

**Managing the development of innovative and start-up
forms of businesses and verification
of INMARK concept**

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PREFACE

Entrepreneurship is the absolute basis for all market economies, as business units are creating value and spin the economic activity. It is an undoubtable fact that entrepreneurial activity represents a creative, beneficial and driving force for development of many economies based on market mechanism principles. Entrepreneurship is a prerequisite for achieving economic competitiveness. It is a key to self-realization of individuals and groups implementing their ideas, while the business activity is reacting on the needs of the existing and potential customers. It means that entrepreneurship has a comprehensive development potential for the region, the whole society and individuals as well. The performance of business sector has a significant impact not only the performance of the entire economy, but also determines the economic growth of the particular country.

The modern perception of entrepreneurship has to be addressed in a broader context, because in comparison with the past situation, the current economic situation and the market has radically changed. Entrepreneurship is not only about the active presence on the market, but it also involves launching new products and services, creating workplaces as well as contributing to economic and social growth of the country. The contribution of business sector to local and regional development is not negligible. In more comprehensive context, small and medium-sized enterprises play a significant importance by forming the corporate base of the economy. In cooperation with larger business units, they create the economic and the business environment of the country, contributing to competitiveness of the economy with their activity.

Businesses, forming the business environment compete with each other in order to gain competitive edge, thus enabling them to achieve economic benefits. The competition of business units is effective, if there is enough of them on the market, and the value resulting from this competition benefits the businesses and their customers as well. The economic competition and the mutual competitive pressure encourage businesses to develop or improve their products through innovation. Representatives of the business activity are the economic entities themselves, special attention should be paid to small and medium-sized enterprises, as a crucial part of the business sector.

The most innovative can be considered the start-up initiatives, since they are extremely flexible to market requirements and the ability to launch product or service innovations.

The research field focusing on monitoring, evaluation and deep analysis of the behaviour of business entities is addressed by many professionals and experts not only in Slovakia but abroad as well. This is confirmed by high number of professional publications, scientific monographs and scientific articles in renowned and indexed journals of international databases. In the Slovak business environment, but also beyond it, there are different types and forms of business units with diverse business activities, which together shape and form the business environment they are operating in. The research activities of experts are either focusing on the research of large and transnational enterprises or on the sector of small and medium-sized businesses. Currently, the small and medium-sized businesses are those that are able to react flexibly to various circumstances caused by various factors on the market, which can lead them to an advantage over larger business units. The complexity of the environment in which these business units operate can underline not only the regular and irregular dynamic waves of the country's economy, but also the external global pressure on the national economy in form of globalization and internationalization, which can strongly support the economic competition. This situation reveals in many aspects the possibilities and also the limits of smaller enterprises, but on the other hand it encourages them to look for further opportunities in business. The fact that small and medium-sized enterprises are able due to their dynamic attitude to reflect on the increasing demand of the customer, it can be mainly explained by their innovative activity. The ability to innovate, participate in process improvement as well as perceive the external and internal environment presumes a thoughtfully applied strategy and implementation of progressive, new and adaptable marketing approaches. In this context, the business management has a close link to the management of innovative processes in the company. The above listed are characteristic for SMEs, however not sufficient amount of scientific literature is devoted to the issue. Significantly fewer publications can be found about the micro enterprises or start-ups, which are viable, flexible and innovative in nature.

In the market-driven economy, small and medium-sized enterprises represent a very active and development-oriented type of businesses, which due to their size, nature and activity has to be in the focus of attention of the company's management regarding their

development and innovation potentials. Without the existence of this potential, competitor companies would immediately gain a competitive advantage and push them out of the market. The economy of Slovakia and the EU, as well as the world economy has been experiencing an extremely difficult period over the past two years. The economy affected by the economic crisis of more than a decade ago, has still not sufficiently recovered when the pandemic crisis hit. It resulted in an economic recession, which brought an even higher burden for the businesses to rationalize their activities, innovate their products, change their business strategy and utilize the current market opportunities, thus innovating their activities in order to be able to survive and develop. Small business entities had to react decisively for the situation, but also for other situations they face during their business activity. Considering the market and business risks is a part of holistically applied management, although risk management is a separate field of activity in large companies. However, this does not change the fact that micro and small enterprises are extremely sensitive to all changes in their environment, and the appropriate managerial decisions in certain situations are crucial to their further development.

Even without any unexpected interference in the functioning of the economy during the pandemic, business units have so far been present on the market under pressure to look for new opportunities for their further business activities. The extremely fierce competition and the liberalized market generated a need for management to think about ways to better capitalize on business resources, consider, evaluate and change the current business strategies and business policies, and focus on creating the most favourable internal assumptions in order to succeed. The economic crisis caused by COVID-19 has shuffled the cards, and the managers had to face an unknown and completely new task: deal with the invisible enemy, which resulted in a weakening purchasing power, loss of workplaces, restrictions in production and the society as well. One of the solutions to get back on track and help the economy to recover is the path of innovation. Start-ups are highly innovative business units. The existence of start-ups in difficult times was ensured by their ability to generate ideas transformed to products or services, which satisfy the needs of customers or satisfy their needs at a higher level or greater extent.

The situation on the market and in the society has posed new challenges for researchers and scientists. One of them is to give a helping hand to companies through feedback on the current situation

in the Slovak business environment. Feedback in form of information, data, examples from business practice, case studies are all valuable sources provided for the management of the business. Under the influence of not only local, but also global circumstances, there is a strong need to re-evaluate and find the ways to increase competitiveness of businesses in different size, different organizational and legal forms of business regardless to ownership of production factors. For further development of Slovak businesses, it is necessary to have sufficient information about the current state of the business environment, which will be the primary basis for the managerial decision of the company. The economic and social situation will verify how prepared and successful the management of the company is, also in terms of strategic and crisis management. The question for company management is how to manage the company in this situation, and how to ensure not only its survival, but also its further development potential. The key attributes will be the management tools applied in managing the businesses, which found themselves in this difficult and demanding situation, marked by several crisis situations.

In this scientific monograph, the team of authors is focusing on deepening and expanding the research in the field of small and medium-sized business management with a focus on the management of innovative start-ups. In addition to this managerial approach, the presented scientific publication is providing knowledge and experience in the field of verification of the concept INMARK, which can help companies not only to establish, develop, but also move forward in a turbulent business environment. The scientific monograph provides up-to-date information from the business environment of small businesses, focusing on managerial and marketing approaches applied in business practice of companies operating on the domestic and international markets as well. The team of authors followed the objectives set in the project VEGA 1/0813/19 „*Managing the development of innovative and start-up forms of businesses in international environment and verification of INMARK concept*“, one of the outputs of which is this monograph. It contains the previously and currently discovered facts directly from business units, which contributed to presentation and clarification of the latest trends in entrepreneurship. The scientific work includes three main chapters, which include logically and contextually related sub-chapters. The first chapter focuses on the theoretical definition of entrepreneurship and forming the business environment, specification of trends in small and medium-sized business sector, as well as the managerial

approaches conducting business. The second chapter is about innovative entrepreneurship, e-business, marketing and marketing communication of start-ups, social responsibility of businesses and proposal of the concept INMARK. The third chapter of the monograph will provide knowledge in the field of digital environment, as interconnectedness of the information technology in small and medium-sized enterprises is essential. We have detected a significant impact of digital technology on business processes. The pandemic situation forces the small and medium-sized enterprises to apply flexibility and provide quick response on the circumstances. The monothematic scientific publication presents a comprehensive work in a defined field of research of business units, as well as reflects on the current knowledge in the studied field. The work is recommended not only to academics, researchers, but also to entrepreneurs and the wider public interested in up-to-date information and knowledge in the addressed field of research. We would like to express our special thanks to reviewers of this publication, who helped to improve the scientific level of the monograph with their recommendations, as well as special thank is devoted to business entities participating in our research.

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Project Leader

CHAPTER 1 – Theoretical background of entrepreneurship in SME sector

Chapter summary

Entrepreneurial activity of business units is the basic activity of market players in an advanced market-oriented economy. The behaviour of market players is influenced by several internal and external factors, which will determine the activities done by businesses, as well as how they will respond to stimuli of the business environment, market, competitors or customers. Entrepreneurial activity is a prerequisite for the functioning market economy, contributing to development of the existing businesses, but mainly to establishment of new enterprises entering the market characterized by strong competition. The activities of these enterprises have a significant importance in macroeconomic terms, as they contribute to economic growth and recovery as well as the effective allocation of production factors. Therefore, we can emphasize the function of these business units as contributors to economic prosperity. Small and medium-sized enterprises have a dominant position in the business sector of the EU and Slovakia. These types of businesses make up 96-99% of the businesses and play a crucial role in the national economy. Especially in the period of economic crisis, it is the small and medium-sized enterprise sector, which helps the economic recovery. The small and medium-sized business sector is also represented by micro enterprises and start-ups, which businesses are small in size, but have highly innovative capacities. The aim of the first chapter of the scientific monograph is not only to introduce the reader to the issue of small and medium-sized enterprises, but also to emphasize the importance of these businesses and point out their activity on the market. This chapter provides a detailed assessment of entrepreneurship and development of innovative start-ups.

1.1 Entrepreneurship and business environment

The first subchapter is devoted to the issue of entrepreneurship and the business environment. The issue of entrepreneurship and the business environment are closely related, and should be discussed in the same context. It is impossible to doubt the importance of

the entrepreneurial activity in the economy based on market mechanism, as it forms the absolute basis of the market economy. Both the business practice and the scientific research proved that the entrepreneurial activity is essential in a properly functioning market economy. Entrepreneurial activity based on market economy in Slovakia started with the socio-political restructuring of the society. Before the socio-political change, Slovakia was a planned economy, where investment, production and the allocation of capital goods took place according to economic and production plans. This period was characterized by predominance of state-owned enterprises and state ownership, while entrepreneurial activity based on market-economy principles did not even exist. Since 1990, the legal and further conditions favoured to establishment and development of the entrepreneurial activity. Entrepreneurial activity has to be perceived in several dimensions. This is the reason, why we feel necessary to address this basic concept in this chapter and subchapter. The definition of entrepreneurship has to be perceived as an important aspect to understand the researched issue, as well as to differentiate this activity from the economic activity of other enterprises and organizations. A substantial part of entrepreneurial activity is realized by micro, small and medium-sized enterprises. The condition for economic development is the coexistence of different types of enterprises on the market, as each of them operates in different field, using different company resources, but also doing a complementary activity with the rest of the businesses operating on the market. Their joint activity on the market results in functioning of the market economy based on market principles. The opinion of the professional community on different conditions and functioning of these companies operating in the SME sector differs. Some of them argue that there is no need to address SMEs as a separate group and type of companies, while others argue that it is a crucial issue since small and medium-sized businesses have special characteristics. Entrepreneurial activity can be realized if the appropriate business environment is created. The functioning economic system with favourable conditions is a key determinant for creation and shaping the business environment. This is also a reason why it is necessary to deal with the theory of entrepreneurship – the business environment, as it has significant impact on the business itself. All of the business activities take place in a certain environment, in which there are various and different types of business entities operating (different enterprises, customers, organizations, institutions etc.) as well as various influence (competitive pressure, demand, supply, globalization, etc.). All

of these have direct or indirect impact on functioning, maintaining and development of the business. The business environment is dynamically changing. It is adapting to various situations, phenomena, influence, and thus its quality is constantly changing. It is therefore clear that the enterprises and the business environment are interconnected. We find this statement important in terms of our research activity, which will be addressed in the following subchapters.

1.1.1. Entrepreneurship

The concept of entrepreneurship is often discussed both by professionals and the general public. The term is the most frequently used technical term, mainly from economic, legislative and managerial perspectives. Entrepreneurship is closely linked to other economic activities of different types of private or public entities. The entrepreneurial activity is a strong driving force capable of developing and spinning different economic relations, and has significant impact on achieving economic equilibrium. Over the past decades, since it has been possible to conduct entrepreneurial activity in Slovakia, this activity has been characterized by extremely dynamic and significant development that contributes to interconnection of the individual national economic sectors of the Slovak economy. As Slovakia was integrated to higher economic structures and free market zones, the conditions of entrepreneurship have also changed. Every business entity has to count with several, not only business (internal) factors, but also macroeconomic and global factors determining their business activity. The market environment in Slovakia has not escaped the integration trend, neither did escape the globalization and internationalization process. These are strong, worldwide determinants, which have significantly influenced and formed the entrepreneurial activity even on sub-markets. The basic idea of entrepreneurship is the transformation of inputs and outputs through business activities (production, activities resulting in offering services), in order to satisfy the customer needs. Customer needs identified on the market, but also the requirements identified by applying market research and marketing activities might be anticipated ahead. This idea is closely linked to a further idea, which emphasizes the importance and need for efficient allocation of resources (production factors, company resources) in order to maximize the value of the corporate capital. Entrepreneurship

is also about utilizing ideas that add creative spirit to entrepreneurial activity. However, the fact that the companies are trying to satisfy the customers' need as much as possible, it is not enough for the business to be successful. Creativity and high level of customer satisfaction are the strengths of innovative and start-up businesses, which are very successful on the market. The entrepreneurial success is made up of several factors, which are interdependent and interconnected. It is therefore difficult to answer the question, which business is or will be successful, what is the „recipe“ for business success in domestic or foreign business environment. The answer for this question is even more difficult, and it is impossible to provide detailed and satisfying explanation. However, we can talk about factors that have positive or negative impact on successful entrepreneurship. It is the duty of the business owner, the top and middle management of the company to set the business processes in order to achieve the set business goals (one of them is the success of the company). Before we take a closer look to definition and different aspects of entrepreneurship, we have to mention an important factor influencing the business – the business risk. It is the degree of uncertainty connected to business activity. The activity conducted by business has no guarantee for success, profit, etc. In business practice it means that a possible failure in business might have negative consequences on the company, the business owner, the employees, the business partners and further stakeholders. However, businesses enter the market with a commitment and mission to gain profit, succeed and provide prosperity. The presented facts are also reflected in the work of several experts e.g. Mocarnikova et al. (2018). The authors emphasize that entrepreneurship has in addition to benefits at lower corporate level, benefits at higher corporate levels as well. In economic terms, entrepreneurship is a tool for the economic development of the country.

Subchapter 1.1.1. „*Entrepreneurship*“ focuses on the interpretation of this most basic concept, explanation and disclosure of the content. The chapter is based on the attitude, approach and opinion of not only domestic (Slovak) authors, but the team of foreign authors as well. However, we do not forget about the legislation, which forms the basic framework for characterization of the term and its correct interpretation.

When characterizing the concept of entrepreneurship, it should be noted that in order to realize business, it is necessary to provide freedom in entrepreneurial activity. This is a basis of entrepreneurship in a properly functioning market economy. Freedom of entrepreneurship

can be interpreted as an activity, where the entrepreneur is not restricted by anything and anyone in seeking business opportunities, determining the business strategy or simply conducting the business activity. According to Milosevicova et al. (2018), the basic framework for freedom to conduct entrepreneurial activity were made possible following the socio-economic change in 1989, when to basic regulations, the Commercial Code and the Trade Licensing Act were approved in Czechoslovakia. Detailed definition of entrepreneurship, including the attributes about entrepreneurial freedom is provided by many professionals, but is also enshrined in the Slovak legal system. It should also be also mentioned that the Slovak legislation has defined the concept of entrepreneurship and entrepreneurial freedom in two basic regulations: the Commercial Code Act no. 513/1991 Coll., and in the Trade Licensing Act (Trade Licensing Act) no. 455/1991 Coll. as amended. Both regulations define the term entrepreneurship, but these definitions are partially different. Difference can be identified in characterization of the entrepreneurial activity. While the Commercial Code no. 513/1991 Coll. defines entrepreneurship in general, the Act on Trade Licensing no. 455/1991 Coll. specifies the self-employment and entrepreneurship. In the latter case, the definition is restricted to defining business activity that is in line with the Trade Licensing Act no. 455/1991 Coll. about self-employment. It can be identified that the legislator first adopted the legal regulation of trade (practically trade business), and then entrepreneurship as such. In addition to self-employment, there are other types of businesses to realize entrepreneurial activity. The Commercial Code Act no. 455/1991 Coll. and the Trade Licensing (Trade Licensing Act) define trade licensing in § 2 of this legal regulation as follows: “Business activity” (also referred to as “entrepreneurial activity”; in Slovak “podnikanie”) is understood to be systematic activity, which is independently carried on for the purpose of making a profit by an entrepreneur in his own name, and at his own liability (responsibility). This definition is followed by a legal regulation § 3, providing a detailed definition of what cannot be understood self-employment. More general definition on self-employment is provided in Act no. 513/1991 Coll., the Commercial Code in Section 2 (1), which states that „Entrepreneurship is an activity conducted by the entrepreneur for his own responsibility in order to make profit, achieve measurable positive social impact, if it is an economic activity of a registered social enterprise under a special regulation and conditions“. Section 2 (2) of the Commercial Code specifies who is an entrepreneur: „a) a person

(natural or legal) recorded in the Commercial Register; b) a person engaged in business activity on the basis of an authorization to practise a certain trade; c) a person engaged in business activity on the basis of an authorization issued under particular Acts or regulations different from the provisions governing the issue of a trade authorization; d) an individual engaged in farming activity (agricultural production) who is recorded in an appropriate register (registry) under a particular Act or regulation“.

In conclusion, we present some important facts regarding the legal framework above: proprietorship is a type of entrepreneurship, but not all the entrepreneurial activities count as proprietorship (a type of an unincorporated entity that is owned by one individual only). On the other hand, enterprises formed as legal entities have a character of being a hidden proprietorship. Despite the fact that proprietorship is significantly established in the SME sector, especially in a form of natural person, sole proprietor and micro business. These characteristic features of entrepreneurial activity can also be conducted by medium-sized and larger businesses as well.

Bielik et al. (2020) emphasizes that the trade law, which defines entrepreneurship is based on dualistic pillars and falls under the private law. The primary role of business law is the regulation of the entrepreneurial activity, define the status of the entrepreneur, and define the legal framework for business. Even this short insight into the Slovak legal system highlights that it is not easy to determine, which business can be defined as only an entrepreneurial activity or it is also a proprietorship. It is purely based on individual assessment after taking into account all the circumstances and the nature of business.

Even after more than a quarter of century in Slovakia, there is no legal definition for family owned enterprises as a specific form of entrepreneurship. It would also benefit the business practice, in many cases there would be a clear definition characterizing the entrepreneurial activity. This issue remains to be solved by legislators.

Following the short insight into the legislative regulation of the entrepreneurial activity, we gradually get to the characteristics and the purpose of business activity. We will present different approaches, opinion, perspectives on entrepreneurship made by professionals, using both domestic and foreign literature. Domestic literary overview provides information about the condition of entrepreneurship in the examined country, foreign literary sources were used to obtain information from different perspectives and approach the issue in

different economic, legal and social terms. These can point out the differences and can also become an inspiration for Slovak experts. We share the opinion that entrepreneurship has to be approached in a broader context, as it reflects not only a particular type of economic activity, but also efficient utilization of production and company resources as well as on satisfying customer needs. Antalík et al. (2008) explain entrepreneurship as a form of activity performed by the entrepreneur himself, in his own name, on his own responsibility. The primary goal of the entrepreneur is to make profit. In further characteristics, the authors rely on legislation, specifically based on the Commercial Code - Act no. 513/1991 Coll., which requires the fulfilment of further characteristics: consistency of activity, independence of the entrepreneur, orientation to achieve the set goals. The author's team mentions satisfying the customer need as a further feature. If we take into consideration the Japanese management and the thoughts of Peter Drucker, entrepreneurship is an art. Entrepreneurial activity is associated with creativity and ability to develop the business activity in a business environment characterized by competitors. Entrepreneurship is motivation, creativity and an ability to survive. One of the most often cited quotes: "entrepreneurship has only two basic functions: marketing and innovation. Marketing an innovation produce results, everything else is only about costs." (Drucker, 1968).

The entrepreneurial activity is gradually gaining an increasing importance in the Slovak economy. It can be explained by transformation of the economic sectors, utilization of market opportunities as well as emergence of new business entities, following the transformation of the former ones. Entrepreneurship is contributing to GDP growth and helps to maintain employment (Sirotko et al., 1998).

The concept of „entrepreneurship“ originates from the French concept of „entrepreneur“, which can be translated as intermediary. Entrepreneurship is therefore an implementation of business activity in practice. Entrepreneurship is not a single activity. It is a repeated activity in order to gain profit. Entrepreneurship in practice has a completely different character it had in the past (Daňková and Križo, 2015). Currently, entrepreneurship is inevitably linked to global economic processes, as it is ensuring employment and growth not only on regional but higher level as well.

The economy of Slovakia and the EU, as well as the global economy are exposed to economic cycles and unexpected periods of economic recession. The repeating imbalances result in destruction of market structures and question the viability of many enterprises. One

of the ways to revitalize the country's economy and help to bounce back from recession is to restart the economic activity and the economic growth. Therefore, one can agree with the author's team Mižičková and Ubrežiová (2007), who emphasize that a possible precondition for revitalization of the national economy is the support and development of the entrepreneurial activity. In order to meet this vision, the existence of vital SME sector is a basic condition. Mižičková (1999) has already emphasized in her early publication that the concept of entrepreneurship in western economies is understood as an activity of new enterprises or start-ups. We cannot completely agree with the statement above, since it would mean a one-sided approach of the discussed issue.

According to Saukkonen (2018), entrepreneurship is strongly connected to the concept of growth. Developing business activities contribute to the economic growth and growth in the society. As we can see from the perspective of experts, entrepreneurship has a wide impact beyond making profit.

The concept of entrepreneurship is closely linked to the concept of „enterprise“. It is because the enterprise itself is conducting the business activity. Entrepreneurship is a discussed issue also by Majdúchová and Neumannová (2014), as an activity conducted by entrepreneurs on their own responsibility with a basic objective of making profit. In some cases, however the last principle is not applied, as there is a group of economic units, which are not primarily oriented at profit, but fulfil further functions for the business. In order to conduct entrepreneurial activity, certain conditions have to be met, which were defined by the authors in the following two groups: subjective and objective conditions for entrepreneurship. We can agree with the authors that each business has to be based on its own conditions determined by the existing environment.

The basic terminology related to business activity is often addressed on professional forums and conferences. The results of the confrontations of experts are reflected in professional and scientific publications. Chapčáková, Hečková and Huttmanová (2013) addressing the issue of entrepreneurship for a long time, can see the entrepreneurial activity from different perspectives: economic, legal, psychological and social. According to the currently accepted approach, entrepreneurial activity is cyclical and oriented at organizing and managing transformation processes, while using new ideas and innovations. Different approach of the authors can be perceived when new tasks of entrepreneurship are mentioned in connection with the global economy.

The role and character of entrepreneurship has radically changed. Interesting is the authors' approach connecting entrepreneurship with an ability of the entrepreneur to utilize all the opportunities provided by the business environment.

If we take into consideration that Slovakia is a member state of the EU, we find it important to mention also the approach of the European Commission (Commission of The European Communities, 2003) defining the term entrepreneurship. Based on the Green Paper Entrepreneurship in Europe, entrepreneurship is a state of mind and motivation of the individual to identify and seize business opportunities in order to gain economic advantage and new values. According to the European Commission, this activity requires creative potential, innovation and high quality management of the business.

After joining the European Union, Slovakia had to take certain steps to harmonize the entrepreneurial activity of the country with the other EU member states and the regulations set by the EU. The new conditions, especially in terms of the extended single market have had impact on understanding the entrepreneurship, which is necessary to understand and examine in broader context (Pernsteiner et al., 2011). In this case, entrepreneurship is perceived as an international activity that has to take into account also the level of the economic integration.

Above we have summarized some approaches and characteristics of entrepreneurship. It is necessary to emphasize that a unified and detailed definition (especially if we would like to apply in international environment) of entrepreneurship does not exist. In addition to reflecting on the basic features of the entrepreneurial activity, there are certain specific features determined by the business environment. Most frequently, these are the legislative circumstances, national specifics or specifics related to the business sector.

1.1.2 Business environment

The entrepreneurial activity is made possible under certain conditions and the environment appropriate to conduct this activity. This environment is called a business environment. It is necessary to understand that in addition to other business factors, the business environment in which the business is operating in has significant impact on development of the business. This fact is partially addressed in

subchapter 1.1.2. We focus on definition of the business environment as a factor shaping the business activity.

The development activity of the business cannot only be understood as an intention of the internal factors of the business. In order to be able to develop, it is also necessary to focus attention on determinants shaping the business activity as well. One of the important determinants of successful entrepreneurship and improving competitive ability is the business environment itself. This environment is formed by a spectrum of factors, indicators and ties, which forming a synergy affect the environment in which the business is conducted. Not only commercial entities can do business, but they also find themselves in a certain environment, where business activity is conducted by other entities as well. In order to create the best possible conditions for favourable development of the business environment, not only the appropriate legislative conditions are required, but also a responsible approach of all participants forming and creating the business environment. Thus, creation of the business environment is not only the duty of the state in form of passing legislation or the privilege of state bodies, professional associations or organizations supporting entrepreneurship. Creators of the business environment to a significant extent become all the participating units present in the market environment. Monitoring and evaluating the business environment are other important activities carried out by professional organizations and the central state bodies. Only by identifying strengths, weaknesses, opportunities and threats as well as challenges, the country gains an ability to contribute to the creation of the appropriate business environment. Let's get an insight into the approaches of different professionals defining the business environment.

The Small Business Agency (2020) argues that it is a key to have a quality business environment, as it affects the competitiveness and the economic growth of the country. The business environment is made up of several elements, the development and behaviour of which is difficult to understand in details. The business environment in Slovakia had been attacked by frequent and numerous fundamental changes and turbulences. The most common negative aspect of business environment that might hinder the development of businesses is the legal environment, bureaucracy and the complicated law enforcement.

Quality business environment is in close connection with the high quality level of entrepreneurship in the form of a competitive company (Kuzmišin, 2009). The business environment is not supported

by constant change, as the business environment is an external environment of the company. The business entities are forced to respond to changes in order to maintain their business position.

The entrepreneurial activity is conducted by business units in determined space and time. Businesses are affected by many influences determining their activities. The business environment is a space, where businesses develop ties with each other (Strážovská, 2004). The author is characterizing the business environment as a set of elements that either directly or indirectly affect the business. The business environment is also formed by the influences of business units on themselves and their environment. Businesses have an environment in which they form ties with other business entities or elements of the environment.

The issue of business environment is addressed by many experts and professionals. Business environment has a crucial importance in theory of entrepreneurship but also in business practice. It creates and coordinates the development of competitiveness on the particular market and influences the mutual interaction and cooperation of business units. The entrepreneur starts business activity in the environment suitable to conduct business activity (Mura, 2016). The environment, in which the business entities operate in, is also formed by the activities of businesses themselves. Government interventions, legislative changes, business cycles, imbalance of supply and demand, access to resources important to conduct business – all of these are just some of the pillars forming the business environment. The commercial activity of business is realized in space and time, determined by processes, influences and further factors. The business environment is made up of all the elements and influences, the company is contacted with.

The environment in which the business entities conduct their activities is in constant transformation (Mižičková and Ubrežiová, 2007). All the impacts of the internal and external environment influence the formation of the business environment. There has long been an effort to improve the business environment, but entrepreneurs are still exposed to numerous barriers conducting their business. The quality of business environment can also be measured by how much help and how many barriers it involves. In order for a business activity to progress, businesses have to be aware of barriers they have to tackle to continue their operation in that particular business environment.

The essence of the term „business environment“ was defined also by Šúbertová et al. in 2014. According to the authors, the business environment is formed by a set of subsystems, which are merged into

a single system, in which the business activity takes place. They also emphasize that each part of this system can be divided into smaller parts. The following components occur in the structure of the business environment: external – external environment referred to as macro-environment, interactive environment referred to as micro-environment; internal – internal environment of the business.

In the broadest sense, the quality of economic conditions is reflected in the business environment (Machová et al., 2015). The sustainable entrepreneurship is determined by the quality of the business environment. Entrepreneurship is a prerequisite for an effectively functioning market mechanism, but it requires an adequate space. The authors refer to business environment as an environment surrounding the business, which is directly connected to the competitor environment. Healthy business environment and functioning market are prerequisite for the prosperous national economy. This environment not only surrounds the business but also affects the business activity. The business environment reflects the condition of the national economy, including the assumptions for the economic activity of entities present on the market. The business environment is a mirror of the performance of the business and the corporate sector, as well as determines the economic success of the country.

There are also sub-markets within the country, which also have their specific business environment. Some regions with a strong representation of business entities generating a significant contribution to GDP and employing many people monitor the business environment sensitively, as their activity is significantly influenced by it. On the other hand, there are regions in the country, where the regional business environment is less favourable e.g. unavailability of resources, lack of infrastructure etc. Mutually, however, they form the business environment.

The regional business environment in Slovakia was examined by Korcsmáros, E. & Šimová, M. (2018). The authors came to conclusion that in order to be able to make specific recommendations to improvement of the national economic situation, it is necessary to be aware of the factors influencing the business environment. The research results showed that in order to improve the business environment, it is important to focus on improving the technological equipment, improve the infrastructure, and ensure adequate financial remuneration to employees. These factors influence the formation of the business environment significantly.

Kotaskova and Rozsa (2018) examined the impact of technological factors on improvement of the business environment. Technological factors are one of the key elements of the business environment, which help businesses to develop their business activities. Their results showed that the research and development infrastructure, the human capital and access to it, but also the technological equipment of the business are important factors, which have positive influence on the business environment.

The identification of local factors affecting the business environment has significant impact on the local development and reducing regional disparities in entrepreneurship (Gozora, 2014). Regional disparities in the SME sector result from the geographical, economic and localization conditions, as well as the availability of resources necessary to business activity. Kuzmišin (2009) in his scientific article presents the assessment tool to evaluate the quality of the business environment. This construction – index is a suitable help for monitoring and evaluating the state of the regional business environment. Based on the results obtained this way, it is possible to recommend and implement changes that result in improvement of the quality of the business environment.

The business environment is one of the basic pillars of competitive ability of business in long term. It is an important factor influencing the whole business activity (Kubátová et al. , 2012). Therefore, the quality of the business environment should be important for all forming this environment, especially the state as a basic framework. The success of entrepreneurial activity depends on the business environment in which the activity is conducted. The business environment of a particular country subsequently affects the business environment that surrounds it. There is a strong interconnectedness of the domestic and international business environment. In the case of the member states of the EU, there is an interaction between the national business environment and the business environment of the EU.

The authors' team of Buno, Nadányiová and Hrašková (2015) examined the level and quality of the business environment of the Visegrad Four (V4) countries in order to compare the conditions in which the national business environments are formed. The business environment is made up of several components e.g. legal, economic, institutional, technological, political and cultural conditions, in which the business activity is conducted. Comparing the business environment with the entrepreneurial environment of geographically close countries is important, as these countries have much in common in history

determining their economic development. The difference in business environment is partially caused by different development stage of business entities, the structure of the economy, employment and the tax system.

Each country determined by its geographical position provides possibilities for functioning of different types of businesses, characterized by different size and legal form. The free movement of goods, services, capital and workforce, as well as the integration to the EU has contributed to expansion of the business environment (Šúbertová, 2014). One of the set goals, forming a prosperous and healthy business environment is anchored in the norms of the EU. Functioning of the EU is principally based on a uniform approach to the law, opportunities and further attributes. The business environment of the EU can be characterized as a diverse environment. It is characterized by many common features, but at the same time it is also possible to observe many specifics in policies of different member states. The businesses can be successful on the single market if they can utilize all the opportunities provided by the expanded business environment.

Tomas and Radovic-Markovic (2018) examined the development from the perspective of smaller countries in the EU. It is based on a logical approach that businesses can develop and succeed in a favourable business environment. Their research had shown that smaller member states of the European Union has strengthened, as they could benefit from the expanded business environment of the European market. The business environment in form of the single market of the EU benefits smaller countries to achieve economies of scale, leading to rapid growth of their economic power.

1.2 Small and medium-sized enterprises

The second subchapter of the scientific monograph introduces the central players on the market of small and medium-sized enterprises. We will get a closer insights into the nature, significance and characteristic features of smaller businesses. If we look at the classification based on the size of businesses, it is evident that small and medium-sized enterprises have different nature, character and operation compared to larger enterprises.

SMEs are characterized by flexible characteristic and a high degree of adaptation to changes in the business environment. Unlike

large business entities, SMEs are able to transform their activities in a short time, in accordance with the new situation on the market or changing needs of the customers. The market dynamism and turbulence is tackled smoothly by small businesses. Businesses operating in the SME sector are characterized with a high degree of innovation and an ability to launch innovations or innovative processes. Creation, development and functioning of the SME sector based on the model of developed economies took place in the past 30 years in the Slovak business environment. The SME sector represented a key area of the national economy during the period of structural transformation and disintegration of large state-owned enterprises. In terms of building a functioning market economy, it was necessary to create the appropriate environment and conditions for private entrepreneurship, based on the small and medium-sized business units.

Small and medium-sized enterprises are the key business units of the functioning market mechanism. The significance of SMEs is undeniable. Their activity is based on market requirements, willingness and ability to meet the customer needs, where large enterprises cannot fill this gap. This is one of their biggest strengths. As a further advantage, they can conduct their activities also in remote markets and regions, where medium-sized or large companies will not establish their activities. It shows a high level of flexibility and ability to seek and find solutions in order to meet the market requirements. Small enterprises are usually a source of innovative ideas and solutions, as they hide a high level of innovative capacities. There is a significant share and absolute dominance of micro enterprises or family-owned businesses in some of the sectors of the national economy. Therefore, the large part of family businesses also conduct their activities in the SME sector.

Support of the SME sector and creation of optimal conditions and support of development activities is not only the interest of the national economy but the European Union as well. The EU itself has set the support and promotion of SMEs as a priority objective. SMEs contribute to local employment by employing the local population and reflect on the needs of the region, as well as their activity contributes to the regional but also the national GDP growth. The activity of these businesses will spin the activity of further business units. They contribute to local and public budget by paying taxes and fees. The activity of these businesses is not realized in isolation, but in cooperation with larger enterprises. The different size and strength of the business activity suitably complements the activity of further business entities operating

on the market. Cooperation, complementarity and compactness are all characteristic features of the cooperation of micro, small, medium-sized and large enterprises. The contribution of small and medium-sized businesses is indisputable and realized on wide spectrum. Small and medium-sized enterprises can be described as the main axis of the national economy. The listed attributes undoubtedly give reason and scope for these diverse activities to be addressed by interested groups and professionals. The dynamic growth of small and medium-sized enterprises is a prerequisite for healthy development of the national economy. These types of businesses are the key players in the economy, often referred to as driving force of the economic activity, which form an integrated part of the economy beside further business units. The development of small and medium-sized entrepreneurship represents a priority role in implementing the public policy of Slovakia and the EU as well.

In closer characteristics of small and medium-sized businesses, it should be noted that entrepreneurial activity in forms of SME entrepreneurship was impossible under the Slovak conditions before 1990, while the situation elsewhere in the world was different. The businesses of developed market economies have become the model enterprises and served as a basis for Slovak enterprises to establish and develop their business activities. The presented situation applied to many other post-communist countries of Central and Eastern Europe. Private entrepreneurship based on market mechanism did not exist before 1990. The economies of Central and East Europe followed the rules of the planned economy.

The characteristics and types of individual businesses changed in the historical context of different states (Chikán, 2020). These businesses, however, do not differ from each other in their activities, mission or existence on the market. The basic characteristics of small and medium-sized businesses in the EU are the same. These characteristics can be listed as the following:

1. the small and medium-sized enterprises are independent business units, they do not form a part of large enterprises,
2. the small and medium-sized business are managed by their owners,
3. the small and medium-sized businesses alone do not have a large market power, which can significantly influence the market situation. They become strong as a group or network of businesses.

As we look back in the history, the first attempt to define the categorization of enterprises was laid down in the Bolton report in 1971. This report included an attempt to classify the business units based on their established features, mainly in quantitative and qualitative terms (Antalik et al., 2008).

The classification of business entities into smaller categories differs in different countries. This fact presents a serious problem, as it makes the international comparison difficult, as well as it is difficult to quantify the occurrence of different categories of businesses in the SME sector. While in East Asian countries, a company with zero to four employees (Japan, South Korea) is considered to be a microenterprise, in Mexico the number of employees in the same type of business can reach thirty (Mura, 2019). The lack of united agreement on defining micro-enterprise also prevailed within the countries of the EU, although there were no fundamental differences. In order to unify the categorization, the Recommendation 2003/361/EC was adopted by the European Commission in 2003, which provided a definition for categorization of enterprises.

In accordance with Recommendation 2003/361/EC, three categories have been created to differentiate the businesses falling into the category of small and medium-sized enterprises: micro-enterprise, small enterprise, middle-sized enterprise. Detailed description is provided for each category of businesses, which are related to the number of employees, the annual turnover of the company and the annual balance sheet calculated in EUR. In practice, it can occur that the company has different parameters for specific indicators, which makes the categorization of the particular business difficult. The everyday practice has shown that these business units are approached based on the number of their employees. It might happen that based on the number of employees we talk about micro-enterprise, but the turnover and annual balance of the company reflects other categorization of the business. The Recommendation 2003/361/EC states the number of employees up to 10 for micro-enterprises, the annual turnover is 2 million EUR, the total annual balance sheet is also up to 2 million EUR. In the case of small enterprises, the number of employees is up to 50, the annual turnover as well as the total annual balance sheet is up to 10 million EUR. Medium-sized business have the number of employees up to 250, annual turnover up to 50 million EUR and the total of annual balance sheet is 43 million EUR. If the business unit has different, larger parameters in scope, than we talk about the category of large enterprises.

The adoption of the mentioned legal norm has brought certain unification (not in all regions, as some of the regions do not adopt and follow this recommendation), but only in the economic zone of the EU. We cannot talk about a worldwide phenomenon. According to several experts (Daňková et al., 2010, Veber et al., 2012), the reason might be the different structure of the economy, different conditions of entrepreneurship and the differences in national legislations.

The Slovak conditions also show inconsistency, as in addition to the validity of Recommendation 2003/361/EC, other approaches to categorization of companies are put into practice, which are not fully in line with the cited recommendation. Let us mention only the approach to categorization by the Statistical Office of the Slovak Republic, which uses the number of employees as a classification code for categorization. The problem is that several codes are combined to a single unit, which results in loss of clarity and transparency of the classification. It would therefore be appropriate to unify the validity of legal regulations in this field, as the current situation complicates not only the categorization but also the comparison of businesses resp. the research in this field.

Let's take a closer insight at the nature of small and medium-sized enterprises. Small businesses are in the centre of interest not only in the business practice, but also proved to be interesting for professionals addressing this issue. Small and medium-sized enterprises represent a high-performing development potential of market-based economies. The SMEs are strong component of the economy that help to develop economic, trade and further links between the economic units throughout the economy. Micro, small and medium-sized enterprises are extremely important in functioning market economies. It is also necessary to emphasize that not all of the small and medium-sized businesses have a commercial character. Some perform stronger social than commercial function and they are not primarily profit oriented.

The importance of SMEs is at the forefront not only in national but also in transnational terms. These categories of business units have a transparent organizational structure, which directly helps the management of the company, as the flow of information is fast, effective and it is not complicated. According to Chapčáková, Hečková and Huttmanová (2013), they find it easier to adopt to the changing environment compared to transnational enterprises. They can benefit from several advantages, which allow them to compete with other types of businesses. SMEs provide a space for entrepreneurs to self-realization and ensure social stability and security. They are those types

of businesses, which have hidden potentials. From the perspective of the EU, these enterprises are perceived as the basic axis of the national economy. In terms of the enlarged EU market, the authors draw attention to several benefits that these types of business can utilize. These are the following:

1. access to the European and distant markets,
2. strengthening the internal and external economic stability,
3. increase of productivity,
4. better access to financial resources provided by the EU,
5. better consultancy services and access to information,
6. transparent and higher quality legislation,
7. professional management of public affairs.

Entities that purposefully seek out and take advantage of opportunities of the business environment are called enterprises. SMEs are basic components of the economic system based on market principles. These entities act as goal-oriented systems, the basic goal of which is to maximize the current present value (Majdúchová and Neumanová, 2014). Part of the SME sector is formed by micro-enterprises – enterprises of legal entities (most often limited liability companies), self-entrepreneurs. The SME sector forms a strong layer of enterprises in the economy.

SMEs employ many professionals from different professional fields. The emergence of micro-enterprises and SMEs cannot be identified only with the emergence of new businesses. According to Mižičková and Ubřežiová (2007), it is necessary to take into account the domestic legislation, which defines the existence and activity of SMEs. These are economically independent economic and legal entities, conducting their activities freely. They can act on the market independently, have financial resources for their activities generated by the sales of their products and services.

From the perspective of SMEs, it has to be stated that they have a permanent position in the economy of developed countries. The development of the Slovak SME sector started following the break of 40 years, after the political and economic changes of 1989. All the interested parties have to be aware about the importance and benefits of business entities representing this sector in order to understand their existence and importance. According to Daňková et al. (2001), the existence of small and medium-sized enterprises is indisputable:

1. they have an ability to satisfy also the demanding needs of the customer;
2. they can provide job opportunities for young graduates, women after maternity leave, and those people who lost their jobs;
3. small and medium-sized business ensure personal relationship with their employees, suppliers and business partners, which enables better control of provided services and manufactured goods;
4. SMEs are flexible business entities, they adopt easily to changes, have an ability to react flexibly on market imbalances and can satisfy small orders;
5. the owners of these companies are more independent in their actions compared to large companies, they can freely promote their interest, possibility is ensured for self-realization.

Havierníková (2020) adds that small and medium-sized enterprises have an ability to meet the latest trends in the market and the society. They have an ability to satisfy the needs of specific segments of customers on the market that large companies have no capacity for. The flexibility of these types of businesses can be explained not only by their size, but the conditions that influence their business activity as well. The entrepreneurial activity of these businesses is determined by a group of risk factors, which might help or hinder their activities. However, small and medium-sized enterprises find easier to overcome the market pitfalls, as they are more adoptable to changes than the bigger enterprises.

The position of small and medium-sized businesses was also examined by Sobeková-Májková (2011). SMEs form a large part of the national economy, and thus become a priority in the field of economic development and entrepreneurship. Smooth functioning of these businesses is determined by the appropriate business environment. In Slovakia, small and medium-sized business represent up to 99% of all the enterprises, which ensures them a dominant position in functioning of the Slovak economy. SMEs have a large share in job creation, national production, innovation and further indicators. However, they are also faced with negative influence that can hinder their activity. These are, in particular, the bureaucratic burdens, difficult law enforcement and high mandatory shares on levies connected to their activity.

The position of SMEs can be assessed from several approaches. The commonly used approach to determine their position in the eco-

onomy is to determine their occurrence in the sector of the national economy. Ivanová et al. (2018) introduce a different approach compared to the commonly used approaches. According to this, the position of the companies can be determined by the priority factor of production. Among small and medium-sized enterprises there are 0,5 million self-employed in Slovakia, representing the group of micro-enterprises.

Considering the economic and other conditions in Slovakia, it can be stated that small and medium-sized enterprises are well established in the regions. It means that they don not exclusively concentrate their activities close to bigger enterprises they can cooperate with. Slovakia shows economic and geographical disparity, which also provides further benefits for the SME sector – they are able to do business and perform their activities in regions less attractive for larger enterprises, remote regions or regions with insufficiently built infrastructures. Competitive regions are based on competitive regional economy, formed mainly by small and medium-sized enterprises (Mura and Mazák, 2018). These companies create an effectively functioning business sector, which contributes to overall (not only economic) development of the region. These ideas are supported by Machová et al. (2015), who state that the activities of small and medium-sized enterprises are reflected in the regions concerned, as entrepreneurs invest their own capital into their business, as well as gaining profit from this investment. This means that their activity is contributing to the economic, social and overall recovery of the region where the company is operating. SMEs therefore have a significant economic benefit that is visible on regional and national level as well. However, it should be noted that these categories of companies are also affected by several factors of the environment, also the negative ones. SMEs are sensitive to market imbalances, and they can address them faster than larger business entities. The instinct to survive motivates them to adopt rapid changes, thanks to which they can overcome crisis. This can be listed as their competitive advantage.

Not only in the national but also in the global economy, small and medium-sized enterprises play a central role due to many of their characteristics as it is provided by the Macedonian author Petkovska (2015). These types of businesses adapt easily to the conditions they find themselves in, develop dynamically and react flexibly on market changes. Their representation ratio is high in the economy, so they significantly affect the employment as well as the economic growth of the country. They have an ability to introduce and implement

innovations. The current theories explaining economic growth highlight the ability of these companies to innovate. Compared to large enterprises, they run their businesses more efficiently and contribute to the competitiveness of the regions and countries.

Small and medium-sized enterprises represent the largest part of the business environment. In addition to the basic positive characteristics of these types of companies, many specific characteristics should be emphasized that put them in the forefront of interest. Ayyagari, Beck and Demircuc-Kunt (2007) list the following: lower cost to enter the market, adaptive technologies in production, interest and ability to work on their competitive advantage in the shortest possible time.

Due to the competitive environment, SMEs must systematically work on their qualities and look for optimal opportunities not only for their organic growth, but also for long-term sustainability in a dynamically changing business environment. It is a challenging and at the same time a key issue that the business management has to deal with in the field of strategic management of the business. If the management of the company does not address this issue, the business might easily become the target of competitors in the market.

In these terms, we can agree with the content of the scientific article published by Laurinkevičiūtė and Stasiškienė (2010). They focused their attention to deal with the sustainable entrepreneurship in the SME sector, as business growth in this sector is significant and constantly increasing. The category of SMEs is being brought to the forefront when implementing the economic policy of the EU. Sustainable entrepreneurship is a current business trend in the SME sector.

1.3 Actual trends in entrepreneurship of small and medium enterprises

Similarly to other business entities, as well as the sectors of the national economy, they are subject to cyclical stages, turbulences and dynamic change, as well as addressed by new challenges. The companies forming the SME sector are constantly challenged by permanent changes, market imbalances, new stimuli, facts and phenomena. In this sub-chapter, we will take a closer look at presenting the current trends affecting the SME sector. Although, the reader might assume that

the changes taking place in the market and are caused by different conditions apply to large companies and multinationals, but this is not the case. This is also because in the national economy of Slovakia (as well as in the national economies of the entire EU), SMEs represent a minimum percentage of the corporate base. At the same time, it can be stated that these smaller business entities are very sensitive and subsequently react to the changes of the market environment. It indicates the need to deal with the trends in this field. As the space for presentation of the current situation is limited, we will focus on the interpretation of selected ongoing trends that can be described important in terms of further operation of SMEs in the domestic and international market as well. There are several phenomena that SMEs cannot avoid either, as they cannot influence the ongoing development or stop some of the trends. Many of them do not only concern the domestic but also the international market. The enlarged environment of the EU, but also the global environment are characterized by several indicators, which can significantly affect the success of the business. This means that it is impossible to ignore or undervalue the ongoing development trends, as it would mean a risk for the business. Monitoring trends should be part of both tactical and strategic management issues. Slovakia is a small country with an open economy, which means that the international business environment and the international economy have a major impact on the development of the Slovak business environment and the entrepreneurial activity of SMEs. This statement is underlined by the fact that Slovakia is a member state of the EU, characterized by free flow of trade, resources, etc. Slovakia is also a member of the monetary union, which again has an impact on the entrepreneurial activity of the SMEs. On the one hand, SMEs have easy access to the international environment, new opportunities, wider scope for business and new markets, but at the same time, their representatives must take into account the higher level of risk, uncertainty and permanent changes. The recurring economic recession, efforts for economic recovery, stimulating the market demand or the market restrictions, restrictions to free flow of goods due to the pandemic COVID-19 have also emerged as current trends.

One of the trends that can be observed in the SME sector is the strengthening business activity. A few years ago, job security provided by SMEs stood at the level of 50-60%, nowadays this rate has reached the level of 70% (Ivanová and Hricířáková, 2012). SMEs form 99% share of the Slovak business environment. The representation of

large and multinational companies in the Slovak business environment is decreasing, while the penetration of small and medium-sized enterprises in the national economy is growing rapidly. While SMEs contribute with small amounts to national GDP, but collectively, large enterprises provide large amount of growth and ensure employment to several employees at once.

The strength of the small and medium-sized enterprises is explained by their operations in different parts of the country, in various business profiles and their ability to flexibly adjust their business activities to market requirements and consumer needs. More and more these types of businesses benefit from detailed information and knowledge about their customers, from personal relationship with their customers, suppliers and cooperating partners. Strengthening the position of the SME sector has an impact not only on the employment but also on the regional economy and the development of individual regions in Slovakia. As a country, we are currently abstracting from local or regional differences. On the other hand, we know that Slovakia is a country characterized by typical regional disparities, not only in terms of employment, but the performance of the economy or disparities between the regions in SME entrepreneurship as well. The interconnectedness of entrepreneurship in the regions and development of regions is more than strong. The regional economy has a chance to grow thanks to the activity of SMEs. The reasons for disparity in Slovakia can be explained not only by the geographical characteristics of the country, but mainly by insufficiently built infrastructure, the absence of quality highways, logistic solutions, rail infrastructure (characterized as obsolete), but also the passive attitude of local representatives. The relevant stakeholders should be aware about the mentioned facts, as only effective changes can turn back the trend of economically and socially less developed regions and entrepreneurial activities.

The current trend in the SME sector is the innovative entrepreneurship. Innovative entrepreneurship reflects to current market challenges, where the massive competitive pressure among the companies is motivating businesses to look for new products and services resp. innovations, which have a capacity to satisfy the unsatisfied needs of the market players and have an ability to differentiate their activity from the activities of other business units. Innovative entrepreneurship is based on innovations, which can bring competitive advantage for the company. The development of innovations is based on knowledge.

Ivanička et al. (2014) say that the quantity of knowledge does not immediately and naturally results in growth of the economic progressivity. Knowledge is a key to creative and innovative processes, creative centres and centres of technologies. The productivity of knowledge is the result of high added value and inventiveness. The company management is faced with a demanding task of ensuring the flow of knowledge, as a basis for innovation. Nowadays, in addition to basic resources, knowledge, skills, technologies, creative and inventive personalities are also capital for the company. Currently, the knowledge necessary for innovation is influenced by crisis and recession.

According to Strážovskej, H. and Strážovskej, Ľ. (2014), innovation is a process of creativity, where it comes to combination of several ways to produce or create a unique result. Innovation is a number of activities starting with new ideas and finishing with implementation of these ideas into everyday life. From the perspective of entrepreneurship, innovations serve to satisfy needs for the first time with different or better way as they used to. The structure of innovative activities is accompanied by several obstacles. In most of the cases, SMEs are faced with lack of financial sources (domestic or foreign sources), high costs of innovation, lack of qualified workforce, lack of technology, the absence of knowledge about the market, etc.

On the other hand, it should be noted that the activity and viability of SMEs is significantly determined by the ability of companies to launch innovations in the market. Market competition is increasing, complicated and characterized by several obstacles and turbulences. Today, only companies mapping the market and those keeping up with their competitors can survive. If they want to succeed, they have to be a step ahead with innovative solutions, which will arouse the interest of economic units and individuals on the market.

According to Daňková et al. (2010), the basis of successful entrepreneurship is the ability to launch positive changes in the market, which practically means introduce innovations. Further supporting elements of innovations are the following: opening the markets and increase the competition, pressure on standardization and individualization of products as a result of globalization, competition for resources (capital resource, natural resources, energy sources), shortening the life cycle, differentiation and atomisation of demand and the interest in qualified workforce. If the company would like to remain competitive in the market long term, the business activity of the company has to be systematic, based on innovations and properly

managed. Creating value and contributing to new solutions is a basis for innovative entrepreneurship. Successful entrepreneurship is also based on challenging goals in the field of innovation. SMEs are trying to introduce different solutions, launch new products and services or improve business processes and services. Companies of the SME sector are established in different fields of the economic life and contribute to strengthening of the country's economy. The innovative SMEs can be found around innovation centers, creating synergic effect. This effect is manifested in mutual co-operation. These interconnected companies act as a magnet for potential entities e.g. customers, investors, suppliers and further interest groups are surrounding them.

Innovation and innovative entrepreneurship is significantly characteristic for start-ups. Currently, the start-up initiatives are prosperous, as they provide new solutions and spin the economic activity and trade. We consider start-ups as innovation-oriented business units, which considering their size fall into the subcategory of micro-enterprises. We can talk about a self-entrepreneur with a good idea, solutions or a narrow circle of people concentrating for this goal. However, to remain objective, it should be emphasized that there is no uniform or comprehensive definition for start-ups. There are several features, traits and characteristics of the company, based on which we can categorize it as a start-up. Often start-up is characterized as a company entering the stage by implementing research and development activity, which means that this is the only cost item. Start-ups are not only the companies that begin their business activities, but also the initiatives oriented at growth activities. It is therefore not easy to provide a definition or a narrow group of characteristic features of these businesses, as the business practice provides several approaches and perspectives.

Šrenkel (2015) addresses the definition of start-ups in a different way, taking into account the national (Slovak) as well as the foreign conditions. He emphasizes the different approach of individual countries and mentions that in the case of the Slovak Republic, it is possible to proceed from a closer description of the Ministry of Finance of the Slovak Republic. According to this definition, a start-up in Slovakia is considered to be „a company with the registered office in the Slovak Republic and no more than 36 months have passed since the establishment of the business. The aim of establishment of business is creating innovative product or service; it can be characterized as a micro, small or medium-sized enterprise; it is characterized by the fact

that most of the voting rights are in hands of natural persons who have established the business“.

Considering the above listed characteristics, it is also possible to present the approach of the Korean authors Choi, S.-K., Han, and Kwak (2021), who describe start-ups in their scientific article as newly established companies resp. group of business entities to ensure sustainable economic growth. The basic driving forces of start-ups are technologies and solutions. According to the authors, these promising types of businesses deserve support from the state to be established.

The innovative businesses are closely related to further trend that can be currently observed in the SME sector. According to this, a network of businesses has emerged i.e. companies forming a business network or business cluster. It is a dynamically forming field of business activities, which benefits the participants, especially by strengthening their competitiveness. Innovative entrepreneurship is one of the ways to help stimulate the economy affected by recession and to help companies to gain advantage over their competitors in the market. The spread of innovation is helped by the globalization process, which is connecting individual units, economies and businesses all over the world. Examining the possibilities of organic growth and possibilities of innovation potential of business networks is a key for further development of the market economy of the country. In addition to start-ups, spinoff businesses are also active in innovation, which, unlike start-ups are not newly established businesses. They have become independent companies through the sale or distribution of new shares of the existing business. A spinoff is a type of diversities.

If companies would like to maintain their market position, they are forced to look for opportunities and become different from competitors. The interconnectedness of economies, as well as closer cooperation of business entities is supporting the activities of business networks. Due to their flexibility, creativity and commitment, entities operating in the SME sector arose the interest of experts due to their viability and entrepreneurial activity. However, competing with large enterprises, these entities have lower economic and financial power, which makes the economic competition for them difficult. In the case of joining business network cooperation's, they can act more effectively against their competitors. In order to achieve long lasting business success, the management of the companies have to make good decisions to eliminate and help develop their own business. One of the ways this

can be achieved is the involvement of the company in the business network resp. the business cluster.

SMEs, which are grouped in a business network, have a set of procedure in the field of research, development, production, marketing, trade, but also further activities connected to their business. They often use the business policy practices, legal services or the assistance with information-communication technologies jointly, which can significantly help the business network (Machová, Mura et al., 2015). According to the authors, the business network is created based on the common will and consensus of the participants. It usually does not have a fixed structure and is based on voluntary work in order to achieve joint business success. This type of business cooperation in the American literature is also called „networking“, where creation and maintaining the activity of the business network is the primary goal. Business networking and creation of business networks is also supported by the EU, which is backed by adopted legislation, financial and subsidy schemes.

Business networks help the companies participating in the network to increase their competitive and innovative ability as well as help to increase the competitiveness of the economy. Expanding business networks help the rapid development of technical solutions, new technologies, information flow and the initiative ability of the companies. It is the interest of market-oriented economies to create a strong SME sector. It is important to emphasize that the large enterprises also need the presence of smaller enterprises in the market. Smaller businesses have a weaker position and competitive ability compared to large enterprises, but this is their main motivation to join business networks as a current trend in business practice. The business networks are supported by information and communication technologies, but also by geographical proximity of the companies. According to Koráb (2007), business networks are one of the advanced methods of the business practice. The establishment of business networks is explained by the defence reaction of companies against the trend of strengthening activity of transnational enterprises. The exchange of information between the businesses, better identification of opportunities and the concept of long-term sustainability have a supporting function for networking of business entities.

Another Czech expert, Zadrazilová (2017) says that a network form of business cooperation ensures the interconnection between the complementary business entities, where the companies participating

in the same network work together to launch a new product or service. Networking is based on a joint action and cooperation, starting with the phase of research and development of product or service, through business activities to logistics and distribution solutions. Business network is formed by a group of companies, which jointly utilize the available resources in order to collaborate on joint activities.

In Central European conditions, we can describe these networks as one of the most important current trends in entrepreneurship. „Networking“ is a relatively new expression for those businesses that cooperate in order to gain competitive advantage. Business networks represent a form of strategic partnership, which makes the participants of this network stronger, more resilient and more competitive against the large enterprises. Participation in the network is on voluntary basis, the main initiative to become a part of network is the effective representation against the competitors. Although the motives for networking are differentiated, the companies will network for the same or similar objectives, which reflect their own interests and preferences in the market.

The network form of cooperation has its own life cycle, constantly evolving and it is influenced by market changes. The basic aspect of the network is the identification of the benefit that results for the participating business entities from joining the business network. Networking is becoming increasingly important for the development of small and medium-sized businesses, as the intense competition in the market forces the managers and owners of these companies to find opportunities for sustainable entrepreneurship in the long term. Networking is only one of the possible alternatives of cooperative entrepreneurship. Further alternative is provided by business clusters.

The term, “business cluster” was introduced to business practice by Porter (1998). According to the author, it is a local concentration of interconnected businesses, institutions, organizations in a particular national economic sector. The cluster is formed by geographically close and interconnected companies and associated institutions with common features and complementarities. The well-known Porter’s diamond is used to graphically present the clusters. The cluster is formed by economically independent businesses and associated institutions, whose common goal is the cooperation and joint competition. Business clusters are specialized in a particular field and they are interconnected through technology, knowledge, experience and are often established on scientific basis.

However, clusters are not created only by business entities. There are different types of clusters. Clustering also represents a form of networking in regions, where the merger resp. cooperation is realized between the private sector (represented by business entities) and the public sector (represented by scientific research institutions and schools) and the state sector resp. municipalities (Havierníková, 2020). Within business clusters, the common benefits of involvement are shared, which results in increased competitiveness and economic growth. The members in the cluster cooperate but also compete, integrate similar activities and preserve diversity, taking advantage of economies of scale, economic strength and flexibility.

Another current trend in the SME sector is the international entrepreneurship. For a long time, international entrepreneurship was examined in terms of large international corporations. However, the international business environment is also characterized by small and medium-sized enterprises. Especially, the micro-enterprises, the innovative business initiatives including start-ups can be very successful in the international markets with their unique solutions. They have an ability to enter new markets and new segments of customers. The issue of international entrepreneurship and international management in the SME sector is not adequately addressed in Central Europe.

The accession of Slovakia into the EU in 2004 created completely new conditions for the development of the entrepreneurial activity also beyond the domestic business environment. The EU entry brought new opportunities for the Slovak companies, especially the internationalization of the market. The Trade and Customs Union introduced the possibility of free trade and the choice to realize free trade in the EU with the same conditions as in the domestic market. The same conditions can be identified with the removal of unnecessary barriers, customs duties, fees, documents, etc. These new conditions brought expansion and further development of the SME sector. The opportunity of free and easier penetration of markets is the intention of sustainable entrepreneurship, supporting the idea of better value for money and investments. However, coping with new conditions was not easy for businesses, some of them underestimated the opportunities in the expanded market and the increased number of competitors, as foreign businesses found it easy to penetrate the Slovak market. Entrepreneurship in the member states is supported by the EU.

International entrepreneurship cannot only be perceived as a business activity in the member states of the EU. It would be a very simplified approach to the issue of international entrepreneurship. The development of international entrepreneurship in the 21st century is not only about big corporations. There is an increasing number of businesses representing the SME sector entering the international markets. By penetrating new markets, there is an increasing tendency of internationalization of business. The everyday business practice shows that even the SMEs accepted the challenge of internationalization, so they tailor their business activities to the opportunities offered by the international environment. Many motives can be seen behind the expansion of new theories. We clearly recommend the entrepreneurs and the business management the objective assessment of the factors that support the internationalization process, either it has positive or negative impact. Based on this balance it is appropriate to decide whether the business should enter the international business environment or remains in the domestic market. However, it should be mentioned that due to strong globalization and the EU membership, domestic businesses to some extent of their activities have an international character. This is due to the implementation of supranational legislation, easier access of foreign business in the Slovak market, the influence of larger economies on functioning of the Slovak economy, etc.

The internationalization of the business provides a diametrically different dimension and determines the future development of the business activity. Currently, there is a very dynamic movement of businesses, especially if we are talking about the free movement of businesses within the EU. All these processes, which take place in the international environment, will shape the international business.

Behind the rapid development of international entrepreneurship are mainly the globalization and internationalization tendencies, which have direct or indirect impact on the business activities. The removal of barriers and liberalization has massively contributed to the development of international business. International business is also detected, among others in cooperation of businesses from different countries, operating on different continents. It is not only about the cooperation of businesses but also about cooperative relations of businesses with other entities. This results in international cooperation, which strengthens the international economic relations and boosts the economy. International business is contributing to increased economic growth. The importance

of monitoring and evaluating international activity of SMEs underlines the fact that these businesses are as successful as the big enterprises. International business is not only the activity of large enterprises oriented at international trade. The development trends determining not only the domestic but the international market as well resulted in increasing presence of SMEs in international business. International business is the business activity conducted beyond the borders of the domestic market.

International business means active or passive penetration of the international business environment. Businesses representing the SME sector generate innovation, growth, employment and added value (Mura, 2021). The process of entering international business is based on the opportunities offered by the market and the strategic plans of SMEs. There is an increasing trend of market interconnectedness, but also interconnectedness of businesses and business relations. Most of the SMEs can see the opportunity for organic growth, gaining competitive edge, effective utilization of capital entering the international market. It is important to mention that there are many family type businesses operating in the SME sector. These forms of enterprises also join the international trade. Family businesses have long been considered as entities that operate locally or regionally, but not often nationally or internationally. However, it does not really corresponds with the current situation, as we can find many successful family enterprises operating both in the domestic and international market as well. Many family businesses representing the SME sector have transformed to successful large enterprises. Just a few examples of those businesses, which have become large and successful enterprises: Dr. Oetker, Hornbach, Heinz, Ferrero, Shell.

The management of an internationally active company has to consider all the risk factors that arise from both penetration into international markets and subsequent operation in the international business environment. If SMEs would like to succeed internationally, they have to accept the conditions, under which the international business is conducted. Currently, they also have to accept the differentiation that results from the economic, social, societal, cultural, technical or environmental differences. This is the possible solution SMEs can succeed and become competitive in the international business environment.

1.4 Managerial approaches to small and medium enterprises

The last subchapter of the first part of the scientific monograph deals with currently important issues of business and commercial management, which are the managerial approaches, management tools and methods. In the case of commercial enterprises, the management is addressed by an important task in the form of meeting the company goals with the priority of maximizing the profit and minimizing the costs with a reasonable business risk. Currently, it is possible to observe not only intensifying competition in the Slovak and international business environment, but also closer interconnectedness of business entities with surrounding entities and institutions.

The expanded business environment offers new opportunities for expansionary steps of businesses, economies of scale, benefit of comparative advantage and further opportunities offered by the international environment. Organizing the entrepreneurial activity under these conditions is not easy. If a company would like to succeed in a fierce competition, it has to respond promptly for the circumstances. These steps require professional qualification, experience, openness and skills from the management in order for operational and strategic steps to be implemented successfully.

The activity of SMEs including start-ups and innovative initiatives is diverse. These businesses have specific features, which differentiate them from other types and size of businesses. The importance of some special forms of businesses e.g. start-up initiatives or innovation-oriented businesses is constantly increasing. Businesses conduct their activities in different sectors of the national economy, which is accompanied by different conditions for their activities.

Management under the set conditions requires increased demand on knowledge, skills and approach to the implementation of business activities. At the same time, different and often specific demands are required from the management of the company, the owners and the managers have to deal with. The management of business processes should be coordinated in accordance with the set business goals, in a logical sequence and intentions of the market demand. The business environment is a demanding environment, in which only those who can sufficiently master modern approaches to managerial decision-making can be described as successful managers. The changing conditions of the business environment influence not only the production, economic

and commercial processes, but also affect the managerial approach to manage these processes and day-to-day business activities.

Some classic and well-proven management approaches and methods are no longer adequate or applicable nowadays, as their applicability is directly linked to certain market situations. Currently, the managerial approaches applied have to reflect the needs of the company, opportunities of the company in terms of the market conditions. The application of any management approach or method is conditioned by fulfilment of the conditions under which the relevant tools can be applied at all.

The management of business entities when making decision about further direction of the company is confronted with several processes that are linked to the conditions and future development of the company. Šimo and Mura (2015) emphasize that the market as a fundamental phenomenon is in the centre of focus. This is why the authors advise to apply marketing approaches in company management. The management can monitor and assume effective utilization of marketing tools and approaches to business, so that the company produces and offers products resp. services required on the market and accepted by the customer. Managers have the opportunity to select and apply many different management tools. These are crucial elements and activities aimed at achieving the company goal and fulfil its mission. These need to be addressed in managerial work. The company management also requires strategic, operational and tactical decisions at the right time and place. It is a basic task that has to be ensured by the company management, regardless to the size of the company, regardless of whether it is a small, medium-sized or micro business.

Mika and Hudáková (2020) have also addressed the selection of managerial tools and techniques. Implementing any of the methods or approaches depends on the global, political, economic and social conditions, including the climate change, which can be manifested in satisfying needs but also in mutual relations and social interactions. The management of the company must be aware that each single business entity is operating in the business environment characterized by uncertainty and risk. It is crucial to subordinate the selection of managerial methods based on this fact.

Considering the operation of SMEs, partially different management methods, techniques and approaches are used compared to large transnational enterprises. In the case of large enterprises, especially those that carry out their business activities in an international

business environment, the management has to take into account the specifics of the host country, the specifics of cultural and social differences compared to the domestic business environment. However, SMEs do not conduct their business activity in the global business environment in that measure as it is done by transnational enterprises. They do not have the economic and market power to be able to compete directly with large enterprises. However, the business practice shows that these types of companies are welcomed to cooperate with larger business entities.

According to Šimo and Mura (2015), the following management tools are applied in the SME sector:

1. personnel work,
2. organizational activity,
3. communication,
4. motivation,
5. creation of favourable interpersonal relations,
6. information and communication technologies,
7. methods of financial management,
8. balanced scorecard.

All of the above areas are essential part of holistic management of the company. The application of them has to be harmonized in order to achieve the desired homeostasis in the company.

In the case of small and medium-sized businesses with a family business character, the management has to address the issue of succession, organizing and ensuring the generational exchange in the company management. This is an urgent issue the management of the business must take a clear position. The owner or management of the business has to apply the combination of different tools, which will enable the business and family members to prepare for generational exchange in the management. The generational exchange in management of the SMEs is a crucial moment that should be planned. Management tools in family businesses should be focused on the following activities in order to ensure the continuity of business operations and the building of sustainable business:

1. thoughtful and systematic preparation of the younger generation to take over the company,
2. continuous training of family members to be acquainted with the business processes and activities of the company,

3. continuous training of the younger generation of the company to be acquitted with the management of the family business,
4. mastering the goals of family business and finding the way of balancing these goals,
5. division of competencies and responsibilities for different areas of business.

The listed steps and the continuous management of activities help to prepare the younger generation of the family to take over the business. The generational exchange thus has a chance to take place smoothly and without significant problems.

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CHAPTER 2 – The level of maturity of the digital environment in Slovakia

Chapter summary

Digital transformation is an increasingly important condition for the prosperity of modern economies and has the potential to affect many economic sectors. It was the global Covid-19 pandemic that has helped accelerate the digital transformation of business processes more than anything else. The pandemic has forced a general increase in demand for digital reliability, and this result is likely to remain and become the “new standard”, as the usefulness of more abundant data and reduced transaction costs for using this data affect how entrepreneurs, policymakers, and experts make decisions. From the point of view of evaluating the success of the digital transformation of Slovakia, it can be stated based on currently available evaluations (DESI, 2020, IMD 2020, ITU2021) that Slovakia still faces several challenges. It will be necessary to meet these challenges in the future for the effective development of Slovakia. Based on the developed econometric model, it can be considered decisive for improving the innovative performance of companies’ two key factors. This can be achieved primarily through targeted support for the digitization of Slovakia and the support of Innovators as a key factor. By combining the already mentioned factor Digitization and the factor Innovators, we believe that it would be possible to change the position of Slovakia from a country classified as an emerging innovator to a group of moderate innovator countries, such as the Czech Republic today. The 2020 pandemic can be considered a turning point for retail and online sales and related services. Developments have accelerated extremely due to the circumstances caused by this pandemic. Customers gradually adapted to this situation and began to appreciate, for example, the convenience of selection or speed of delivery. Sophisticated technologies and software, which reveal hitherto unimagined possibilities to many companies, are increasingly being reflected in the entire purchasing process. Slovak eCommerce is developing very fast, and it is assumed that it will be an even more massive development. In 2025, as expected, up to 74% of the total population of Slovakia people will be using eCommerce. However, even this trend needs the support of correctly set environmental parameters. For its effective functioning given the properly implemented digital transformation of Slovakia and Slovak companies.

2.1 Digital transformation

We are currently experiencing a digital revolution that is changing the world as we know it at high speed. Digital technologies are undoubtedly at the center of today's economic development. Digital technologies have changed the way we all work. It must be borne in mind that technological advances, which have resulted in such an enormous use of digital technologies, have changed the world over the past two decades. These changes took place in all aspects from the way of life to the essence of our work. Companies are forced to adapt their processes; people are learning to make contacts differently than before. It is clear that the pandemic period has exacerbated the need for digital transformation and has also highlighted the new needs that have emerged from the Covid-19 pandemic. There is general agreement that these technologies have a positive effect on productivity and economic growth. The World Economic Forum estimates that the combined global value of the digital transformation for society and industry will exceed \$ 100 trillion by 2025 (Negreiro and Madiaga, 2019).

It was the global Covid-19 pandemic that has helped accelerate the digital transformation of business processes more than anything else. The need to use digital technology to develop and implement new business models forces companies to rethink existing capabilities, structures, and culture in order to determine which technologies are relevant and how they will be rooted in their organizational processes in the future. It is clear that the approach to the use of digital technologies varies from person to person, company to company, state to state. What some see as an opportunity is a threat to others.

Digital transformation is an increasingly important condition for the prosperity of modern economies. It has the potential to affect many economic sectors (including transport, energy, the agri-food sector, telecommunications, financial services, manufacturing, and healthcare) and to change lives. According to the OECD, this transformation is accelerated by the higher computing power of consumer devices, which can be purchased at historically affordable prices. In addition, artificial intelligence and advanced robotics are considered important manifestations of digital transformation with a far-reaching impact across societies - including productivity, employment, business models, and public services - requiring policy coherence (Negreiro and Madiaga, 2019).

2.1.1 Digitization-Digitalization-Digital transformation

The ability to orientate oneself in technologies-changing industries and to understand the key principles of transformation is essential for survival. We often come across ambiguity in the concept of certain terms when considering the digital transformation of companies. Digitization and digitalization are often used as synonymous with digital transformation (Kotler et al., 2020). The fact that the terms digitization and digitalization are used interchangeably has been confirmed by research carried out by Bloomberg (Bloomberg, 2018). Baumann and Peter (2019) argue that there is no consensus on the difference between these terms and that their definition strongly depends on the person or organization that uses them. However, the basic definition of the individual concepts of digitization, digitalization, and digital transformation is given in the following text.

The first term is digitalization, which in its simplest form can be described as the process of converting analog data to digital data. On the one hand, digitization describes the replacement of a physical element with a digital (equivalent) variant or a change of business operation from analog to digital (whether it is the replacement of paper and analog tapes first with floppy disks and then with hard disks or cloud storage today). During the Covid-19 pandemic, this digitization process has accelerated significantly, and research has shown (Klein and Todesco, 2021, Savic, 2020; Prioyo et al., 2020). In contrast, digitization represents a deeper and more complex change and aims to create new value. Basically, it is a specific process of conversion and transition to digital data. (Baumann and Peter, 2019). Digitization is a socio-technical process of using digitized products or systems to develop new organizational practices, business models, or commercial offerings (Brynjolfsson & McAfee, 2014). The increasingly popular term digital transformation is a term that we can perceive as something that changes how business happens. Digital transformation can be seen as a socio-cultural process of adapting companies to new organizational forms and sets of skills needed to remain viable and relevant in the digital landscape. It goes beyond previous concepts, such as change made possible by information technology (Benjamin & Levinson, 1993) or through reengineering of business processes (Grover et al., 1995), which seeks to improve existing processes. Rather, digital transformation can be described as “a process aimed at improving an entity by initiating significant changes in its properties through a combination of information,

computing, communication, and interconnection technologies” (Vial, 2019).

All company processes are re-studied within the digital transformation of the company - from internal systems to interacting with customers. Companies ask themselves questions such as - How can they change their processes in a style that will enable and bring better decision-making procedures, great efficiency, or a better customer experience with a greater emphasis on personal contact. It is a process that allows the use of digital technologies in various areas of production and society. It should be borne in mind that the digitization of society is not only related to the spread of digital technologies among the population, but above all to the extent to which this society can deal with these digital technologies. Under the term digital transformation, it is possible to imagine a process that, using digital technologies, will change or create new company procedures, business techniques, job positions, or ensure a better connection with the customer. This transformation will not only bring new practices to the company but will also prepare it for the changing business tactics and conditions of the rapidly evolving market through the development of digital technologies. The digital transformation is thus customer-driven and requires cross-sectional organizational changes along with the implementation of digital technologies (Bloomberg, 2018).

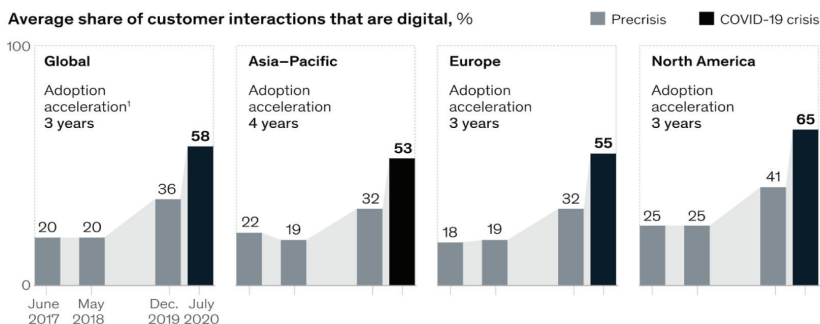
2.2 The impact of COVID-19 on digital development in Europe

The COVID-19 pandemic has had an accelerating impact on digital development. We often perceive the effects of a pandemic mainly from a negative point of view. However, there is compelling evidence of the positive effects it has caused. For example, anecdotal evidence published by the ITU “In Facts and Figures 2020” shows the impact on online activities of individuals using the Internet in Austria, Ireland, and Norway and the impact on day-to-day data traffic on fixed networks in Italy (ITU, 2020).

To better understand and explore whether COVID-19 accelerated digitization and how consumers and businesses specifically responded to the pandemic, McKinsey conducted several surveys in 2020. A survey of 20,000 European consumers on “European digital migration during COVID-19” found that digital adoption among European

consumers jumped from 81% to 95% due to the COVID-19 crisis (McKinsey, 2020a). Other findings highlight differences in the extent of the impact across the countries examined, due to the severity of the restrictions imposed on different markets on the movement of people and business operations and the digital maturity of these markets. They also show a significant increase in digital adoption in all markets, reducing the digital divide that existed between European countries. A second survey published by McKinsey in October 2020 examined the extent to which companies have reached a turning point in technology and found that responses to COVID-19 have accelerated the adoption of digital technologies by several years, especially in consumer interaction and supply-online chains and internal operations.

Fig. 1 The Covid-19 crisis has accelerated the digitalization of Customer interactions by several years.



Source: McKinsey 2020b

From the point of view of eliminating negative impacts, it is interesting to note that in the medium term, the countries with the best connection infrastructure could mitigate up to half of the negative economic impact of the COVID -19 pandemic. However, some factors limit the ability of digitization to improve social and economic resilience. These include the digital divide where it persists and demand-side barriers such as limited availability and digital illiteracy (ITU, 2021).

In general, the pandemic has forced a general increase in demand for digital reliability, and this result is likely to remain and become the “new standard”, as the usefulness of more abundant data and reduced transaction costs for using this data affect how entrepreneurs,

policymakers, and experts make decisions. However, the pandemic is only one of the driving forces of current trends. Another key driver is climate responsibility, continued economic development, demographic change, and social well-being (ITU, 2021).

In the light of these global trends, policy development for inclusion, access, security, skills, and sustainability in terms of emerging technologies and their benefits is set to become one of the defining characteristics of the 20th century. After all, at the heart of this transformation is the ICT infrastructure as the main tool for the future competitiveness of Europe and Slovakia. However, it should be borne in mind that improving the ICT infrastructure has a greater impact than just facilitating mobile and broadband. It forms the backbone for the integration of the global supply chain, the innovative use of important health information, allows citizens to improve their job opportunities, enables students to acquire skills previously unavailable to them, and many other positive externalities.

2.3 Digital transformation in Europe

According to the ITU (2021), the European region has seen continued growth in most areas of ICT infrastructure, access, and use, and is leading globally in all ICT indicators. In terms of mobile network coverage, it is 100%, individual internet use is higher than 80%, household internet access in Europe is close to 90% and almost 100% of 15–24-year-olds use the internet. In addition, Europe has the most affordable ICT prices ahead of the CIS (Commonwealth of Independent States) region. While the digital divide persists, rural Internet access in households has widened to 78% and the gender gap has narrowed. The difference in the use of the Internet by women and men remains at five percentage points. Most European countries have reached basic ICT skills levels above 40 percent, but there are still large differences compared to standard and advanced skills. Europe has made significant progress in the field of cybersecurity, with all countries in place with cybercrime legislation and cybersecurity regulation. Regarding the development of ICT infrastructure and integrated technologies, there is still sufficient scope for artificial intelligence and capacity development, which can be supported by progressive standardization to the required extent. While Europe is well placed in the Internet of Things and is at the forefront of adoption in several countries,

a fragmented political environment is hampering accelerated progress. On the other hand, Europe is at the forefront of cloud technology management and development, a key enabler of IoT and other ICTs.

Digital transformation in the conditions of Slovakia

From the point of view of evaluating the success of the digital transformation of Slovakia, it can be stated based on currently available evaluations (DESI, 2020, IMD 2020, ITU2021) that Slovakia still faces several challenges. It will be necessary to meet these challenges. For the successful implementation of digital transformation not only at the state but also at the corporate level.

2.3.1 The Digital Economy and Society Index (DESI)

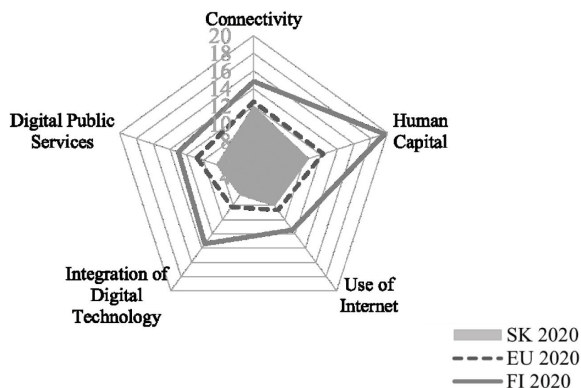
Within the evaluation of Slovakia's performance, it is possible to consider the digital economy and DESI index as one of the most effective evaluations. It is a composite index, which is evaluated annually by the European Commission. This index monitors progress and measures the level of development of the digital economy and individual countries based on 24 relevant indicators. The basic components of the index are:

- connectivity (25%), where fixed and mobile broadband and broadband prices are evaluated,
- Human capital (25%), where internet use and basic and advanced digital skills are assessed,
- Use of Internet services (15%), where citizens' use of Internet content, communication, and online transactions is assessed,
- Integration of digital technology (20%), where the informatization of business and e-commerce is evaluated,
- Digital public services (15%), where e-government and e-health are evaluated.

The index thus represents an important starting point for identifying the problem area in which Slovakia should participate to improve its digital performance. In the DESI index for 2020, Slovakia ranked 22nd among the 28 EU member states. If we look at the evaluation of the previous year, we must, unfortunately, state that Slovakia has lost one place. Overall, Slovakia belongs to the group of countries with weak results - in addition to Slovakia, we can also include Bulgaria, Cyprus,

Greece, Croatia, Hungary, Poland, Romania, and Italy. Based on the evaluated data in 2020, the score of Slovakia in this index in one of the monitored parameters slightly improved year on year - this parameter is the area of connectivity (from 24th place in 2019 to 21st place in 2020). However, the situation did not improve for the other parameters. The biggest drop occurred in the parameter of the use of Internet services, where there was a deterioration from 3 places. This condition is mainly because of the use of Internet services and digital public services. However, it should be noted that most indicators have not improved enough to keep pace with the EU average. As a result, Slovakia fell to 20th place in terms of human capital and the use of Internet services, and 26th in terms of digital public services (DESI 2020). Figure 1 shows a comparison of individual parameters within the DESI 2020 evaluation for the Slovak Republic, the European Union Average, and the best evaluated by the state within the evaluation by Finland.

Fig. 2 Comparison of Desi 2020 ratings

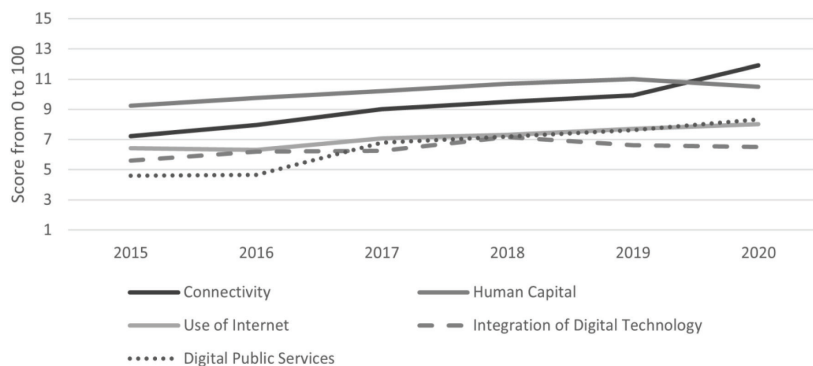


Source: own processing based on DESI 2020 data

From the point of view of the difference in the size of the area obtained in the evaluation for 2020, we can state that in the overall evaluation, the European Union countries together achieve 54% of the performance of the country with the best rating, which is Finland. Within this evaluation, Slovakia achieves even lower values, by up to 14%. From the point of view of change within individual years, Slovakia is gradually improving, as shown in the following Figure 2. In an

analogous evaluation of the development within the overall evaluation of Slovakia over time, we can state that the situation is gradually improving overall. There was a year-on-year shift in the evaluation by 4% and from 2015 to 19%. Unfortunately, the difference compared to the best Finland is still abysmal.

Fig. 3 Development of individual parameters in the conditions of Slovakia



Source: own processing based on DESI data

2.3.2 IMD World Digital Competitiveness Ranking

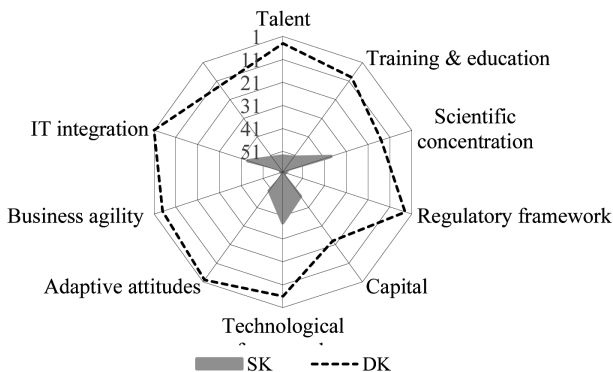
The second assessment that can give us a look at the state of Slovakia from the point of view of digital readiness is the IMD World Ranking of Digital Competitiveness. This assessment measures the capacity and readiness of a total of 63 economies. This index expresses the readiness of the business environment for the development of the digital economy. adopt and review digital technologies as a key factor in economic transformation in business, government, and wider society. The evaluation examines three basic factors:

- Knowledge where he examines the ability to understand and learn new technologies using three sub-factors: Talent, Training and Education, Scientific Concentration.
- Technologies where the competence of developing new digital technologies is assessed using three sub-factors: Regulatory Framework, Capital, Technological Framework.

- Future preparedness, where the readiness of a given country for further development within the digital transformation is assessed using three sub-factors: Adaptive Attitudes.
- Business Agility, IT Integration.

In the last evaluation from 2020, Slovakia ranked in an unflattering 50th place out of 63 evaluated countries. We can also evaluate as unfavorable the fact that in the year-on-year comparison, the position of Slovakia even worsened by 3 places. As for the states of the European Union worse than Slovakia, only Croatia is in 52nd place. On the contrary, the best of the European Union countries are Denmark (3rd place), Sweden (4th place) and the Netherlands (7th place). Figure 4 shows a comparison of the results in individual subfactors of Slovakia with the best from the European Union, Denmark. The difference is abysmal.

Fig. 4 Comparison of the results of Slovakia and Denmark for 2020 in the evaluation of IMD digital competitiveness

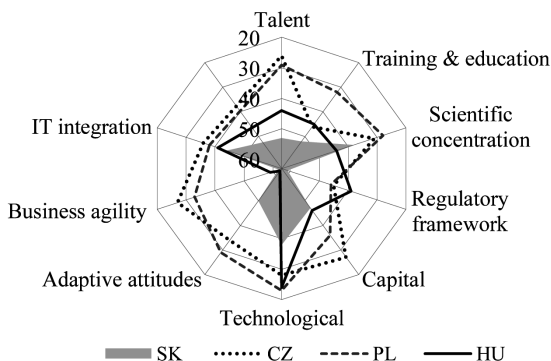


Source: own processing based on IMD data

For a better comparison, we will therefore choose a view of the results of Slovakia in comparison with the V4 countries. I.e., with the Czech Republic, Hungary, and Poland. Overall, the individual countries achieved the following ratings in 2020: The best-rated country from the V4 countries was Poland (32nd), followed by the Czech Republic (35th), Hungary (47th), and the last Slovak Republic

(50th). For better clarity, we again used the breakdown into sub-factors for individual V4 countries, as can be seen from Figure 5.

Fig. 5 Evaluation of the V4 countries for 2020 in the evaluation of IMD digital competitiveness



Source: own processing based on IMD data

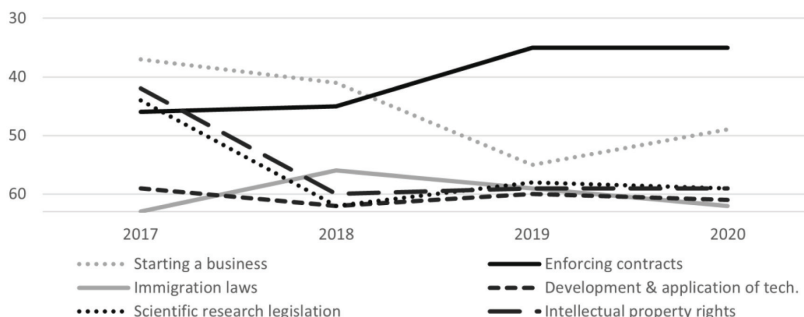
The picture shows a big difference in the assessment of the digital competitiveness of individual countries. Unfortunately, these results reflect the state of preparedness and the possibility of using the potential of Slovakia in the digital future. In comparing the quality of the digital business environment, Slovakia is behind the already mentioned Czech Republic, which, although improved by two places, did not win first place in the V4 region. This was maintained by Poland, which improved by 1 place year-on-year. Slovakia ranked worst of all V4 countries, behind Hungary by 3 places (and deteriorated by 4 places year-on-year). From the point of view of basic factors, Slovakia did not do well. It all fell to 51st place when it fell from 48 places within the Knowledge factor, even by 7 places from 44th place within the Technology factor and fell from 47 places within Future readiness.

As already mentioned, the overall evaluation of Slovakia reached 50th place and for the individual basic factors, which are Knowledge, Technology, and Future readiness, the overall evaluation was the same 51st place. Within the individual evaluation subfactors, the best results were achieved by Slovakia in two parameters, where it was placed in an excellent 38th place. These parameters are Scientific concentration and Technological framework. Regarding the partial factors in the Scientific

concentration evaluation, the excellent result was mainly due to the placement in the Female researcher's parameter (21st place). In the evaluation of the Technological framework, this evaluation was caused by the factor Investment in Telecommunication (18th place) and it is the best placement of Slovakia of all monitored factors. From the point of view of all monitored partial factors, Slovakia achieved an excellent rating in addition to those already mentioned for the factors Internet Users (26th place) and Pupil-teacher ratio (tertiary Education) (26th place).

The worst evaluation within individual sub-factors was achieved by Slovakia in the group of Business agility factors, where it won the penultimate 62nd place (the last place was won by Croatia). Within this group, several partial factors are rated very low, but the worst-rated factor is Knowledge transfer (60th place). Slovakia received a very bad rating in 61st place under the Regulatory framework sub-factor, with only the Philippines and Venezuela behind Slovakia. Unfortunately, we must state that this parameter can be considered essential for the promotion of the targeted digital transformation of Slovakia. The development of these partial factors can be seen in time in Figure 6.

Fig. 6 Development of subfactors within the evaluation of the Regulatory framework in the conditions of Slovakia



Source: own processing based on IMD data

Figure 6 shows that the best state of partial factors from the sub-factor Regulatory framework is Enforcing contracts and unfortunately, we can consider the factors of Immigration laws, Development, and

application of technology, Scientific research legislation, and Intellectual property rights as very unsatisfactory.

In terms of potential for improvement, government reform initiatives on the digital environment need to be worked on in 2021 and later. Funding for innovation needs to be improved and the digital transformation of SMEs needs to be made more effective. From the point of view of the companies themselves, we can identify problematic business agility and overall readiness for the digital transformation of companies.

The European Union is responding to the new needs of accelerating the digital transformation of Europe with a new so-called The Digital Compass 2030. This digital compass identifies four main areas, with the first two focusing on digital infrastructure capacity and education and skills, and the second two on the digital transformation of business and public services (European Union, 2021b):

1. A population with digital skills and highly qualified digital technology professionals
2. Secure, powerful, and sustainable digital infrastructures
3. Digital business transformation
4. Digitization of public services

This Communication on the Digital Compass seeks to set a clear path to a common vision and common actions that will enable Europe and with-it Slovakia to succeed in the digital decade, not only at home but also in the world. From the point of view of the objectives concerning the digital transformation of enterprises, three main parameters will be used. The first of these parameters is the use of digital technologies, where the goal by 2030 is for 75% of European companies to use cloud services, Big Data, and artificial intelligence. According to available data, the initial state within the European Union within the parameter of the cloud service was such that in 2020 it was used by 26% of companies. According to the Statistical Office of the Slovak Republic, the situation in Slovakia is 6% worse and reaches 20%. For the Big data parameter, the situation in 2020 was at the level of 14% of use by European companies. For Slovak enterprises, this parameter amounted to only 5% (according to Eurostat data). The last parameter is the use of artificial intelligence, wherein in 2020 the initial state within Europe was identified at the level of 25%. Within Slovakia, the use of artificial intelligence is at the level of 7% (according to Eurostat data). The second monitored parameter is the dimension of the so-called

Digital “latecomers”, where the goal is for more than 90% of European SMEs to reach at least a baseline level of the digital intensity measured by the Digital Intensity Index (DII). The last parameter is the dimension of evaluating innovative and developing companies. Here, Europe aims to increase the number of innovative and emerging businesses and improve their access to finance, leading to a doubling of the number of “unicorns”, when the starting point in 2021 is 122).

2.3.3 European Innovation Scoreboard (EIS)

Innovation is a key driver of economic growth. They enable companies to create new markets, increase their competitiveness, performance and ensure higher growth for companies. In the last century, Europe has been a global driver of innovation. Although its contribution is still significant today, its global position has weakened and, in many respects, American and Asian societies have become more assertive. According to a survey conducted by McKinsey in 2018 (McKinsey, 2019), the proportion of European companies that are true innovators is significantly lower than in the United States.

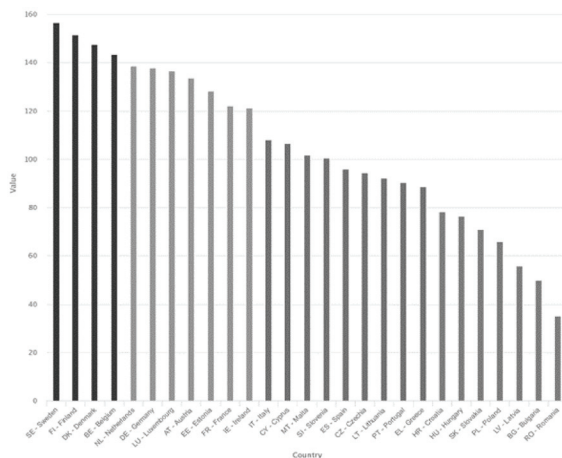
Innovation is used in all areas of the economy and is a major factor in economic growth (Koren and Placic, 2015; Chovanova Supekova and Krchova, 2019), they are a source of technological progress and a factor of long-term competition. Although the term was originally assigned to enterprises and entrepreneurs, innovation has also appeared in the literature in the context of the economy as a whole (Suarez-Villa, 1996). The ability to innovate enables the transformation of knowledge into innovation and the creation of new solutions, which contributes to the long-term growth of companies and the level of social prosperity (Lundvall, 2014). That is why it is important to focus efforts on creating and promoting responsible innovation that supports business, humanity, and the planet.

Research in OECD countries has shown that, since the 1970s, more than half of Member States’ economic growth is the result of innovation and a growing share of the knowledge economy (Wiśniewska and Świadek, 2014). It is important to realize that innovation depends to a large extent on the right market environment (i.e., an environment that supports innovation). It should be borne in mind that improving and increasing a country’s innovation therefore also means improving business innovation.

Legislation facilitating collective innovation (Scherer and Voegtlin, 2020), decisions on financial support at EU level, leveling out differences between countries, and support for processes, products, foreign investment, and supporting a sector that generates the required Innovation may be linked to shaping the innovation environment (Bielińska-Dusza and Hamerska, 2021). It is also about making strategic and operational decisions in the field of business activities, such as initiatives for international cooperation in widely understood innovative activities.

As part of the evaluation of the innovation environment, a European Innovation Scoreboard (EIS) is implemented every year, which enables a comparison of the innovations of individual member states (as well as selected third parties). According to the evaluation (European Union, 2021a), Europe's innovation performance is improving and has increased by an average of 12.5% since 2014. The European Innovation Scoreboard divides countries into four performance groups: innovation leaders, strong innovators, moderate innovators, and emerging innovators. As Figure 7 shows, Sweden remains the EU's innovation leader for 2021, followed by Finland, Denmark, and Belgium, all of which have innovation performance well above the EU average. Slovakia belongs to the category of emerging innovators in the EU, where it won 23rd place in the overall evaluation from the 27 states of the European Union.

Fig. 7 Summary Innovation Index

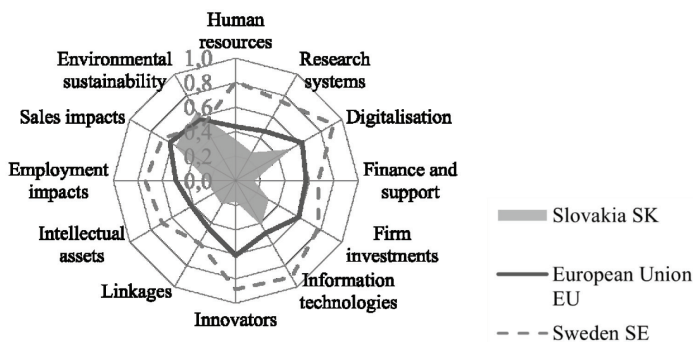


Source: European Innovation scoreboard 2021

The conclusions of the survey show that Slovakia's strengths are primarily environmental sustainability, the impact of sales, and the use of information technology. The top 3 indicators include environmental technologies, exports of medium and high-tech goods, and emissions of fine particles into the air. In recent years, the increase in tertiary education performance, international scientific publications, top citations, venture capital, government support for business R&D, ICT specialists, and environmental technologies has been offset by reduced performance in digital skills, ICT training companies, Design applications, and Sales of innovative products. Slovakia has above-average shares of non-innovators and shows below-average scores in indicators related to climate change.

For a better evaluation, we decided to compare the evaluation in the individual assessed areas with the best-rated country in 2021, Sweden, and the overall average evaluation of the European Union. The results are shown in Figure 8 below.

Fig. 8 Comparison of EIS 2021 results of Slovakia, Sweden, and EU

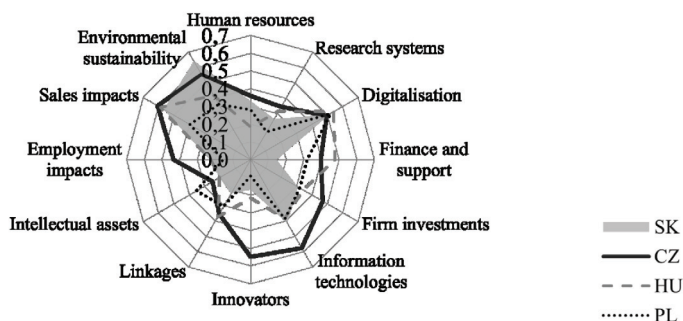


Source: own processing based on EIS2021 data

The graph shows a gap in the performance of most factors not only between Slovakia and Sweden but in most factors, we can observe this phenomenon compared to the European Union average. Only the Environmental sustainability factor shows an even better rating. Compared to both Sweden and the European Union average, Slovakia achieved a very low rating, especially for the factors Finance and support and Innovators.

For further comparison of the innovation environment, we again chose the countries of the V4 region. In this evaluation, the Czech Republic received the best rating in 17th place (and as the only V4 country that does not belong to the category of emerging innovators, but in the category of moderate innovators), Hungary finished one place better than Slovakia in 22nd place and Poland by one place worse in 24th place. It can be seen from the following figure that although the resulting overall assessment of individual countries indicates their proximity within the situation in individual countries, partial factors point to different paths (see Figure 9). This is evident, for example, in the factor Innovators or Information technologies, where the results of the Czech Republic dominate. It is also an interesting fact that within the Digitization factor, all countries achieve almost identical ratings.

Fig. 9 Comparison of EIS 2021 results of the V4 countries



Source: own processing based on EIS2021 data

As part of the consideration of the influence of individual factors on the improvement of the state of the innovation environment, we decided to use the method of regression analysis of panel data for the period 2014-2021 on data for V4 countries (Czech Republic, Slovakia, Hungary, and Poland) to examine the determinants selected by us. The data source we used for the analysis is data obtained from the EIS. We focused our research on determining the influence of selected factors on the obtained evaluation of the Aggregate Innovation Index (SII). We use Digitalization (DIG) as the first indicator as an explanatory variable to determine this effect, we consider this factor to be key.

Another variable we have chosen is Innovators (IN), Corporate Investments (FI), Intellectual Assets (IA), Employment Impacts (EI), and Sales Impacts (SI). Summary statistics on the main variables (including mean, standard deviation, and minimum and maximum values) are given in Table 1.

Table 1 Statistical description of the individual variables

	N	Minimum	Maximum	Mean	Std. Deviation
SII	32	0.2397	0.4413	0.3355	0.0542
DIG	32	0.2748	0.5543	0.4307	0.0781
IN	32	0.0093	0.5484	0.1921	0.1612
FI	32	0.2139	0.4698	0.3550	0.0635
IA	32	0.1731	0.3740	0.2556	0.0676
EI	32	0.1143	0.4344	0.2475	0.1094
SI	32	0.3630	0.7003	0.5522	0.1095

Source: own processing

The equation for calculating the influence of individual factors on the Aggregate Innovation Index was determined as follows:

$$SII = \beta_0 + \beta_1 x_{it1} + \beta_2 x_{it2} + \beta_3 x_{it3} + \beta_4 x_{it4} + \beta_5 x_{it5} + \beta_6 x_{it6} + u_{it} \quad (1)$$

where SII (is a dependent variable) - the value of the aggregate innovation index

- x_{it1} - DIG - evaluation of digitization factor
- x_{it2} - IN - Innovator's factor evaluation
- x_{it3} - FI - evaluation of the Firm investments factor
- x_{it4} - IA - evaluation of the Intellectual assets factor
- x_{it5} - EI - evaluation of the Employment impact factor
- x_{it6} - SI - evaluation of the Sales impact factor

β_0 represents the level constant and β_1 , β_2 , β_3 , β_4 , β_5 , and β_6 are the coefficients of the individual variables. Country and time identifiers are "i" and "t".

The aim of the regression analysis presented by us using panel data is to determine the degree of influence of individual determinants on the improvement of the resulting overall innovation index. Based on the results of previous research on this issue, we have established the following hypotheses:

- Improving the evaluation of the digitization factor will lead to an improvement in the overall evaluation of the Comprehensive Innovation Index. (Null hypothesis H_0 = Change within the digitization factor does not affect improving the evaluation of the overall innovation index)
- Improving the rating of the Innovators factor will lead to an improvement in the overall rating of the Aggregate Innovation Index. (Null hypothesis H_0 = Change within the Innovators factor does not affect improving the rating of the aggregate innovation index)
- Improving the rating of the Firm investments factor will lead to an improvement in the overall rating of the Aggregate Innovation Index. (Null hypothesis H_0 = Change within the Firm investments factor does not affect improving the rating of the overall innovation index)
- Improving the rating of the Intellectual assets factor will lead to an improvement in the overall rating of the Aggregate Innovation Index. (Null hypothesis H_0 = Change within the Intellectual assets factor does not affect improving the rating of the overall innovation index)
- Improving the evaluation of the Employment impact factor will lead to an improvement in the overall evaluation of the Comprehensive Innovation Index. (Null hypothesis H_0 = Change within the Employment impact factor does not affect improving the evaluation of the overall innovation index)
- Improving the evaluation of the Sales impact factor will lead to an improvement in the overall evaluation of the Comprehensive Innovation Index. (Null hypothesis H_0 = Change within the Sales impact factor does not affect improving the evaluation of the overall innovation index)

Based on the results of the Hausmann and Breuch-Pagan tests, a model with random effects was chosen. The robustness of the results was subsequently tested by several tests. Autocorrelation was tested using the Wooldridge test, the presence of the unit root using the Levin-Lin-Chu test, and the cointegration of the data using the Kao test. A positive result was obtained in all tests.

The results from the regression analysis of the panel data are presented in Table 2. The analysis of the panel data confirmed the significance of four of the investigated determinants. (rejection of null hypotheses related to these determinants) For two of the investiga-

ted determinants, the significance was not confirmed due to statistical evidence.

Table 2 Results of regression analysis of panel data

Variable	Coef.	Std. Err.	t-Statistic	Prob.
DIG	0,127	0,031	4,090	0,000
IN	0,076	0,045	1,701	0,101
FI	0,211	0,047	4,469	0,000
IA	0,140	0,032	4,347	0,000
EI	0,212	0,077	2,750	0,011
SI	0,186	0,023	7,884	0,000

Source: own processing based on EIS data

$$SII = 0,0107 + 0,127x_{it1} + 0,076x_{it2} + 0,211x_{(it3)} + 0,140x_{(it4)} + 0,212x_{(it5)} + 0,186x_{it4} + u_{it} \quad (2)$$

The results of the regression analysis of panel data lead to the rejection of the hypothesis of the insignificance of the impact of digitization on the level of the overall innovation index within the V4 countries. This result only shows the significance of this factor, with the fact that the data obtained in the evaluation of the digital competitiveness of Slovakia show the need to deal with this parameter. From the point of view of the greatest impact on our results, we show that the improvement of the Firm investments parameter has the greatest impact on the Aggregate Innovation Index. This factor consists of the sub-factors R&D expenditure in the business sector Non-R&D innovation expenditures and Innovation expenditures per person employed. It is also possible to consider the Employment impact factor as a factor with a large impact, but it should be noted that we found a lower statistical significance. This factor consists of Employment in knowledge-intensive activity and Employment in innovative enterprises.

Another convincing parameter in the case of the V4 countries is the parameter of the already mentioned Digitization. It is composed of Broadband penetration and Individuals with the above basic overall digital skills. All presented results are valid only for selected countries, Slovakia, the Czech Republic, Hungary, and Poland, and for the selected period 2014-2020. In the case of other countries, the chosen determinants may act differently.

For further investigation, we also subjected the data to factor analysis using the main axis factoring method. The values determining the correlation matrix for the factor analysis are evident from Table 3 explaining the deviation from Table 4.

Table 3 Correlation matrix factor analysis

Correlation Matrix							
		DIG	IN	FI	IA	EI	SI
Correlation	DIG	1.000	0.288	-0.042	-0.423	0.239	0.539
	IN	0.288	1.000	0.301	-0.169	0.944	0.500
	FI	-0.042	0.301	1.000	0.324	0.468	-0.224
	IA	-0.423	-0.169	0.324	1.000	-0.183	-0.836
	EI	0.239	0.944	0.468	-0.183	1.000	0.498
	SI	0.539	0.500	-0.224	-0.836	0.498	1.000

Source: own processing

Table 4 Explaining the deviation factor analysis

Total Variance Explained					
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
DIG	2.889	48.145	48.145	2.889	48.145
IN	1.846	30.771	78.915	1.846	30.771
FI	.686	11.425	90.340		
IA	.466	7.771	98.111		
EI	.085	1.421	99.532		
SI	.028	.468	100.000		

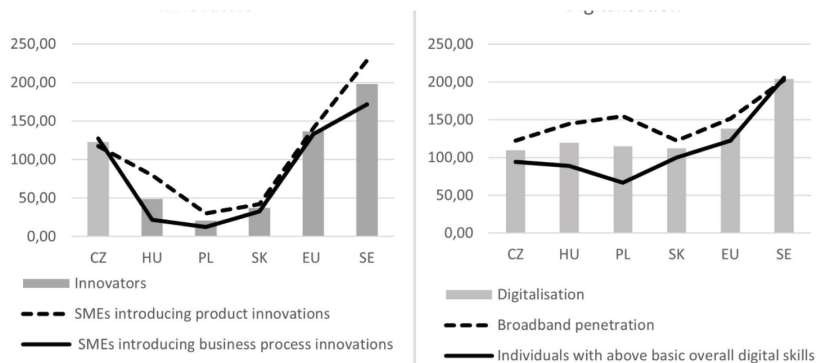
Source: own processing

In the examined case, we identified 2 factors whose intrinsic value was higher than 1. Specifically, it was the factor of the number of Digitization and the factor of Innovators. The first factor explained 48.15% of the variability and the second 30.77%, together they explained 78.92%. As mentioned earlier, the Innovators factor did not achieve sufficient statistical evidence. From this point of view, it is therefore appropriate to focus primarily on the Digitization factor;

which could allow a significant improvement in the evaluation of the overall innovation index for the V4 countries, i.e., Slovakia. As we have already stated in the initial comparison in Figure 9, the situation with the Innovators factor is unbalanced, and that is why we would recommend focusing on this parameter as well.

By combining the already mentioned factor Digitization and the factor Innovators and moving within these factors to better places, we believe that it would be possible to change the position of Slovakia from a country classified as an emerging innovator to a group of moderate innovator countries, such as the Czech Republic today. A more detailed comparison of subfactors can be seen in the following Figure 10.

Fig.10 Comparison of Innovators and Digitalization subfactors in V4 countries, EU, and Sweden



Source: own processing based on EIS2021 data

Figure 10 shows a comparison of the individual Innovators and Digitalization factors and their subfactors in the V4 countries and the EU average and with the best-rated country in Sweden. Slovakia still has a lot of work to do, especially in supporting small and medium-sized enterprises and their innovations, both product, and business process innovations. As for the second factor of digitization, it is above all necessary to work on the promotion of digital skills of individuals, where a big gap can be seen in comparison with the best-rated Sweden.

2.4 Current situation and possibilities of eCommerce development in Slovakia

The eCommerce market has historically evolved from a simple brick-and-mortar counterpart to a complex shopping ecosystem that includes different types of facilities and different business concepts. When we look at the current eCommerce environment, we see a relatively mature market with established players and a clear set of rules. However, this impression can be misleading. As we have already mentioned, the digital transformation is far from over and it is unlikely that it will ever get into a state where there is nowhere to move. The reasons can be seen mainly in the influx of innovations coming from many start-ups and the growing cash flow from the fast-growing Asian economies. Despite the slowing Chinese economy, the shift in purchasing power from the United States and Europe to China and Southeast Asia began. This situation is supported by the growing number of consumers gaining access to e-commerce due to growing purchasing power and internet penetration, especially on mobile devices.

If we look at Slovakia in terms of Internet use, we can based on data from the datareportal.com portal and their annual evaluation of the digital environment, state that in January 2021 there were a total of 4.64 million Internet users in Slovakia. The data show that the number of Internet users thus increased by 111,000 (+ 2.4%) year on year. Overall, Internet penetration in Slovakia in January 2021 was 85%. From the point of view of comparing individual V4 countries, the situation is better in terms of Internet penetration only in the Czech Republic (88%), in Poland this indicator reaches 84.5% and in Hungary even 83% (Datareportal, 2021a).

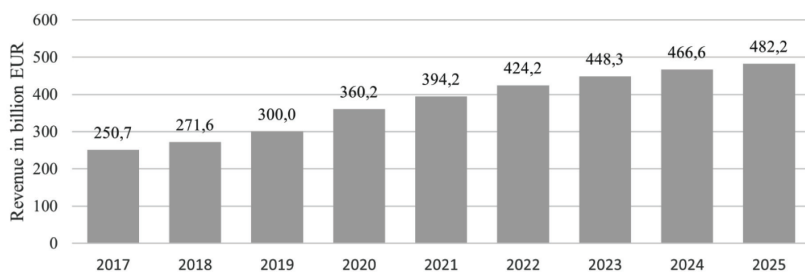
If we look at eCommerce from a broader perspective, we can classify the European Union as an advanced eCommerce market. Although there are relatively large differences between countries. According to available Eurostat data for 2019, the largest proportion of people in the European Union shop online in Denmark (84%), Scandinavia and the Netherlands, and least in Bulgaria (22%), Romania (23%), and Italy (38%). Slovakia with 60% is at the level of the EU average. When comparing the V4 countries, we can state that the Czech Republic is the best (64%), the situation in online shopping in 2019 was worse than in Slovakia, the situation was in Poland (54%) and Hungary (49%). From the available data, we can state that e-commerce in Europe has been growing steadily in the last few years, with a particularly

significant increase in 2019 (by 14.2% compared to 2018). ECommerce was one of the few industries that we're fortunate to flourish in the wake of the Covid-19 pandemic. However, despite continued growth, the sector has not been able to completely avoid the effects of the pandemic (Datareportal, 2021b).

The 2020 pandemic can be considered a turning point for retail and online sales and related services. Developments have accelerated extremely due to the circumstances caused by this pandemic. The changes that took place over the years took essentially a few weeks. Sales have largely moved to the online world. And goods began to be offered over the Internet, the presentation of which previously belonged exclusively to brick-and-mortar stores. Customers gradually adapted to this situation and began to appreciate, for example, the convenience of selection or speed of delivery. Sophisticated technologies and software, which reveal hitherto unimagined possibilities to many companies, are increasingly being reflected in the entire purchasing process.

If we look at e-commerce revenue and the projected forecast for 2025, as reported by Statista.com (Figure 11), we can expect e-commerce revenue in Europe 2025 to grow to € 482.2 billion. This forecast is already adjusted for the expected impact of COVID-19.

Fig. 11 Europe: retail eCommerce revenue forecast from 2017 to 2025



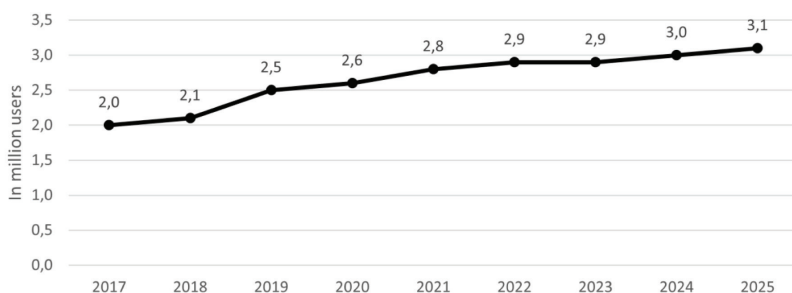
Source: Statista

According to the evaluation of the ecommerceDB portal, in the case of Slovakia, it is the 56th largest world market for eCommerce in 2020, which puts Slovakia ahead of Kazakhstan and Kuwait. For comparison with our V4 countries, the Slovak eCommerce market is the smallest in size. The largest market of these countries is Poland

(19th place), followed by Czech Republic (36th place) and Hungary (54th place), which ranked two places better than Slovakia (EcommerceDB, 2021).

The data from the statistical portal Statista and Digital Market Outlook show that 2.8 million e-commerce users currently live in Slovakia. Based on the expected development by 2025, another 300,000 users will shop online (Fig. 12). These 3.1 million e-commerce users will represent 74% of the total population. The average user spends an average of € 377 online shopping, and this amount is expected to rise to an average of € 387 by 2024. (Statista, 2021)

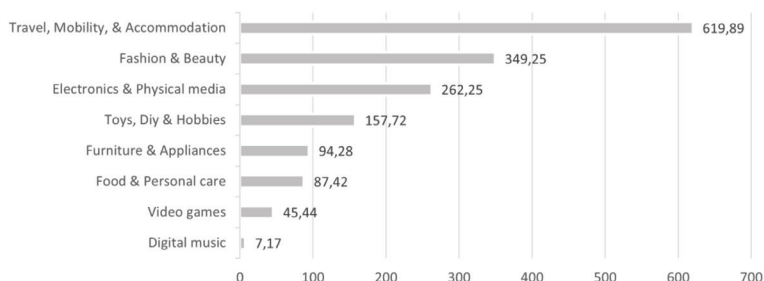
Fig. 12 eCommerce users in Slovakia



Source: Statista

According to the portal, the total revenues from e-commerce in Slovakia in all product categories are EUR 1.02 billion in 2020 and are expected to reach EUR 1.18 billion by 2025. The strongest category according to Dataportal data is currently still Travel, Mobility and Accommodation. Fashion and Beauty are in second place with a market share of EUR 349.25 million. Next is Electronics and Physical media, which represents EUR 262.25 million (Dataportal, 2021). Until 2025, the Fashion and beauty category will continue to grow, amounting to EUR 430 million. Also based on published information and trends, we can assume that the Electronics and Physical media category will continue to grow and reach EUR 302 million in 2025 (Statista, 2021).

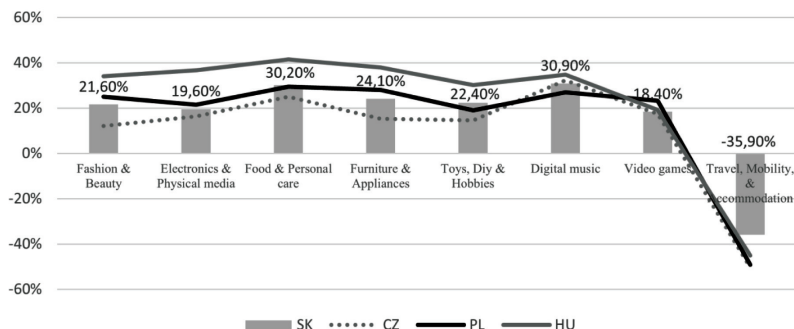
Fig. 13 eCommerce spending by category in Slovakia 2020 (mil EUR)



Source: own processing based on Dataportal 2021 data

When comparing the year-on-year change in individual categories in the V4 countries, we can observe the following development. As follows from the following picture of the decline in eCommerce in all countries monitored by us occurred in the category Travel, Mobility, and Accommodation. This situation is caused by the Covid-19 pandemic and related measures. In this category, the largest change was achieved in the Czech Republic, where the decrease was 50.4%, while the smallest decrease was recorded in Slovakia at 35.9%. In terms of growth in individual categories, the largest increase was recorded in Food and Personal care, wherein Hungary there was an increase of up to 41.4%. In Slovakia, this category recorded an increase of 30.2%. The second category that grew rapidly is Digital music, where year-on-year growth is around 30% in all V4 countries except Poland, where year-on-year growth was at 26.9%.

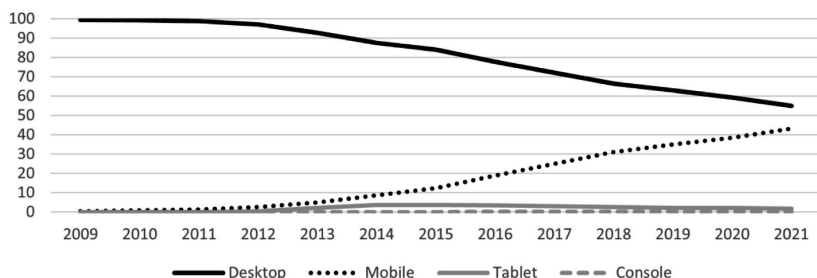
Fig. 14 eCommerce growth by category by countries V4



Source: Source: custom processing based on Dataportal 2021 data

Regarding the use of individual types of devices for Internet access and subsequent shopping, it is possible to observe a clear trend, where in terms of the use of individual devices, the situation is gradually changing and desktop.

*Fig. 15 Desktop vs Mobile vs Tablet vs Console
Market Share Slovakia (v %)*



Source: own processing based on Statcounter data

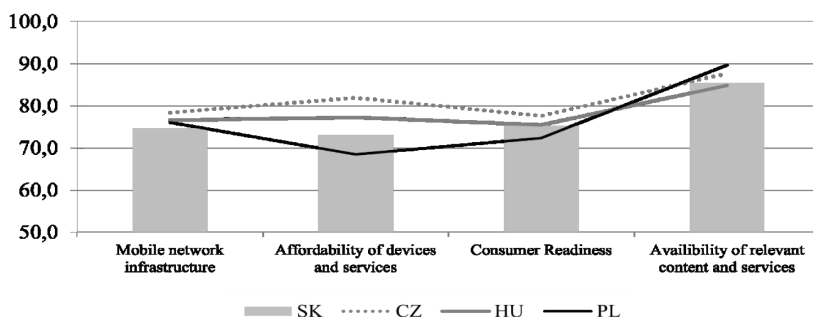
The year-on-year change is + 4.75% for mobile devices and -4.36% for desktop devices. This trend shows that although in 2021 the state of use of desktop devices is at the level of 54.95% and mobile at 43.18%, the time is not far when the situation will settle. It is also interesting that although there was a period when the use of tablets grew, especially in 2014 and 2015 as with tablets and consoles, there is no massive use. From the presented results, we could draw one important finding, which shows the importance of companies' orientation towards mobile commerce (mCommerce) as an important part of the already established eCommerce.

The position of Slovakia in the evaluation of the Mobile Connectivity Index is also interesting. The Mobile Connections Index measures the performance of different countries compared to the main factors that enable the adoption of mobile internet. Countries are rated between 0 and 100 in several indicators, with a higher score representing stronger performance in providing mobile internet connection.

Within this global evaluation, Slovakia achieved 42nd place with a rating of 74.8 out of 100 possible points (the last available rating is for 2019). From the point of view of the V4 countries we consider, this is the worst position. Within this ranking, the Czech Republic ranked 25th, Hungary 30th, and Poland 33rd (GSMA, 2021) Within

the individual sub factors that make up the Mobile Connectivity Index, the situation is shown in Figure 16.

Fig. 16 Subfactor Mobil Connectivity Index on the example of V4 countries



Source: Custom processing based on GSMA Mobile Connectivity Index data

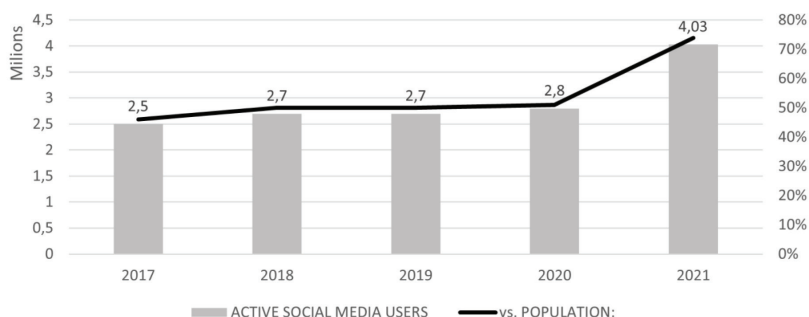
The highest score among the key performance categories was obtained by Slovakia “Consumer Readiness”, followed by “affordability of equipment and services”. We can evaluate as a positive phenomenon that all evaluated parameters in the case of Slovakia improved year-on-year. The overall index moved from 73.06 to 74.75, but the placement remains the same, i.e., 42nd place. In the case of individual subfactors, the year-on-year improvement can be observed for all evaluated parameters, but the most significant is for the factor Affordability of devices and services by 3.42%. On the other hand, the smallest improvement was in the Consumer Readiness factor by 0.51%. (GSMA, 2021)

2.4.1 Use of social media in Slovakia

The popularity of the use of social media in the Slovak Republic is growing, as well as in the rest of Eastern Europe and the whole world. The total number of active social media users in Slovakia is 4.03 million people, which is 73.8% of the total population. In terms of year-on-year change, the number of active social media users increased by 10.7% (+ 390 thousand). The development of active users of social media in Slovakia is shown in Figure 17. Regarding the number of social media users who use mobile devices to access, their number in 2020 is 3.86

million, which means that up to 95.90 users of social media use mobile device access. The largest age group is currently people aged 25 to 34, which is up to 27.9%, followed by users aged 35-44, which is 21%, followed by users aged 18 to 24, and then the group from 45 to 54 years.

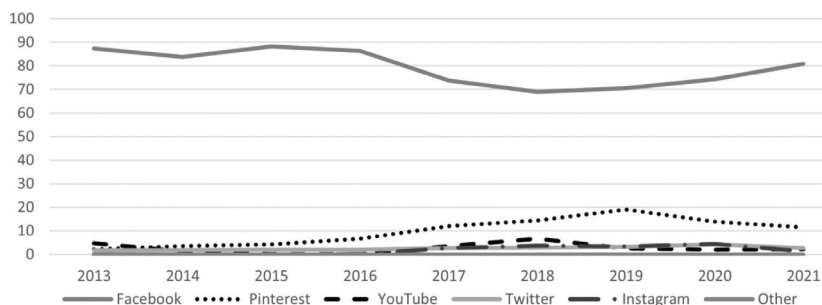
Fig. 17 Active social media user Slovakia



Source: own processing based on data sheet 2021

For better orientation, we present Figure 18, which shows the use of different types of social media from 2013 to 2021. There is a clear predominance of the social network Facebook with 80.91%, followed by the social network Pinterest with 11.46% and the third is the social network YouTube with 2,25%.

Fig. 18 Use of various types of social media in Slovakia



Source - Own processing according to Statcounter data

2.5 Digital transformation of companies

As we have already mentioned, digital transformation is a complex problem that affects many or better all segments of society. When looking at the issue of digital transformation of companies, it is necessary to keep in mind that managers must consider the resources of their company to achieve the so-called organizational agility (Lie et al. 2015), as an essential condition for the successful transformation of your business. At present, managers are often unclear about the various options and elements they need to consider in their digital transformation efforts. As a result, they risk not taking into account important elements of the digital transformation or ignoring solutions that are more favorable to the specific situation of their companies, which could have unintended adverse consequences. As part of academic research, a holistic approach to developing a corporate digital transformation strategy is not yet sufficiently sophisticated. A better understanding of it could lead to a better acceptance of digital transformation by companies (Hansen and Sia, 2015).

The digital transformation framework is the first step in this direction (Matt et al. 2015). This conceptual framework for formulating a digital transformation strategy identifies four key dimensions of any digital transformation effort:

- The use of technology reflects the approach and ability of the company to research and use new digital technologies.
- Changes in value creation reflect the impact of digital transformation on company value creation.
- Structural changes are related to adjustments in organizational structures, processes, and skillsets that are necessary to master and use new technologies.
- The financial dimension is related to both the need for the company to act in response to challenging business activities and its ability to finance digital transformation efforts.

Although the building blocks of a digital transformation strategy are well known, there is a lack of clearly defined guidelines for managers on how to approach the digital transformation and implement a well-defined digital transformation strategy. To ensure the successful implementation of the digital transformation strategy and the full exploitation of its intended effects, it is necessary to closely align

the four different dimensions of technology use, value creation and structural change, and financial aspects (Hess et al., 2016).

As the OECD (2020) conclusions show, business digitization has been progressing rapidly in recent years across all sectors and companies of all sizes but at different speeds. SMEs have specific digital pathways. They are lagging in all areas of digital technology and small businesses are less digitized than medium-sized companies, which are less digitized than large companies. Overall, however, diffusion patterns are relatively similar across firm sizes, with larger ones moving faster along the diffusion curve (Rogers, 1962). The report also states that SMEs tend to digitize general government and marketing operations first, and there is a relatively small difference in the prevalence of B2G (Business to Government) interactions between small, medium, or large companies (OECD 2020).

However, the Covid-19 pandemic has forced virtually all companies to seek rapid digital adaptation and, especially for SMEs, opportunities to work together to adapt to new requirements (OECD, 2020; Sandberg et al., 2020). On the other hand, opportunities can be seen in some aspects exacerbated by the Covid-19 pandemic. These are mainly changes in customer behavior, market balance, and supply chains (Carvalho et al., 2020; Ceylan et al., 2020), and digital technologies can help them seize this opportunity. As reported by some authors, the pandemic has accelerated the adoption of digital technologies by approximately 5 years in 8 weeks (Baig et al., 2020). Butt (2020) states that the pandemic highlighted the need for digital transformation in such a way that organizations now feel the adverse consequences of not adopting it before. From the point of view of the size of the company, it is also necessary to realize that there is a so-called gap in technological knowledge (Matarazzo et al., 2020).

Especially for small and medium-sized enterprises, there is a situation where they have very little expertise on how to exploit the potential of digital transformation technologies. These firms usually have low knowledge of available solutions and their potential benefits (European Investment Bank, 2019). Owners and managers are less aware of how and where to apply digital solutions to business processes, while employees have little ability to integrate these digital solutions, lack the skills to handle large-scale transformation projects, and formulate more robust technical implementation plans (European Investment Bank, 2019). In addition, due to financial constraints, SMEs have limited access to external consultants (Goerzig & Bauernhansl,

2018), exacerbating the lack of more specialized IT professionals able to gain more value from more complex digital transformation tools (Erbert & Duarte, 2018) such as machine tools. learning and big data. Even during the first and simpler steps of digitization, small and medium-sized enterprises lagged.

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CHAPTER 3 – International marketing in the digital era

Chapter summary

The chapter International marketing in the digital era focuses on an overview of the most important aspects that have influenced international marketing in the current world as a result of the digitalization of society. It can be said that digital technologies have influenced people's lives in all areas and the interventions that have been brought into marketing as a result of digitalization are undeniable. Digitalization allows businesses to acquire or at least rent new technologies, set up processes and acquire and manage human resources in an easier way, which together in one unit can ensure the progress and advancement of the company, which is a prerequisite for success in business. The world has been battling the global pandemic of COVID-19 for over 18 months now, we are witnessing both the positive and negative consequences of digital transformation and its impact on marketing and marketing decisions. E-commerce sales are on the rise, with e-commerce recording its highest numbers since its inception. Maximum communication with the consumer is shifting to the online space using digital tools. Mobile connectivity is available on all continents, consumers are increasingly shopping online via mobile phones. Thus, as a result of these changes, it is not enough to just move marketing communication to the online space, it is important for businesses to manage this communication through mobile phones using SMART technologies and applications. The development of custom mobile applications represents an important decision in Slovak innovative and start-up companies. A very important part of the chapter are case studies of successful enterprises that have experienced their success because of digital transformation and have been able to adapt to the new environment or digitalization was a significant opportunity for their emergence. The INMARK concept is the output of the research of marketing management of Slovak enterprises taking into account their innovativeness in business and with a strong focus on marketing and marketing communication.

3.1 The impact of digitalization on marketing in an international environment

Digitalisation in today's world and digital transformation is impacting human activities in all areas. Digital transformation is encroaching more and more into our daily lives, and this process is progressing by leaps and bounds. Digitalisation is affecting people's privacy, but it is also affecting businesses. It is a change in processes and a process that cannot be stopped or reversed. We can look at the issue from different angles, but we marketers must look for advantages and opportunities in this process. And that is the right thing to do. Many modern successful brands have built their business success on the phenomenon of digital transformation, many new forms of business have been and are being created every day because of these changes. Digital transformation is impacting many activities in businesses. Activities ranging from production aspects, science, research, product development, through to the wide-ranging concept of marketing management in enterprises. However, it is important to understand these processes, to understand the individual contexts, to monitor the progress in the field of digitisation, which is progressing by leaps and bounds, and then to promptly ensure that the company is able to own, acquire or at least rent new technologies, set up processes and acquire and manage human resources that together, in one unit, can ensure the company's progress and advancement and thus business success.

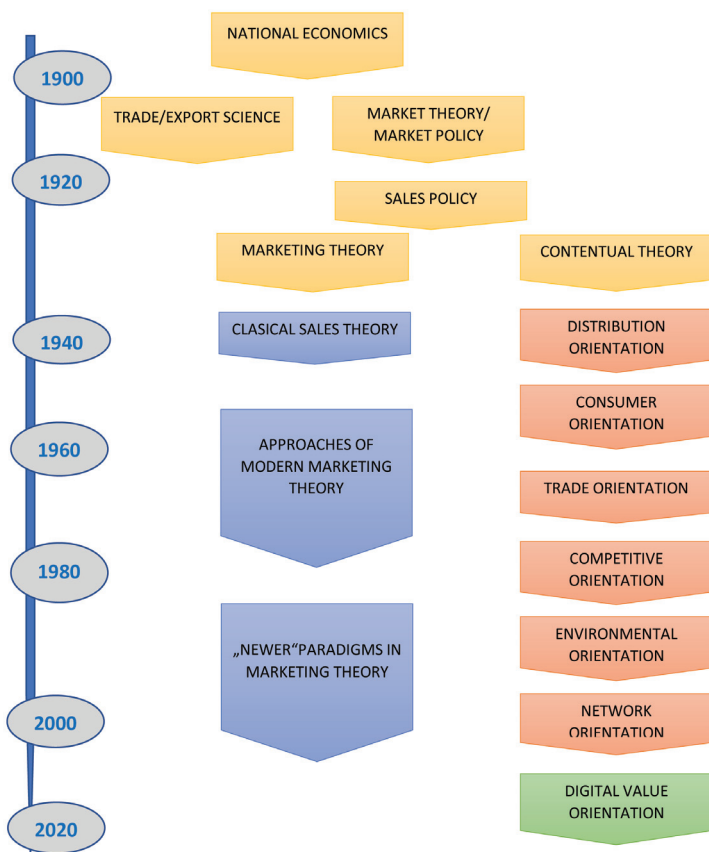
Right now, as the world has been battling the global COVID-19 pandemic for more than 18 months, we are seeing both the positive and negative consequences of digital transformation and its impact on marketing and marketing decisions. Decisions made by politicians are being transmitted to the whole of society, the data behind the spread of the pandemic is being shared via the internet virtually instantaneously and is accessible globally. Consumers can decide which products they need, they can buy them online, and companies know what the market needs and what consumers demand. Government measures, the closure of shops and service outlets for many months, have meant a boom in e-shopping by end consumers. But it has also brought with it other aspects and a boom in other necessary services. These were transport and shipping companies.

The Internet plays the most important role in these processes. In the mid-1980s, the Internet began to develop in an academic

environment, and in the 1990s it began to be used for commercial purposes. This in itself was a huge growth and expansion. E-commerce itself began to develop in the following years and grew steadily, which is still the case today, just as the number of Internet users grew (Brügger, 2012).

And it is for these reasons that digitalisation has changed and is constantly changing marketing. Not only the use of the Internet, but also the constant expansion and development of digital technologies have had irreversible and unexpected effects on humanity in the 21st century.

Fig. 19 The Evaluation of Marketing Theory



Source: Kotler (2020), own processing

What is becoming important for marketing is not only, that digital technologies are emerging, but that there are new possibilities for digitising media formats and content. And these are the unexpected effects on all areas of business and thus also on marketing processes. The great social impact and the constantly increasing usability of digital media has an impact on the marketing activities of business entities precisely in combination with the possibilities of continuous online connectivity of both the consumer spectrum and business entities. Among the many marketing opportunities are the possibilities provided to businesses by digital media and this is mainly the interactivity with the consumer and consequently the possibility to measure interactivity and reach. Therefore, it can be assumed that digital technologies are coming to the forefront of marketing communication tools and, also provide additional opportunities for gathering input for marketing decisions.

Kotler (2017) says that Economic powers are no longer concentrated but are more evenly distributed. This economic shift is often attributed to the demographic profile of the emerging market populations: younger, more productive, and growing in terms of income level. It has created strong demand for products and services, which in turn drives economic growth. Recent data, however, suggest that the reason might not just be demographic. From the innovation perspective, emerging markets are also heading in a better direction. Recent data collected by Robert Litan suggests that innovation in the United States has been declining. The number of start-ups accounted for only 8 percent of total companies in the country, whereas 30 years ago, it was nearly 15 percent. In Litan's data, the number of bankruptcies exceeded the number of start-ups. A digital ecosystem is defined as a "self-organising, scalable and sustainable system composed of heterogeneous, digital entities and interrelations focusing on interactions among entities, to increase system utility, gain benefits, and promote information sharing, inner and inter cooperation and system innovation" (Li et al., 2012).

Marketing, not only as an approach to managerial decision-making, but also as a scientific discipline, has been evolving steadily for more than 100 years. From Figure 19 by Kotler (2020) we can trace the different marketing orientations over time. The value orientation, which is a consequence of the digital transformation and the fact that it is made possible by a significantly faster dissemination of information, we observe within the biggest shift in the last twenty years. The corporate management of a market-oriented firm is often subject to criticism

because it only reacts to market developments instead of proactively shaping market developments in a resource-oriented manner. For marketing to yield effective results, firms ought to aim for a healthy mix between market orientation (market pull) and resource orientation (technology push) instead of clinging to only one perspective. Marketing needs to be both market-oriented and resource-oriented. Both aspects form part of a marketing mindset that should infuse the entire company, not only the marketing department (Kotler, 2020).

We could not forget the usage of social media, which has radically influenced the style of communication and the dissemination of knowledge and information. Platforms can be personalized, self-managed and interconnected as they can blend written content with images, videos and hyperlinks. This disruptive innovation has led individuals from different demographic segments in society, to refine their digital and communication skills. It is obvious that social media has impacted our way of thinking, talking and even our social lives. (Troise & Camilleri, 2021). From the point of view of use in marketing, social sites, i.e. social media, are a very important communication option for businesses thanks to digitalization. The importance of social media in marketing is highly debated, but it is in the face of the global pandemic COVID-19 that the position of social media in marketing is undeniable and ready businesses have been able to communicate with their customers almost instantly, despite government measures and curfews.

Taking a closer look at what internet users in the EU do when they are online shows that the most common activities in 2017 were sending and receiving e-mails (86 % of people who had used the internet during the last 3 months), finding information (78 %), reading online news (72 %) and participating in social networks (65 %) (European Commission, 2021).

Digital transformation is now an inevitable change. While the term “digital transformation” may sound like a nebulous concept, the actual results are easy to understand. We have been experiencing them for years and are now seeing an accelerated pace of changes that have come before. When people in professional industries talk about digital transformation they’re talking about how digital technology is understood, and then applied and integrated into our everyday work tasks, whether that is at daily, individual employee level or the broader sense of entire business operations. At an individual level, digital transformation might be something as efficient as electronic health records in the medical or wellness industries. The transition to digital

records makes this data more accessible, faster to process, and increases the likelihood of health professionals being able to make more informed decisions (DMI, 2018).

If we look at the digital transformation from the perspective of the private sector and business, we can easily see how it has changed the way entire industries operate. The icon of the digital transformation is Amazon. But it is no less interesting to look at brands such as Apple, Google, Netflix, Tesla, Uber and Bolt, or the absolute revolution in the short-term accommodation sector, the Airbnb brand. At their core, these businesses have operated as traditional businesses, trading and selling predominantly to the end consumer, but new, digital technologies and innovative elements have brought a completely different, new dimension to business, not only to the activities of these successful brands, but have also influenced the development of the business sector of their time. We explain the view of digital transformation and digitalisation above in the context of the overall impact on the business sector. It is not possible to separate the impact of digital transformation on marketing and marketing management alone. It is the changes in business activities due to the impact of digital transformation that have brought new elements to marketing. Businesses that have been able to adapt very quickly to these changes have outpaced the competition in a short space of time, set new trends and got ahead very quickly.

However, it is not only the personalisation itself that is important. As a result of digitised outbound content and digitalised feedback, we are not only able to track target customer groups as such, but we are also able to focus on the individuality, the individual customer. This can be considered one of the most important benefits of digitalization in marketing. As the customer can show us their online purchasing behaviour throughout the entire process due to the settings in the measurements and their interactivity, we can track their online purchases and can then individualise an offer specifically targeted to their interests and needs. This is marketing on an individual level, digital technologies allow these marketing activities to be automated and target a large number of customers with a few clicks. However, the customer's response and therefore their cooperation and, above all, their feedback in various forms is required, such as registration in the e-shop, registration in the form of loyalty cards and programmes and, in most cases, at least a registered purchase. This customer 'tracking' is made much easier by the metrics provided by social networks, especially Facebook, as it is now possible to track individual customer

interests, provide recommendations and even send personalised emails based on consumer behaviour before they convert. Today, marketers no longer have to guess where consumers' interest may be hiding when their interest is being tracked on social media (DMI, 2018).

The advantages and benefits that digitalization provides for marketing, especially in the international field, compared to traditional marketing methods can be summarized as follows:

1. **Monitoring and measurement** - much more and better data is available.
2. **Available 24/7** - marketing on the Internet is carried out around the clock.
3. **In its comprehensiveness** - we can reach customers in several ways at once.
4. **In the possibilities of individual approach** - non-anonymous customer, different communities, "right customers through keywords and content".
5. **It has dynamic content** - the offer can be changed constantly and in a simpler way. (Janouch, 2020)

Marketing is changing in all areas in the digital era. Even the 4 P's of the marketing mix according to Kotler (2017) need to change. Marketing mix (the four P's) should be redefined as the four C's (co-creation, currency, communal activation, and conversation). In the digital economy, co-creation is the new product development strategy. Through co-creation and involving customers early in the ideation stage, companies can improve the success rate of new product development. Co-creation also allows customers to customize and personalize products and services, thereby creating superior value propositions. The concept of pricing is also evolving in the digital era from standardized to dynamic pricing. Dynamic pricing—setting flexible prices based on market demand and capacity utilization—is not new in some industries such as hospitality and airlines. But advancement in technology has brought the practice to other industries. Online retailers, for instance, collect a massive amount of data, which allows them to perform big-data analytics and in turn to offer a unique pricing for each customer.

Customer lifetime value (CLTV or sometimes LTV) is quite simply the value or profit attributed to a customer for their entire customer lifecycle. This can be relatively simple to calculate in some businesses and incredibly complex in others. Either way, one thing is true: there are many factors that influence it and many levers that can be pulled to

alter it. Cost per acquisition (CPA) has long been used as a key metric in marketing and especially so in digital marketing due to tracking technology and the transparency of data. However, this has certainly been criticized as too simplistic a view (Kingsnorth, 2016).

As Dodson (2016) noted, the primary challenge for any business, no matter how large or small, is quite simple—how to get its product or service into the hands of the customer. How the company will achieve this is informed by market research, gut instinct, polls, surveys, and research about existing habits and activities. However, when conducting market research, especially surveys, we need to take one key factor into account—people lie! The Internet use social listening tools to research customers' activities and preferences based on their online habits and to complement our market research, as shown in Figure 20.

Artificial intelligence (AI) is making inroads into international marketing just as it is into other business activities. Rajamannar (2021) says that there are a lot of companies coming out of the woodwork saying their solution is powered by AI. Marketers need to know what to believe and what to discount. They need at least a certain level of basic knowledge to understand what is being said, discern if it is truthful or valuable, and make a call as to whether deploy it. Equally, marketers need to have their teams learn and stay up to date.

Fig. 20 Market research versus market reality



Source: Dodson (2016), own processing

The digitalisation of society has had an undeniable impact on marketing. For a clear explanation, we need to precisely define the new forms of marketing that have emerged as a result of digitalisation.

By Branding (2021) **digital marketing** is the discipline of marketing of products and services that takes place mainly online through websites, web pages, social media channels and e-commerce platforms. It is a branch of economy, that studies the market, user behaviour and interactions through technologies, tools, and digital media. Digital marketing is above all innovation and passion. Nowadays, both the terms digital marketing and online marketing are used to convey the same meaning.

Quantum marketing. Marketing cannot be run by pure common sense. It takes a fine blend of the art and science of marketing and by Rajamannar (2021) many companies are fragmenting and reducing the role of marketing in their organizations. This movement has its roots in an inability to keep pace with the dramatic advancements in technology and in data. The mission of a Quantum marketing must be fourfold:

1. Brand building
2. Reputation management
3. Driving business growth
4. Creating platforms for sustained competitive advantage

Then CMOs need to earn the credibility and build a relationship with the CEO to transform the culture of the company to one that values and leverages marketing. And an empowered marketing function can unlock enormous potential for the company.

Case Study Alza.cz - the most successful domestic e-shop in Central and Eastern Europe.

Alza.cz was founded in 1994, when it was still a natural person, but it started to build a significant position on the Czech market in 1998. The company has been operating in Slovakia since 2004. The great interest of customers and the increase in turnover have convinced customers and the professional public that Alza.cz has a leading position in the industry in Slovakia. This fact also led to the fact that in 2011 Alza.cz expanded its network with new branches, including large showrooms. The company currently operates in the Czech Republic,



Slovakia, Hungary and Austria. The development of the company has not been easy, but we can say that it is a leader in e-commerce and in addition to selling electronic goods, computers and accessories, sales have also expanded to kitchen and household items, drugstores and non-perishable food. These sales have boomed just in time for the first wave of the COVID-19 pandemic, in from March in 2020. In this case study, we focus on the last three years of the brand's development, as it represents a very important element in the international e-commerce perception of the four countries.

Year 2019

Alza focuses on new segments, B2B development and social responsibility fitmy. This year, a record for daily sales was broken - on 16.12. customers purchased € 10 250 000. The record week was also reflected here - 2.2 million items with a total value of € 56,200,000. As communication with customers is a priority for the brand, a new call centre was opened in Trinec. Alza introduces the Apple Pay payment method, one of the first e-shops in the Czech Republic and Slovakia. In Bratislava, Alza starts delivering parcels using electric cargo bikes, and together with ŠKODA Auto Digilab, the company develops parcel delivery in the trunk of a car. The AlzaCafé operates daily, unlimited and free of charge for customers of the branches. The first showroom exclusively focused on mobile phones and accessories was opened in Prague. Alza also introduces a new service for suppliers - Alza Invoice Financing.

As part of strengthening B2B, Alza launches the For Schools and State programme and continues to develop the programme for corporate customers. A very important breakthrough is the launch of the sale of solar power plants for homes. The company is continuously focusing on innovation and Alza and Liftago are testing joint parcel delivery in Prague. The company's own brand of eco-drug AlzaEco and ergonomic products AlzaErgo are also introduced. Alza is also thinking of its customers' four-legged friends and a new sales segment for pet supplies, Alza Pet, is launched at the end of 2019. In the showroom in Prague, 2 new expositions are opened - an extension of the SMARTHOME corner and the first perfumery Alza Beauty. As part of its eco-friendly commitment, Alza is testing reusable REPETEBOX delivery envelopes made from discarded advertising tarpaulins in Slovakia. This year, Hungary's Alza.hu celebrated its one millionth order. As a strong emphasis on CSR, Alza supports 3D printing in schools with a loaned printer programme.

In the area of strengthening the import of goods to customers

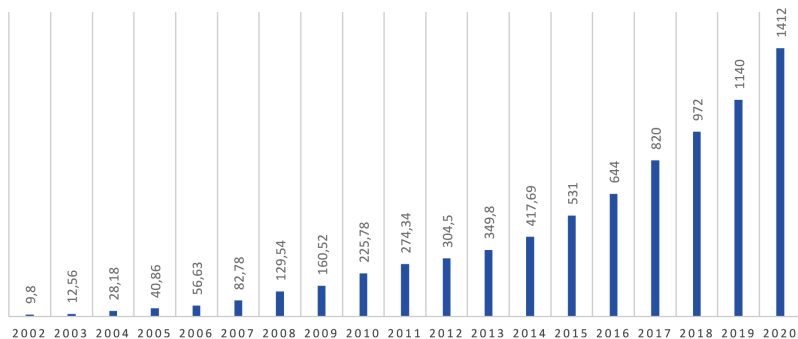
AlzaExpress 2.0 adds more cars, new locations for delivery and driver recruitment. At the beginning of the year, Alza is newly deploying cycle couriers and electric vans in Prague and building charging stations in the regions. a much-needed service on the e-shop is the launch of cooperation with the “Shopkeeper” project. CSR has several aspects; it is the emergence of charity platforms - the revolutionary Constellation of Help and Alza Pelíšek to support shelters.

As many as 80 non-profit organizations were supported in 2019. no less important information is that in the Czech Republic, Alza handed over EUR 133 million to the state in taxes, health, and social insurance. Alza's annual turnover is growing every year (see Fig. 21).

Figure 21 Alza's annual turnover excluding VAT in EUR million (2002-2020)

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Source: Alza (2021) www.alza.sk, own processing

Alza has named 2020 as the Year with covid, expansion of AlzaBoxes and expansion of partner sales.

The state-of-the-art PlayStation Experience Center was opened at the showroom in Prague, Czech Republic / Prague, March 2, 2020, as Alza.cz prepares for the arrival of the latest next-generation PlayStation 5 gaming consoles, and on this occasion opened a brand-new gaming experience zone together with SONY. No one could have predicted that this great gaming stand would be closed for a long period of time in a

few days. Since the operations had to remain closed due to the onset of the COVID-19 pandemic, Alza started a partnership with the global payment platform Adyen. All online and terminal payments are now managed by the Dutch company Adyen, for which the cooperation with Alza is an important step in entering the Czech and Slovak markets. The new provider brings the e-shop a significant reduction in administration, better oversight and reporting, greater flexibility in implementing changes and stability in the current crisis period. Customers can continue to choose from all popular payment methods, including ApplePay, and also take full advantage of secure payment with 3DS2. Alza decided to change payment gateway providers mainly due to the ever-increasing popularity of online payments among customers - they already accounted for more than 50% of all e-commerce transactions last year, and their share is growing even more significantly in the current pandemic. The goal was to find a new partner that would respond more flexibly and quickly to these developments, as well as to the company's growth and international expansion. Another reason was to unify the provider of terminals and online payments in all the countries where Alza operates. Adyen is one of the world's leading payment gateway and terminal providers and its system is used by companies such as Facebook, Uber, Spotify and many others. Alza will be the first Central European e-shop with which the company has established such an extensive and comprehensive cooperation. Adyen says Alza is a big player in the electronics market and is an inherently innovative and technologically advanced company, so Adyen can help unify customers' payment experiences and centralise their access to customer data and strategies, and work to remove complexity from their operational processes. Along with the implementation of the new provider, there were also legislative changes to incorporate, including the new European PSD2 directive. Therefore, all newly configured systems had to be prepared from the outset for the more stringent two-factor authentication required by the new 3D Secure 2.0 technology. Customers thus have a wide range of payment options with the highest level of security. Alza is also coming out with a revolutionary Share and Save group buying platform.

The COVID-19 pandemic is changing shopping behaviour and has resulted in a huge increase in sales on Alza.sk. As a result, Alza.cz. is helping all those who shop safely from home in the current situation, and for the first time in 25 years has stocked selected non-perishable food products as part of a temporary pilot project. In this way, it is trying to meet the demand of its customers who are interested in contactless

grocery delivery and the possibility to shop for their parents and grandparents remotely with home delivery. The company has now added items such as rice, pasta, flour, canned foods, cereals, pulses, soybeans, sterilized vegetables, or various bulk mixes. Included are only selected products that the technology market leader can store in the required conditions and transport to customers by standard routes without the need for refrigeration or other special treatment. In addition to the newly included non-perishable foods, the company has also included previously offered products such as coffee, health food, food on the go, baby food, food supplements (vitamins, minerals), sports or alternative foods. In total, the product range now includes more than 1,200 types of products. Purchases of this range can be combined with regular purchases on Alza and can also be picked up from the wide network of AlzaBoxes. As a result of the pandemic situation, picking up and returning goods is now completely contactless at Alza.

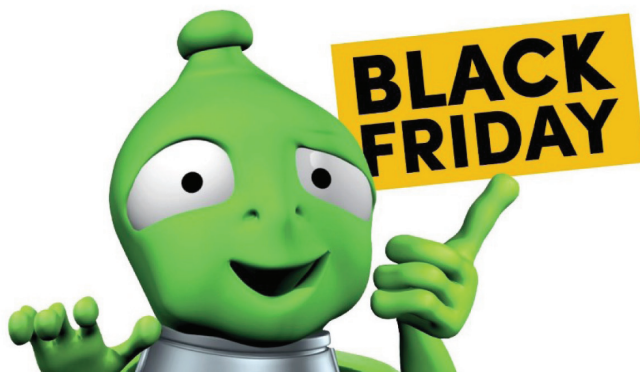
CSR during COVID-19.

Alza donated €40,000 to develop lung ventilators and drapes for non-profit organisations. With this and other activities, Alza is involved in the fight against coronavirus. At the same time, the company has distributed thousands of masks and respirators from its stock to non-profit organisations. It also supports various initiatives against COVID-19 through direct donations and by joining the charity platform Constellation of Help. In March, it rolled out 30 new CSR projects. Alza is not indifferent to the current situation and since the beginning of the crisis it has been trying to respond to the current needs of its customers and the whole society. That is why it decided to support the project of scientists and experts from the Technical University in Prague in the development of lung ventilators for Czech hospitals. The company contributed to the project through the crowdfunding platform Donio.cz.

Hundreds more respirators and masks went to the Coordination Centre of the Capital City of Prague, to which the company also donated several pallets of drugstore and pet food for the elderly and their pets. In cooperation with Charity, Alza is also helping to build a camp in Prague for homeless people at risk of infection - it donated 70 tents. Together with Alza, customers themselves can also help in the fight against COVID-19 through the charity platform Souhvězdí pomoci, on which the company has listed 30 new projects directly supporting the most vulnerable groups of people. Interested parties can thus contribute,

for example, to a crisis line for the elderly, a coordination centre for volunteers, single parents, aid workers or the care of seriously ill children. Since customers are shopping mostly online at this time of year, AlzaExpres in Slovakia is now also delivering oversized goods. Alza will also massively expand its network of AlzaBoxes, aiming to have over a thousand of them so that customers can choose their goods at the location that suits them best.

Fig. 22 The advertising of the biggest Black Friday of Alza in 2020



Source: Alza (2020) www.alza.sk

Alza offers schools and households help with online learning. Alza.sk is ready to help schools with digitalization and the transition to distance learning. Already during the spring corona crisis, Slovakia's largest e-shop saw a several-fold increase in demand for IT equipment for online education. In connection with the introduction of distance learning, the company therefore increased its stock of laptops and accessories in order to be able to respond flexibly to the needs of schools and households. In addition, it offers institutions special pricing, extended payment terms, 24/7 support or expert installation both remotely and on-site. Educational institutions can get more favourable purchasing conditions thanks to the Alza for Schools and the State programme, in which dozens of Slovak schools have joined this year alone. Alza has already significantly expanded its cooperation with them during the spring emergency related to the COVID19 pandemic, when schools urgently addressed the transition to distance learning.

Thanks to early pre-stocking, Alza still has enough goods in stock to provide fully functional online learning for both home and corporate customers and educational institutions. They can choose from a wide range of laptops, desktops, tablets, cameras, headphones, and software. In addition, the e-shop provides schools with extended payment terms of up to 60 days and can also remotely commission have delivered computers or laptops on-site. In addition, the company delivers goods that are in stock as early as the next day.

The biggest Black Friday in history.

Alza.sk kicked off the 2020 Christmas season by launching the biggest Black Friday sale in the brand's history (see Fig. 22). The market leader managed to include an offer of more than 10,000 items ranging from electronics to toys to segments such as auto-moto or hobby and garden. More than 1.3 million items worth more than €60 million were prepared. In addition to the traditional Christmas gifts, which include toys from the Lego or Mattel brands, the e-shop also prepared a wide range of IT and electronics. In Slovakia and the Czech Republic, a great deal of interest was expected in household aids such as vacuum cleaners, or a wide selection of coffee machines supplemented by coffee beans or capsules of various brands. The increasingly popular hobby and garden, sports and outdoor categories with complete equipment for winter sports and home fitness or auto-moto, drugstore and beauty, as well as the assortment for four-legged pets are also represented.

The company has been preparing since the summer to be able to deliver all pre-Christmas orders safely to customers. It therefore quickly expanded its network of contactless Alzaboxes (See Fig. 23). In total, it now operates more than 530 of them, including nearly 140 in Slovakia, over 350 in the Czech Republic and 30 in Hungary. During the pandemic, they proved to be one of the safest delivery methods. Completely contactless pickup takes only a few seconds, and the boxes are disinfected with each delivery. For those who prefer to pick up their goods in person at branches, the company recommends using the mobile app as the fastest and safest way. The customer lets the e-shop know via the app that they are about to pick up a shipment without having to use a terminal and enter the branch directly. Instead of a printed piece of paper, the app issues an electronic order number and informs the dispenser where the order can be picked up.

Year 2021

Alza took advantage of the empty offices to renovate them, even the company started selling antigen tests for COVID-19. In May 2021 Alza launched the jubilee AlzaBox with the

Fig. 23 Alzabox in the city Pezinok



Source: own photo 2021

number 1001. The company significantly increased their number in Slovakia in 2020 to the current 283 boxes, which can accommodate almost 30 thousand packages at a time. The e-shop thus operates the most robust network of dispensing boxes in Slovakia and the Czech Republic. The company currently has approximately 100 thousand dispensing boxes, of which almost 30 thousand are in Slovakia.

The very first AlzaBox e-shop was launched in 2014. Therefore, last year the company significantly expanded the number of technicians who install the boxes and established a new team, which is dedicated full-time to negotiating cooperation with partners and finding suitable locations for the installation of AlzaBoxes. Several partnerships with strategic food operators have already been concluded. Customers can now comfortably combine shopping with parcel pick-up at hundreds of locations. Another alternative for customers is to pick up goods from AlzaBoxes at selected petrol stations or at the premises of large employers such as Kia, PSA and others. At the same time, it has been

possible to start cooperation with more than a dozen municipalities, where the boxes will be placed during the summer of this year.

AlzaBoxes have been very successful since the beginning of the pandemic as a contactless, and therefore safest, option for picking up ordered goods. Interest in this type of delivery has doubled during the pandemic, with customers picking up one in three parcels this way. Most AlzaBoxes are available 24 hours a day, so customers are not restricted by opening hours and can collect their goods at any time. In addition, anyone can operate an AlzaBox and they don't even need a smartphone to do so. Just enter a numeric code on the touchscreen and then a box will open in which the order is stored, which does not have to be paid in advance, but can be paid on the spot with a credit card. So, nothing stands in the way of cash on delivery orders either. The dispatch boxes are protected by a multi-level security system ranging from round-the-clock CCTV surveillance to connection to security software to custom-designed locks. The company thus has continuous control over the goods being delivered and can react in real time to any attempted security incident.

Marketing communication of Alza.sk

Ipsos Slovakia (2019) as a research agency looked at the opinions of the Slovak online population on online shopping before the shopping event of the year called Black Friday (this name has become familiar in Slovak business terminology, originally, we knew it only from the USA). In addition to ranking the popularity of e-shops, the survey also provided an insight into trends in online shopping, in terms of delivery of goods, devices used or payment methods for such purchases.

Figure 24 The advertising before Christmas, Alzak, the alien, in 2020



Source: Alza (2020) www.alza.sk

The importance of online shopping for Black Friday is underlined by the findings of an international Ipsos study, which showed that online stores are becoming the dominant segment for shopping during this period. In the UK, for example, the number of visitors to online stores during Black Friday increased by 46 per cent in 2018 compared to the previous year. This growth has been continuous. And its marketing communications during this period that are crucial in the online space.

Alza has made this online communication very specific. The little green man, an alien figure with a squeaky voice, is familiar to probably every Slovak and Czech watching TV and the Internet. No wonder, Alza is one of the top ten largest advertisers in Slovakia and is also a leader in the field of internet sales in the Czech Republic and Slovakia. Alza's own executives confirm in several public forums how the alien Alzák is helping the brand (see Fig. 24). The brand does not shy away from offline advertising either, although online reclama highly predominates. Even a successful brand must adapt in the online space to remain a leader in its segment.

3.2 Marketing communication and communication mix in the international environment

The changes to marketing communications because of digital transformation are obvious. Likewise, changes in the communication mix cannot go unnoticed. Even in an international environment, content marketing is a very important way to engage consumers and attract future customers. Presenting the customer with a product, even a high quality one, and relying on them to simply buy it is not enough. A quality product is a necessary condition for success, but it is not sufficient. It is necessary to be able to communicate with customers, and especially those producers who sell services (often also knowledge), do not do so with expertise alone (Janouch, 2020). However, in general, if you do not know how to deal with customers and do not empathise with their problems, do not adapt your behaviour, your speech, are not able to persuade and attract them, then you cannot succeed in the competitive struggle. All these skills and knowledge are many times more important than education and expertise. In the new concept of marketing communication, we can engage customers in different ways. One of them is content marketing. This kind of modern, contemporary content

marketing can also be done in different forms. There are several forms, according to Baker (2021) the following will be the most important this year 2021:

1. Social Media Content Marketing

With over 3.6 billion global social media users, it's easy to understand why so many businesses invest in social media marketing. There are a number of platforms (e.g. Facebook, Instagram, Pinterest, LinkedIn, Snapchat) to work with and several ways you can create and share content on each of them (e.g. photos, live videos, pre-recorded videos, stories).

2. Infographic Content Marketing

Infographics display content, information, and data in an easy-to-understand, graphic format. With a mix of simple wording, short statements, and clear images, infographics are a great way to effectively communicate your content. They work well if you're trying to distill an educational and/ or complex topic down so all audience members can understand it.

3. Blog Content Marketing

Blogs are a powerful type of inbound content and allow for a lot of creativity in terms of their purpose and topic. With a blog, you can do things like promote other internal and external content and blog articles via links, add social share buttons, and incorporate product information.

4. Podcast Content Marketing

A 2020 survey found that 49% of 12-to-32-year-olds in the U.S. had listened to a podcast within the last month, with an average of six listening hours a week. For this reason, many businesses and media outlets have begun creating and sharing their own podcasts. Podcasts allow for a lot of creativity as they can be about any topic of choice. Additionally, you determine other factors related to the podcast such as cadence of episodes, who's on the podcast, where you advertise the podcast, and how long episodes are.

5. Video Content Marketing

According to Wyzowl research, 69% of consumers say they prefer to learn about a brand's product or service through video. Additionally, video marketing can boost conversions, improve ROI, and help you build relationships with audience members. You may choose to share your video content on social media platforms, landing pages, or on a co-marketer's website.

6. Paid Ad Content Marketing

Paid ads can help you reach a broad audience and allow you to position yourself in all of the places you want to be seen — paid ads are especially beneficial when paired with inbound marketing. There are many places you can share paid ads including on social media, landing pages, banners, and sponsored content.

Because the changes that are taking place in society because of digitalisation also affect all ways of business relationships, sales and marketing, marketing communications must also keep pace with changing of lifestyle, technical environment, and the media world. The development of new and innovative tools has been promoted by the evolution of technology (Happ, Horváth, 2018).

As the objectives of marketing communication can be different, we have already mentioned that in services it is very important to emphasize the quality of the message conveyed, information, persuasion and reminding the customer of the products still prevail in the objectives of communication. From this point of view, we can say that at the same time, links are being formed between the actors in the network in which value is being created and these values are also being consolidated. It is a close link between the value provider and the customer. This long-term producer-customer relationship is one of the most important things for businesses to focus on! Many businesses offer products that customers don't buy every day, maybe they buy them once and not more in a lifetime, but even with such a customer a positive relationship needs to be maintained. It is a proof of the credibility of the business, it increases the brand value, and the customer is the bearer of positive messages about the loop and its communication. Because this customer does not only influence his immediate surroundings, but can also influence many other potential customers, whether through social networks or word-of-mouth marketing. So, recognition of marketing tools can help companies at micro level and destinations at macro level as well and show how to take advantage from digitalisation to be competitive in the tourism market (Happ, Horváth, 2018). These aspects are mainly pursued in tourism marketing. It is precisely in the period during and after the crisis caused by the global pandemic COVID-19 that this close and influential interaction of tourism operators with customers is important in conveying information regarding destination safety, hygiene standards, etc.

Digital, mobile, and social media have become an indispensable part of everyday life for people all over the world. In 2020, a year much of the world was in lockdown, social media users grew at the fastest rate in three years to 4.20 billion. Mobile experienced phenomenal growth to become our first screen, and the COVID-19 pandemic drove consumers all over the world to embrace online shopping (We are Social, 2021).

Social media enable prospective investors to connect with financial service providers. Potential investors can follow the corporate communications of banks, and other financial service businesses and learn about their new products, services and/or CSR communications (Troise&Camilieri, 2021). In the area of marketing communication, the service providers' own website plays an extremely important role, as it is still the most used channel following online booking sites. Service providers also need to pay close attention to online reviews, although our survey shows that consumers are reluctant to write lengthy reviews, they are happy to score and most of them are looking at the review of others before making their travel decisions. Finally, we have also found that, although virtual reality is very popular, especially among young people, personal experiences cannot be replaced by the virtual world yet (Happ, Horváth, 2020).

As Timoracký (2021) says there is a very strong acceleration of the digital skills of the population. The so-called Zoom effect has caused people who have the option of working from home-to-home office to adapt to a digital, eco-friendly lifestyle to a much greater extent than those who did not have such an option. Up to 27 percent of the Slovak population has become more adept at digital technology under the influence of the COVID-19 pandemic, making them more accustomed to virtual services such as virtual happy hours in e-shops, online exercise, distance learning and online mental health counselling. It is safe to say that new opportunities for entrepreneurs arise from this, and methods of marketing communication are likely to move more into the online space. Does this mean that some services will also be retained in the online space? Due to health and safety concerns, it's possible that people won't return to gyms as much as they have in the past and therefore online trainers will have a bigger presence than gyms and training studios.

The lives of Slovak citizens are becoming increasingly digital, including in payments. People are increasingly using payment cards and mobile payments. Not only their number is growing, but also

the volume of transactions that are made contactless or via mobile phone. At the end of June 2020, there were approximately 5.3 million payment cards in Slovakia and more than 142 million transactions worth EUR 6.6 billion had been processed.

Case Study About you: your internet shop

„Europe’s most Personal Shopping
Destination“



The ABOUT YOU e-shop is currently one of the fastest growing businesses in the e-business and e-commerce sector in Europe and it can be said to be Hamburg’s first unicorn as of 2018. This means that the startup has evolved into a thriving business with a steady increase in the number of customers and employing more and more staff. The absolute ambition of the brand, which is a fashion as well as a technology corporation, has quality staffing and a young team of people, is to digitise the classic shopping experience that represents the pleasure of clothes shopping for both men and women. The brand strives to create a shopping stroll in a very creative way by creating an inspiring and personalized shopping experience on a smartphone. The brand, ABOUT YOU e-shop can be described as a shopping destination where people can discover fashion that truly matches their personality, from a range of over 2,000 well-known and lesser-known brands. Thanks to a consistent focus on sales personalisation, inspiration and mobile shopping, ABOUT YOU generated sales in excess of EUR 1.17 billion in the 2020/21 fiscal year and is currently one of the largest fashion e-shops in Germany. The company operates online in 23 markets currently, employing more than 1,000 employees who are members of more than 65 nationalities. Thanks to the cosmopolitan spirit of the brand, it can also be said that the German company is successful in various foreign markets.

The mission of ABOUT YOU is: “We have made it our mission to provide an inclusive and inspiring work environment for our team. Each, and every one of us contributes to the vibrant culture of our company and therefore to the identity of our brand. As a diverse collective with a variety of strengths and expertise, we share a common vision that constantly influences our corporate culture, our brand and the way we run our business. Our brand core is based on our corporate culture: It should feel great to show yourself in a fair way. We want to encourage

acceptance for others and ourselves and promote an inclusive, fair and circular fashion culture. Find out more about our vision and mindset in our culture booklet.”(www.corporate.aboutyou.com)

The international business dimension of ABOUT YOU is not only ensured by the international team, but also by the expansion of the warehouse network outside Germany and nowadays very topically by a branch in Slovakia. From the press release we extract: “ABOUT YOU, the European digital fashion destination for inspirational and personalised shopping, is expanding its warehouse network in Slovakia together with Ingram Micro. From the end of 2020, new warehouses are being built as extensions to the existing warehouse. The official laying of the foundation stone took place on 17 June 2021 and the actual opening is planned for autumn 2021. This new location was chosen primarily because of the good connections to markets in Central and Eastern Europe, and to ensure fast delivery of goods to customers as sales in these regions continue to grow. The project partner is Ingram Micro Commerce & Lifecycle Services, one of the leading providers of e-commerce fulfilment and third-party logistics solutions. The company was looking for a flexible and logistically well-connected location. This location that best suited the company’s conditions was found in Slovakia. This expansion of the warehouse network supports ABOUT YOU’s continued strong and planned future growth.”

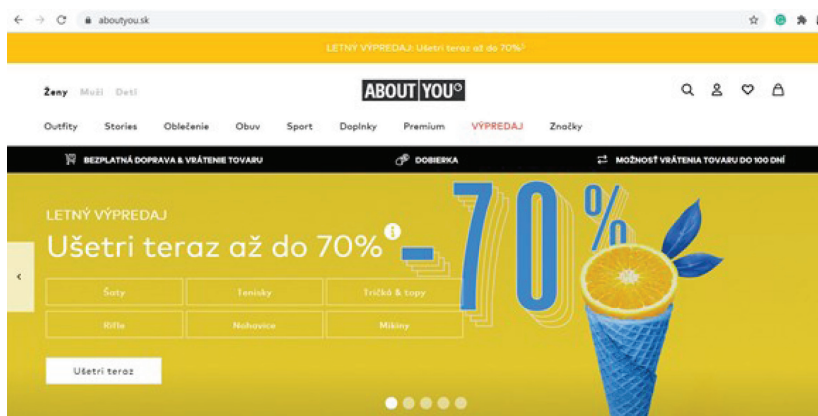
Fig. 25 Advertisement 2021, Heidi Klum and ABOUT YOU show 2021



Source: www.aboutyou.com

Fig. 25 shows a screenshot of the ABOUT YOU spring 2021 ad spot from the youtube video channel and German top model Heidi Klum, who is a suitable face for ABOUT YOU and for the 2021 show, we can see a fashion drape on the model's face. Even though Heidi Klum represents women in their 50s today, it is these faces that ensure an excellent following and purchases by middle-aged women as well, as ABOUT YOU is not just an e-shop for the young. On the contrary, the company's communication and commercial policy seeks to cover multiple age categories of end consumers.

Fig. 26 Communication ABOUT YOU website, summer discounts 8th July 2021



Source: ABOUT YOU (2021) www.aboutyou.sk

ABOUT YOU marketing communication via the website is personalised to the maximum extent possible. On Fig. 26 there are summer discounts from 8th July 2021. ABOUT YOU uses all modern marketing communication tools in the online space. The brand communicates with customers exclusively online, using low-cost forms of advertising that is personalised according to customer preferences.

3.3 Marketing communications of start-ups and innovative enterprises

In this publication, we have repeatedly stated the fact that the contemporary world is still affected by the health crisis caused by the coronavirus pandemic (COVID-19). We all have to cope with various restrictive measures (e.g. regional bans, restrictions on business activities, social distancing and coping with minimising the movement of people across borders). These measures undoubtedly limit the spread of the pandemic but, on the other hand, they have a negative impact on the business sector and do not contribute to the development of the business activities of many enterprises, not only in Slovakia but also worldwide. Although we foresee a gradual return to normal, it will still not be the situation as before the onset of the global pandemic COVID-19. Unfortunately, further waves of pandemics cannot be ruled out, and it is therefore necessary to consider what the government restrictions on business and trade may be in the future. But we have the possibilities of digital technologies that can assist and overcome the various constraints on business and trade and the complications that are brought about by such an unprecedented situation as the global pandemic COVID-19.

For start-ups, new businesses with innovative products and services, the digital world offers many new opportunities for marketing communication with consumers. In this area, the concept of experiential marketing is increasingly emerging (Přikrylová, 2019). In this case, manufacturers and brands themselves give consumers the opportunity to have a deeper experience with the product and the brand before the actual purchase. In the case of start-ups working with new products, this is a very good way to teach customers how to live with a new product or how to test their product directly in praxis at the same time. Many companies go beyond offering free samples and encouraging positive emotions, which is another area, emotional marketing. Experiential marketing focuses on customers and future customers and their involvement in the process, often with the help of brand ambassadors, who promote the brand better than salespeople, because they do so mainly through social networks and the consumer believes in the qualities and positives of the product much sooner if someone directly uses it, introduces the product, explains it, then if they only have the opportunity to see it on the counter in the store. Experiential marketing is also based on storytelling and subsequent sharing

among consumers. Here, consumer involvement is essential, and if the consumer identifies with the product, this is the ideal, desired state.

In the new global economy, innovative start-ups are seen as a key player in economic development. The reason for their importance is their contribution to job creation (which increases employment) and economic growth at regional, national, and industrial level. Their contribution can be seen in the creation of breakthrough innovations and future great businesses (Tripathi et al., 2019). Start-up models are significantly supported by EU funds and in Slovakia by the Slovak Business Agency. Many of these ideas have become successful products and profitable forms of entrepreneurship. Start-ups have gained an irreplaceable place in the contemporary national economy. Many success stories and case studies from outside Slovakia show that this type of entrepreneurship has the potential to increase the inflow of foreign investment, strengthen the innovation capacity of the economy, and at the same time can significantly enhance competitiveness and create new jobs in specialised sectors with high added value.

Based on the surveys conducted by the authors in the start-up and innovative business environments, we can conclude that the most important thing is to get the entrepreneurial environment and the regulatory framework is important, not only in the country but also at the European Union level in the field of innovation promotion and entrepreneurship education. All these aspects are basic prerequisites for the further development of this type of business, a segment of predominantly micro-enterprises. Also, in the framework of the INMARK project research, the authors decided to look for and specify the reasons that led start-up units to create their own mobile applications and use them in modern forms of marketing communication, which is so important in these challenging times.

A start-up is inherently a catalyst that transforms ideas into products. Customers interact with these products and a response is created that provides data. The response is simultaneously qualitative (what customers like and don't like) and quantitative (e.g., how many people use the product and perceive the product as valuable). The products that emerge in start-ups are actually experiments (Ries, 2015). These experiments result in findings on how to create a sustainable business. For startups this finding, this information is much more important than the amount of funding, awards, information about the startup in the press. It is this finding that can subsequently influence

and shape future idea sets. Therefore, communication of startup formations is not a simple matter at all.

Case Study: Content marketing of the brand NIKE

We can conclude that Nike has an excellent content marketing strategy. The content it shares constantly, especially through social networks, reaches a wide audience. Nike has created the brand “Just do it”, whose main idea is to encourage people to achieve their self-fulfilment, become important and confident by pursuing their dreams. Nike uses this campaign in different variations all the time, no matter what products the brand is promoting and showcasing, and also what social media platform it is using. In spring 2021, the power of content marketing was reinforced by a YouTube video. The video features an average middle-aged man who participates in various sports and physical activities. These types of videos, and especially in the wake of the global COVID-19 pandemic, reinforce brands’ images. People, at a time when they could not socialise, couldn’t go to work, are trying to find alternatives to exercise, to fill their leisure time in an appropriate way. Nike in such videos makes it clear to the consumer through simple means of expression that if you choose any sport, the brand is thinking of you and will supply you with suitable and quality sports shoes.



Nike was founded in January 1964 under the original name Blue Ribbon Shorts. The company’s headquarters are located near Beaverton, Oregon and they officially became known as Nike, Inc. in May 1971. Nike is the world’s leading supplier of athletic shoes and apparel and a major manufacturer of sports equipment. As of May 31, 2020, there were over 1,000 Nike retail stores located around the world. Much of Nike’s success can be attributed to the brands’ worldwide marketing campaign, which uses sponsorship agreements with celebrity athletes, professional sports teams, and college athletic programs. The revenue of Nike in 2020 was 37,4 bill. USD, what was a bit lower than in 2019 – 39,1 bill. USD. In 2020 Nike employed 75,400 employees globally, which was the same as the decline in sales slightly less than in 2019, when the company employed 76,400 employees. Understandably, both declines were a result of the pandemic situation around the world (www.statista.com).

Nike has great content marketing that reaches a wide audience. Their motto is “Just Do It.” encourages people to achieve greatness by making their dreams come true. Nike uses this campaign all the time, no

matter what products they are showing or what social media platform they are using.

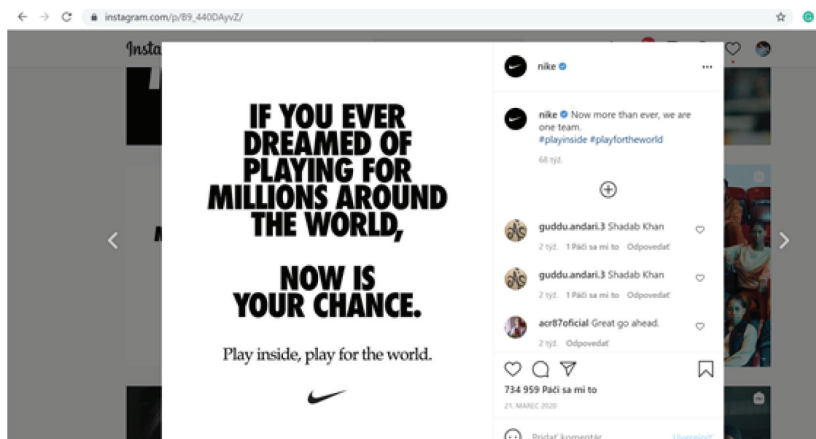
The main reason why Nike is such a successful brand in every market is because of its focus on the needs of athletes in every sport, as well as what those athletes are trying to achieve in their sporting lives. Thus, one of the factors of success is the brand's in-depth and detailed connection to the sport itself. What Nike is trying to differentiate itself from other brands is that it is now creating marketing primarily in the online space and leveraging the power and strength of influencers - people who have a social media following - to be successful and reach as wide an audience as possible. Nike's audience is diverse, made up of people of different professions, education, age, they are united by their relationship to sport, they are not only professionals but also ordinary people. A good example of the way the company has used in its marketing strategy is the classic sponsorship (paying) of players such as Michael Jordan, Tiger Woods, Neymar, LeBron James, Lance Armstrong and many others to promote the brand and its products. But one contract marked a breakthrough in sponsorship in the online space. According to Investopedia (2019) Nike Inc.'s (NKE) latest headline deal with soccer superstar Cristiano Ronaldo-a lifetime contract worth \$1 billion-is a prime example of these shifting marketing strategies, offering firms greater reach at a lower cost. So, says Business Insider (2019), a survey on new digital media trends highlights growth prospects for influencer marketing as part of a larger shift to social media marketing across industries. In general, influencer marketing helps companies reach millennials, produces "more authentic storytelling," better connects with consumers and offers a higher return on investment (ROI) than other channels.

Nike, as one of the biggest global sports brands, has never had a problem with lack of attention since its inception. However, the brand has realized that its traditional advertising strategy, with its costly budget, has seen diminishing returns over time. The largest consumer segment with Nike products is young people between the ages of 15 and 25, who spend 20% more on Nike products than any other sports brand. But, these Generation Y consumers, are not true followers of big top-down media and are therefore looking for a brand that offers constant change and innovation. Nike realised that to reach this audience in the digital era and to captivate Gen Y customers, it needed a new approach, an innovative approach and the use of digital media. The very realisation that marketing in the current digital age

is a conversation and not a brand monologue led Nike to reduce its TV and print advertising spend by 40% a decade ago but, on the other hand, subsequently increased its total marketing budget to \$2.4 billion in 2012. Nike decided to reach a new, digital audience, Generation Y and now Generation Z, through a combination of technological innovation, data collection and analysis, and social media engagement. Engineers and scientists who have worked under prestigious organizations such as MIT and Apple were engaged to tackle the development of new technologies and set a modern digital marketing strategy. This brings significant success to the brand. The brand reaches more than 300 million fans daily in an interactive dialogue on its social pages, so that it does not have to rely solely on large, sponsored events such as UEFA, etc. Huge volumes of freely shared user data generate meaningful brand insights, drive product innovation and allow the brand to get closer to customers. The US\$1 billion contract signed with Portuguese footballer Cristiano Ronaldo, which was signed as a lifetime contract for the footballer's social media presence from 2016, brings significant impact to the brand. Christiano Ronaldo reaches 148 million fans daily on Facebook, with 312 million followers on Instagram. His holiday post from 11/7/2021 has 1.1 million likes, 88,000 comments and 6,800 shares in 2 hours. His average status records between 1 and 2 million likes. His exposure for the Nike brand is eminently subliminal. Even in a promotional post for a hair growth shampoo, he is wearing a T-shirt with a distinctive Nike emblem.

The brand has several profiles on social media, most of them on Instagram, and they are focused on particular target groups. However, if we compare the reach of, for example, the profile of <https://www.instagram.com/nike/> with that of Christian Ronaldo, the reach is about half as much. A video spot from 11/07/2021 at the same time as the aforementioned holiday post of the footballer recorded 465,000 views in 2 hours, this is more than half the media reach of Ronaldo. However, Nike has partnered with several other athletes from different sports to make the reach to target audiences as strong as possible. Even during the first wave of the global COVID-19 pandemic, Nike's focus in the first half of 2020 (see Fig. 27), like other sports brands, was on adhering to measures to prevent the spread of the corona virus and for people to manage social isolation and distancing. Nike is a champion of the "emotional"

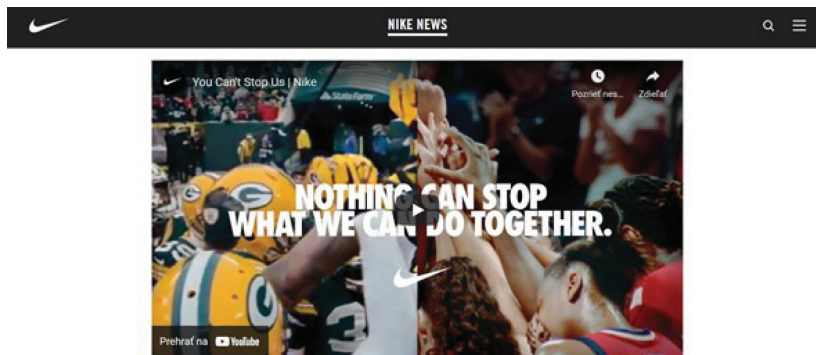
Figure 27 Campaign Play inside, play for the world



Source: https://www.instagram.com/p/B9_440DAyvZ/

brand right here, typically using themes of determination, inspiration, and performance to connect with its customers. This is often portrayed in the context of professional sports, but more often it is from the perspective of any person living an active lifestyle. At a time when everyone's day-to-day activity has been explicitly disrupted and restricted - including global athletes as well as local runners, Nike has created a campaign that aims to unite all of us humans in our 'new normal'. The "Play inside, play for the world" campaign reinforces the message that we each need to do something for the world and play "inside." One of the several advertising campaigns, entitled "You Can't Stop Us" and "You cannot stop sport", features images and video footage of people working from their homes. In addition to several familiar faces, including basketball star LeBron James, the ad also features lesser-known and unknown fitness fans to reinforce the feeling that we are all in this difficult time together. The campaign has seen a very positive response, millions of interactions, and reinforced Nike's intention that it can still inspire consumers even in the midst of such unusual and difficult circumstances the world finds itself in.

Fig. 28 3rd movie of Nike “You Can’t Stop Us”



Source: www.news.nike.com

Fig. 28 shows “You Can’t Stop Us”, the third film in Nike’s campaign of the same name, debuts to coincide with the NBA’s return. Narrated by Megan Rapinoe, the spot celebrates sport as a source of inspiration. Its action shares a dynamic split screen series detailing 36 pairings of athletes and relating the kinetic movement of one sport to another. Developed through research of more than 4,000 pieces of footage, the resulting montage underscores commonalities shared by athletes around the world (www.news.nike.com).

Nike sought to create a take message that would carry a message in line with the situation that has arisen as a result of the pandemic. The various spots and videos of the “Play Inside” campaign resonated in the ears and caught the eyes of Nike customers just by offering Nike solutions on how it can help overcome the situation, social distance, etc. And it was here that the brand offered the “Living Room Cup,” which featured a series of digital online workouts where well-known athletes urged users to participate in these workouts at home, thereby protecting themselves, strengthening their health and equally, not endangering others.

Cristiano Ronaldo was the first professional athlete connected to the Nike brand to present the challenge, inviting customers and his followers to try the “core crusher” abdominal muscle workouts on themselves too, tagging themselves afterwards with the hashtags #playinside and #thelivingroomcup and sharing their shifts on Instagram. The series not only helped reinforce that core message of

staying at home, but it also motivated and inspired users through sport, as well as giving them a chance to be closer to the world's professional athletes and compete with them, at least in the online space, and at a time when people had to stay at home, which they weren't used to, and thus completely changing their daily routines. We could use many examples of great Nike content marketing, but we have selected the most successful ones that correspond to a global situation that is unprecedented in the new century.

3.4 Corporate Social Responsibility and its position in online marketing

Corporate Social Responsibility (CSR) is not an entirely new philosophy. Many authors have been dealing with CSR for several decades. The orientation of enterprises towards improving the perception of the image of the enterprise by customers and consumers who are potential customers can be carried out on several levels. Whether it is a focus on social problems or environmental issues. Prosperous, profitable enterprises thus seek not only to spend their profits on moving forward and distributing them to their shareholders, but also to improve the situation in society. And as many businesses and even marketing and communication activities of companies are moving online, the form of CSR needs to change and adapt to the online and digital environment.

Current business is looking for new ways to attract and maintain customers. CSR is one of the ways in which companies declare their interest in public affairs, the environment, the social aspects of society, and the problem of human resources and the well-being of their employees (Chovanová, Krchová, 2019)

CSR can be a great tool for employer branding. Conscious shaping the image of an attractive employer leads to a competitive advantage. This phenomenon allows ensuring the quality of the employee work and their greater satisfaction. When employees feel satisfied at work they promote the brand to the environment (Turoň, 2016). Modern, complex societies require a well-reflected application of ethical concepts. CSR is a method of effective strategic business management. For project management, this means the systematic combination of the interest in the project with the interest in public well-being. Integrating project players of different cultural backgrounds and finding, defining, and implementing joint standards for socially

responsible actions is difficult. This requires high social competency of the project management, which has to have the qualification and competence required for developing and promoting CSR. For companies, the introduction of CSR into corporate projects using existing standards is highly beneficial, as it both improves cooperation between project participants within the company itself for more efficient project processing and can also be the basis for trusted cooperation in supplier-customer relationships. For several years now, enterprises have been integrating CSR, mostly at international level, into the expression and application of their business values and integrating it into their marketing-management processes as a matter of course. CSR can then be seen not only as a benefit for the local community and the region, but it also represents a new dimension in relation to employees and stakeholders and often plays an indispensable role in regional development.

It is externally manifested in the creation of higher quality social relations with individuals, social groups, local governments which can contribute to the accumulation of social capital of local communities' strategies (Szwajca, 2013). The growing interest in CSR projects among companies is also evident, among other things, from a large number of organizations participating in research that assessed their performance within CSR (Chabowski, 2011). Also, the BCG study conducted by employees of globally operating companies found that up to 70% of participating companies have consistently implemented CSR in corporate governance (Rees et al., 2012). As Caputa (2015) mentioned, the foundation of the relationship, in which the customer becomes an active participant of exchange, is customer's emotional engagement, which finds its reflection in, among others, launching a one-way or two-way information transfer; what could be the way to effective projects CSR. Companies adopt specific strategies and use marketing channels to communicate with different types of stakeholders. The stakeholders speak their own language, they may prefer particular channels, over others. In the digital scenario, companies can use various digital media to reach out to specific target audiences (Troise and Camillieri, 2021). Companies should realize that in the long run, responding to all the conversations on social media will become an impossible task. A mindset shift is required from traditional one-to-one CRM to social many-to-many CRM. Instead of engaging in the conversations themselves, companies should involve loyal advocates to be volunteers (Kotler, 2017).

Case Study CSR Airbnb and accommodation in crisis situations



For more than 8 years, Airbnb has been helping people in times of crisis through the Crisis Accommodation Initiative. Airbnb.org is a Section 501(c)(3) non-profit organization with own mission and board of directors.

Mission: *“Our mission is to unlock the potential of shared accommodation, resources and support in times of need.”*

This idea was conceived in October 2012. The idea came from the host, when New York was hit by Hurricane Sandy, one of the worst hurricanes in history. Shell, an Airbnb host in Brooklyn, contacted Airbnb to see if she could offer her housing for free to people who were evacuated. The Airbnb team worked long hours to make this option available to evacuees. Soon after, more than 1,000 other hosts opened their housing to people in need.

In July 2013 Airbnb Founder and Chief Technology Officer Nathan Blecharczyk joined San Francisco Mayor Ed Lee, Supervisor David Chiu and members of the BayShare sharing economy coalition to launch a new tool that will enable the Airbnb community to quickly deliver housing assistance to displaced residents following a disaster. Inspired by the Airbnb community’s work to donate housing to victims of Superstorm Sandy, the tool will help provide free emergency housing to families in need in cities in every part of the world.

“After Superstorm Sandy, members of the Airbnb community wanted to help displaced families in their city find shelter. Our system wasn’t set up to support free emergency housing, so we worked to make the necessary changes to help our community support people in need,” said Blecharczyk. “This work and the amazing outpouring of generosity from our community inspired us to build this tool. In a crisis, finding housing can be one of the toughest challenges. With 300,000 properties across the globe listed on Airbnb, we now have the infrastructure in place to help at a moment’s notice.

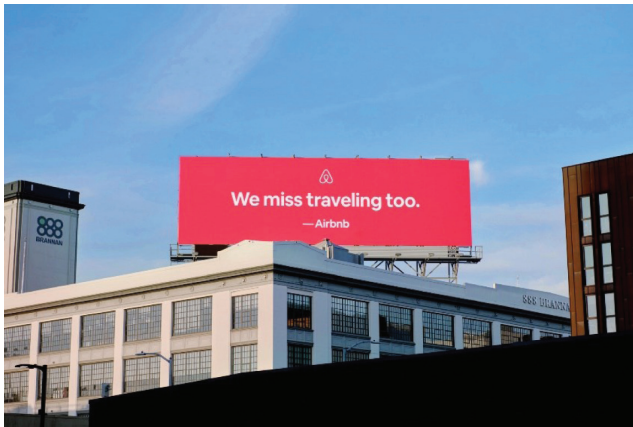
Prior to Superstorm Sandy, the Airbnb website was not capable of listing properties for free or waiving standard fees. Making emergency housing available at no cost to Sandy victims required the Airbnb team to fundamentally redesign its booking and payment systems to accept no-cost, fee-free listing for a defined period of time in a defined geographic region.

To standardize this tool and ensure it could be quickly deployed anywhere in the world, the Airbnb team developed new processes to quickly identify, and isolate regions affected by a natural disaster and allow no-cost, fee-free listings in those regions. Airbnb also consulted with the San Francisco's Department of Emergency Management and IDEO and created a global tool that can be activated in 30 minutes or less and will:

- Allow local residents with extra space to host those in need.
- Allow existing hosts to donate their rooms for free to those in need.
- Make all Airbnb bookings in areas affected by a natural disaster fee-free.

Email hosts in the affected area, asking them if they are able to help.

Figure 29 Mega board Advertising 2021



Source: www.airbnb.com

Airbnb works with non-profit organisations to better understand how we can help. We have partnered with FEMA (Federal Emergency Management Agency) to provide assistance in distributing emergency resources to hosts and guests. In Greece and the Balkans, Airbnb is beginning to work with Mercy Corps and the International Rescue Committee (IRC) to provide accommodation to frontline responders in the Syrian refugee crisis. Airbnb is also beginning to offer housing

grants to more than 15 organizations in need of housing for their clients or employees, including Service Year Alliance, Make-a-Wish, and Summer Search.

In January 2017, Airbnb commits to the International Rescue Committee (IRC). In response to a US government order halting all refugee admissions and temporarily banning people from seven Muslim-majority countries, Airbnb commits to accommodating those affected by the ban. In response, Airbnb also commits to contribute USD 4 million over 4 years to the International Rescue Committee (IRC) to support the housing needs of those who have been displaced.

In June 2017 Airbnb officially launches Crisis Accommodation

On World Refugee Day, Airbnb announces that it will be doubling down on its housing efforts through its Crisis Accommodation program. The program has made it possible for host communities to offer their housing free of charge to people affected by disasters or fleeing conflict. In August of that year, the Airbnb community has helped more than 20,000 people so far. Crisis accommodation community responds to 4 disasters simultaneously. Hurricane Harvey becomes the host community's largest activation. Hosts assist over 2,000 people evacuated in 3 states in just one month. At the same time, hosts open their homes to people affected by Hurricane Irma, Hurricane Maria, and the earthquake in Mexico.

In March 2020, the host community responds to the COVID-19 pandemic. Airbnb is a way for hosts to provide accommodation for health workers and rescue workers on the frontline of the pandemic. Then, in April, Airbnb expands its donation platform to allow anyone to donate to non-profit organizations that help frontline workers find housing. December marks a turning point in CSR activities as Airbnb introduces Airbnb.org and celebrates all the meaningful work done to date by hosts and partners through the Crisis Housing Program. As an independent non-profit organization, Airbnb.org will focus on helping people share housing and resources with each other in times of crisis.

3.5 Design of the INMARK concept in the era of digitalization

The research aims to uncover the managerial tools used in development management in innovative and start-up forms of entrepreneurship and propose the concept of INMARK in business entities operating in the international business environment.

The sub-objectives of the research of the author's team are as follows:

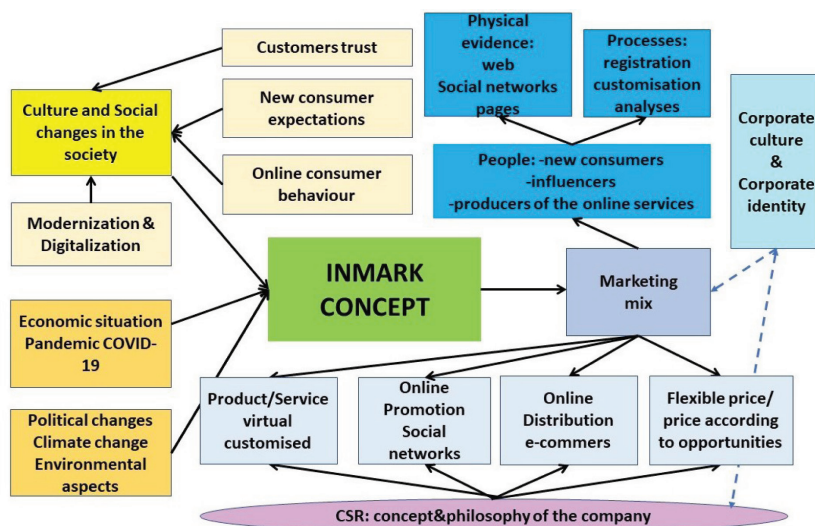
- to identify the key management tools used in the management of innovative and start-up enterprises,
- to identify the determinants that positively support the innovative activity of enterprises and the determinants that are barriers to the innovative activity of enterprises,
- to identify the state of development of Slovak start-ups and possibilities for their more effective development,
- propose the INMARK concept for enterprises operating in the international business environment.

It can be concluded that the objectives set by the research team have been fulfilled and the sub-objectives have been fulfilled by publishing scientific articles, and, also by presenting partial results at international scientific conferences. In the following chapter, we will introduce the INMARK concept as a proposed model of marketing activities for innovative and start-up-oriented companies and those operating in an international environment.

Although the foundations laid for the 4 P's marketing mix are more than 50 years old, every basic marketing plan is based on a concept whose foundations were laid by Philipp Kotler. Also, in the development of the INMARK concept, we took into account the external and internal environment and the main influences that are causing changes due to digitalisation today. All factors of the external environment and the environment close to the company influence the creation and setting of the INMARK concept. We try to illustrate these links in the diagram of the INMARK concept (see Figure 30). The current economic situation under the influence of the global pandemic COVID-19 has an immediate impact on the behaviour of companies and the choice of marketing activities. Innovative marketing tools are combined with traditional ones. Political changes, climate change and various environmental influences are factors that affect not only the decision to enter a foreign market, but also the form of entry.

Modernisation of practices and digital transformation are causing not only social but also cultural changes. These aspects are then influenced by how the new consumer behaves in the digital era, this new consumer has new expectations and their trust in products and services is also changing, which is influenced not only by a company's marketing communication, but also by public opinion and the rapid spread of information on the Internet (Chovanová Supeková, 2021).

Fig. 30 Diagram of the proposed INMARK concept



Source: Chovanová Supeková (2021)

The marketing mix in the INMARK concept is expanding to include the effects of digitalisation, changing the product and service, the possibilities of buying products in the online space, the method of delivery, increasing the individualisation of products and services, the consumer becomes part of the marketing process. Thanks to ongoing research, we will expand and add new insights to the INMARK concept.

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CONCLUSION

Entrepreneurial activity is a basic pillar of the functioning economies. It involves a significant and creative activity of the business entities aimed at satisfying the needs of the customer segment. Economic activity of the companies is not only about offering products and services for their target customers, they also have impact on employment, creating added value, as well as contribute to local and national economic growth. The results achieved by business entities help to develop not only the local but also a higher level of the socio-economic sphere of the society. SMEs have a special importance in the business sector, which requires the attention of experts and scientists in the field of researching their activities. The importance of these types of businesses is due to their high level of adaptability, prompt response to circumstances, creativity and innovative ability, which results in satisfying the needs even of customers having a demand for niche products and services. SMEs also encounter several types of problems, but thanks to the characteristics that these enterprises have, they have an ability to handle these problems quickly by using an appropriate approach to find solutions.

The sector of SMEs is addressed by national representatives, but also by the European Union. The European Union provides a verbal and formal support for these companies. Beside this support, their existence and development is also supported by the EU legislation. The SME sector involves a large group of innovative businesses, start-up initiatives, which represent a dynamic sector of the business environment. Thanks to the characteristic features of these enterprises, they have an ability to face fierce competition, which does not always result in benefit of the business. The 21st century is characterized by increased digitalization, flow of knowledge and massive pressure of the external environment, which requires commitment from the company management. These tendencies are important in terms of the market economy. Thanks to these tendencies there is a suitable environment for creativity, development of new products and services, immediate market access (access to customers, partners, competitors). Innovations are born, which initiate businesses for constant development of their activities, as well as maintain them competitive.

Entrepreneurial activity concerns many areas, activities and differentiated types of businesses in the entrepreneurial environment. Due to continuous development of processes and technologies, the business activity is accelerating. The progress, development and viability of business activities is determined by the quality of the business environment, which is influenced by several number of factors, both with positive and negative impact. Innovation and its implementation into business practice, the emergence of start-ups is significantly influenced by the quality and development level of the business environment in which the company is operating.

Based on the previous brief reflection, it is clear that in a dynamically changing environment in which the companies do business today, it is simply impossible to develop and remain competitive without innovation. The most innovative forms of business are start-ups. The team of the authors of the presented monograph is providing not only a theoretical-philosophical and methodological reflection in the field of innovative SMEs and start-ups, but also addressed the practical issues of these businesses. The results of primary research based on a long-lasting research on the selected sample are presented in individual chapters. Monitoring and the in-depth research demonstrate the importance of the innovative start-ups. The initiative, flexibility and adaptability of these businesses help them to develop and apply new ideas in order to improve everyday life.

The central aim of the scientific monograph is to present the scientific findings to general public, researchers, professional, which can serve not only the introduction of new knowledge and findings, but can also contribute to further development of the entrepreneurial sector; especially the implementation of innovations developed by start-ups. Presentation of the research results in the monograph is provided in 3 main chapters. The authors approach the presentation of the achieved results in a logical manner. Fulfilment of the set goals was monitored, which correspond with the sub-goals of the research project, the important output of which is this monothematic work.

During the research and processing data, the team of authors was trying to find solutions for the following areas of problems corresponding to the set goals: approaching the nature and form of SMEs, application of management tools in innovative SMEs and start-ups, revealing determinants that have positive or negative impact on innovation activity of businesses in the presented category, revealing barriers that might hamper the innovative initiatives of start-ups,

determinants of effective development of businesses, and elaboration of concept INMARK to be applied in case of businesses operating in international business environment.

We also have interest to demonstrate the obtained result of our research, which resulted in summarizing some important facts:

- The first part of the scientific monograph focuses on the theoretical approach to the discussed issue. The theoretical approach to the researched field is essential as a starting point for further research and determines the theoretical and methodological aspects of further research.
- The introductory part presents and scientifically explains the importance of entrepreneurship and the aspects of it. We continue with a closer description of the business environment, where the business activities are realized. The attention is focused on defining the nature of the business environment as a shaping element for functioning business activities. Since the target of our research in the empirical part of the monograph are the small and medium-sized enterprises, we find it important to introduce them as well as emphasize their importance in the economy.
- The last two parts of the first chapter introduce the transition to empirical research and focus on clarifying the current trends in the SME sector. Subsequently, we focus on managerial approaches regarding the management of small and medium-sized enterprises, emphasizing the current tools, techniques and management practices.
- From the point of view of evaluating the success of the digital transformation of Slovakia, it can be stated based on currently available evaluations (DESI, 2020, IMD 2020, ITU2021) that Slovakia still faces several challenges. It will be necessary to meet these challenges in the future for the effective development of Slovakia.
- Based on the developed econometric model, it can be considered decisive for improving the innovative performance of companies' two key factors. This can be achieved primarily through targeted support for the digitization of Slovakia and the support of Innovators as a key factor.
- Slovak eCommerce is developing very fast and it is assumed that a more massive development in the near future is expected. In 2025, as expected, up to 74% of the total population of Slovakia people will be used eCommerce.

- The third chapter focuses on an overview of the most important aspects that have influenced international marketing in the current world as a result of the digitalization of society. It can be said that digital technologies have influenced people's lives in all areas and the interventions that have been brought into marketing as a result of digitalization are undeniable. Digitalization allows businesses to acquire or at least rent new technologies, set up processes, and acquire and manage human resources in an easier way, which together in one unit can ensure the progress and advancement of the company, which is a prerequisite for success in business.
- The world has been battling the global pandemic of COVID-19 for over 18 months now, we are witnessing both the positive and negative consequences of digital transformation and its impact on marketing and marketing decisions. E-commerce sales are on the rise, with e-commerce recording its highest numbers since its inception. Maximum communication with the consumer is shifting to the online space using digital tools. Mobile connectivity is available on all continents, consumers are increasingly shopping online via mobile phones. Thus, as a result of these changes, it is not enough to just move marketing communication to the online space, it is important for businesses to manage this communication through mobile phones using SMART technologies and applications. The development of custom mobile applications represents an important decision in Slovak innovative and start-up companies.
- A very important part of the third chapter is case studies of successful enterprises that have experienced their success because of digital transformation and have been able to adapt to the new environment or digitalization was a significant opportunity for their emergence. The INMARK concept is the output of the research of marketing management of Slovak enterprises taking into account their innovativeness in business and with a strong focus on marketing and marketing communication.

The scientific monograph you are holding in your hands provides an evaluation and summary of the current knowledge and findings about the SME sector, with a special focus on innovative start-ups. We are convinced that by processing the addressed issue, we responded promptly to the current to the requirements of the science and research of the studied field, as well as the business practice as innovative processes affect the entire society and all sectors of

the economy. Our main goal was to devote adequate attention to SMEs and start-ups as a specific forms of business units. The scientific essence of the publication is underlined by an extensive research, which was realized by the team of authors during the implementation of the project VEGA 1/0813/19 - „Managing the development of innovative and start-up forms of businesses in international environment and verification of INMARK concept“ (2019-2021). The output of this research is the presented in form of this scientific monograph. The team of the authors believe that they have succeeded in introduction of not only new theoretical and methodological but also empirical processing of the issue, which will help the businesses in their further development and activity.