



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in the Czech Republic – a brief fact check:

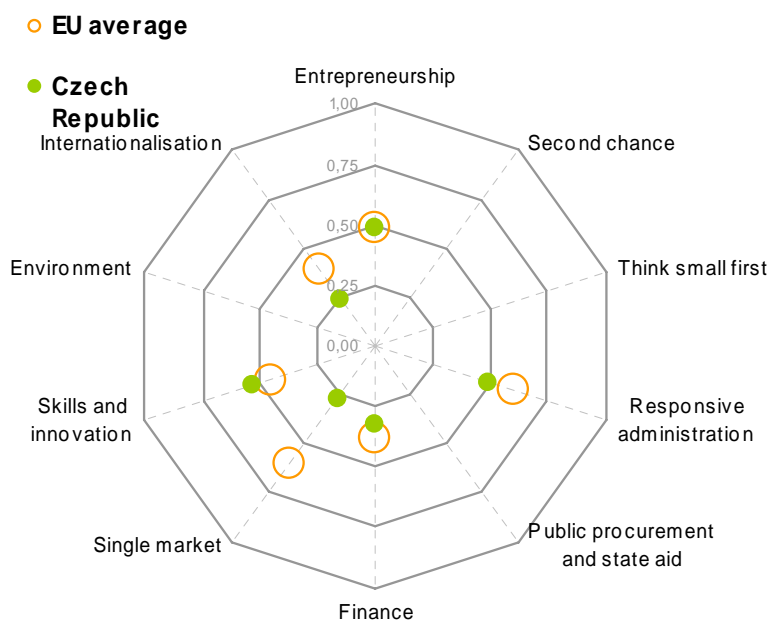
There are approximately 86 SMEs per 1000 inhabitants in the Czech Republic, which is the very highest entrepreneurship rate among all EU Member States (the EU average is ca 40, less than half of the Czech figure). Compared to the rest of the EU the proportion of SMEs (as compared to all enterprises) is exactly the same, although the internal size-class distribution shows that the Czech SME sector is skewed towards the micro enterprises. In terms of SME employment Czech SMEs contribute slightly more than the EU-average, but on the other hand the figure is reversed in terms of value added.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	813.700	95,1%	91,8%	1.035.553	29,6%	29,6%	11.135	19,2%	21,1%
Small	34.180	4,0%	6,9%	668.987	19,1%	20,6%	9.605	16,5%	19,0%
Medium	6.715	0,8%	1,1%	682.692	19,5%	16,8%	11.457	19,7%	17,8%
SMEs	854.595	99,8%	99,8%	2.387.232	68,2%	67,1%	32.197	55,4%	57,9%
Large	1.389	0,2%	0,2%	1.115.208	31,8%	32,9%	25.887	44,6%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. The Czech Republic's SBA profile¹

The SBA policy radar for the Czech Republic suggests that there is room for improvement in several areas: The Czech Republic outperforms the EU average in one of the six SBA sections with sufficient data for averages to be calculated ("Skills and innovation") In the area of "Entrepreneurship" the Czech Republic is in line with the EU average. In the remaining four areas the figures for the Czech Republic fall behind ("Responsive administration", "Finance", "Single Market" and "Internationalisation"). In the four sections where no category-average could be calculated the existing indicators show mixed results.



¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: The overall Czech Republic's performance in this category is close to the EU average. For two indicators – participation rate in entrepreneurship education and enterprise survival rate – the Czech Republic's scores are fairly low (only 16,3% participate in such education as compared to the EU average of more than twice of this figure, and only 61% of all Czech enterprises survive after two years as compared to 73% on the EU level). Figures for other indicators within this section are, however, either at the same level or outperforming the EU-average. For example, almost 66% find that the entrepreneurship education that they followed actually helped to develop an entrepreneurial attitude (the corresponding EU average is only ca 50%).

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, the information available positions the Czech Republic below the EU average (72% as compared to ca 80%).

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations - show inconclusive results, with the first being slightly below the EU average of 29% and the second being slightly above (7% as opposed to 8% of total working time).

IV. Responsive administration: The figures for the Czech Republic in this category are below the EU average. On the level of individual indicators there are, however, sizeable discrepancies. In terms of the relative difficulty to lay off staff, the Czech Republic seems to have comparatively uncomplicated procedures in place. In terms of the cost of enforcing contracts, the country trails the average (the cost amounts to 33% of the claim, which makes it the most expensive in the whole EU). Closing a business seems to be comparatively expensive in the Czech Republic, with costs corresponding to 15% of the estate, as compared to the EU average of ca 10,8%.

V. Public procurement and State aid: For both indicators in this section - the share of SMEs in public procurement contracts and the proportion of state aid devoted to SMEs – the performance of the Czech Republic (59% and 18% respectively) is better than the EU average of 42% and 11% respectively.

VI. Finance: The results for this category place the Czech Republic below the EU average. The

available figures rank the country at the end of the list in terms of share of lost payments (almost 4% as compared to the EU average of 2,4%). This result might very well be linked to the comparatively high cost of enforcing contracts. The availability of venture capital and the extent of guarantees for SMEs in the Czech Republic are considerably lower than the EU average. On the other hand, the depth of the credit information is rather good, as compared to other EU countries.

VII. Single market: The data on the Czech Republic suggest room for improvement in this area. All three indicators related to the implementation and transposition of EU directives linked to the Single Market reflect performance far below the EU average. The Czech share of intra-EU exporting SMEs to all SMEs is also significantly lower than the EU average (1,6% as compared to 2,85%).

VIII: Skills and innovation: The Czech Republic performs above the EU-level in this domain, and this result seems to be valid for both policy areas covered by this SBA principle. The Czech Republic is performing far above average in terms of the share of employees participating in continuing vocational training (59% versus the 33% EU average). The share of SMEs having new products or income from new products is also rather high (71% as compared to the EU average of 63%). Another indicator worth highlighting is the share of innovative SMEs cooperating with others, which reaches almost 13% in the Czech Republic, as compared to the EU average of ca 9%.

IX: Environment: Three indicators are available for this section. It should be noted that although Czech SMEs seem to apply simple measures to save energy to a higher degree than the average EU SME (43% compared to 29%), the actual expenditure on environmental protection is well below the EU average.

X: Internationalisation: Figures for the Czech Republic are significantly below the EU average in this section. In particular the procedures for exporting and importing seem to be relatively complex. The number of days required to import and export are above the average (16 and 18 days respectively, as compared to ca 13 days for both cases). The country also has a fairly low percentage of input being purchased abroad (9% compared to 12%) and a low share of SMEs exporting outside the EU (0,9% of all SMEs as compared to 3,84%).



Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy – as singled out in the European Commission’s Communication on “Think small first – A Small Business Act for Europe”:

Title of the Project: BusinessInfo.cz — portal for business and export

For an SME, searching and accessing relevant information can be difficult. SMEs have insufficient resources and there are too many state and NGO institutions involved in the provision of information and services. Also, cross related or inter-agency agendas were not described because no single institution/agency was responsible for it.

BusinessInfo.cz (www.businessinfo.cz) is an official Internet portal for business and export. It is a one-stop-shop window that integrates information from state administration bodies, agencies, non-governmental associations and chambers, and covers a whole range of information, from an ‘easy read and use’ to quite complex electronic forms.

For further information:www.businessinfo.cz

Contact details :
Entr-Craft-Small-Business@ec.europa.eu
Tel : 0032 (0)2 29 92 639