



# INCLUSIVE ENTREPRENEURSHIP IN THE ÚSTECKÝ REGION

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# 1 INTRODUCTION

## 1.1 WHAT IS THE COPIE PROJECT?<sup>1</sup>

CoPIE is an learning and communication platform for those interested in social enterprises and inclusion of excluded groups into the labour market. A network of institutions included in the platform across EU Member States co-operate in design and delivery of policies which make it easier for under-represented groups to become self employed or start up a business. It builds on the work carried out over the last five years by nearly 300 EQUAL partnerships on opening up business creation to all members of society. Many of the 12 countries involved in this work created National Thematic Networks to exchange and mainstream their findings. The Community of Practice also drew heavily on the experience of the EQUAL partnerships involved in the Social Economy.

The platform should serve above all as a tool for politicians developing concepts with impact on business undertaking and under-represented groups. The second target group of the platform includes counselling organisations to which the project provides information on issues faced by entrepreneurs, and areas to be targeted when advising disadvantaged groups interested in self-employment and starting a business.

### **Inclusive entrepreneurship**

Inclusive entrepreneurship is a comprehensive approach to widening the range of people that start and grow their businesses. It drives up employment and activity rates and cuts unemployment. It is a diversity-assured approach that works effectively in communities that are discriminated against. To widen entrepreneurship we have brought together a Community of Practice on Inclusive Entrepreneurship COPIE led by Flanders and co-financed by the European Commission. COPIE is an open network aiming make entrepreneurship an attractive and viable option for more people during the 2007 - 2013 period. COPIE has developed a new action planning approach, which will be presented for the first time to around 300 delegates from the EU Member States at a Policy Forum in Hannover in June 2007.

### **The Four entrepreneurial ladders out of exclusion**

Although the definitions vary slightly in each Member State, the main themes dealt with in business creation are very similar across the countries. They have been described as the four parts of "an entrepreneurial ladder out of social exclusion". The four parts are:

- creating the culture and conditions for entrepreneurship,
- integrated start-up support and training,
- support for consolidation growth, and
- access to appropriate finance.

In all these areas there is already an important reservoir of good practice on how to promote inclusive entrepreneurship in many Member States. But this still generally takes the form of pilot projects and initiatives. At the end of Equal, there is a risk that this knowledge and experience can be lost. The CoPIE action plan strives to limit this risk and help to disseminate the examples of good practice around Europe.

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<sup>1</sup> Community of Practice on Inclusive Entrepreneurship (CoPIE), for more information see <http://www.cop.downloadarea.eu/>.

## **Founding Partners**

Flanders, Germany, Spain, Portugal and Wales are the founding members of COPIE. France, the Netherlands, Greece and Wallonia are participating as observers. The initiative has recently spread to several other countries.

They have all had direct experience of trying to close the gap between employment and entrepreneurship policies. This gap exists because those concerned with social inclusion and employment policy tend to prioritise combating exclusion through employment. European employment policy is increasingly concentrated on supply side solutions (like training, counselling and "flexicurity") for helping the labour force adapt to a rapidly changing environment created by globalisation and an ageing population. Policies for business creation tend to receive less attention.

The people involved in the Community of Practice believe that many more people from disadvantaged groups can help to create their own future rather than hope that decent jobs "trickle down" from the high technology, high growth sectors. They argue that "entrepreneurship" should not be seen as the prerogative of a privileged few. It is already a survival strategy for millions of Europeans - and, with the right conditions and policies, it has the potential for unleashing the creativity of millions more.

## **Building action plans for inclusive entrepreneurship**

One of the first tasks of the CoPIE project was the development of suitable methodology for designing action plans for inclusive entrepreneurship. Action plans are built around a tool that takes the stakeholders systematically through an analysis of enterprise support in their region or city. The tool incorporates four results spreadsheets in excel format, available on the internet<sup>2</sup>. Experiences gained through the action plans can be discussed and compared at the CoPIE website.

The tool allows the policy makers and other stakeholders to identify the main gaps or challenges to the support system for entrepreneurship in the four main themes identified by EQUAL - from the point of view of specific groups. The experience can subsequently be utilised in the areas of integrated start-up support and training, support for consolidation growth, and access to appropriate finance.

### **1.2 PROCEDURES FOR TESTING THE TOOL IN THE ÚSTECKÝ REGION**

This study conducted for the Ústecký Region builds on the principles applied abroad (structure and contents of questionnaires, selection of interviewees) in order to facilitate comparability of the results among all participating countries. The structure of the study generally corresponds to its intended use on the national level and for international comparison. For example, information on the Ústecký Region or description of the business environment in the Czech Republic are of little interest to the domestic reader, but can provide foreign readers with information on the environment in the country.

The Ústecký Region had been selected as the pilot region for testing the CoPIE project in the Czech Republic with respect for the relatively high unemployment levels compared to other regions of the country. The region is also typical for a high proportion of people ranking in under-represented groups<sup>3</sup>.

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<sup>2</sup> See studies developed in Belgium (Flanders), Wales and Germany.

<sup>3</sup> These groups include the unemployed, women, immigrants of first generation, ethnic minorities (from second generation) and Roma, people above 50 years of age, people below 30 years of age, people with disabilities and social enterprises.

## The process of testing the tool

The initial contact with the interviewees was made via electronic mail and followed up with a personal meeting. The personal meeting in particular is beneficial in terms of obtaining a broader insight into the issues surveyed. Interviewees who were busy or refused a personal meeting were contacted by the telephone or asked to forward the filled out questionnaire by electronic mail or post, at the cost of some valuable information that can be obtained through personal contact only.

The interviewees were asked to award points to each statement from 1 to 5, where 1 was awarded for disagreeing with the statement and 5 for agreeing fully with the statement. The study then utilises aggregated values from all questionnaires by specific groups of interviewees (policy makers, advisors, entrepreneurs). In order to improve clarity of the results obtained for the CoPIE project, a “traffic lights” presentation method is used (see Annex No. 1), i.e. colour-coded marking of strong and weak points in inclusion of under-represented groups in the labour market and/or the business environment. Green colour marks results above 3, yellow is used for results awarded around 2-3 points, and red is used for results below 2.

**Policy makers:** Total of 26 policy makers were asked to fill out the questionnaire. Of that number mere six took part in the survey. Of the six, two were from national level of policymaking, and the remaining four were regional or local politicians. In order to obtain as reliable results as possible, politicians from various levels had been approached. The survey thus included Members of the Parliament of the Czech Republic (members of the Social Policy Committee), Senators (elected in constituencies within the Ústecký Region regardless of their political affiliation), members of city councils and of the Regional Authority. As far as townships were concerned, politicians from medium size cities were selected as they face issues of considerable numbers of socially excluded people while at the same time possessing sufficient capacities to tackle the issues.

Although Kunz (2007) shows on the example of Berlin, that numerous politicians learn of the issue from the questionnaire, the study aimed to approach those politicians within the Ústecký Region who had been engaged in social policies or are at least sufficiently acquainted with it. This requirement applied in particular to national-level policy makers.

**Advisors:** The survey addressed 63 advisors from organisations providing support to people in disadvantaged positions on the labour market. The pool of organisations included mainly labour offices, commercial chambers, vocational associations and non-profit organisations targeting these groups. Total number of participating advisors was 20.

Numerous of the approached organisations are active nationwide, nonetheless the survey targeted the Ústecký Region. Those organisations wishing to participate in data collection for this study were asked to approach representatives of other study target groups (entrepreneurs).

**Entrepreneurs:** Entrepreneurs were approached in two different manners. First, through advisors who had been asked to mediate contact with the target group of entrepreneurs. These were primarily partners in CIP EQUAL. In these cases, reliability of the results required careful filtering out any bias due to previous experience with the CIP EQUAL partnership. Seven of the interviewees were from this group.

The second way of obtaining answers was to approach entrepreneurs directly by the team of investigators – due to the type of relationship between the investigators and the interviewees, 24 out of the 37 addressed provided their answers to the survey.

## **1.3 BENEFITS OF THE TOOL**

### **Increased awareness of the issue**

Previously conducted studies by Cresswell and Willox (2007), Kunz (2007), and Devisscher and Pelt (2007) state that one of the most prominent positive outcomes of the CoPIE programme is increased awareness of the issue of inclusive entrepreneurship. This outcome, however, was not achieved in the Czech Republic. The interviewees were either aware of a more general framework of business undertaking, which is mandatory for inclusive entrepreneurship, or were people thoroughly acquainted with the topic.

Nonetheless, the study can serve as one of the sources to be used in further simplification of business undertaking in the Czech Republic<sup>4</sup>.

### **1.3.1 RECOMMENDATIONS FOR FURTHER IMPROVEMENTS OF COPIE**

#### **Selection of regions**

Given the answers by the interviewees, and the entrepreneurs in particular, it can be stated that the specific selection of the target region may not play any significant role. This is due to the fact that numerous of the factors that impede efficiency of self-employment and discourages some of the potential entrepreneurs are based in national legislation and affect the business sphere in general, not just entrepreneurs from under-represented groups.

#### **Selection of interviewees**

Various groups disadvantaged on the labour market may be represented in varying degrees across regions and countries. The example of this study serves to show that the Ústecký Region has relatively weak immigrants group, with the exception of Vietnamese immigrants, whose community however could not be penetrated for the purposes of the study. It must be added that the Vietnamese population within the Ústecký Region does not rank among populations threatened by higher unemployment levels.

With respect to the composition of residents, it is advisable to exclude some groups of interviewees and focus on other more significant groups, where the effects are presumably more prominent.

#### **Methodology**

In order to facilitate easier comparisons between data from various Member States it is advisable to unify the methods used in data collection and evaluation. Structured interviews, used by the authors of the present study, are considered suitable for the above purposes. Interviews yield not only the data required for the questionnaires, but other important and beneficial information as well that may not be provided for in the questionnaires.

Collection of data is considered the relatively most difficult part of the survey. This view is supported by a Flanders study (Devisscher and Pelt 2007). Moreover, the actual characteristics of the same target group vary between countries (e.g. the Ústecký Region does not face immigration issues). These differences pose the question of reliable conclusions from such surveys. Reliable conclusions would require surveying each of the listed target groups and questioning several hundreds of interviewees, considerable inflating demands in terms of time, human resources as well as finance.

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<sup>4</sup> Trend has been initiated with updated laws and efforts to decrease the bureaucratic burden in entrepreneurship.

A study by Kunz (2007) includes in the entrepreneurs group start ups within six months from the date of starting their business. This condition excludes scores of interviewees and leads to omission of significant data from other than the “new faces” – increasing the risk that the CoPIE tool would lack any data on sustainability of business.

When analysing the questionnaires, two types of responses can be clearly detected. Interviewees from one group took the safe option of using values from 2 to 4 and avoiding the extremes of 1 and 5. the other group used the full scale of values. However. It had proven to be rather difficult for many to select a specific value as several of the statements could be assessed from both regional and national points of view. In such cases the resulting response was some sort of a mean value between the two.

Statements related to business-related education curricula and trainings caused some dichotomy in the answers. Some types of vocational schools include these topics firmly in their curricula, while general secondary school train students for further education at university level thus omitting this subject.

Some statements proved difficult to grasp for some of the interviewees – for example the statement on the ease of establishing a bank account caused some hesitation due to the relative ease of the task. Other statements seemed to use less than perfect wording, e.g. the question of winning public contracts (“Entrepreneurs like you can win public contracts”) – entrepreneurs in the Ústecký Region can freely participate in public tenders but such participation can be far from winning a contract. The response values to this statement were considerably high from both the entrepreneurs group and from the advisors group, creating rather misleading outcome, purporting that it is easy to win a public contract in the Ústecký Region, while most of the comments appended stated the opposite. The statement should perhaps be worded as “Entrepreneurs like you win public contracts.”

The statements included in the survey aimed to pinpoint types of problems faced and to facilitate assessing their severity, however, processes for surveying the efficiency of resolving such issues as viewed by policy makers, advisors and entrepreneurs are missing.

Procedures for international sharing of experiences are just emerging and we therefore recommend to intensify this exchange in the future stages of CoPIE development.

## 2 BUSINESS ENVIRONMENT

### 2.1 DEMOGRAPHY: REGION AND POPULATION

The Ústecký Region (level NUTS III), in the north-west part of the Czech Republic along the border with Germany, is generally a considerably heterogeneous region with significant internal geographic, economic as well as social disparities. National policy for regional development has listed the region as a region with long-term “structural issues”, primarily due to its economic structure demonstrating itself as unfavourable during the economic transition of the country. Despite the general heterogeneity, the region cannot be described as an industrialised one with widespread opencast coal-mining, heavy industry and energy. According to the Czech Statistical Office (2007 report, page 19), the region can be divided into four sub-regions, with significant differences between them:

- **A sub-region with highly developed industrial production** – energy production is strongly represented, as well as coal mining, engineering, chemical and glass-making industries (namely in the area at the foot of the Ore Mountains, i.e. counties of Chomutov, Most, Teplice and parts of county Ústí nad Labem);
- **An agricultural sub-region** – counties of Litoměřice a Louny are major hops producers, the Elbe and Ohře Rivers valleys rank among typical fruit producing regions of the Czech Republic<sup>5</sup>;
- **The mountain sub-region** – these areas of the Ore Mountains are sparsely populated with limited extent of economic activities;
- **A sub-region peripheral to the city of Děčín** – located in the northern part of the region, and cannot be classified as either an industrial area not agricultural area. The northern part of the sub-region, the county of Šluknov, is quite remote from the central part of the region and typically peripheral area.
- The above description demonstrates the considerable internal disparities of the Ústecký Region, as well as the high industrial potential in some areas and high agricultural potential in others (namely the lowlands along major rivers), combined with the tourist industry potential in the mountains and natural reserve areas. The Ústecký Region Development Programme for the upcoming period specifies two axes of further development:<sup>6</sup>
  - “basin” axis, tangential within the country, with high concentration of population and industry, and
  - “Elbe”, radial within the context of the Czech Republic, forming a part of the trans-European transport corridor.

This division runs along the basic social and economic development characteristics of the region. The “basin” axis is typical urbanised zone with specific opportunities for further development (e.g. co-ordinated collaboration among cities in order to attract more investment). The “Elbe” axis is a traditional and long-term development axis with a cross-border significance (linking Prague – Děčín – Dresden – Berlin).

#### Aspects of demographic development

Demographic development of the region after WWII reflects the events immediately after the end of the war: parts of the region that formed the Sudetenland lost most of its original population, while the areas belonging to “inland” Bohemia for the most part maintained its demographic continuity<sup>7</sup>. The latter included country around Roudnice, most of the Louny, Litoměřice and Lovosice counties. The rest of the region was the Sudetenland. A publication

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<sup>5</sup> Sometimes also called the “Garden of Bohemia”.

<sup>6</sup> SPF Group, v. o. s. (2007), page 7.

<sup>7</sup> Czech Statistic Bureau (2006), page 5.

by the Czech Statistical Office on social and economic development of the region states the following: *“Today’s residential structure of the Ústecký Region was influenced by the deportation of Czechs in 1938 and above all by the deportation of Germans after WWII. The departure of the original residents deprived the region of social and cultural continuity, changes in established ownerships and deserting of rural areas. In the course of re-settlement of the border regions, many villages lost their natural demographic composition. In some areas, the original numbers of settlers were not reached and especially small villages gradually depopulated and perished”*<sup>8</sup>.

According to data of the Czech Statistical Office (2007), the Ústecký Region had 823,265 residents, on an area of 5,335 km<sup>2</sup>, as of 31 December 2006. Of the land area, more than 50 % is arable land, woods cover 30 % and water bodies 2 % of the area. Composition of residents by age is following: 21.6 % of the residents are between 50 and 65 years of age, and 12.8 % of the residents are older than 65 years. In terms of sex, the residents of the Ústecký Region are divided quite evenly between the two as there were 50.9 % women in the population of the region as of the above date. An interesting demographic information is the ratio of young people, ranking among the highest in the Czech Republic on a long-term scale. The reasons behind it are stated in the Regional Development Programme [SPF Group, v. o. s.]: *“This situation has been present since the 60s or 70s of the 20<sup>th</sup> century, when many young families with children moved into the region. These people have not yet reached the retirement age, so the region still had more pre-productive age residents in 2001 than post-productive age residents, which is rather a rarity in the Czech Republic”*<sup>9</sup>.

In general terms, the Ústecký Region is one of the most urbanised regions of the Czech Republic<sup>10</sup>, with a high density of population. The region’s density of population of 154 people per square kilometre ranks above the nationwide average of 130 people per square kilometre. Taking into account the diversity of the region described above, the actual density of population is considerably higher in the sub-region with highly developed industrial production, i.e. in the lignite basin at the foot of the Ore Mountains<sup>11</sup>. Those of the above specified sub-regions with predominantly rural settlements manifest low densities of population<sup>12</sup>.

### **Administrative structure of the region**

The Ústecký Region is divided into seven counties (statistical level NUTS IV), comprising 354 municipalities (statistical level NUTS V). There are 53 townships, nevertheless it should be stated here that the township status was awarded after 1990 to municipalities that are rather small at present but had held the title in medieval history. According to the Czech Statistical Office (2007 report, page 19), the largest city in the region is the seat of the regional government Ústí nad Labem with 94,565 inhabitants. Other focal points of development within the region<sup>13</sup> are the cities of Most (67,805 residents), Děčín (51,875 residents) and Teplice (51,010 residents).

From 2000, regions of the Czech Republic became administrative units with self-governing powers. Until the end of 2002, regions in the country were governed by county offices (exercising state administration within the region). From 2000 to 2002, the county offices played a transitional role as part of the second stage of public administration reform,

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<sup>8</sup> Czech Statistical Office (2006), page 12.

<sup>9</sup> SPF Group, v. o. s. (2007), page 30.

<sup>10</sup> As many as 79.1 % of the region residents live in townships, placing the Ústecký Region second only to the Moravia-Silesia Region (disregarding the capital city of Prague with its special regional status).

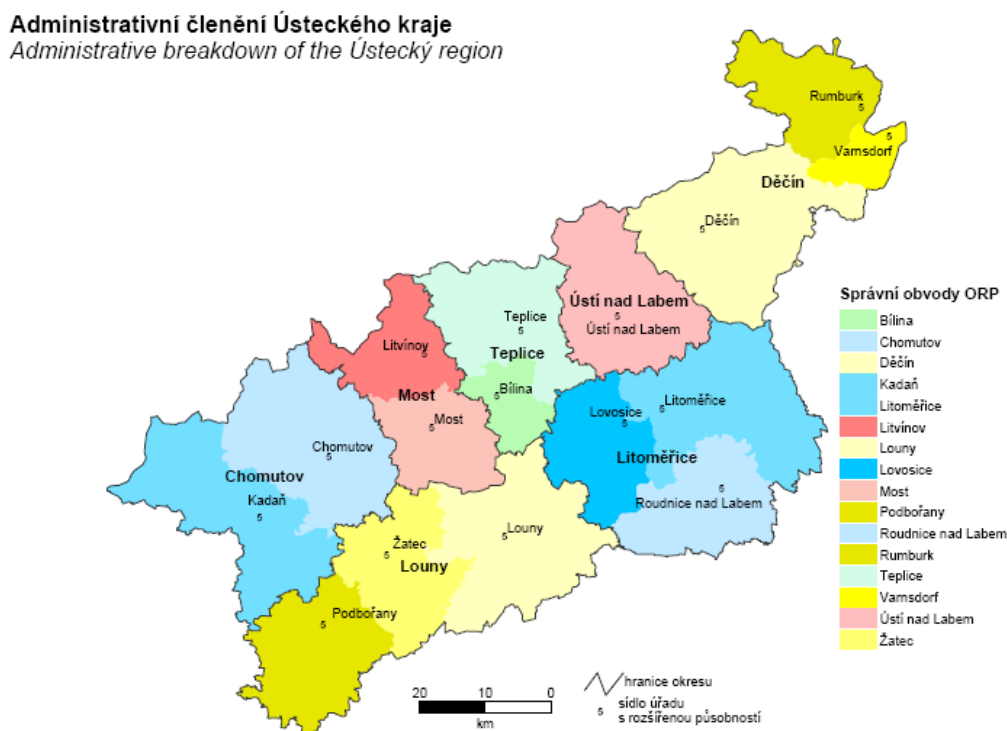
<sup>11</sup> Density of population in the districts of Ústí nad Labem, Teplice and Most exceeds 300 people per square kilometre. The highest density of population is understandably recorded in districts of the largest cities of the region.

<sup>12</sup> Density of population in districts of Žatec, Louny, Roudnice nad Labem and Lovosice is around 100 people per square kilometre, and in the Podbořany district mere 47 people per square kilometre.

<sup>13</sup> Region of Cohesion North-West (2007), page 140.

completed with delegation of selected powers to the newly established regions (NUTS III) and to specified administrative districts. There are currently 16 administrative districts within the Ústecký Region<sup>14</sup>.

**Fig. 1:** Administrative structure of the Ústecký Region



Source: Czech Statistical Office (2007), page 18

The Ústecký Region is a cohesion region (NUTS II) North-West, which also includes the Carlsbad Region (NUTS III). With respect to the low economic level of the Ústecký Region as measured by GDP per capita, the region was eligible in 2004 to 2006 for fast-tracked financial resources from EU structural funds of Target 1. The region falls within structurally disadvantaged regions for the new period 2007-2013 and is eligible for resources within the Convergence target.

### Accessibility of residential centres within the region

Partial analysis of accessibility was provided in a paper by the Czech Statistical Office<sup>15</sup> on social and economic development of the region. Accessibility of main residential centres of the region is considered a key factor for various social and economic phenomena for the CoPIE project as well as in the above paper. This analysis includes two cartograms demonstrating accessibility of separate townships within the region from the regional administrative centre, i.e. the city of Ústí nad Labem, and accessibility of administrative centres from individual settlements. The results of the analysis were evaluated in terms of the most important social and economic indicator, i.e. unemployment.

<sup>14</sup> According to a report by the Czech Statistical Office (2007, page 19) these are the townships of Bílina, Děčín, Chomutov, Kadaň, Litoměřice, Litvínov, Louny, Lovosice, Most, Podbořany, Roudnice nad Labem, Rumburk, Teplice, Ústí nad Labem, Varnsdorf and Žatec, and 30 administrative districts.

<sup>15</sup> See Czech Statistical Office report (2006), pages 18–20.

The above analysis used a route planner at the web portal <http://www.mapy.cz>, indicating accessibility and travel times between selected settlements and administrative centres<sup>16</sup>. The CoPIE project methodology monitors two time limits of accessibility – up to 45 minutes and up to two hours. The table below shows that some 38.7 per cent of residents can reach the regional centre within 45 minutes (a sum of accessibility within 29 minutes and an interval of 30 to 44 minutes). On the other hand, a total of 34 municipalities are farther from the regional centre than 90 minutes of travel – 3.8 per cent (these are the most remote areas of the region with low density of population near the border with the Carlsbad Region). A detailed cartogram is shown in Annex No. 2.

**Table No. 1:** Selected characteristics according to private travel times to the regional centre Ústí nad Labem, as of 31 December 2005

Time interval (min.)	Number of settlements	Registered unemployment level (%)	Contribution to region's unemployment (%)	Ratio of population (%)	Region area percentage (%)
<b>Regional centre</b>	<b>1</b>	<b>13.8</b>	<b>9.9</b>	<b>11.5</b>	<b>1.8</b>
Up to 29	76	14.1	22.5	26.6	17.9
30 to 44	82	15.7	11.2	12.1	16.9
45 to 59	67	22.0	22.4	16.8	18.1
60 to 89	94	17.1	30.3	29.1	30.6
90 and above	34	16.2	3.7	3.8	14.8

Source: taken from Czech Statistical Office (2006), page 19.

The analysis confirmed the polycentric nature of the Ústecký Region, i.e. other cities than the regional centre play an important role within the region. This situation is described in Annex No. 3 (time travels and accessibility of administrative centres). Any direct link between the accessibility of a centre using private transport and unemployment levels cannot be clearly proven. The analysis evaluation explicitly states that *the regional capital is not the single economic centre of the region, such as in the Pardubice Region, where unemployment increases with the distance from the city*.<sup>17</sup> Evaluation of accessibility of administrative centres by private travel returned quite positive results as 60 per cent of residents live directly in such centres and another 26 % within 15 minutes of travel from the nearest centre. Any strong link with unemployment levels was not shown<sup>18</sup>.

## 2.2 LABOUR MARKET AND EMPLOYMENT OPPORTUNITIES

The labour market in the Ústecký Region has been one of the most problematic in the Czech Republic for some time, mainly due unsuitable economic structure in early 1990s. the unemployment level ranked among the highest in the country. The greatest increase in unemployment occurred when the effects of economic transformation begun to show, i.e. after 1997 – non-competitive industries became to dwindle at that time (in particular coal mining and heavy industry). The unemployment increased significantly in the last two years due to positive economic development, but still remains higher compared to the

<sup>16</sup> The evaluation was based on data acquired from the above-mentioned web portal between 10 July 2006 and 15 July 2006.

<sup>17</sup> Czech Statistical Office (2006), page 19

<sup>18</sup> The analysis (Czech Statistical Office, 2006, page 19) clearly showed that the lowest unemployment levels are directly in the administrative centres, surprisingly followed by the most remote settlements, where the unemployment levels are similar to the regional average.

national average. In general, the country recently rather struggles with finding sufficient numbers of qualified employees. PEČINKOVÁ (2007) explains the drop in available workforce by the recently accelerated economic growth and an overall change in the economic environment, structurally and territorially<sup>19</sup>. The changing structure of production and shift in investment activities into regions is not reflected by the settings of the Czech educational system, which is unable to quickly and flexibly respond to the labour market needs. The nationwide unfavourable demographic development is also an issue. In a selected examination of workforce by the Czech Statistical Office (2007) the Ústecký Region reached the following values in 2006 for the selected indicators of the labour market:

- The rate of economic activity for the region was 60.5 % (of that 50.9 % were women), while the nationwide rate of economic activity was 59.3 % (of that 50.5 % women).
- The general unemployment level (ILO) reached 13.7 % (of that 17.2 % women), while in 2005 the same indicator was at 14.5 %<sup>20</sup> (of that 16.1 % women).<sup>21</sup>
- Of the total pool of the unemployed, selected risk groups were monitored that contribute to the total unemployment in the following manner: women 52.1 %, graduates and youth 6.3 %, people with disabilities 13.5 %.

### **A portrait of a typical unemployed<sup>22</sup>**

The statistics of the Ministry of Labour and Social Affairs, showing the structure of unemployment by regions, education or qualification, age and sex, demonstrate that the most common applicant for employment is a woman of 50 to 55 years of age, with secondary level education and vocational certificate, with a place of residence in the Moravia-Silesia Region or the Ústecký Region.

The typical unemployed can be different in other regions: a youth with a vocational certificate, not employed, living on social support and working illegally. This description is typical especially for the Moravian regions.

- There were 12.7 applicants per one vacancy (the national average was 4.8 applicants per vacancy). This indicator showed a growing trend up until 2003, with a rate of increase of about 5 per cent annually between 2000 and 2003<sup>23</sup>. This indicator tends to decrease from 2004, due to positive economic development within the whole country.
- Export in standard prices increased year-on-year by 10.5 % in 2006 for the region, while the increase in export for the Czech Republic was 14.7 % in the same year. Majority of export from the Ústecký Region was comprised by intermediate products and materials (31.7 %; 20.8 % nationwide), machinery and vehicles (28.6 %; 50.4 % for the Czech Republic) and chemical products (16.6 %; 6.1 % nationwide).
- In terms of income, the Ústecký Region reached in 2006 the level of 15,022 EUR per capita, amounting to roughly 80 % of the GDP per capita nationwide average (of €18,620 per capita).

<sup>19</sup> PEČINKOVÁ, I. et. al. (2007), page 25.

<sup>20</sup> Czech Statistical Office (2006b).

<sup>21</sup> For purposes of clarity, the Annex No. 4 contains a graph showing the development in the numbers of registered unemployed between 1993-2006.

<sup>22</sup> PEČINKOVÁ, I. et. al. (2007), page 30.

<sup>23</sup> Czech Statistical Office (2006), page 97.

- According to the Czech Statistical Office<sup>24</sup> the gross monthly income in 2006 earned in the Ústecký Region was CZK 18,097 (per active person), lagging behind the national average by CZK 2,110, ranking in the fifth place among regions.

**Table No. 2:** Changes in employment in key sectors between 2004 and 2006

Sectors/Indicators	Employment 2004 (in thousands)	Employment 2005 (in thousands)	Employment 2006 (in thousands)	Percentage of change 2004–2006
Agriculture and forestry	7.9	9.3	9.9	+ 25.3 %
Industry	137.6	146.5	149.5	+ 8.5 %
Services	212.6	202.1	203.7	- 4.1 %
<b>Total</b>	<b>358.1</b>	<b>357.9</b>	<b>363.1</b>	<b>+ 1.4 %</b>

Source: Data from the Czech Statistical Office (2007).

- Overall changes in employment levels and employment in selected key sectors are shown in Table No. 2 above. The highest increase in employment occurred in the whole primary sector, i.e. agriculture and forestry. In the secondary sector, employment grew most in the processing industry, while employment in exploitation of minerals decreased. The tertiary sector, i.e. services, was the only one to demonstrate a decrease in employment for the whole monitored period of 2004–2006, with the most significant drop experienced in trade, public administration and healthcare. The two areas with greatest growth within the services sector were accommodation and catering, real estate-related services and entrepreneurship services. According to the Czech Statistical Office<sup>25</sup>, prominent employers within the Ústecký Region are Mostecká uhelná společnost, Severočeské doly, Chemopetrol and the Ústí nad Labem city hospital.
- The main challenges facing the Ústecký Region in the economic area in general and the labour market in particular are indicated in the Regional Development Programme<sup>26</sup>:
  - The GDP per capita within the region is relatively small compared to the national average.
  - The dominance of industry in the region lessened after 1990 but remains present, especially in the counties Děčín, Most and Chomutov<sup>27</sup>.
  - The region shows low levels of entrepreneurial activity compared to the national average, in particular in the underdeveloped and structurally disadvantaged areas.
  - The relatively favourable but degrading age composition (higher proportion of productive age to post-productive age populations).
  - Low education level, especially low numbers of university-educated people, in all counties with the exception of Ústí nad Labem.
  - The highest rate of unemployment and the highest number of applicants per vacancy in the Czech Republic, despite some recent positive development.
  - The highest specific rates of unemployment among unskilled workers, people with low qualification, fresh graduates and pre-retirement age group.

<sup>24</sup> Czech Statistical Office (2007), page 20.

<sup>25</sup> Czech Statistical Office (2007), page 20.

<sup>26</sup> SPF Group, v. o. s. (2007), page 32, 47.

<sup>27</sup> V rámci průmyslu přetrvávající význam tradičních odvětví (těžba uhlí, chemie).

### **Example of a particular solution to labour market issues in the Ústecký Region: *Educational and training centre of the Ústecký Region*<sup>28</sup>**

Beside government agencies, labour market issues are addressed by private entities, striving to achieve closer co-operation between the educational system and local authorities. The Educational and training centre of the Ústecký Region has been established alongside the Integrated vocational school of technology in Most-Velebudice, and has commenced training and educating future employees of two Japanese automotive suppliers Koito and Fujikoki. The project of the training and educational centre for investors active in the Ústecký Region, in particular in the strategic industrial zone Triangle near Žatec, has attracted participation from the Most vocational school, agencies of the administration as well as the government agency CzechInvest. The costs of establishing the centre exceeded CZK 25 million. The training workshops include simulators emulate actual production procedures in plants of companies present in or coming to North Bohemia.

The objective of the centre is to train its pupils in basic skills, provide them with essential knowledge and lay the base of indispensable habits necessary for trouble-free production and good employment chances within the Ústecký Region<sup>29</sup>. According to the centre's website, the expected benefits for the Ústecký Region are as follows:

- Positive impact on employment,
- Positive impact on qualification structure of the region's population in terms of employment in hi-tech sectors,
- Utilisation of educational capacities of the region, and improved financial backing,
- Increased appeal of the region for investments into sophisticated technologies, that require qualified and skilled workforce.

## **2.3 DYNAMICS OF ENTREPRENEURIAL ACTIVITIES**

In terms of dynamics of entrepreneurial activities, the Ústecký Region still remains under the influence of the previous development of the economic structure, typical for its rather large enterprises in traditional industries (mining and energy production). For the same reason, the current numbers of small and medium businesses are rather low compared to the country's average, and the segment needs further consolidation, both due to insufficient levels of entrepreneurial activities in the region (see Annex No. 5). As shown in Table No. 3, medium and large enterprises retain their numbers or even increase slightly in quantity<sup>30</sup>. The conditions for a diversified economic structure are rather poor in this respect. The relevant factors are indicated in Table No. 3. According to SPF Group, v. o. s. (2007, page 44), the Ústecký Region demonstrates one of the lowest relative numbers of entrepreneurs in the Czech Republic (the only two regions worse off are the Moravian-Silesian Region and Region Vysočina).

<sup>28</sup> PEČINKOVÁ, I. et. al. (2007), page 29

<sup>29</sup> Educational and training centre of the Ústecký Region (2007)

<sup>30</sup> According to the Czech Statistical Office (2007), the statistical register of business entities held at the end of 2006 more than 169 thousand enterprises, business organisations and entrepreneurs. The highest proportion fell to self-employed people not entered in the register of Companies (nearly 119 thousand). In terms of classification by sector, most enterprises were trading companies, and motor vehicle and consumer electronics repair enterprises.

**Table No. 3:** Business entities by number of employees, Ústecký Region

Size of enterprise by number of employees	2004	2005	2006
0–9	15,467	13,805	14,573
10–49	3,269	3,074	3,139
50–249	770	777	794
250 +	141	137	142
Not specified	50,402	103,745	106,320
No employees (self-employed owner)	93,825	44,681	44,115
<b>TOTAL</b>	<b>163,874</b>	<b>166,219</b>	<b>169,083</b>

Source: Data from the Czech Statistical Office (2007).

The dynamics of entrepreneurial activities can be viewed also in terms of newly established and terminated business entities. Table No. 4 lists data on new and terminated businesses in 2004 to 2006, sorted by legal form. The table demonstrates a positive development and trend in the entrepreneurial environment in the Ústecký Region, when the survival ratio increased significantly from 1.08 to 1.85. However, the CoPIE projects focuses mainly on small enterprises and self-employed people, and the trend in this area has been rather negative, dropping from 1.33 to 1.28 between the years 2004 and 2006. This seemingly negligible decrease bears significant negative message, in particular at a time when the conditions for economic growth and development are generally highly favourable. This indicator could therefore be safely expected to decrease in a more pronounced manner should economic growth in the Ústecký Region or the Czech Republic in general slow down. The Ústecký Region is second worst in this category in the Czech Republic, standing just above the Olomouc region (see Annex No. 6).

Between the years 2003 and 2006, the Strategy for Industry and Small and Medium Enterprises in the Ústecký Region operated as a support for the entrepreneurial environment, having been ordered by the Regional Development Department of the Regional Authority in November 2002. The assignment requested a document that would investigate one of the strategic objectives of the original (first) Development Programme for the Ústecký Region, dealing with “elimination of negative effects of structural changes” and “jump-starting the economic base of the region under these modified conditions” with the related employment issues. The result of the strategy was a specification of activities of the Ústecký Region leading to development of projects for structural funds, co-ordination of industrial zones, support for restructuring of the existing large industrial hubs, and support of processing industry, mainly in the form of small and medium businesses<sup>31</sup>. The website of the Regional authority does not list any intermediate evaluation reports on the progress of implementation of the strategy.

In terms of further development for the new programme period, the regional administration aims to harmonise the issues of the region with the nature of available EU public interventions. In this sense, the key document is the “**Regional Development Programme**”, drawn up for the period until 2013. This programme contains a total of six priorities, of which priority No. 4 deals with support to economic development. One of the specific aims is to provide support for entrepreneurial environment for existing and new enterprises, especially

<sup>31</sup> RRA ÚK (2003), page 1

of small and medium sizes. The regional administration is prepared<sup>32</sup> to assist in realisation of investment projects and provide assistance to investors in the Ústecký Region, as well as to present the business environment of the region at fairs and exhibitions. Non-financial support, or purpose-bound subsidies from the region will be provided for the development of infrastructure necessary for new enterprises, mainly small and medium – e.g. entrepreneurial incubators. Also supported will be reclamation of brownfields and the conversion thereof into business premises, including related information service.

**Table No. 4:** New and terminated businesses according to legal form

Form	2004		Survival ratio 2004	2005		Survival ratio 2005	2006		Survival ratio 2006
	Births	Deaths		Births	Deaths		Births	Deaths	
<b>Total</b>	<b>5,866</b>	<b>5,435</b>	<b>1.08</b>	<b>5,479</b>	<b>3,135</b>	<b>1.75</b>	<b>5,721</b>	<b>3,088</b>	<b>1.85</b>
Of that:									
Self-employed trade licence holders	3,965	2,991	<b>1.33</b>	3,413	2,623	<b>1.30</b>	3,446	2,692	<b>1.28</b>
Small farmers and agricultural businesses	78	173	<b>0.45</b>	34	106	<b>0.32</b>	34	95	<b>0.36</b>
Small entrepreneurs undertaking business according to other than the trades law	144	47	<b>3.06</b>	177	48	<b>3.69</b>	99	39	<b>2.54</b>
Trading companies	644	107	<b>6.02</b>	586	145	<b>4.04</b>	653	123	<b>5.31</b>
Unit owners' associations	265	–	<b>x</b>	259	–	<b>x</b>	190	–	<b>x</b>
Cooperatives	5	–	<b>x</b>	31	5	<b>6.20</b>	32	3	<b>10.67</b>
Non-profit organisations	3	23	<b>0.13</b>	6	14	<b>0.43</b>	3	10	<b>0.30</b>
Foreign entities	401	26	<b>15.42</b>	689	23	<b>29.96</b>	925	60	<b>15.42</b>
Associations (unions, societies, etc.)	278	27	<b>10.30</b>	202	36	<b>5.61</b>	230	18	<b>12.78</b>
Organisational units of associations	55	35	<b>1.57</b>	77	108	<b>0.71</b>	85	36	<b>2.36</b>
Associations of legal entities	1	1	<b>1.00</b>	2	1	<b>2.00</b>	1	–	<b>x</b>

Source: Data from Czech Statistical Office (2007).

<sup>32</sup> SPF Group, v. o. s. (2007), page 110

The above programme is further developed in the general area by the “**Strategy of Sustainable Development of the Ústecký Region for the Years 2006–2020**”<sup>33</sup>, which specifies development of new and existing small and medium enterprises with growth and innovation potential and based in the Ústecký Region as one of its priorities.

Besides sector operation programmes financed from the European Social Fund between the years 2007 and 2013, the business environment within the region will be influenced by the “**Regional Operation Programme NUTS II North-West for the period 2007–2013**”<sup>34</sup>. In general, the programmes will focus primarily on the following:

- Improved appeal of the region through development and improvement of infrastructure;
- Provision of conditions for sustainable development in all three dimensions, i.e. environmental, economic and social (integrated local development);
- Improvement of the business environment, including conditions conducive to increased investment, and development of existing and new businesses, in particular small and medium enterprises
- Improved infrastructure for industrial research, technological development and innovations;
- Support to employment, including social inclusion;
- Incentives for increased collaboration between industries and the educational system, science and research, and public administration.

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<sup>33</sup> Ústav pro ekopolitiku, o. p. s. (2006), page 7

<sup>34</sup> Cohesion region North-West (2007)

### 3 POLICIES REGULATION FRAME

#### 3.1 FRAMEWORK AND ADMINISTRATIVE CONDITIONS

SITUATION	NOTE
Is the process of establishing a business easier above (quicker than) the EU average (27.5 days)?	It depends on the type of business taken up. In the simplest form, announcement of a trade, the business is established upon announcement to the relevant authority. The terms are considerably longer for licensed trades and business companies.
Is it possible to establish a business without losing social support?	When starting a business, entrepreneurs lose their claim to social support. Other social subsidies (children's allowance, etc.) depend on the level of income.
Are there exclusions from taxation, VAT and/or social security contributions when starting a business, or for enterprises below a certain level of turnover?	No there are none. The only exception to this rule is the VAT – VAT payers with the place of residence or business premises in the Czech Republic are excused from the value added tax if their turnover does not exceed the amount of CZK 1,000,000 during the last consecutive 12 months.
Is it possible to combine entrepreneurship with other activities without incurring increased costs or administrative demands?	Combining of entrepreneurship and employment is possible, the self-employed files a single tax return, which states the incomes from both the employment and the private business, accounts of social security and health insurance must be maintained separately for the business.
Are there integrated programmes supporting and motivating unemployed/economically inactive to start a business?	There is some support for start up businesses as part of the operation programme Industry and Enterprise, a support programme for start up businesses START, which mediates access to favourably conditioned loans and/or guarantees from the Českomoravská záruční a rozvojová banka [Czech-Moravian Guarantee and Development] <sup>35</sup> . Financial support is also available from labour offices or the DALKIA fund.
Do authorities map and support business opportunities?	The situation is gradually improving. Labour offices, trades and fiscal authorities, business associations as well as non-profit organisations often provide free counsel to start up businesses, however, the quality of the advice varies.

<sup>35</sup> Within selected industrial segments, see <http://www.cmzrb.cz/app/en/navigation/sme-assistance/>.

## 3.2 ESTABLISHING A BUSINESS

- The length of administrative processes depends on the type of business (trade<sup>36</sup>) being the simplest when classified as announced – mere announcement of the trade at the relevant authority suffices. A trade licence is issued within 15 days from the announcement provided all requirements have been met. Licensed trades require the applicant to wait for the trades office to decide whether a licence will be issued.
- Establishment of Central Registration Points as of 1 August 2006 meant a significant simplification of the process – establishing, changing of business, as well as modification of any relevant information, i.e. registration for tax purposes, dispensing with the duty of notification, and other duties e.g. towards the social security system, labour offices and health insurers can be completed through a single registration form filed at the trades authority.
- An update to the Trades Act No. 455/1991 of the Collection of Laws, in force from 1 January 2008 further simplifies the administrative processes of starting a business.
- Establishing of business companies (business undertaking subject to the Commercial Code, Act No. 513/1991 of the Collection of Laws) is considerably more complicated in terms of administrative, financial as well as time demands.
- Combination of business undertaking and employment is possible in the Czech Republic. The self-employed files a single tax return for all incomes. Social security and health insurances must be reported separately for the business activities. Social support depends on the level of income. Entrepreneurs (contrary to employees) cannot collect any unemployment support.
- When employment applicants participate in re-training courses provided by a labour office, they are eligible for higher levels of unemployment support for the duration of the training<sup>37</sup>, equal to 60 % of the average monthly net income or the base of assessment, up to 0.65-times the average salary in the national economy for the first to third quarters of the year preceding the year in which the employment applicant signed up for re-training. Some labour offices even provide courses for future entrepreneurs.

## 3.3 FINANCIAL SUPPORT TO START UP BUSINESSES

- Financial support for start up businesses is available through the operation programme Industry and Enterprise, support programme for start up businesses START which provides interest-free loans<sup>38</sup> (up to 90 per cent of total deductible costs of the start up project, available from the Českomoravská záruční a rozvojová banka, the minimum amount of a loan is CZK 100,000, maximum amount is CZK 750,000 (private persons and legal entities with a single partner) and up to CZK 1,500,000 for legal entities with several partners), with a period of repayment of seven years. The same programme offers advantageous guarantees<sup>39</sup> with a financial contribution to the secured loan.
- **Financial support is also available from labour offices<sup>40</sup>** to persons registered with the office as unemployed who decide to start a business. Such subsidies are available to the self-employed pursuant to an agreement between the person and the labour office, where the labour office decides on the amount of the subsidy. The available subsidies as follows:

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<sup>36</sup> Business undertaking pursuant to the Trades Act No. 455/1991 of the Collection of Laws.

<sup>37</sup> In accordance with Sections 50 to 57 of the Employment Act No. 435/2004 of the Collection of Laws.

<sup>38</sup> Within selected industrial segments, see <http://www.cmzrb.cz/app/en/navigation/sme-assistance/>

<sup>39</sup> For specific conditions see <http://www.cmzrb.cz/app/en/navigation/sme-assistance/>

<sup>40</sup> Subject to the Employment Act No. 435/2004 of the Collection of Laws

- a) Establishment of a socially purposeful vacation<sup>41</sup> – employment applicants who create a so-called socially purposeful vacation, including a self-employment job, become eligible for a subsidy, the amount of which depends on the level of unemployment in the region and the average salary within the national economy.
- b) Bridge subsidy<sup>42</sup> may be awarded by a labour office to an employment applicant as a support for becoming self-employed. The subsidy is provided for up to three months. The amount of the subsidy is not exactly substantial (draft legislation update cancels this subsidy from 2009 if passed).
- c) A subsidy for a protected vacation and contribution towards the costs of a protected vacation<sup>43</sup> – provided to an employment applicant with a disability, who decides to go self-employed. Subject to agreement, the labour office contributes towards the relevant costs up to a specified amount. The subsidy depends on the degree of disability, average salary within the national economy and the number of created vacancies. The condition for provision of the subsidy is being self-employed for at least two years.
- Financial support is also available from the DALKIA foundation, active in the Ústecký Region.
  - Following a series of bankruptcies in the 1990s, Czech banks are extremely careful in provision of loans, rendering it virtually impossible for start up businesses to obtain a commercial loan as they can hardly meet the conditions set by banks.
  - Overall, access to finance is rather difficult for start up businesses, especially in segments demanding higher initial investments.

**Table No. 5:** Development in subsidies provided in the Ústecký Region in 2006 (numbers of recipients)

County	Self-employed	Protected job, where a disabled person works as self-employed	Bridge subsidy
Děčín	86	2	22
Chomutov	17	0	8
Litoměřice	34	2	0
Louny	14	1	13
Most	67	3	56
Teplice	7	0	7
Ústí nad Labem	28	5	0
<b>Total for Ústecký Region</b>	253	13	106

*Note:* The above data include all persons registered with the labour office, not only persons under-represented on the labour market. A detailed breakdown of data is not available.

*Source:* Statistic yearbook of the Czech Republic labour market 2006, Prague: Ministry of Labour and Social Affairs of the Czech Republic, March 2007.

<sup>41</sup> As per Section 113 of the Employment Act No. 435/2004

<sup>42</sup> As per Section 114 of the Employment Act No. 435/2004

<sup>43</sup> As per Section 75 of the Employment Act No. 435/2004

### **3.4 STRATEGY**

- There is no unified strategy within the Czech Republic or the Ústecký Region to provide support for self-employment of under-represented people. The *National Lisbon Programme 2005–2008* lists as one of its priorities supporting business environment, as well as (simplification of starting a business and) inclusion of under-represented people in the labour market. However, these priorities are not mutually integrated or classified in any way. The same applies to similar programmes at the regional level.
- The Ústecký Region has operated several projects aiming to support starting a business by employment applicants. These projects are designed for all unemployed – i.e. they are not geared in any way specifically to under-represented people (with the exception of women).
- The quality and success levels of such projects varies from county to county. In some counties, the projects are managed “from above”, regardless of the actual needs of the intended beneficiaries and without any previous “market research”. The development and concurrence is seldom co-ordinated and the end of the project usually means the end of any activities related to the project, without any reasonable and useful follow-up. In other counties (e.g. Most) the labour office and other stakeholders make the effort to interlink various projects and build upon the completed ones.

### **3.5 EDUCATION AND INFORMATIONAL SUPPORT**

- Basic information on entrepreneurship is available from labour offices, trades offices and fiscal authorities, vocational associations (Chamber of commerce, Association of female entrepreneurs and managers), and other institutions – the information provided is usually free, but of varying quality.
- There are numerous information portals available to businesses, including start-ups, on the internet: <http://www.businessinfo.cz/>, <http://www.podnikatel.cz>, <http://www.jakpodnikat.cz>, etc., Ministry of Industry and Trade website, and others. Such information may not be readily accessible for some groups (ethnic minorities, seniors above 50 years of age).
- Education for business in the Ústecký Region is provided by secondary schools and vocational schools, but is not managed systematically.
- All labour offices in the region offer re-training courses geared to help participants to start their own businesses. Projects supported by EQUAL and ESF provide comprehensive support leading to self-employment – including personal diagnostics, development of a prospectus, etc.

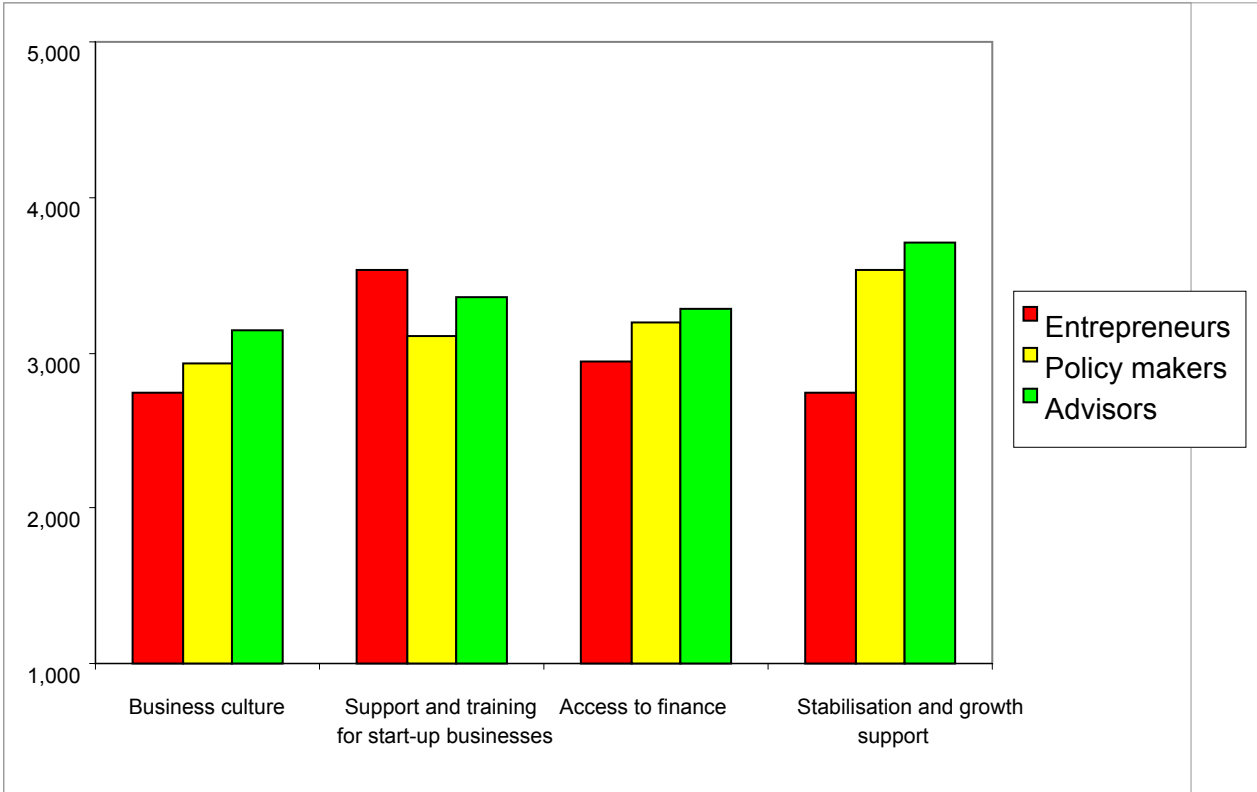
## **4 EXPERT OPINIONS ON THE POSSIBILITIES OF SELF-EMPLOYMENT AMONG UNDER-REPRESENTED GROUPS**

### **4.1 INTRODUCTION**

The following graphs summarise average assessment provided by interviewees of the survey. The interviewees awarded values from 1 to 5, 5 being the highest mark and 1 the lowest.

The following tables and graphs are divided by separate under-represented groups (economically inactive, women, etc.) for the surveyed groups of entrepreneurs and specialised business advisors. Entrepreneurs and specialised business advisors provided their responses for the group they identified or worked with. The latter answered in some cases for several groups as they often deal with more than one group of under-represented people, not just a single one of them (save for a few exceptions).

**Graph No. 1:** Comparison of responses across all groups



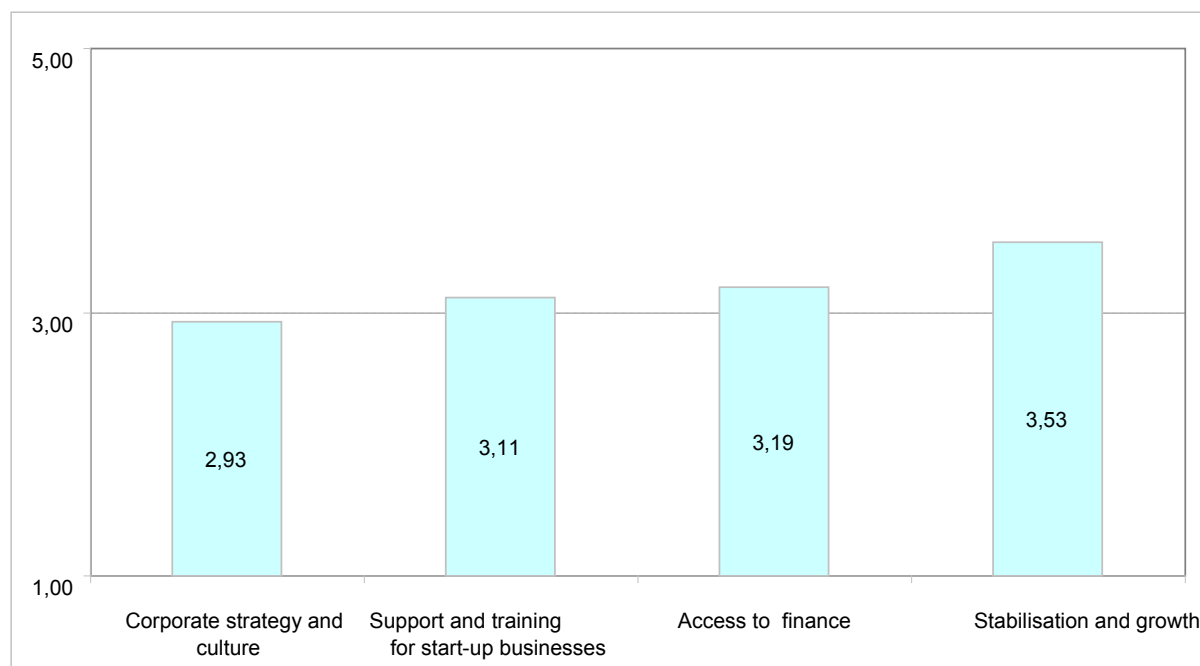
The graph above clearly shows that entrepreneurs view most aspects of business undertaking in a more negative way than the other two groups of interviewees, while the advisors value all the aspects at the high end of the range. This is most likely caused by the fact that the advisors possess the greatest pool of information. Entrepreneurs gave highest marks to the area of support and training of start-up businesses – apparently reflecting personal experiences of the surveyed entrepreneurs who had participated in some of PHARE, ESF or EQUAL-supported projects, or projects run by labour offices focused on training of start-up entrepreneurs.

**4.2 CORPORATE STRATEGY AND CULTURE**

**4.2.1 PUBLIC POLICY MAKERS**

- Regional and local level politicians view the entrepreneurship issues as a whole system. They do not deal with business undertaking of under-represented groups in any detail, and adopt sociological and political view of these groups. They seldom consider self-employment as an alternative to active employment policies and consider their own capacities of support inclusive entrepreneurship as limited.
- Politicians from the national level usually adopt the same view they would have been exercising in their lower level political career.

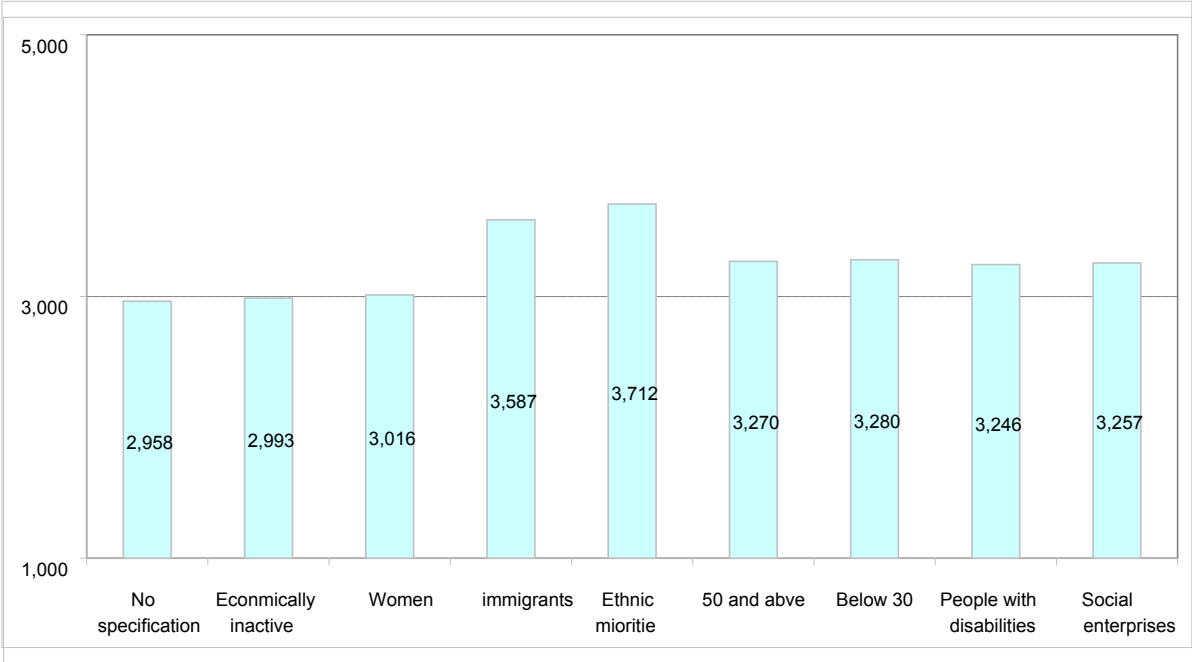
**Graph No. 2:** Opinions of policymakers of selected areas



#### **4.2.2 BUSINESS ADVISORS**

- There is no unified strategy of support for inclusive entrepreneurship in the Czech Republic on a national level, or in the Ústecký Region.
- Institutions in the Ústecký Region do their best – namely thanks to support from PHARE, EQUAL and ESF – to promote self-employment. The extent of activities in this area in different counties of the of the Ústecký Region varies – the Most county is probably the most advanced in this respect. The local labour office collaborates with other stakeholders in projects designed to support entrepreneurship while respecting the needs of the region and maintaining continuity in this regard. Various institutions also participate in similar activities in other areas, however the extent of engagement is lower and in some cases takes the form of merely a formal support to start-up businesses, regardless of their actual needs (i.e. without any preliminary research among potential entrepreneurs).
- Continuity of this support to under-represented people is lacking in some counties, with termination of support from PHARE, EQUAL or ESF, the project activities usually terminate too. Moreover, projects are seldom mutually supporting, they are organised rather as ad-hoc activities.
- There are enough training and preparatory courses for entrepreneurs – virtually all relevant authorities offer re-training courses of a “starting one’s own business” type, where participants learn the basics of business undertaking.
- Education in this area geared for secondary level students is present (usually as a part of projects supported by PHARE, EQUAL or ESF), but the training is by no means systematic and considered insufficient by the business advisors.

**Graph No. 3: Business culture – business advisors**



**4.2.3 ENTREPRENEURS**

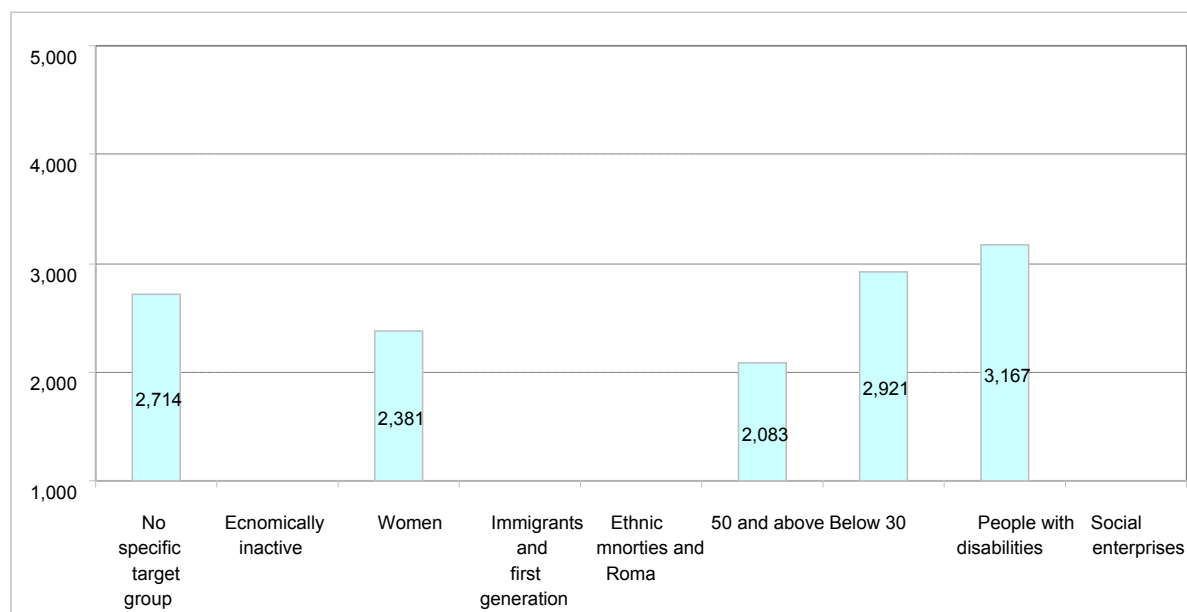
- Administrative proceedings and other requirements related to running a business are viewed differently by different entrepreneurs – some consider starting a trade simple and straightforward, while others see it as difficult and complicated, mostly depending on the level of education and previous experiences of the interviewee.
- Plenty of information is available on the Internet on websites of various agencies and authorities, vocational associations or non-profit organisations. This source of information is virtually unreachable for some of the under-represented (they lack Internet access, cannot operate a computer, etc.).

**4.3 SUPPORT AND PROFESSIONAL TRAINING FOR BEGINNING ENTREPRENEURS**

**4.3.1 PUBLIC POLICY MAKERS**

- Policy makers consider professional training of future entrepreneurs as part of the regular educational system. However, the system is virtually limited to young people and to some types of schools.

**Graph No. 4: Business culture – entrepreneurs**



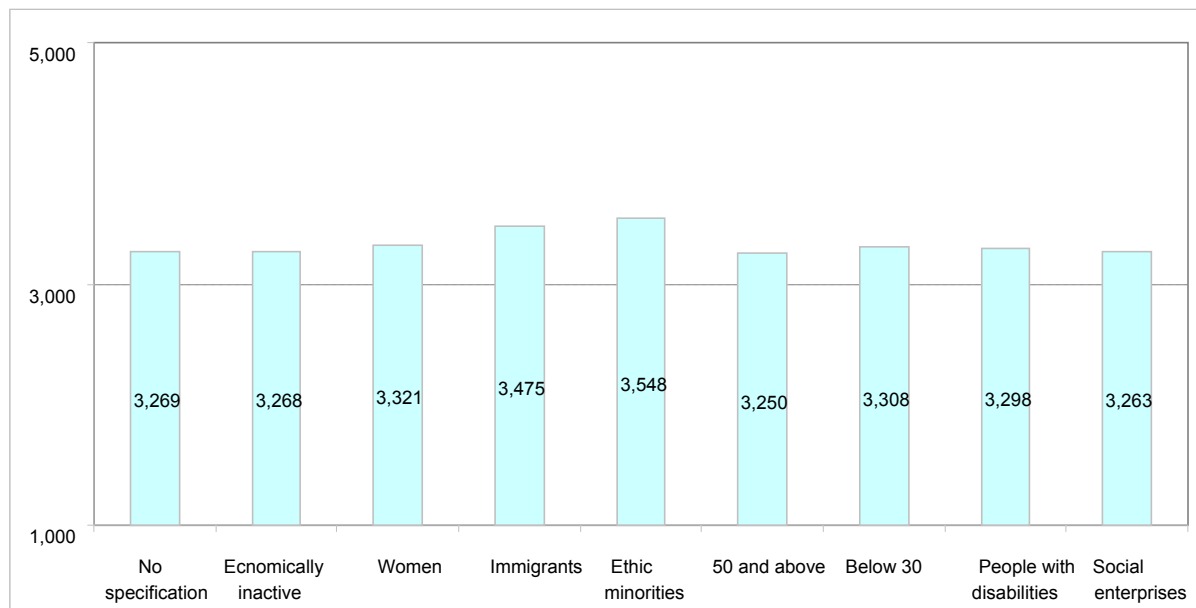
#### 4.3.2 BUSINESS ADVISORS

- Several projects have been realised in the Ústecký Region mainly due to support from PHARE, EQUAL and ESF funds, designed with the beginning entrepreneur and their education in mind. These provide help with preparation of the business prospectus, teach basics of bookkeeping, marketing, etc.
- Access to information necessary for business undertaking is available in sufficient amounts – free information and counselling is available from labour offices, trades offices, vocational associations and other organisations, mostly participating in PHARE, EQUAL or ESF-funded projects. One of the outcomes of these projects are various websites aimed at start-up businesses, presenting volumes of useful information, and/or enabling viewers to place their enquiries. It must again be noted that this informational platform is not accessible equally to all under-represented groups (ethnic minorities, people above 50 years of age). Advisors recommend personal contact with the target community (field workers) especially in the case of the Roma population.
- Applicants for employment registered with the labour office usually can chose the alternative of self-employment. Those interested in self-employment receive from labour offices informational and possibly financial support. However, with decreasing levels of unemployment the number of applicants suitable for self-employment also decreases. Due to the prevailing composition of the unemployed within the region, they usually prefer employment to starting one's own business, which they consider too demanding and beyond their capacities.
- Another issue is the lack of suitable business premises, as experienced e.g. in Most. The local housing estates comprising of blocks of flats offer very limited choice of premises fit for a business. These residential areas also usually lack a natural meeting place (a square), where business activities could concentrate and be sought.

### Typical employment seeker capable of running a business

- Higher than elementary level education (at least a vocational certificate),
- Between 25 and 50 years of age (young people lack experience, older find it harder to re-train and adapt to new circumstances),
- Has not been too long off work (has not lost work habits),
- Owns premises suitable for running or at least starting business (flat/house),
- Other household members earn sufficient regular income or possess sufficient savings (and thus capable of tolerating the lack of income at the beginning of self-employment when net profit is usually hard to come by).

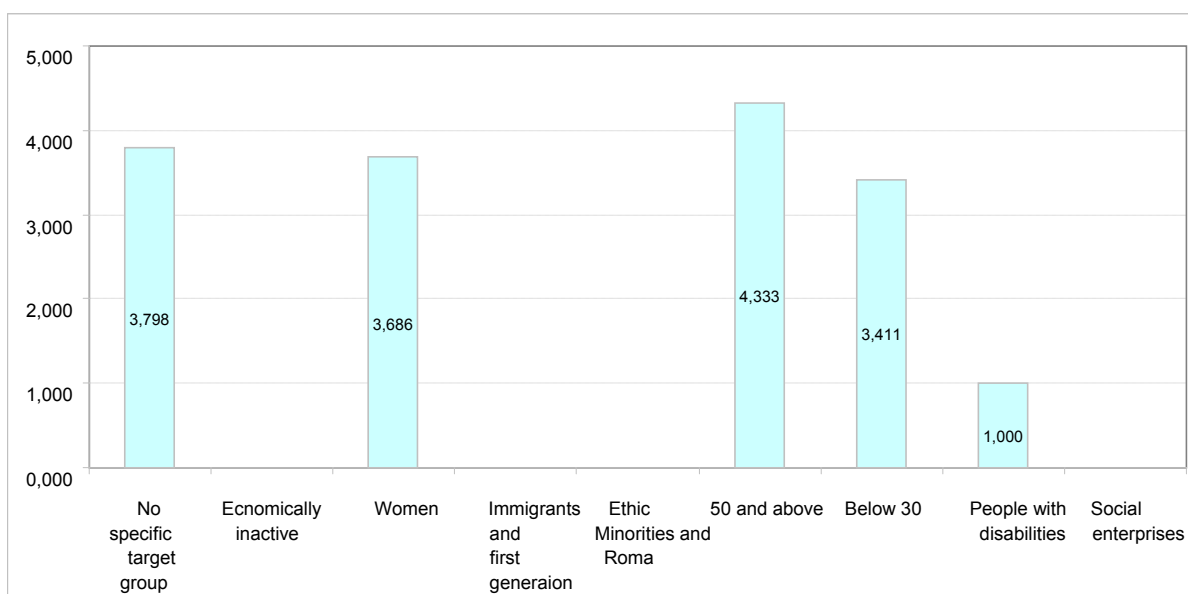
**Graph No. 5:** Support and professional training for beginning entrepreneurs – business advisors



### 4.3.3 ENTREPRENEURS

- Entrepreneurs rate access to educational and professional training higher than business advisors. It can be generalised that a start-up entrepreneur is capable of seeking necessary information.
- Numerous entrepreneurs have started their business after completing a re-training course. These courses carry very little motivational potential – relatively small proportion of participants actually start a business.
- Availability of suitable business premises depends on the venue. Majority of self-employed people work from home, so their businesses are registered at their home address. Business premises can be rented, with prices varying from region to region as well as according to the actual location (city centre/outskirts). The financial situation of the entrepreneur is the decisive factor.

**Graph No. 6:** Support and professional training for beginning entrepreneurs – entrepreneurs



## 4.4 ACCESS TO FINANCE

### 4.4.1 PUBLIC POLICY MAKERS

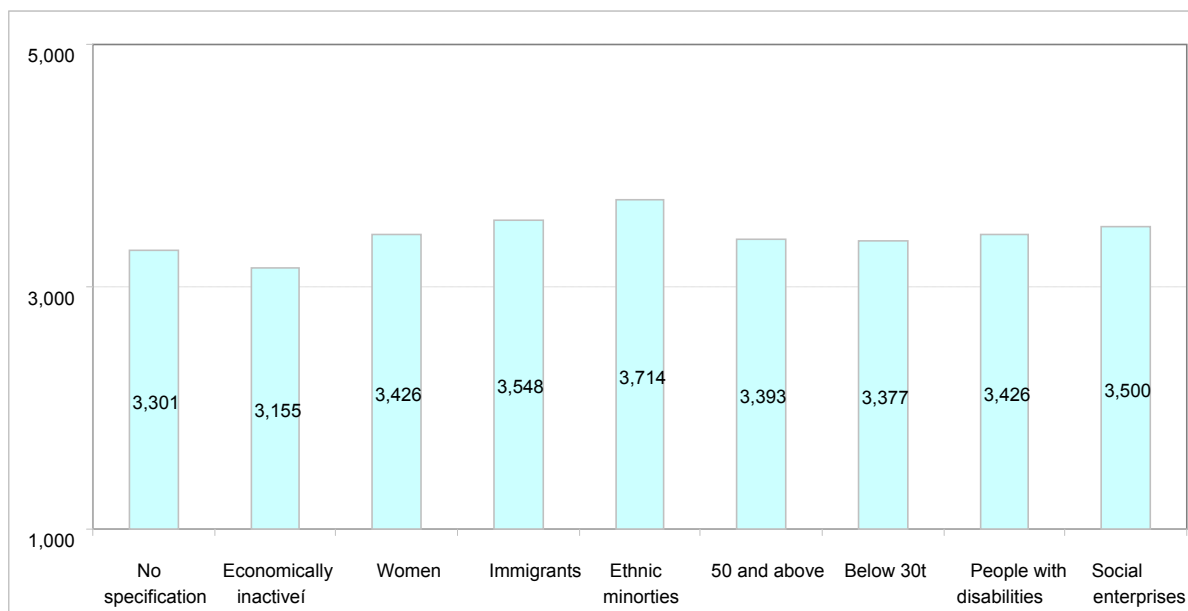
- Politicians are rather reserved when responding to the issue of financing a business. They are aware the existence of support programmes. However, they do not engage in an official capacity in the relationships entrepreneur/debtor vs creditor (disregarding public expenditure programmes supporting business loans). The reason lies in microeconomic reasons in bank decision-making, other creditors and entrepreneurs outside the scope of public policies.
- Politicians (regardless of level or political affiliation) consider the offer of public expenditure programmes designed to support businesses as sufficient.
- Politicians from the region consider as inadequate the composition of businesses within the region. Small enterprises can hardly compete with large enterprises, in most cases coming from other regions.

### 4.4.2 BUSINESS ADVISORS

- They consider access to finance as insufficient.
- The contributions available from labour offices (bridging subsidy, subsidy for a socially purposeful vacation, for a protected vacation and contribution towards costs of protected vacation) are not considered by labour office clerks sufficiently motivating to entice people to start a business.
- Counselling (financial, credit-related) is available to starting businesses (from labour offices, trades offices) for free but at varying quality, or for a fee.
- Resources towards co-financing the start of a abusiveness are available from various programmes (operation programme Industry and Enterprise, etc.) under specified circumstances, however, the related paperwork is often considered too complicated for start-up entrepreneurs rendering it a mere theoretical option.

- Starting businesses are virtually excluded from obtaining a loan from a commercial bank.
- Insufficient access to finance can under certain circumstances (ethnic minorities) result in seeking finance from various loan sharks, often resulting in bankruptcies.

**Graph No. 7: Access to finance – business advisors**



#### 4.4.3 ENTREPRENEURS

- Taking out a business account with a bank is not a problem, banks open an account for any applicant.
- They rate access to financial resources generally lower than business advisors.
- Financial assistance (loans) are available from Českomoravská záruční a rozvojová banka (see section 3.2 above), however the bank also requests pledging of a real property as a security, thus effectively decreasing the pool of eligible applicants.
- The paperwork related to applications for subsidies or co-financing from operation programme projects is deemed too complicated for start-up entrepreneurs.

### 4.5 STABILISATION AND GROWTH

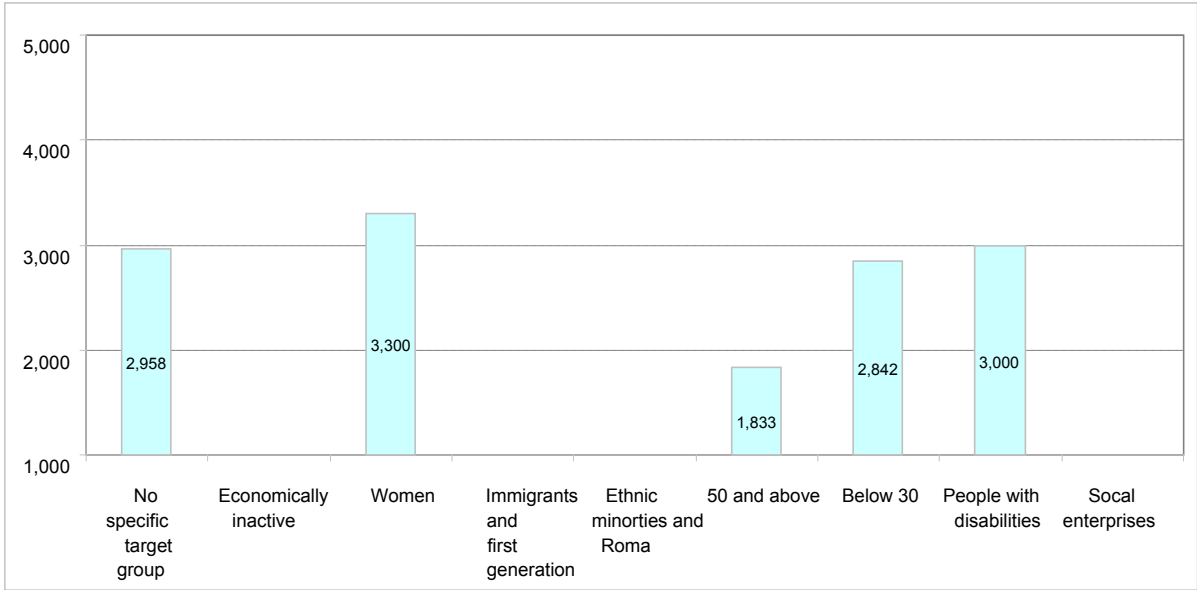
#### 4.5.1 PUBLIC POLICY MAKERS

- Politicians generally consider the conditions for further development of business enterprises as sufficient, with certain local specific differences.
- Several aspects are difficult to deal with for politicians, such as national legislation. National level politicians on the other hand lack local insight (or possess an insight to their particular region).

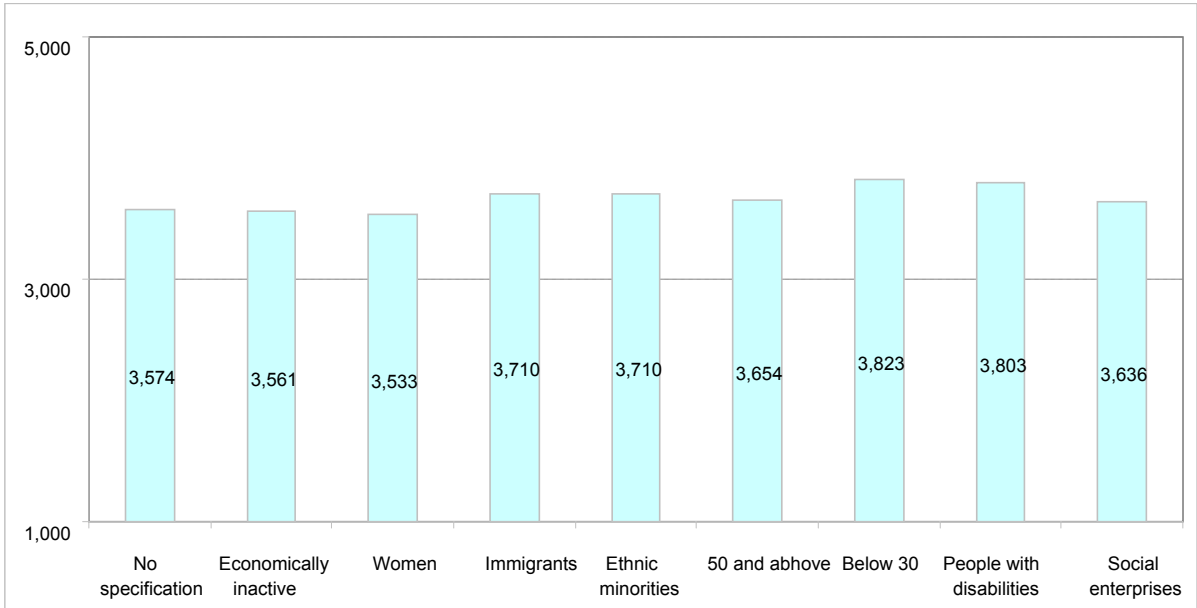
#### 4.5.2 BUSINESS ADVISORS

- Networking of small businesses is virtually non-existent, entrepreneurs consider one another as competition. The exception to this rule are the Roma communities where the family plays a pivotal role – and creates the supply/consumption chains.
- Business formally have access to public tenders, yet the success rate is very low.

**Graph No. 8: Access to finance – entrepreneurs**



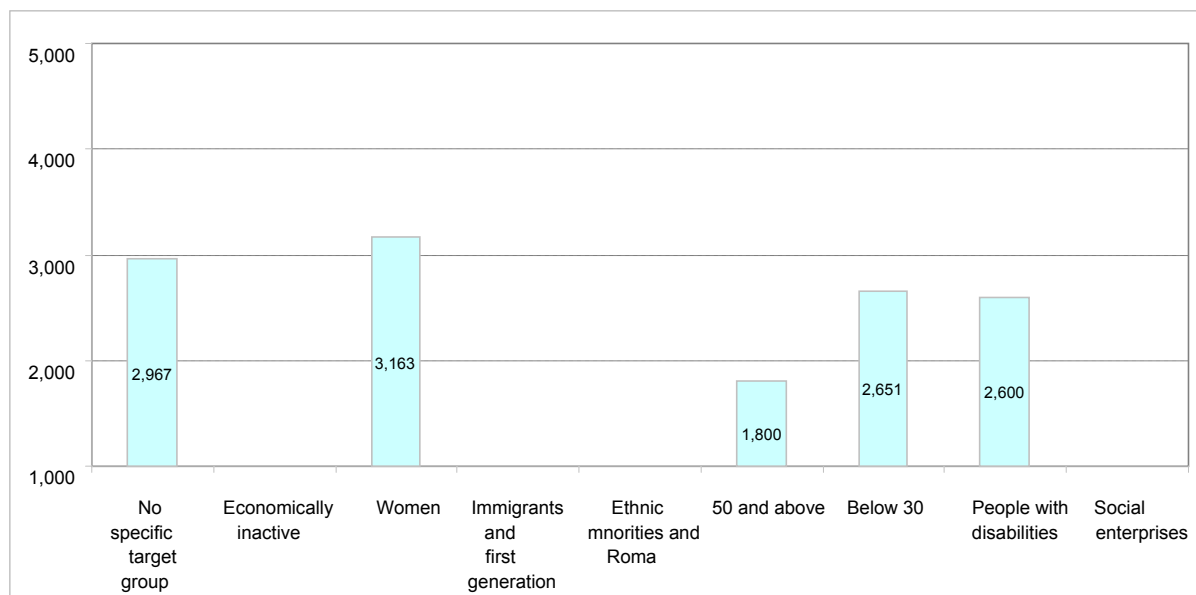
**Graph No. 9: Stabilisation and growth support - business advisors**



### 4.5.3 ENTREPRENEURS

- Entrepreneurs rate the opportunities for stabilisation and further growth of their businesses considerably worse than business advisors. This view may have been affected by the fact that majority of interviewees were trade licence holders and by the amount of information available to them.
- Entrepreneurs valued positively the access to professional training in areas necessary for starting a business and expanding it<sup>44</sup>. However, these were entrepreneurs who had participated in a specific counselling project.
- Necessary premises for a growing business area available, subject to acceptable pricing.
- Business can access public tenders, the success rate, however, remains low – entrepreneurs complain of corruption and race discrimination (Roma building contractors). It should be distinguished here to what extent the failure in public tenders is due to corruption (which is present in the Czech Republic) and to what extent failure to meet formal and material requirements of tenders are to blame.
- Active participation in fairs are beyond the financial capacity of starting businesses.

**Graph No. 10:** Stabilisation and growth support – entrepreneurs



<sup>44</sup> Except people above 50 years of age, where the result is under the influence perceptions and feelings of the interviewees.

## **5 SUMMARY OF KEY STRENGTHS AND WEAKNESSES IDENTIFIED IN THE SURVEY**

### **5.1 INTRODUCTION**

Annex No. 1 lists in tabular form the results of the survey among individual groups of interviewees, i.e. public policy makers, business advisors and entrepreneurs. The “traffic light” method has been used for purposes of clarity, i.e. colour-coded marking of strong and weak points in inclusion of under-represented groups in the labour market and/or the business environment. Green colour marks results above 3, yellow is used for results awarded around 2-3 points, and red is used for results below 2. Results for each group of interviewees are given in greater detail in Chapter 4. As explained above, the project did not focus on large-scale survey of opinions among the interviewee groups, but was designed to test the CoPIE instrument.

Certain aspects of inclusion of under-represented groups in the labour market through supporting self-employment of members of these groups were considered beneficial by the interviewees, while others were considered insufficient. Summary is provided below.

### **5.2 STRENGTH AND FURTHER CHALLENGES OF THE ENTREPRENEURSHIP SUPPORT SYSTEM**

Sections 2.2 and 2.3 contain detailed analyses of employment opportunities, the context of the labour market in the Ústecký Region and the dynamics of entrepreneurial activities in the short programming period from 2004 to 2006, when the Czech Republic could first use resources from various EU funds (namely as part of the policies of Economic and Social Cohesion and Common Agricultural Policy of the EU). Although the Ústecký Region is classified within the regional policies of the Czech Republic as structurally affected region (NUTS III level), and has had significant access to resources from both national and European public funds, the local labour market still faces numerous issues.

The remaining issues are predominantly in the economic structure of the region, typically with strong presence of heavy industries (coal mining, chemical industry). The general trend in employment in the Czech Republic has in the last two years enjoyed marked improvement in the conditions on the labour market, leading to lack of qualified workforce in some regions. This trend has reflected in the Ústecký Region as well, nonetheless has not changed its classification as problem-ridden according to basic structural indicators. The trend in employment structure, which has changed towards agriculture (by 25 %) during the last two years, is rather startling. Industrial production also recorded an increase (by 8,5 %), while the services sector has suffered a decrease by 4.1 %. Also the structure of the unemployed is highly unfavourable – the highest rates are recorded among unskilled workers, people with elementary education, graduates and people nearing the retirement age.

Such development has a very little promise for further development of entrepreneurship of under-represented people as an alternative to seeking employment, as documented by responses of clerks from various labour offices across the Ústecký Region: the number of suitable candidates for self-employment decreases with dropping unemployment rates. There are several reasons why it is increasingly difficult to find people capable of managing their own small business:

- 1) Unskilled and low-level educated unemployed usually possess little capacity to cope with the administrative side of running a business (bookkeeping, taxation, communication with authorities), even after attending re-training courses for start-up entrepreneurs. Such tasks

can be delegated to specialists (tax advisors, accountants), but at a cost, clearly not a favoured option for start-up entrepreneurs.

- 2) Unskilled and low-level educated unemployed suffer from limited business opportunities (construction work, cleaning). The market is usually saturated in these segments, making the start of business extra difficult due to existing competition.
- 3) Some of the unemployed registered with labour offices are not actually interested in earning their living and have become used to the subsidised lifestyle, actually avoiding employment.
- 4) Other unemployed, who are willing to work, have little interest in self-employment and prefer being employed at positions with simple job descriptions and regular income, avoid further education and refuse to take the risks of self-employment.

**By way of summary, self-employment can serve as an alternative to seeking employment and can help integrate under-represented groups in the majority society, with due respect for educational and qualification structure of the target groups.**

Table No. 6 below summarises the strength and weaknesses.

**Table No. 6:** Summary of strengths and challenges facing entrepreneurship support in the Ústecký Region as analysed within the pilot project

	<b>STRENGTHS</b>	<b>CHALLENGES</b>
<b>BUSINESS STRATEGY AND CULTURE</b>	<ul style="list-style-type: none"> <li>▪ Institutions in the Ústecký Region support self-employment (mainly through PHARE, EQUAL and ESF-funded projects).</li> <li>▪ Numerous training programmes for start up businesses available.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Necessity to address the lack of uniform strategy for inclusive entrepreneurship nationwide as well as particularly in the Ústecký Region.</li> <li>▪ Lack of systematic approach to education and preparation for running a business within the educational system.</li> </ul>
<b>SUPPORT AND PROFESSIONAL TRAINING FOR BEGINNING ENTREPRENEURS</b>	<ul style="list-style-type: none"> <li>▪ Several educational projects for start-up entrepreneurs have been realised in the Ústecký Region due to support from PHARE, EQUAL and ESF.</li> <li>▪ There are sufficient opportunities to access information necessary for running a business.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Necessity to address the lack of suitable business premises in Most.</li> <li>▪ Necessity to improve access to information for selected under-represented groups.</li> <li>▪ Unfavourable unemployment structure in terms of skill and qualification in order to increase the self-employment potential.</li> </ul>
<b>ACCESS TO FINANCE</b>	<ul style="list-style-type: none"> <li>▪ Free counselling (financial, credit-related) for start-up entrepreneurs (from labour offices, trades offices).</li> <li>▪ Availability of various subsidies to co-finance the costs of starting a business, coming from various grants.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Necessity to address insufficient access to finance.</li> <li>▪ Insufficiently motivating and generally insufficient subsidies for starting a business provided by labour offices.</li> <li>▪ Complicated access to loans from commercial banks for start up businesses.</li> </ul>
<b>STABILISATION AND GROWTH</b>	<ul style="list-style-type: none"> <li>▪ Opportunity to obtain financial resources for further development from EU programmes during the period 2007–2013, building on the experience from 2004–2006.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of adequate reasonably priced business premises to support further development.</li> <li>▪ Paperwork demands accompanying business undertaking.</li> </ul>

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## **LIST OF ABBREVIATIONS**

EQUAL	The EQUAL initiative
ESF	European Social Fund
ILO	International Labour Organization

## Appendix No. 1: "Traffic lights"

### Public policy makers

<b>1 a 2</b>	<b>BUSINESS STRATEGY AND CULTURE</b>	
<b>1</b>	<b>Strategy</b>	
P1.1	There is a comprehensive entrepreneurship support strategy	3,4
P1.2	Strategy and public policies include support for business undertaking of disadvantaged and under-represented groups	3
P1.3	Specific needs of disadvantaged and under-represented groups have been subject to research	3
P1.4	Relevant ministries and agencies co-operate in development of policies and provision of services to disadvantaged and under-represented groups	3,66
P1.5	Business undertaking levels within the target groups is evaluated by measurements and/or studies (e.g. GEM)	2,25
		<b>3,06</b>
<b>2</b>	<b>Education for business</b>	
P2.1	Business undertaking is an integrated part of school curricula	2,83
P2.2	Business undertaking form an integrated part of university activities	3,83
P2.3	Business issues form a part of tutors' education	2,66
P2.4	Educational materials on business undertaking have been developed for use in schools	2,5
P2.5	Elementary and secondary school pupils can learn business management using fictious or real enterprises	3
P2.6	Businesses regularly take part in educational activities	2,66
	<b>Business undertaking, media and events</b>	
P2.7	The media bring regular and comprehensive information on issues related to starring a business	2,4
P2.8	The media regularly inform various groups of public of business undertaking and entrepreneurs	3
P2.9	Regular events and fairs focus on potential and beginning entrepreneurs	2,6
	<b>Regulation</b>	
P2.10	Support is available before establishing a business, enabling people to explore business opportunities, realise business ideas and gain confidence	3,33
P2.11	Administrative proceedings necessary to establish a business are straightforward and prompt	2,4
		<b>2,83</b>
		<b>2,93</b>
<b>3</b>	<b>SUPPORT AND PROFESSIONAL TRAINING FOR BEGINNING ENTREPRENEURS</b>	
P3.2	Entrepreneurs have access to comprehensive and ready business counsel (for free or for a reasonable price)	3,2

P3.3	Support providers implement special measures to engage disadvantaged or under-represented groups in utilising the support offered	2,75
P 3.4	Entrepreneurs have access to suitable training in preparation for establishing a business (for free or for a reasonable price)	3,6
P3.6	Starting businesses have opportunities for local level networking	3,2
P3.7	Target groups have access to centres for starting businesses (work premises)	2,8
		<b>3,11</b>
<b>4</b>	<b>ACCESS TO FINANCING</b>	
P4.1	Specific financial needs of entrepreneurs have been subject to research	3,5
P4.2	Entrepreneurs have access to subsidies for co-financing the costs of starting a business	3,6
P4.3	There are efficient programmes assisting in the transition from social support to entrepreneurship (a bridge from social support)	3,25
P4.4	Specialised providers of micro-financing provide loans to small businesses lacking guarantees or rejected by banks	2,6
P4.5	Entrepreneurs have access to counsel in case of debt crisis (e.g. telephone line for entrepreneurs with bad debts or cash flow problems)	3
P4.6	Public policies contain incentives for financial institutions to improve access of businesses to financing	3,2
		<b>3,19</b>
<b>5</b>	<b>STABILISATION AND GROWTH SUPPORT</b>	
P5.1	Entrepreneurs have access to counsel during the period after starting business	3,33
P5.2	Entrepreneurs have easy access to important business networks (commercial chambers, etc.)	3,66
P5.3	Growing businesses can enjoy suitable supply of business premises (public and/or private)	3,6
		<b>3,53</b>

## Business advisors

Under-represented group		No specific target group	Unemployed	Women	Immigrants and first generation	Ethnic minorities and Roma population	50 years of age and above	Young people below 30 years of age	People with disabilities	Social enterprises
<b>1 a 2</b>	<b>1 BUSINESS STRATEGY AND CULTURE</b>									
<b>1</b>	<b>Strategy</b>									
A 1.1	There is a comprehensive entrepreneurship support strategy	3,727	3,889	3,875	4,500	4,500	4,167	3,875	3,667	4,000
A1.2	Strategy and public policies include support for business undertaking of disadvantaged and under-represented groups	2,700	2,300	2,625	3,000	3,000	2,750	2,571	2,857	2,833
A1.3	Specific needs of disadvantaged and under-represented groups have been subject to research	3,750	4,000	3,000	5,000	5,000	3,500	4,000	4,333	4,000
A1.4	Relevant ministries and agencies co-operate in development of policies and provision of services to disadvantaged and under-represented groups	2,667	2,400	2,667	3,500	4,000	3,333	3,000	3,400	3,000
A1.5	Monitoring and evaluation takes into account the number of affected members within the target groups	3,667	3,625	3,800	4,500	4,250	4,250	4,250	4,143	4,667
<b>2</b>	<b>Education for business</b>									
A2.6	Businesses regularly take part in educational activities	2,400	2,500	3,000	3,000	3,250	2,500	3,167	2,600	2,500
A2.10	Support prior to establishing a business is available, enabling people to research the opportunities of business undertaking, to realise business ideas and to gain confidence	3,667	3,545	3,444	3,500	3,667	3,500	3,444	3,500	3,200
	<b>Business undertaking, media and events</b>									

A2.7	The media bring regular and comprehensive information on issues related to starting a business	2,083	2,300	2,250	2,500	2,750	2,500	2,167	2,250	2,333
A2.8	The media regularly introduce examples of successful entrepreneurs	2,462	2,750	2,667	3,167	3,500	3,000	3,125	2,875	2,833
	<b>Business regulation</b>									
A2.11	Administrative proceedings necessary to establish a business are straightforward and prompt	2,455	2,625	2,833	3,200	3,200	3,200	3,200	2,833	3,200
	<b>BUSINESS CULTURE (strategy, media, regulation) - Advisers</b>	<b>2,958</b>	<b>2,993</b>	<b>3,016</b>	<b>3,587</b>	<b>3,712</b>	<b>3,270</b>	<b>3,280</b>	<b>3,246</b>	<b>3,257</b>
<b>3</b>	<b>SUPPORT AND PROFESSIONAL TRAINING FOR BEGINNING ENTREPRENEURS</b>									
A 3.1	When addressing target groups, support providers perform field activities and send representatives to target communities (e.g. Business advisors to lecture in an ethnic community organisation)	3,000	2,571	2,714	3,250	3,333	2,750	3,143	3,500	3,000
A3.2	Entrepreneurs have access to comprehensive and ready business counsel (for free or for a reasonable price)	3,714	3,700	3,750	3,500	3,500	3,500	3,500	3,667	3,500
A3.3	Support providers adopt measures to engage target groups in utilising the offered support	3,150	3,350	3,125	4,000	4,000	3,400	3,625	3,611	3,800
A3.4	Target groups have access to professional training programmes	3,727	4,000	3,778	4,000	4,000	4,000	3,778	3,889	4,000
A3.5	Mentors are selected from the target groups to work with new entrepreneurs	2,800	2,857	3,000	2,800	2,800	2,600	2,800	2,500	2,800
A3.6	Starting businesses have opportunities for local level networking	2,625	2,833	2,600	3,250	3,250	3,250	2,833	2,714	3,000
A3.7	Target groups have access to centres for starting businesses	3,800	3,333	3,600	3,000	3,500	3,000	3,286	3,500	3,000

A3.9	Advisors, mentors and trainers take into account diversities of communities they work with	3,333	3,500	4,000	4,000	4,000	3,500	3,500	3,000	3,000
		<b>3,269</b>	<b>3,268</b>	<b>3,321</b>	<b>3,475</b>	<b>3,548</b>	<b>3,250</b>	<b>3,308</b>	<b>3,298</b>	<b>3,263</b>
<b>4</b>	<b>ACCESS TO FINANCING – Advisors</b>									
A4.1	Specific financial needs of entrepreneurs have been subject to research	3,600	4,000	4,000	4,000	4,000	4,000	4,000	4,333	4,000
A4.2	Entrepreneurs have access to subsidies for co-financing the costs of starting a business	3,636	3,364	3,429	4,000	4,500	3,500	3,667	3,667	3,667
A4.3	There are efficient programmes assisting in the transition from social support to entrepreneurship	3,091	2,909	2,889	2,833	2,833	2,667	2,889	2,875	2,667
A4.4	Public policies contain incentives for financial institutions to improve access of businesses to financing	3,000	1,857	2,750	2,333	3,000	2,167	2,500	2,571	2,750
A4.5	Specialised providers of micro-financing provide loans to small businesses lacking guarantees or rejected by banks	3,333	3,667	3,750	3,333	3,333	3,333	2,750	3,200	3,333
A4.6	Entrepreneurs have access to general financial counsel (for free or for a reasonable price)	3,556	3,625	3,667	4,000	4,000	3,750	3,500	3,000	3,750
A4.7	Entrepreneurs have access to counsel in case of debt crisis (for free or for a reasonable price)	2,889	2,667	3,500	4,333	4,333	4,333	4,333	4,333	4,333
		<b>3,301</b>	<b>3,155</b>	<b>3,426</b>	<b>3,548</b>	<b>3,714</b>	<b>3,393</b>	<b>3,377</b>	<b>3,426</b>	<b>3,500</b>
<b>5</b>	<b>STABILISATION AND GROWTH SUPPORT – Advisors</b>									
A5.1	Entrepreneurs have access to counsel during the period after starting business	4,182	4,100	4,250	4,667	4,667	4,333	4,286	4,429	4,500
A5.2	Entrepreneurs have easy access to important business networks (commercial chambers, etc.)	3,600	3,667	3,714	3,500	3,500	3,500	3,500	3,571	3,200

A5.3	Growing businesses can enjoy suitable supply of business premises (public and/or private)	2,917	3,000	2,833	3,200	3,200	3,200	3,500	3,286	3,200
A5.4	Entrepreneurs have access to professional training in areas essential for growth (information and communication technologies, marketing, financial management, etc.)	4,077	4,200	4,000	4,143	4,143	4,143	4,250	4,333	4,167
A5.5	There are mechanisms supporting the transition and expansion of existing ventures (franchising, succession, cooperatives, etc.)	2,889	2,400	2,400	2,750	2,750	2,750	3,200	3,200	2,750
A5.6	Small businesses and social organisations have access to public tenders	3,778	4,000	4,000	4,000	4,000	4,000	4,200	4,000	4,000
		<b>3,574</b>	<b>3,561</b>	<b>3,533</b>	<b>3,710</b>	<b>3,710</b>	<b>3,654</b>	<b>3,823</b>	<b>3,803</b>	<b>3,636</b>

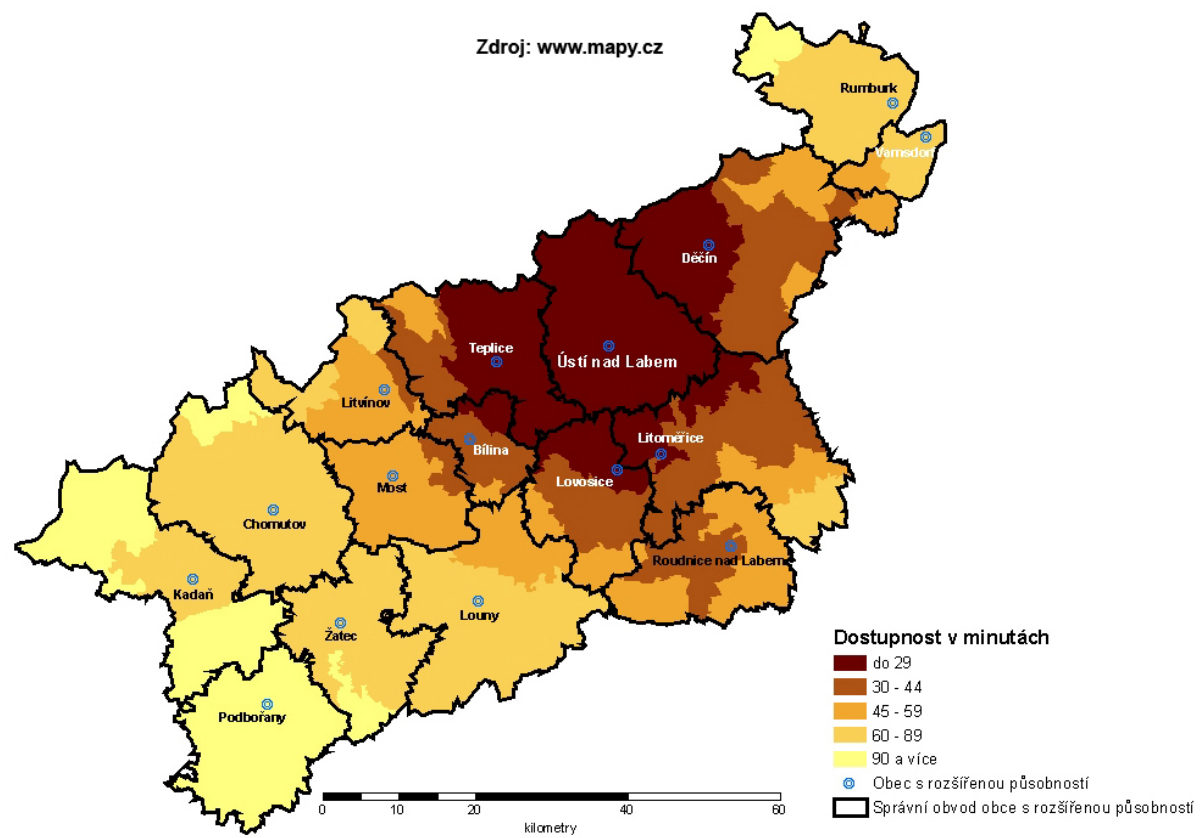
## Entrepreneurs

		No specific target group	Unemployed	Women	Immigrants and first generation	Ethnic minorities and Roma population	50 years of age and above	Young people below 30 years of age	People with disabilities	Social enterprises
<b>1</b>	<b>BUSINESS STRATEGY – NO QUESTIONS</b>									
<b>2</b>	<b>Business undertaking, media and events</b>									
U2.3	Do you know people, like you, who have founded their own business	4,667		4,000			4,500	4,111	5,000	
U2.4	There are regular events and/or fairs available for potential or young entrepreneurs like you	2,500		2,000			1,000	3,091	3,000	
U2.8	The media (TV, radio, press) bring regular and comprehensive information on issues related to establishing a business	2,000		2,167			1,500	3,111	3,000	
U2.9	The media regularly introduce entrepreneurs like you	2,333		2,167			1,500	2,818	2,000	
U 2.11	People like you have access to support facilitating exploration of business opportunities, introduction of new business ideas and increase in confidence	2,000		2,333			2,000	2,364	3,000	
	Business regulation	2,000		1,000				2,750		
U2.12	Administrative proceedings necessary to establish a business are straightforward and prompt	3,500		3,000			2,000	2,200	3,000	
	<b>BUSINESS CULTURE (strategy, media, regulation) - Entrepreneurs</b>	<b>2,714</b>		<b>2,381</b>			<b>2,083</b>	<b>2,921</b>	<b>3,167</b>	
<b>3</b>	<b>SUPPORT AND PROFESSIONAL TRAINING FOR BEGINNING ENTREPRENEURS - Entrepreneurs</b>									

U3.2	People like you have easy access to counsel when starting business (access to mentors, advisers, etc.)	3,750	3,500			3,200		
U3.4	People like you have easy access to suitable professional training aimed at establishing a business	3,750	3,000		3,000	2,917		
U3.7	People like you easily find available premises with favourable conditions (short lease terms, etc.)	3,500	3,600		5,000	3,083	1,000	
U3.8	Trainers and advisors understand your needs and offer support suited to your needs	4,000	4,167			4,000		
U3.9	There are trainers and advisors available coming from similar background as you	3,000	3,200			2,750		
U3.10	Trainers and advisors are friendly	4,333	4,500			4,429		
U3.11	You can start a business in your profession as your qualification is recognised (e.g. in catering, day care, etc.)	4,250	3,833		5,000	3,500		
		<b>3,798</b>	<b>3,686</b>		<b>4,333</b>	<b>3,411</b>	<b>1,000</b>	
<b>4</b>	<b>ACCESS TO FINANCING - Entrepreneurs</b>							
U4.2	Starting businesses like yours can use subsidies to co-finance the costs of establishing and running a business	2,750	2,500		1,000	2,818	3,000	
U4.3	There are programmes available helping people switch from social support to business undertaking	2,000	3,000		1,000	2,400	3,000	
U4.4	Entrepreneurs like you can easily establish a business bank account	4,250	4,000		5,000	3,750	5,000	
U4.4b	Entrepreneurs like you can easily acquire a bank loan to start a business	2,750	3,000		1,000	2,750		
U4.5	Entrepreneurs like you can acquire a bank loan to start a business from a specialised credit institution if a bank turns them down	3,500	3,800		2,000	2,667	1,000	

U4.6	Entrepreneurs like you have easy access to financial counsel related to their business (for free or at a reasonable cost)	2,500	3,500	1,000	2,667	3,000
		<b>2,958</b>	<b>3,300</b>	<b>1,833</b>	<b>2,842</b>	<b>3,000</b>
5	<b>STABILISATION AND GROWTH SUPPORT - Entrepreneurs</b>					
U5.1	Entrepreneurs like you can use counsel during the period after starting business	3,333	3,800	1,000	2,583	3,000
U5.2	Entrepreneurs like you have easy access to important business networks (commercial chambers, etc.)	3,000	2,800	1,000	1,818	3,000
U5.3	There is a sufficient supply of financially available business premises enabling businesses like yours to grow	3,250	3,667	5,000	3,400	1,000
U5.4	Entrepreneurs like you have access to professional training in areas essential for growth (information and communication technologies, marketing, financial management, etc.)	3,250	3,750	1,000	3,364	3,000
U5.6	Entrepreneurs like you can win public contracts	2,000	1,800	1,000	2,091	3,000
		<b>2,967</b>	<b>3,163</b>	<b>1,800</b>	<b>2,651</b>	<b>2,600</b>

## Appendix No. 2: Time of private travel to the regional centre in the Ústecký Region

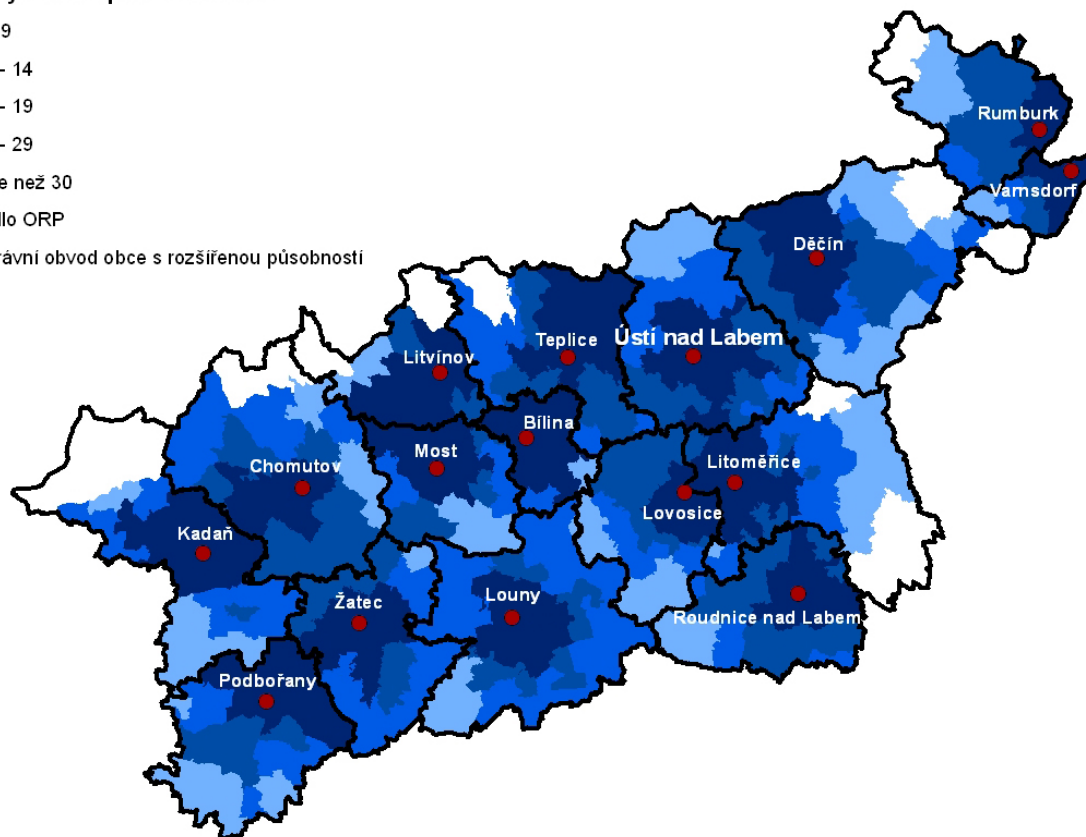
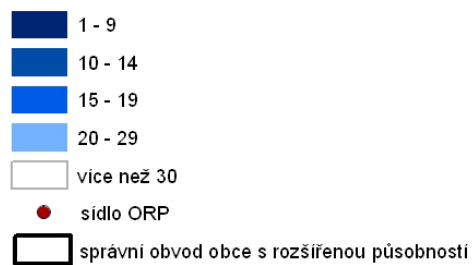


Source: Data from the Czech Statistical Office (2006), page 18.

### Appendix No. 3: Time of private travel to administrative centres within the Ústecký Region

Zdroj: www.mapy.cz

časová dostupnost (min)  
z jednotlivých obcí správního obvodu

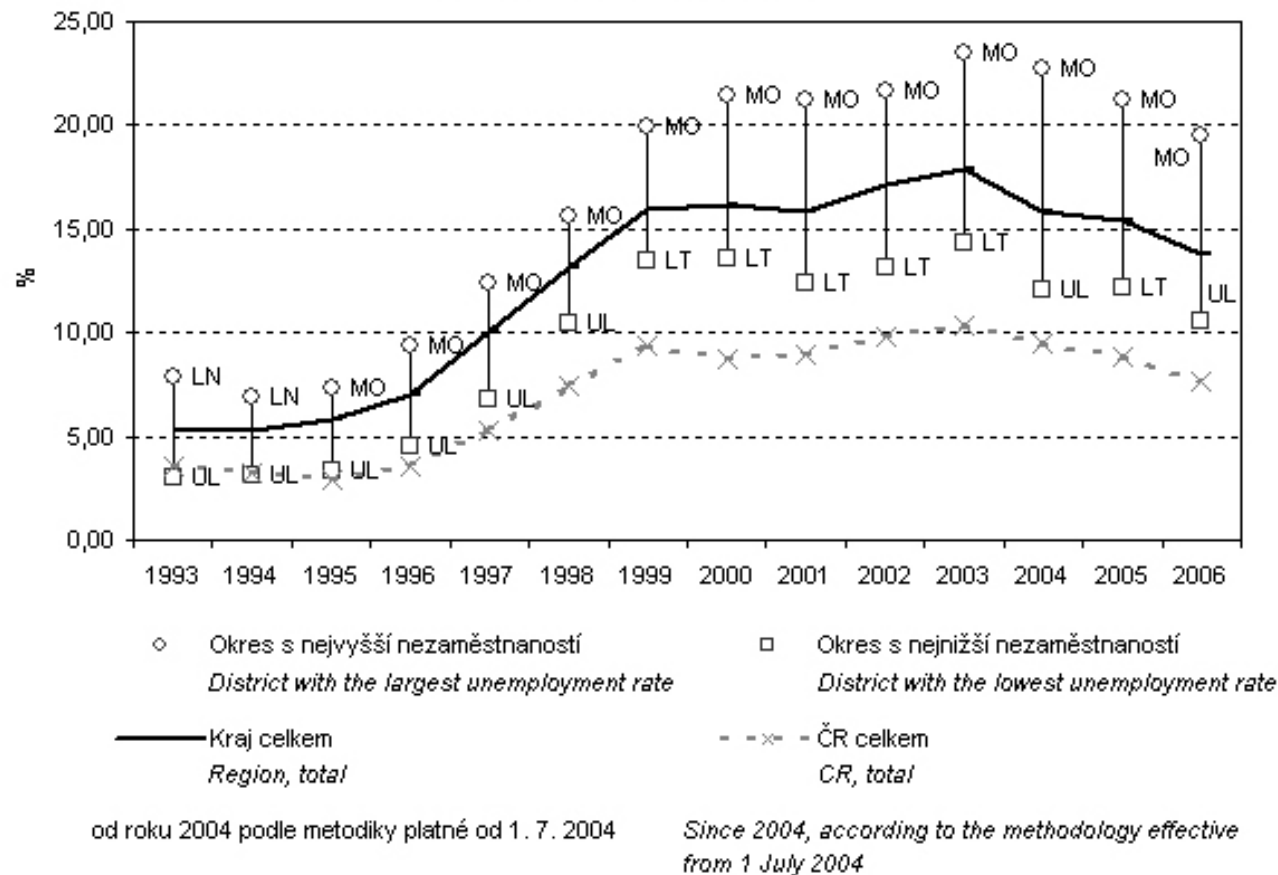


Source: Data from the Czech Statistical Office (2006), page 20.

**Appendix No. 4:** Development in the rates of registered unemployment in the Ústecký Region and counties (as of 31 December 2006)

**Vývoj míry registrované nezaměstnanosti v Ústeckém kraji a jeho okresech (stav k 31. 12.)**

*Registered unemployment rate development in the Ústecký Region and its districts (as at 31 December)*

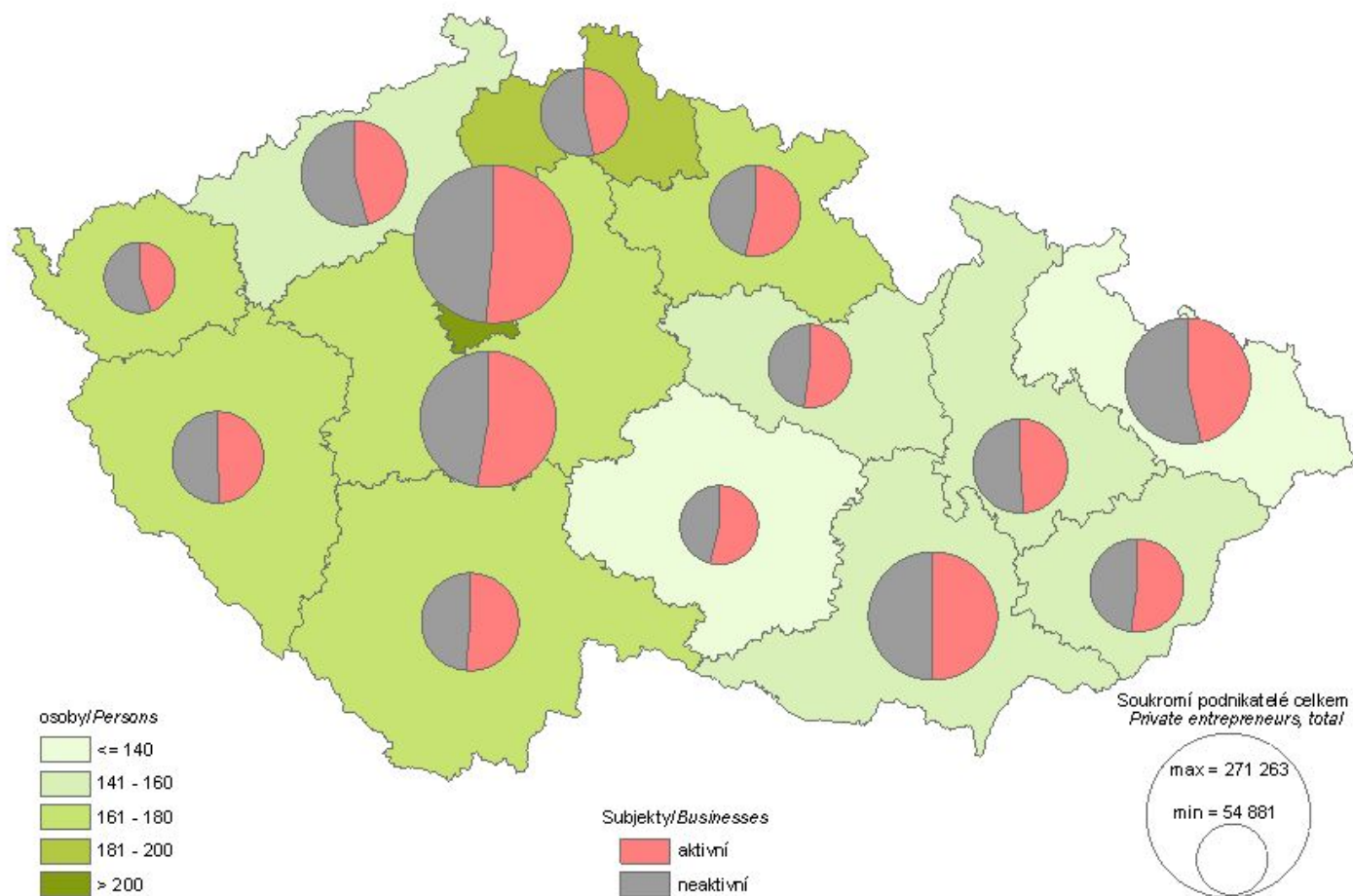


Source: Data from Czech Statistical Office (2007).

**Appendix No. 5: Private entrepreneurs per 1,000 residents and ratio of active businesses in individual regions as of 31 December 2006**

**Soukromí podnikatelé na 1 000 obyvatel a podíl aktivních subjektů v krajích k 31. 12. 2006**

*Private entrepreneurs per 1 000 population and share of active businesses in regions: 31 December 2006*



Source: Data from Czech Statistical Office (2007).

**Appendix No. 6:** Newly established and terminated businesses by legal form and regions, 2006

CR, regions	Registered units total		Total survival rate	Selected legal form														Foreign entities survival rate
				Private entrepreneurs in business under the Trades Licensing Act		Private entrepreneurs survival rate	Self-employed farmers and agricultural entrepreneurs		Farmers survival rate	Private entrepreneurs in business under other than the Trades Licensing Act		Other entrepreneurs survival rate	Business companies and partnerships		Business companies survival rate	Non-residents		
	Births	Deaths		Births	Deaths		Births	Deaths		Births	Deaths		Births	Deaths		Births	Deaths	
<b>Czech Republic</b>	<b>84,979</b>	<b>42,647</b>	<b>1.99</b>	<b>48,996</b>	<b>34,633</b>	<b>1.41</b>	<b>386</b>	<b>1,740</b>	<b>0.22</b>	<b>1,795</b>	<b>770</b>	<b>2.33</b>	<b>17,813</b>	<b>3,337</b>	<b>5.34</b>	<b>7,715</b>	<b>754</b>	<b>10.23</b>
Capital city Prague	18,609	6,556	2.84	6,983	5,138	1.36	8	12	0.67	381	119	3.20	7,288	956	7.62	2,193	137	16.01
Central Bohemia	8,953	4,589	1.95	5,541	3,869	1.43	45	189	0.24	160	77	2.08	1,576	231	6.82	851	40	21.28
Southern Bohemia	5,096	2,750	1.85	3,238	2,145	1.51	51	159	0.32	75	45	1.67	797	254	3.14	329	81	4.06
Pilsen Region	4,561	2,078	2.19	2,641	1,790	1.48	27	65	0.42	110	49	2.24	695	95	7.32	709	19	37.32
Carlsbad Region	2,651	1,289	2.06	1,496	1,138	1.31	5	13	0.38	48	16	3.00	526	42	12.52	362	13	27.85
<b>Ústecký Region</b>	<b>5,721</b>	<b>3,088</b>	<b>1.85</b>	<b>3,446</b>	<b>2,692</b>	<b>1.28</b>	<b>34</b>	<b>95</b>	<b>0.36</b>	<b>99</b>	<b>39</b>	<b>2.54</b>	<b>653</b>	<b>123</b>	<b>5.31</b>	<b>925</b>	<b>60</b>	<b>15.42</b>
Liberecký Region	3,442	1,629	2.11	2,178	1,364	1.60	15	51	0.29	75	13	5.77	437	110	3.97	432	44	9.82
Královéhradecký Region	3,899	2,217	1.76	2,480	1,683	1.47	13	79	0.16	84	36	2.33	536	220	2.44	347	50	6.94
Pardubický Region	3,297	1,862	1.77	2,256	1,469	1.54	20	90	0.22	76	29	2.62	400	148	2.70	206	54	3.81
Vysočina region	3,397	1,735	1.96	2,416	1,399	1.73	57	149	0.38	73	26	2.81	359	60	5.98	196	38	5.16
South Moravia	9,263	4,447	2.08	5,560	3,509	1.58	43	335	0.13	186	108	1.72	1,953	258	7.57	635	86	7.38
Olomoucký Region	4,235	2,864	1.48	2,834	2,415	1.17	30	116	0.26	98	52	1.88	636	170	3.74	147	24	6.13
Zlínský Region	3,904	2,510	1.56	2,749	2,108	1.30	18	143	0.13	106	39	2.72	609	137	4.45	112	25	4.48
Moravia-Silesia Region	7,951	5,033	1.58	5,178	3,914	1.32	20	244	0.08	224	122	1.84	1,348	533	2.53	271	83	3.27

Source: Adopted and adapted from the Czech Statistical Office (2007)

