 25
Figure no. 6: Development of modern strategic thought 26
Figure no. 7: Deliberate and emergent strategies 29
Figure no. 8: Strategic management model 30
Figure no. 9: PESTEL analysis 31
Figure no. 10: Five competitive forces 32
Figure no. 11: Organisational structure ..... **Chyba! Záložka není definována.**
Figure no. 12: Stakeholder map ..... **Chyba! Záložka není definována.**
Figure no. 13: Importance-satisfaction model of owner ..... **Chyba! Záložka není definována.**
Figure no. 14: Importance-satisfaction model of CEO ..... **Chyba! Záložka není definována.**
Figure no. 15: Importance-satisfaction model of employees **Chyba! Záložka není definována.**
Figure no. 16: Power and interest grid ..... **Chyba! Záložka není definována.**
Figure no. 17: Model of three attributes ..... **Chyba! Záložka není definována.**

LIST OF SHORTCUTS

AVP	Altus Vario Partner
CEO	Chief executive officer
CSR	Corporate social responsibility
CZK	Czech crown (currency)
EET	New system of electronic communication between companies and tax offices
ERP	Enterprise Resource Planning
HHI	Herfindahl-Hirschman Index
IaaS	Infrastructure as a service
I-S model	Importance-satisfaction model
N	Number of answered questionnaires
p	Significance (2-tailed)
r	Spearman correlation coefficient
ROA	Return on assets
ROE	Return on equity
ROS	Return on sales
SaaS	Software as a service
SME	Small and medium-sized enterprises
VAT	Value added tax

LIST OF ATTACHMENTS

Attachment 1: Toyota's tree metaphor
Attachment 2: Altus mision
Attachment 3: Altus Vario function scheme
Attachment 4: Questionnaire for employees
Attachment 5: Questionnaire for big and small customers
Attachment 6: Questionnaire for suppliers
Attachment 7: Questionnaire for AVP