

**ENTREPRENEURSHIP IN SME SEGMENT: CASE STUDY
FROM THE CZECH REPUBLIC AND SLOVAKIA****Jaroslav Belás^{1*}, Yuriy Bilan², Valér Demjan³ and Juraj Sipko⁴**¹⁾ *Tomas Bata University in Zlin, Zlin, Czech Republic*²⁾ *University of Szczecin, Szczecin, Poland*³⁾ *The Banking Institute of Prague, Banska Bystrica, Slovak Republic*⁴⁾ *Pan-European University Bratislava, Bratislava, Slovak Republic***Please cite this article as:**

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Abstract

Definition and comparison of the current business environment of the Czech and Slovakian SMEs in the selected regions are the main objectives of the article. In accordance with this objective motivational factors, status in the society, relationship to the state, level of the corruption, approach to loan financing, and business optimism in the business environment have been examined. In details, there have been quantified the differences between the trading companies and the others, between the companies over 10 years old and the others, and between the micro-enterprises and the others. There were compared the opinions of entrepreneurs who stated that their main motivation to start a business was money to the opinions of other entrepreneurs. Our research has produced interesting findings. It was found out that money is an important motive for starting a business, although there are some regional differences in this area. Entrepreneurs negatively perceive the relationship between surroundings and their activities, the relationship of the state to the business and corruption that they encounter while performing their business activities. The businessmen rather criticized the banks' approach of banks to fund their needs and at the same time they expressed a great deal of business optimism.

Keywords: Entrepreneurship, Small and medium-sized enterprises, business environment, the motivation to start business, corruption in business, financial gap, business optimism

JEL Classification: L26, O16, G32, G21

* Coresponding author, **Jaroslav Belás**-belas111@gmail.com

Introduction

Entrepreneurship in segment of small and medium-sized enterprises (SMEs) represents the actual and interesting area of theoretical research and practical applications in the states of the European Union, because these companies play an important role in the economic system. In this regard, Cumming, Johan and Zhang (2014), Gawel (2010) indicate that entrepreneurship has a significantly positive impact on GDP/capita, exports/GDP, and patents per population, and a positive impact on the level of employment too.

Small and medium-sized enterprises ensure competition and thereby act against monopolistic tendencies. The more businesses are moving in a particular market, it is then even more competition appears. SMEs must fight for customer, must seek its own best possible location in the market. It secures a choice in consumption for its customers, and competition fight thus means influence and taking effect on price optimization. The flexibility of small and medium-sized enterprises leads to acceleration of the innovation cycle (Zumbusch, Scherer, 2013).

European Commission (2011) stated that “the source of lifeblood” of the European economy lies in the 23 million of European small and medium-sized companies.

Impact of SMEs on the Czech and Slovakian economic systems is significant too. Almost 100% of active enterprises in Czech Republic are represented by SMEs according to the data of 2012FY. In aggregate they generated 53.81% of added value and employed 59.43% of Czech human resources in the same period in compliance with the data of the Ministry of Industry and Trade of the Czech Republic (2013). At the same time, we have almost the same situation in Slovakia with 99.2% of active enterprises, 59.5% of employment and 55.6 % of added value according to the data of National Agency for Development of Small and Medium Enterprises (2013).

Clear and stable business climate is one of the key prerequisites on the way to establishment and development of sustainable businesses. In its turn, development of sustainable business shall be encouraged by society leading to higher GDP and employment rates (Korpysa, 2010).

In the present research we have studied current business environment of the Czech and Slovakian SMEs in the selected regions. Our research was dealing with socio-economic parameters of the business environment such as motivational factors, status in society, level of corruption, approach to debt finance, and business optimism. In the article there are examined regional variations, differences within defined groups of SMEs and disparities within defined social entrepreneurs groups.

1. Review of the scientific literature

The business environment in SME segment is determined by personal characteristics and motives of individual entrepreneurs. Creativity, risk taking and independence increase the probability of becoming an entrepreneur, and decrease the probability of becoming an employee. (Knórr, Alvarez, and Urbano, 2013, Kunasz, 2009).

The entrepreneurial orientation is important for SMEs (Eggers, Kraus, Hughes, Laraway and Snycerski, 2013). Soininen, Martikainen, Puumalainen and Kyläheiko (2012) consider as the basic characteristics of entrepreneurial orientation the following features:

innovativeness, risk-taking and proactivity. Keh, Nguyen and Ng (2007) indicated that entrepreneurial orientation plays an important role in enhancing company performance.

In this context Anderson and Eshima (2013) examined the influence of the enterprise age and intangible resources on the relationship between the entrepreneurial orientation and the firm growth. Hamilton (2012) argues that initial employment size, rather than age, was found to have some bearing on the nature of the growth path. Smaller companies grew more often and with more continuity than larger firms. In larger companies, the growth occurred in relatively large isolated steps with little continuity.

Almeida, Ahmetoglu, and Chamorro-Premuzic (2014) show that META model (Awareness, Vision, Creativity, and Opportunism) is the strongest and the most consistent predictor of an entrepreneurial activity. Entrepreneurial individuals are characterized primarily as enterprising and creative, and to some degree as social and investigative. Hvide and Panos (2014), state that the individuals who are more risk tolerant are more likely to start up firms.

According to the survey of PwC (2010), the major motivations among Czech entrepreneurs to run one's own business is the wish to be free in decisions and a passion for the field of business. Only after these attributes were financial motivation, success and prestige mentioned. A survey by GE Money Bank (2010) listed these as the most important motivations: desire for money, flexible working hours, a certain lifestyle and the necessity of independence.

According to Kvietok (2013), a decision to take on the business risk is symptomatic for people of a certain kind. A significant part of the motivation to take risks in business activities results from the motive of success. To achieve the goals that have once been set, successful people are willing to take on reasonable risks associated with feedback about the level of achieved results. The entrepreneurs are kind of "internally" managed, which means that they feel that their personal destiny is the result of their own efforts. They are independent, autonomous and rely on themselves, what are the characteristics of entrepreneurial personalities. Psychological research of the businessmen has shown that another feature of entrepreneurs is the ability to make decisions under conditions of uncertainty. The entrepreneurs are stimulated by the success itself more than just by money.

Ilouga, Mouloungni and Sahut (2014) state that the commitment to the profession of entrepreneur is considered to be as long, complicated, loaded with obstacles, difficult to achieve, and requires the volitional skills that will enable the person to protect his or her goal from distracters, to persevere, and to optimize the plausibility of achieving it. The entrepreneurs must demonstrate some resistance against the uncertainty about the future through their self-motivation, self-determination, and initiative so as to overcome their fears and worries.

Business activities are significantly determined by the environment of the company, which forces firm to use a particular method of behavior, as well as to use the choice of particular business goals and ways of achieving them. In this context, a very important role is played by social environment and political and legal environment that is created by the state authorities. It is assumable that a positive perception of these companies by their environment could stimulate their financial performance and accelerate the positive influences of these companies on the whole society.

Various surveys show the perception of entrepreneurship by society is still relatively negative in Slovakia and the Czech Republic. For instance, according to the survey of the National Agency for Development of Small and Medium Enterprises (National Agency for Development of Small and Medium Enterprises, 2010), 69.9% of respondents think entrepreneurs in Slovakia just try to achieve quickly as high profits as possible, 78.2% believe entrepreneurs are getting rich by taking advantage of ordinary people and are abusing their employees. GfK Czech (2013) argues that 45% of the Czech inhabitants perceive entrepreneurs in a negative way.

State and private entrepreneurs normally have different views on the ways of development of the economic system and these differences are the main factors resulting in their complicated relationships.

Private entrepreneurs have generally negative experience in relation to the actions of the state. One of the most disturbing trends is the numerous talks on decreasing of administrative burdens according to the survey of Podnikatel.cz conducted in 2013. In real life business people spend even more time for filling in of various documents; this fact was confirmed by over 50% of respondent in Czech Republic.

Additionally, the World Bank in 2014 revealed that rating of Czech Republic in easiness of doing business is worsening and now it is on the 75th position (-7 positions) following Romania and the Republic of Vanuatu. Slovakia is on the 49th position. It should be noted that rating of Czech Republic is reasoned. It will take 19.5 days and you will have to undertake 9 procedures in order to start making business in Czech Republic, herewith in OECD countries it will take 11 days and 5 procedures (Hájek and Režný, 2014).

The business environment in Slovakia was negatively perceived by 56% of companies in 2013. (Slovak Commercial and Industrial Chamber, 2014)

Corruption represents a serious problem in both countries (Hájek and Režný, 2014). According to a survey by the Association of Small and Medium Entrepreneurs and the Self-Employed of the Czech Republic, 59.3% of entrepreneurs think it is not possible to obtain a public contract in the Czech Republic without giving special provisions or bribes. The average provision was 15.7% of the amount of the contract (Association of Small and Medium-Sized Enterprises and Crafts, 2010). Moreover, a survey by Ernst & Young indicated that 69% of Czechs consider corruption in running one's business to be a widespread phenomenon (Lazarevič, 2014). According to Transparency International, the Czech Republic in perception of corruption has occupied 54th place in 2012 (Slovakia was in the 62nd position). These results point out that corruption both in perception and practice is strong in both countries (Hájek, Režný, 2014).

In particular, one of the most complicated issues for SMEs is the issue connected with financing and fundraising. SMEs normally have limited fundraising options and have almost no access to external sources of financing. And such situation was not better even before financial crisis, thus SMEs have limited funds for growth and innovation. Considering the fact that availability of such funds is a vital element for their development according to the report of Di Giuli, Caselli, and Gatti (2011), state has to make every effort in order to change mentioned situation, maybe through increasing of the banks role in financing firms, especially SMEs (Moro, Fink, 2013).

At the same time, Dierkes, Erner, Langer, and Norden (2013) state that small and medium sized companies are riskier in terms of providing credit and bank loans and it is the normal course of business. This idea from the other side is confirmed by Canales and Nanda (2012), Neuberger and R athke (2009), Kirschenmann and Norden (2012), stating that SMEs, especially newly created one, have low cash flows, resulting in cash shortages, and their also bear the risk of significant asymmetric information.

It should be noted that banks' practices in relation to financing of the corporate sector, especially SMEs, were significantly tightened due to global financial crisis. It is confirmed by current signals from banks in the Czech Republic and Slovakia (Ger sl and Jakub ik, 2011). In this context, Cowling, Liu, and Ledger (2012) state that generally, loans were more readily available to larger and older firms throughout the recession.

According to PwC (2010), nearly 70% of the owners of Czech companies expected growth of their businesses in the short term. This growth should have been achieved through the acquisition of new customers and the further penetration of existing clients. Entrepreneurs explained that the biggest threat to their growth is the existence of intense low-cost competition, which they will compete with by producing higher quality products and taking better care of their customers.

2. Research's aim and methodology

The aim of this article was to define and compare current trends in the business environment of small and medium-sized enterprises in the selected regions of the Czech Republic and Slovakia. In accordance with the objective, motivational factors, status in the society, level of the corruption, approach to loan financing, and business optimism in the business environment have been examined.

In our research, there was examined if there were statistically solid differences in several attributes among SMEs in the selected regions of Slovakia and the Czech Republic according to their field, age and size. In details, there were quantified the differences between the trading companies (TCO) and the others (OCO), between the companies over 10 years old (OLD) and the others (YCO) and between the micro-enterprises (MIC) and the others (BCO).

At the same time, the research was focused on the motivation to start one's own business; in details, if the financial motivation influences any other attitudes of entrepreneurs. There is a comparison of the opinions of entrepreneurs stating their main motivation to start a business was money (MON) to the opinions of other entrepreneurs (NMO). These opinions regarded the perception of entrepreneurship by society, the perception of the state activities, corruption, the assessment of the approach of commercial banks to SMEs financing and business optimism.

The research of the business environment was conducted in 2013 in the selected regions of the Czech Republic and Slovakia through a questionnaire survey. In the Zlin region (Czech Republic, ZL) 180 SMEs have been reached; in the Zilina region (Slovak Republic, ZA) 164 SMEs have been reached; in the Trencin region (Slovak Republic, TN) 105 SMEs have been reached. Companies' data was provided by their owners. In the Zlin region, there were 107.000 SMEs in 2012. In the Zilina region, there were 72.512 SMEs in 2012, in the Trencin region were 55.722 (including self-employed). (Ministry of Industry and Trade of the Czech Republic, 2013; Ministry of Economy of Slovakia, 2013)

These regions have been chosen because of their common state border, long-term intensive economic cooperation and similar economic parameters. But at the same time, these regions are parts of different countries and this allow us to compare the effectiveness of economic policy towards SMEs in these regions.

The Zlin region has an area of 3,964 km², has about 600,000 inhabitants, the GDP per capita is about 11,720 EUR, the unemployment rate was about 8 % in 2012.

The Zilina region has an area of 6,800 km². Total population is up to 700,000 and the population density is 102 inhabitants per km². The unemployment rate was raised to 11.91 % in 2011. The GDP per capita was 10,794 EUR in the year 2011.

The Trencin region has an area of 4,502 km², has about 600,000 inhabitants, the GDP per capita reached 10.744 EUR in 2010 (88.57 % of the average GDP per capita in Slovakia), the registered unemployment rate was at 10.89 % in 2012 (significantly below the average 14.44 % in all Slovakia). Mentioned region is an industrial one, it is confirmed by 33.96 % of industry share in 2010. At the same time, it has a lot of transformation problems, especially in terms of knowledge economy. Information, communication, technical, scientific and administrative services have to be improved significantly, since their share is below 8 %.

In our research in the Zlin region, the largest share was comprised of SMEs operating in trade activities (35 %), followed by manufacturing companies (29%), construction firms (12%), transport companies (4%), agricultural enterprises (3%). The remaining share was formed of companies operating in other sectors.

In the Zilina region, the structure of companies was as follows: 17% of companies operated in the manufacturing sector, 21% in the trade sector, 17% in the construction sector, 6% in the transport sector, 1% in the agricultural sector. The largest portion of companies operated in other sectors (38%).

In the Trencin region, the structure of the sectors was the following: manufacturing (21%), trade (21%), building and construction (18%), transport (4%) and agriculture (5%). The largest portion of companies operated in other sectors (31%).

In the Zlin region there were 70% of companies operating over 10 years, 21% of companies operating from 5 to 10 years and 9% of companies working from 1 to 5 years. Thus, our survey covered experienced entrepreneurs. According to the size, there were 58% of micro companies, 31% of small ones and 11% of medium-sized companies. Our survey included 180 companies in total.

From the total number of 164 surveyed firms in the Zlin region, 38% were doing business more than 10 years, 32% of them between 5 and 10 years, 30% of them between 1 and 5 years. Therefore it can be stated that companies were equally distributed regarding the length of doing business. The age structure of companies was as follows: 66% were micro-enterprises, 20% were small enterprises and 14% were medium-sized companies.

From the total number of 105 surveyed companies in the Trencin region, 54% of companies do their business more than 10 years, 25% do their business from 5 to 10 years and 21% do their business from 1 to 5 years. The size structure of the companies was as follows: 62% were micro-enterprises, 31% were small enterprises and 7% were medium-sized enterprises.

In line with the findings of previous research (Eggers, Kraus, Hughes, Laraway and Snyckerski, 2013; Soininen, Martikainen, Puumalainen and Kyläheiko, 2012; Anderson and Eshima, 2013; Hamilton, 2012; Almeida, Ahmetoglu, and Chamorro-Premuzic, 2014, Hvide and Panos, 2014, GE Money Bank, 2010) the following hypothesis have been set:

H1: The major motivation to run one's own company in all the selected regions is money.

H1a: There are the same conditions for running business in the following pairs of regions: Zlin and Zilina, Zlin and Trencin, Zilina and Trencin.

H1b: Money is a strong motivation to run business regardless to the industry, age and size of business.

We have developed the following hypothesis on the basis of the results of researches of the National Agency for Development of Small and Medium Enterprises (2010), GfK Czech (2013), and Kvietok (2013):

H2: There are no statistically significant differences in the perception of entrepreneurs by society between the regions of Zlin and Zilina and between the regions of Zlin and Trencin and between the regions of Zilina and Trencin.

H2b: The entrepreneurs stating they have started their own business because of money think society perceives them differently than other entrepreneurs. It is assumed that this hypothesis is valid in all the selected regions.

H2b: The assessment of positive perception of entrepreneurship by society is the same irrespective of the field, the age and the size of a company.

The relationship between the state and entrepreneurs is complicated in a long run as these economic subjects have opposite ideas about how to manage the economy. The knowledge obtained from sources Podnikatel.cz (2013), Hájek and Režný (2014), Slovak Commercial and Industrial Chamber (2014), and Kvietok (2013) has inspired us to formulate the following hypotheses:

H3: There exist no significant differences in opinions of entrepreneurs about the state attitude to their needs between the regions of Zlin and Zilina and between the regions of Zlin and Trencin and Zilina and Trencin.

H3a: The entrepreneurs stating their main motive to start a business was money assess the approach of the state differently than other entrepreneurs. It is assumed that this hypothesis is valid in all the selected regions.

H3b: The intensity of positive assessment of the state activities by entrepreneurs is the same irrespective of the field, the age and the size of a company.

Based on findings of Hájek and Režný (2014), Association of Small and Medium-Sized Enterprises and Crafts, (2010), and Lazarevič (2014), there was hypothesized the following:

H4: The perceived degree of corruption in the region of Zlin is lower than in the regions of Zilina and Trencin. The perceived degree of corruption is not different in the regions of Zilina and Trencin.

H4a: The entrepreneurs stating their main motive to start a business was money perceive corruption more intensively than the others. It is assumed that this hypothesis is valid in all the selected regions.

H4b: The perception of corruption by entrepreneurs in the selected regions is the same regardless the field, the age and the size of a company.

As a consequence of previous research of Di Giuli, Caselli, and Gatti (2011), Moro and Fink (2013), Dierkes, Erner, Langer, and Norden (2013), Canales and Nanda (2012), Neuberger and R athke (2009), Kirschenmann and Norden (2012), Ger sl and Jakubik (2011), and Cowling, Liu, and Ledger (2012), the following hypothesis have been set:

H5: The entrepreneurs in the selected regions assess the approach of banks to their financial needs at the same level.

H5b: The entrepreneurs stating their main motive to start a business was money asses the approach of commercial banks to their financing differently than the others. It is assumed that this hypothesis is valid in all the selected regions.

H5b: The positive assessment of the banks' behavior by entrepreneurs does not depend on the field, the age and the size of a company.

According to PwC (2010), there was hypothesized the following:

H6: The optimism among entrepreneurs is at higher levels in the region of Zlin than it is in both selected Slovak regions.

H6a: Entrepreneurs who reported that money was a motive to start a business are less optimistic that other businessman. It could be assumed, that this hypothesis is valid in all regions.

H6b: The level of optimism among entrepreneurs does not depend on the field, the age and the size of a company.

The associations in contingency tables were analyzed by Pearson statistics for counting of data. P-value is being compared with standard 5% confidence level. P-value which is lower than the confidence level leads to the rejection of the null hypothesis. The null claims there is no association between variables. Calculations have been performed in statistical packages XL Statistics and R. Finally, the instruments of descriptive statistics, such as percentages and averages have been used.

3. Results and discussion

Firstly, the motivation to start one's own business has been investigated. The obtained results and their comparison are shown in the Table 1.

The results of our research show that the major motive for starting one's own business in the region of Zlin is the wish to have a job. In both Slovakian regions the entrepreneurs indicated that the most important motive for starting a business is money. Thus a hypothesis H1 was partially confirmed.

Moreover, our research revealed p-value below 0.01 for Zlin and Zilina regions and p-value of 0.0165 for Zlin and Trencin regions, evidencing that there is a significant difference in conditions for creation of business. P-value of 0.3802 was received when we have analyzed the structure of responses for Zilina and Trencin regions, as we can see there are almost no differences, consequently H1a hypothesis was confirmed, but only partially.

Table no. 1: Motivation to start a business in the Czech Republic (CR) and Slovakia (SR)

| <i>What was your motive for starting a business?</i> | CR (ZL) in % | SR (ZA) in % | SR (TN) in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|
| 1. Money | 21.11 | 50.00 | 38.10 | <0.01/ <0.01/0.0561 |
| 2. I perceive it as a mission | 20.56 | 10.98 | 12.38 | 0.0230/0.1121/0.7263 |
| 3. I wanted to have a job | 29.44 | 23.17 | 26.66 | 0.1438/0.7148/0.5157 |
| 4. I had no choice | 10.00 | 7.32 | 11.43 | 0.6297/0.8579/0.2501 |
| 5. Other reasons (independence, flexibility, etc.). | 18.89 | 8.54 | 11.43 | 0.0385/0.1377/0.4354 |
| p-value<0.01/0.0165/0.3802 | | | | |

Source: Own Research

A hypothesis H1b was confirmed. There was found out that there are no statistically significant differences in the assessment of money as the major driver of running own business between the trading companies and the others, between the companies over 10 years old and the others and between the micro-enterprises and the others. The only exception was found among younger companies in the Zlin region. The companies under 10 years old stated money as the major motive for starting their business more often than the other companies (p-value=0.0063).

The most important driver to start one’s own business is money in both selected Slovakian regions (this motive could be considered as a natural economic drive for starting a business). In the Zlin region the most important motive was a desire to have a job (a forced motive). Nevertheless, it could be certain that the relatively small number of entrepreneurs started a business because they considered that making business was their own personal life mission. It could be assumed that this motive (a mission) can have a significant impact on entrepreneurs’ approach to form their business activities especially in connection with business development, resulting in new working positions, and their involvement in social activities locally.

As we can see, result of our research contribute to better understanding of the motivation of Czech entrepreneurs. In some aspects they are almost the same as the results of GE Money Bank (2010) and in some cases they show differenc picture, for instance compared of the results of PwC’s research (2010).

In Table 2 below you will find information on how entrepreneurs feel themselves in the society.

The results shown in the Table 2 confirmed there are significant differences in the perception of entrepreneurs by society between the Zlin and Trencin region (p-value=0.0485) and between Zilina and Trencin region (p-value=0.0235). The differences between the Zlin and Zilina region were not found (p-value=0.6165) in this issue. A hypothesis H2 was not confirmed.

Table no. 2: Entrepreneurs' evaluation of their role in the society of the Czech Republic and Slovakia

| <i>Do you think that our society (politicians, public opinion, media) perceive the position and activities of entrepreneurs correctly?</i> | CR (ZL) in % | SR (ZA) in % | SR (TN) in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|--|--------------|--------------|--------------|------------------------------|
| 1. No, our society perceives us negatively | 20.56 | 15.24 | 20.95 | 0.3238/1.0000/0.2301 |
| 2. Society perceives us incorrectly | 42.22 | 43.90 | 55.24 | 0.9272/0.0454/0.0703 |
| 3. Society perceives us positively | 7.78 | 7.32 | 1.90 | 0.8618/0.0701/0.0512 |
| 4. I am not thinking about it at all | 29.44 | 33.54 | 21.91 | 0.4121/0.2114/ 0.0404 |
| p-value=0.6165/0.0485/0.0235 | | | | |

Source: Own Research

Table no. 3: Comparison of MON and NMO

| <i>Do you think that our society perceive the position and activities of entrepreneurs correctly?</i> | CR(ZL) MON/NMO in % | SR(ZA) MON/NMO in % | SR(TN) MON/NMO in % | p-value ZL/ZA/TN |
|---|---------------------|---------------------|---------------------|-------------------------------|
| 1. No, our society perceives us negatively | 23.68/19.72 | 12.20/18.29 | 22.50/20.00 | 0.5892/0.2757 /0.7566 |
| 2. Society perceives us incorrectly | 36.84/43.66 | 46.34/41.46 | 42.50/63.08 | 0.4473/0.5287 / 0.0394 |
| 3. Society perceives us positively | 13.16/6.34 | 7.32/7.32 | 2.50/1.54 | 0.1645/1.0000 /0.7263 |
| 4. I am not thinking about it at all | 26.32/30.28 | 34.15/32.93 | 32.50/15.38 | 0.6312/0.8650 / 0.0394 |

Source: Own Research

The data and calculations in the Table 3 have confirmed that there are no statistically significant differences in the views of entrepreneurs who started their own business because of the money and the entrepreneurs who indicated a different motive for starting a business. There were found two variations in the Trenčín region, where entrepreneurs who started a business for money less often answered: "Society perceives us incorrectly" and more frequently stated a response that "they don't even think about it". A hypothesis H2a was not confirmed.

In the Table 4 are presented survey results on differences between defined groups of entrepreneurs.

Table no. 4: The positive perception of entrepreneurship by society according to different types of enterprises

| Region | TCO/OLD/MIC/MON in % | OCO/YCO/BCO/NMO in % | p-value |
|--------|----------------------|----------------------|-----------------------------|
| ZL | 8.57/7.87/5.77/13.16 | 6.25/7.55/10.53/6.34 | 0.5419/0.9442/0.2380/0.1645 |
| TN | 4.55/1.79/0.00/2.50 | 1.20/2.08/5.00/1.54 | 0.3077/0.9124/0.0703/0.7263 |
| ZA | 5.88/12.90/5.36/7.32 | 7.58/3.92/11.54/7.32 | 0.7279/0.0324/0.1585/1.0000 |

Source: Own Research

A hypothesis H2b was confirmed. The companies think society perceives them positively regardless of the field, the age and the size of a company.

The results of our study are compatible with the findings of the National Agency for Development of Small and Medium Enterprises (2010), GfK Czech (2013). Negative perception of entrepreneurs was mostly formed by previous negative historical experience of the society in the period of privatization, as well as forbidden business practices of some of them. Key role in formation of business image of the entrepreneurs in the Czech Republic and Slovakia is played by local media and at the moment they are regularly informing society on the worst cases of business.

Information presented in Table 5 contains the results of the research in which entrepreneurs rated actions of the state directed.

Table no. 5: Rating of the Czech and Slovakian entrepreneurs' satisfaction by the actions of the state directed to satisfy their needs

| <i>How do you assess the state attitude to entrepreneurs' needs?</i> | CR (ZL) in % | SR (ZA) in % | SR (TN) in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|--|-------------------------|-------------------------|-------------------------|--------------------------------------|
| 1. I feel the state is just bullying us | 42.22 | 52.44 | 54.29 | 0.0574/0.0649/0.7642 |
| 2. The state is not fulfilling its duties | 42.22 | 38.41 | 40.95 | 0.5427/0.9321/0.6745 |
| 3. The state is fulfilling its duties | 12.78 | 6.10 | 4.76 | 0.0324/0.0469/0.6384 |
| 4. The state helps us in our business activities | 2.78 | 3.05 | 0 | 1.0000/-/- |
| p-value=0.0605 /0.0170/0.3347 | | | | |

Source: Own Research

There are significant variations in the opinions of entrepreneurs of the Zlin region and the Trenčin region (p-value=0.0170). Although there were solid differences between entrepreneurs of the Zlin region and the Zilina region, these were not statistically significant (p-value=0.0605). There haven't been found different views of entrepreneurs in Zilina region as well as in Trenčin region (p-value=0.3347). A hypothesis H3 was partially confirmed.

In Table 6 are presented the results of the survey in the area, in which MON and NON entrepreneurs have reviewed the state's approach to their needs. It was found out that there were statistically significant differences of opinions of entrepreneurs to state's approach. A hypothesis H3 was rejected.

Table no. 6: Comparison of MON and NMO

| <i>How do you assess the state attitude to entrepreneurs' needs?</i> | CR(ZL) MON/NMO in % | SR(ZA) MON/NMO in % | SR(TN) MON/NMO in % | p-value ZL/ZA/TN |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------|
| 1. I feel the state is just bullying us | 42.11/42.25 | 51.22/53.66 | 55.00/53.85 | 0.9840/0.7566 /0.9045 |
| 2. The state is not fulfilling its duties | 42.11/42.25 | 37.80/39.02 | 37.50/43.08 | 0.9840/0.8728 /0.5755 |
| 3. The state is fulfilling its duties | 13.16/12.68 | 6.10/6.10 | 7.50/3.08 | 0.9362/1.0000 /0.3030 |
| 4. The state helps us in our business activities | 2.63/2.82 | 4.88/1.22 | 0.00/0.00 | 0.9522/0.1738/ - |

Source: Own Research

In Table 7 a hypothesis H3b is tested.

Table no. 7: The positive assessment of state activities by different types of enterprises

| Region | TCO/OLD/MIC/MON in % | OCO/YCO/BCO/NMO in % | p-value |
|--------|-------------------------|-------------------------|-------------------------------------|
| ZL | 14.29/15.75/12.50/15.79 | 14.06/15.09/19.74/15.49 | 0.9681/0.9124/0.1868/0.9681 |
| TN | 18.18/3.57/4.69/7.50 | 1.20/6.25/5.00/3.08 | 0.0009 /0.5222/0.9442/0.3030 |
| ZA | 2.94/6.45/7.14/10.98 | 11.36/10.78/13.46/7.32 | 0.1389/0.3524/0.1902/0.4180 |

Source: Own Research

A hypothesis H3b was confirmed. The intensity of positive assessment of the state activities by entrepreneurs (line 3 and line 4 in the Table 7) is the same in the selected regions regardless of the field, the age and the size of a company. The only exception is the finding that entrepreneurs of the category TCO have significantly more appreciated the positive approach of the state in comparison to OCO (p-value=0.0009). This was valid in the Trenčin region.

The level of corruption has been examined through one question, answers on which are presented in the Table 8.

Table no. 8: Entrepreneurs' perception of corruption

| Have you ever experienced corruption and cronyism in your business activities? | CR (ZL) in % | SR (ZA) in % | SR (TN) in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|--|--------------|--------------|--------------|---|
| 1. yes | 53.33 | 70.73 | 75.24 | < 0.01 / <0.01 /0.4180 |
| 2. no | 46.67 | 29.27 | 23.81 | < 0.01 / <0.01 /0.3271 |
| p-value <0.01/<0.01/0.4258 | | | | |

Source: Own Research

According to our research, the perception of corruption was different in the Czech Republic (ZL) and Slovakia (ZA, TN). The perceived corruption is at statistically significant lower level in the region of Zlin than in the regions of Zilina or Trenčin, respectively. In both cases the p-value was lower than 0.01. Perceived level of corruption in both Slovak regions was similar. A hypothesis H4 was confirmed.

In Table 9 a hypothesis H4a is tested.

Table no. 9: Comparison of MON and NMO

| Have you ever experienced corruption and cronyism in your business activities? | CR(ZL) MON/NMO in % | SR(ZA) MON/NMO in % | SR(TN) MON/NMO in % | p-value ZL/ZA/TN |
|--|---------------------|---------------------|---------------------|----------------------|
| 1. yes | 63,16/50,70 | 76.54/65.85 | 77.50/75.00 | 0,1707/0.1310/0.7718 |
| 2. no | 36,84/49,30 | 23.46/34.15 | 22.50/25.00 | 0.1707/0.1310/0.7718 |

Source: Own Research

There were no statistically significant differences between defined groups of entrepreneurs found. A hypothesis H4a was rejected.

Table no. 10: The perception of corruption by different types of enterprises

| Region | TCO/OLD/MIC/MON in % | OCO/YCO/BCO/NMO in % | p-value |
|--------|-------------------------|-------------------------|------------------------------|
| ZL | 40.00/55.12/50.00/63.16 | 53.13/49.06/57.89/50.70 | 0.0767/0.4593/0.2937/0.17068 |
| TN | 68.18/80.36/68.75/77.50 | 77.11/68.75/85.00/73.85 | 0.3898/0.1738/0.0629/0.67448 |
| ZA | 76.47/75.81/67.86/75.61 | 69.70/67.65/76.92/65.85 | 0.4354/0.2670/0.2340/0.17068 |

Source: Own Research

A hypothesis H4b could be accepted. Our research confirmed the perception of corruption is the same irrespective of the field, the age and the size of a company.

In the long term time frame the relationship between the entrepreneurs and the state is not good, because they have different needs and priorities. Nevertheless, it is clear that the formation of appropriate business environment is a prerequisite for the growth of living standards in every country. In this context, the findings of our study point to the need to improve this relationship. In all regions the businessmen very negatively reviewed the state's approach to the business needs and a large part of them stated that their state has literally bullied them in their business activities. Entrepreneurs also suffer from the intense exposure of corruption in the business environment. In this context, our findings are compatible with the conclusions of Hájek and Režný (2014), Association of Small and Medium-Sized Enterprises and Crafts, (2010), and Lazarevič (2014).

The existence of the most important business risks determined tighter credit conditions of commercial banks. This trend is also perceived by SMEs, what can be seen in the Table 11.

The results of the research shown in the Table 11 have not proved the validity of a hypothesis H5. Entrepreneurs in the region of Zlin assess the approach of commercial banks to their needs differently than the entrepreneurs of the regions of Zilina and Trencin. The overall structure of the responses of entrepreneurs in the regions of Zilina and Trencin is also different. The values of the test criteria proved this statement (p-value<0.01/0.0110/0.0036). In more details, entrepreneurs of the Zlin region evaluate the approach of commercial banks more positively than entrepreneurs of the regions of Zilina and Trencin. The entrepreneurs in the Trencin region have felt more that banks behaved appropriately.

Table no. 11: Commercial banks' approach to the SMEs financing

| <i>How do you assess banks' approach to financing of small and medium-sized enterprises?</i> | CR (ZL) in % | SR (ZA) in % | SR (TN) in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|--|-----------------|-----------------|-----------------|---------------------------------------|
| 1. Banks fully accept our needs and have a good relationship with us) | 4.44 | 3.05 | 0.95 | 0.6930/-/0.2543 |
| 2. Banks behave appropriately | 38.89 | 20.12 | 34.29 | < 0.01 /0.5160/ 0.0096 |
| 3. Banks behave to us unhelpfully | 8.89 | 14.02 | 9.52 | 0.1830/1.0000/0.2713 |
| 4. Banks use too hard criteria for lending | 26.11 | 36.59 | 43.81 | 0.0360 / 0.0030 /0.2380 |
| 5. I cannot judge | 21.67 | 26.22 | 11.43 | 0.4630/ 0.0440 / 0.0034 |
| p-value<0.01/0.0110/0.0036 | | | | |

Source: Own Research

The data listed in Table 12 have confirmed that there are no statistically significant differences in bank ratings by MON and NON entrepreneurs in individual regions. A hypothesis H5a was not confirmed.

Table no. 12: Comparison of MON and NMO

| <i>How do you assess banks' approach to financing of small and medium-sized enterprises?</i> | CR(ZL) MON/NMO in % | SR(ZA) MON/NMO in % | SR(TN) MON/NMO in % | p-value ZL/ZA/TN |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------|
| 1. Banks fully accept our needs and have a good relationship with us) | 7.89/3.52 | 3.66/2.44 | 2.50/0.00 | 0.2460/0.6527/ 0.2005 |
| 2. Banks behave appropriately | 34.21/40.14 | 19.51/20.73 | 37.50/32.31 | 0.5029/0.8493/ 0.5892 |
| 3. Banks behave to us unhelpfully | 2.63/10.56 | 15.85/12.20 | 10.00/9.23 | 0.1260/0.5029/ 0.8966 |
| 4. Banks use too hard criteria for lending | 36.84/23.24 | 37.80/35.37 | 32.50/50.77 | 0.0891/0.7490/ 0.0672 |
| 5. I cannot judge | 18.42/22.54 | 23.17/29.27 | 17.50/7.69 | 0.5823/0.3735/ 0.1260 |

Source: Own Research

In Table 13 are presented the results of our research on the positive evaluation of the banks by entrepreneurs.

Table no. 13: Percentage of enterprises feeling that banks are helpful and accept their needs by different types of enterprises

| Reg ion | TCO/OLD/MIC/MON in % | OCO/YCO/BCO/NMO in % | p-value |
|----------------|---------------------------------|---------------------------------|--------------------------------------|
| ZL | 42.86/45.67/31.73/42.11 | 37.50/37.74/59.21/43.66 | 0.4593/0.3271/ 0.0002 /0.8650 |
| TN | 50.00/42.86/31.25/40.00 | 31.33/27.08/42.50/32.31 | 0.1031/0.0930/0.2420/0.4237 |
| ZA | 29.41/24.19/19.64/23.17 | 21.97/22.55/30.77/23.17 | 0.3628/0.8103/0.1164/1.0000 |

Source: Own Research

A hypothesis H5b was confirmed. The positive assessment of the bank approach has not revealed to be dependent on the field, the age or the size of a company. The only exception was found in the evaluation of the micro-enterprises in the Zlin region. These enterprises assessed the attitude of banks less positively than the other enterprises (p-value=0.0002).

The results of our study support the findings of Di Giuli, Caselli, and Gatti (2011), Moro and Fink (2013), Dierkes, Erner, Langer, and Norden (2013), Canales and Nanda (2012), Neuberger and R athke (2009), Kirschenmann and Norden (2012), Ger sl and Jakubik (2011), and Cowling, Liu, and Ledger (2012). SME represent a category of high-risk customers for commercial banks and they have a considerable difficulties accessing of external financial sources.

The level of business optimism has been examined through the following question. Results are shown in the Table 14.

Table no. 14: The level of business optimism in the Czech Republic and Slovakia

| <i>Do you believe that your company will survive in the next 5 years?</i> | CR(ZL) 2013 in % | SR(ZA) 2013 in % | SR(TN) 2013 in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|---|---------------------------------|---------------------------------|---------------------------------|--------------------------------------|
| 1. Definitely %) | 49.44 | 40.85 | 35.24 | 0.1360/ 0.0270 /0.3576 |
| 2. No | 0.56 | 2.44 | 0.00 | 0.3140/-/0.1074 |
| 3. With some concerns | 45.56 | 50.61 | 56.19 | 0.5430/0.1075/0.3735 |
| 4. With serious concerns | 4.44 | 6.10 | 8.57 | -/0.2461/0.4413 |
| p-value=0.1784/cannot be calculated correctly/0.2575 | | | | |

Source: Own Research

The validity of a hypothesis H6 was not confirmed. We found out the structure of answers was similar in the regions of Zlin and Zilina and in the regions Trencin and Zilina. However, it was not possible to calculate reliably the value of the test criteria for comparing the regions of Zlin and Trencin.

A hypothesis H6a was not confirmed, because there haven't been found any significant differences in business optimism in MON and NMO entrepreneurs.

Table no. 15: Comparison of MON and NMO

| <i>Do you believe that your company will survive in the next 5 years?</i> | CR(ZL) MON/NMO in % | SR(ZA) MON/NMO in % | SR(TN) MON/NMO in % | p-value ZL:ZA/ZL:TN/ZA:TN |
|---|------------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| 1. Definitely %) | 47.37/50.00 | 42.68/39.02 | 30.00/38.46 | 0.7718/0.6312/0.3789 |
| 2. No | 0.00/0.70 | 1.22/3.66 | 0.00/0.00 | 0.6031/0.3125/- |
| 3. With some concerns | 44.74/45.77 | 48.78/52.44 | 62.50/52.31 | 0.9124/0.6384/0.3077 |
| 4. With serious concerns | 7.89/3.52 | 7.32/4.88 | 7.50/9.23 | 0.2460/0.5157/0.7566 |

Source: Own Research

In our research, there was also investigated whether the degree of business optimism depends on the field of business, age and a company size. The results are shown in the Table 16.

Table no. 16: Business optimism by different types of enterprises

| Region | TCO/OLD/MIC/MON in % | OCO/YCO/BCO/NMO in % | p-value |
|---------------|---------------------------------|---------------------------------|-----------------------------|
| ZL | 80.00/94.49/93.27/92.11 | 89.84/96.23/97.37/95.77 | 0.0536/0.6241/0.2113/0.3576 |
| TN | 100.00/91.07/90.63/92.50 | 89.16/93.75/92.50/90.77 | 0.1052/0.6101/0.7414/0.7566 |
| ZA | 94.12/88.71/91.07/91.46 | 90.91/93.14/92.31/91.46 | 0.5485/0.3271/0.7949/1.0000 |

Source: Own Research

To finish with, a hypothesis H6b was confirmed as well. Our research proved the level of business optimism in the selected regions is not related to the field, the age or the size of a company.

Despite the negative impact of the crisis the entrepreneurs in the selected regions are very optimistic. According to our findings, the performance of the SME segment during the crisis decreased on average by 18%, which had a significant impact on the profitability of these companies. Entrepreneurial optimism can be explained by the personal characteristics of entrepreneurs, revealed by Knórr, Alvarez, and Urbano (2013), Soininen, Martikainen, Puumalainen and Kyläheiko (2012), Almeida, Ahmetoglu, and Chamorro-Premuzic (2014), Hvide and Panos (2014), and Kvietok (2013).

Conclusions

Summarizing result of our research we have revealed that motives of particular entrepreneur are the most significant factors determining the business environment of SMEs. Making money is the one of the main motives of business activity in the SMEs segment. Also, we have revealed almost no proof that entrepreneurs perceive their business as their personal mission in examined regions of the Czech Republic and Slovakia. However, there is an impact on each particular business of entrepreneur, i.e. each entrepreneur has unique features, which find their reflection in business activities.

Entrepreneurs believe that their activities are negatively evaluated by the local society. At the same time, their business optimism is promising. Czech and Slovakian entrepreneurs mainly have assurance about their going concern in the nearest years despite the global financial crisis and other negative factors.

Additionally, we have confirmed that Slovak and Czech economies have common features. However, according to our research, entrepreneurs in Zlin region feel themselves more comfortable compared to their colleagues in Zilina and Trencin regions. But at the same time, we did not find any significant differences in opinions of entrepreneurs on key features of business environment within a defined structure, which means, that the assessment of these aspects does not normally depend neither on the sector in which the firm operate, nor on the age and size of the company. It was also found out that the entrepreneurs who reported money as a motive for starting a business do not have different attitudes towards their environment and entrepreneurial optimism.

Naturally, our research has several limitations. The first is the number of surveyed enterprises; the second is the regional selection of companies. In spite of these limitations we truly believe this research brings interesting issues to discuss in the process of forming the business environment in the SME segment at the regional or the national level.

In the future, we would like to aim our research to explore the connections among personal features of entrepreneurs, their risk aversion and their financial performance.

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