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Striving to Thrive Part 2:

Czech MSEs in 2023

A closer look at technology, gender,
and perceptions of MSEs

A 60 Decibels report for
Mastercard Strive™
Czechia

About Mastercard Strive™ Czechia

Mastercard Strive™ Czechia is a joint initiative by Mastercard Center for Inclusive Growth and CARE Czech Republic. It is a three-year, \$5.5 million program and its main ambition is to help Czech local micro and small enterprises (MSEs). The program is guided by the recognition that inclusive growth is impossible without supporting local entrepreneurs with digital competencies and investments, access to finance, critical skills, coaching and networking that will help them integrate and succeed in the digital economy in the Czech Republic.

The Mastercard Strive™ Czechia program aims to bolster the financial resilience and encourage the growth of Czech MSEs, to facilitate access to finance and a range of key support services including peer mentorship and coaching, targeting women-led businesses and displaced Ukrainian entrepreneurs. The Pro podnikavé platform is a solution for all entrepreneurs, which was created as part of the Strive Czechia program, containing all relevant resources to facilitate access to digitalisation for micro and small businesses.

About 60 Decibels

60 Decibels is a global, tech-enabled impact-measurement company. We bring rigor and repeatability to social performance measurement, customer insights and human rights due diligence. Our sector-leading benchmarks enable organisations to better understand their impact as well as to set targets for improvement.

We have a network of 1000+ researchers in 70+ countries and have worked with more than 800 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations. 60 Decibels makes it easy to listen to the people who matter most.

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A note on micro and small businesses

MSEs are defined as solo, micro, and small enterprises. A solo business, as the name suggests, is one where a single individual does everything; we sometimes refer to them as 'solopreneurs'. A micro business is one with an entrepreneur and an additional 1-10 employees, and a small business has 11-49 employees. Anything bigger than this is defined as medium or large and is not included in this report.

For this report, we are focusing on MSEs (micro and small enterprises), not SME (small and medium enterprises) or MSME (micro, small and medium enterprises) both of which tend to include larger businesses than those with 49 employees. We have focused on this group for good reason. There is a growing consensus that businesses of this size are essential to our shared prosperity and yet they have often been overlooked compared to their larger peers.

This paper, the second publication from Strive Czechia focused on MSEs in the Czech Republic, is therefore dedicated to the small yet mighty, to those who do so much to make our communities and economies tick, whilst receiving little of the attention they so richly deserve.



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Foreword

Nurturing Czech MSEs: Targeted Ecosystem Support

In the dynamic landscape of Czech small businesses, our latest findings reveal a nuanced perspective that cannot be overlooked. Amidst apparent challenges, an opportunity emerges—one that invites us to tackle the critical barriers impeding the seamless integration of digitalization for Czech MSEs and entrepreneurs alike.

The sentiment our second Barometer has surfaced, among Czech MSE owners, is marked by a noticeable discernible lack of enthusiasm, with more than 20% anticipating a decline in revenue and investments in 2022. We sought input from entrepreneurs regarding the recommendation of initiating an MSE venture, and the feedback received was overwhelmingly negative. This candid assessment vividly portrays the challenges that small business owners commonly face.

Revealing the “trust gap” in technology shows a big challenge for going digital. Only 47% of MSE owners trust technology for important business decisions, which is a clear problem. Bridging this gap requires a better understanding of trust-building mechanisms, especially since bigger MSEs and younger entrepreneurs are more excited about using technology.

Our insights into technological adoption highlight the prominence of word of mouth as the primary driver. More than half of business owners rely on friends and family for “reliable” information on digital technology. Encouraging a broader outreach for technical advice beyond immediate circles is imperative, presenting an opportunity to elevate early technology adopters as influential mentors.

Gender disparities in small businesses, especially those led by women, are evident. The demands of unpaid labor continue to impede the progress of women-led MSEs, with 70% reporting a constant juggle between business and family responsibilities. The data suggests that women may sometimes be ‘forced’ into entrepreneurship due to limited alternatives, signaling a pressing need for a more supportive ecosystem.

Despite these challenges, MSE owners enjoy widespread acknowledgment, with 56% of the general population recognizing their positive impact on the economy and local communities. However, customer preferences pivot primarily on product quality, price, and local availability, setting pragmatic limits to this sentimentality.

To navigate these complexities, MSEs require targeted support from Czech institutions. Trust levels in state administration remain suboptimal, emphasizing the need for strategic collaboration between governments, private sectors, and NGOs. Leveraging peer networks and local administration will be instrumental in fostering growth, enhancing digitalization, and ensuring the survival and prosperity of Czech MSEs.

As we delve into the intricate tapestry of Czech small businesses, these insights serve as a compass, guiding us toward a more resilient and digitally empowered entrepreneurial landscape.



Jana Lvová
General Manager
Mastercard Czech Republic & Slovakia

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Opening remarks by Czech Chamber of Commerce

It is our immense pleasure, as a partner of the Strive Czechia program, to present the much-anticipated Barometer Study 2023, under the patronage of the Mastercard Centre for Inclusive Growth.

Strive Czechia, celebrating its symbolic first anniversary, is the most comprehensive program supporting micro and small enterprises (MSEs) in the Czech Republic. On the following pages, you will find details on the necessity of implementing this project and the positive impact it will bring.

In this first year we have learnt about the pressures MSEs encounter when advancing their operations and those faced by women-led MSEs. We have heard about the strong trust invested in MSEs by those with whom they do business and about the critical networks formed between MSEs, as well as how the younger MSE owners are leveraging new technologies in support of their enterprises.

For Barometer 2023, we have placed emphasis on the timely topics of Digitalisation & Technology, as well as the equally crucial subject of Trust & Perception of MSEs, and their contribution to the economy and society.

You may ask: why focus on MSEs? What is their significance? What importance do they hold?

MSEs constitute most economic entities in the Czech economy, and are of paramount importance across all sectors of our economy. They generate a substantial number of jobs and therefore make a fundamental contribution to employment and to GDP.

Thanks to the efforts of the teams from Mastercard and CARE Czechia during the inaugural year of Strive Czechia's programming, we can state more clearly than ever before the significance that MSEs have on driving the country's overall economic development and prosperity. During this time, CARE Czechia has hosted a Strive networking and information event in Brussels, worked with Opero to launch MSE support services and established the Strive Learning Network supported by the Aspen Institute Central Europe.

While larger enterprises already have a clearly-defined market position, and wield greater market power, MSEs must still 'carve out' their position in the market, especially when they want to grow. Given the limitations of their resources, MSEs face greater competitive pressures and may find it harder to survive and grow in the current turbulent times. However, *without* the presence of MSEs, the country would have to cope with a *less* effective and competitive business environment.

The Czech economy needs to shift towards higher value-added production and services, towards the production of final products, towards new skills and technologies and towards greater competitiveness – and innovations are pivotal in achieving this goal. Once again, it is MSEs that come forward with fresh solutions and entirely new products. They open up new markets, and thus serve as agents of change, A change that presents an opportunity for the entire Czech Republic.

The insights presented here will prove to be beneficial to both policymakers and MSEs themselves and, as the most significant representative of our country's entrepreneurs, the Czech Chamber of Commerce looks forward to its continued collaboration with Strive Czechia, and all its partners, as the program moves into its second year.



Tomáš Prouza
Vice President of the Czech Chamber of Commerce and
President of the Confederation of Commerce and Tourism
of the Czech Republic

Introduction

Whilst big business often grabs the headlines, one thing is true the world over: no economy succeeds without a thriving small business sector.

Micro and small businesses (MSEs) are arguably the backbone of any economy. They contribute to job creation, economic growth, and innovation. They also create the local shopping centers and meeting points that not only support a more prosperous economy, but also contribute to healthier local communities.

Indeed, collectively, MSEs might better be viewed as something of a transformative movement, addressing both community needs and enhancing social cohesion in areas that larger corporations might overlook. Data from the OECD shows that in 2021, Czech MSEs contributed 47% of employment.¹ In the Czech Republic, today's small businesses are making a big impact.

And we should always remember that every big business must start small.

Whether you ultimately end up as a fashion visionary such as [Hana Podolsská](#), or an electrical engineering pioneer such as [František Křížik](#), at one point you started out on your own, and succeeded in no small part because of a combination of innovation, determination and aspiration to win.

Essential but fragile

For all of the aforementioned reasons, this report takes a look at some of the key issues affecting Czechia's small businesses. In the process we learn that many ambitious entrepreneurs, young and old, are championing smaller-scale enterprises, valuing the autonomy and creativity that running such a business often brings.

Yet, as we will show, the journey for Czech small business entrepreneurs is not without its hurdles.

We learn that MSEs face significant structural challenges, from problems with digitalisation to access to financing. Addressing these issues requires the action of actors and organisations not just from within the MSE community, but also from governments, civil institutions and other supporting bodies. These external actors are critical in unlocking the full potential of Czech small businesses, to bolster the country's domestic prosperity, economic inclusivity and social integration.

This report also builds on the insights we learned from our previous [Barometer from 2022](#). In that study we discovered that nearly 30% of Czech MSEs anticipated a decrease in profits, and over 70% did not foresee that they would increase their workforce within the next year.



Vision for the Barometers

This is the second Barometer in a series to be written over the course of three years. The initial catalyst for these Barometers came from the observation that, notwithstanding the launch of the exciting Strive Czechia program, there remained surprisingly little data to paint a picture of MSEs in Czechia: their wants and needs, their strengths and opportunities for improvement. And what business data did exist overlooked the smallest entrepreneurs, as well as women-led businesses. Yet we believe these are the groups that need the most attention to thrive.

To better understand what it's really like to run MSEs in modern day Czechia, the approach to our Barometers has been to collate relevant secondary data, in conjunction with surveying those stakeholders who are relevant to the success of small businesses. The crown jewel in this surveying – and from which we will draw the majority of our data and information – is a representative and statistically robust time-series of MSEs themselves. You can learn more about that data and sample in the section called [About the Data \(in this report\)](#).

As this is a series, we'd encourage our readers to reread or refresh themselves with the first [Barometer published in November 2022](#). This could be done before embarking on this report, or, if you are all too eager to get into the latest data, and who could blame you, then perhaps after. In subsequent years, and in close partnership with the Chamber of Commerce, we will continue to build on this body of knowledge by conducting additional cross-cutting, and in-depth studies on MSEs.

And if you, the reader, have any suggestions as to where this research should go in the future, we'd love to hear your ideas via this link [here](#). We'd be keen to hear any and all thoughts, and especially if you yourself are an owner of an MSE. Please do get in touch!

¹ <https://www.oecd.org/cfe/smes/Cz-Rep.pdf>

What to expect from Barometer 2023

This second Barometer builds on our initial findings. We were able to repeat several of our initial survey questions and at the same time ask some new, more targeted ones. To help the reader navigate, the insights are split across three core themes. Wherever possible we have also paid particular attention to regional disparities across our data.

The first theme is a deep dive into **Technological and Digital** adoption. The question of digitalisation—increasingly a foundational prerequisite for growth in today's economy—was also touched on in our first Barometer. Our initial report described the conviction of Czech businesses that greater digitalisation was critical for their success, but also that there were significant barriers to faster adoption. In particular, they found that embedding technology into the business was not as easy as picking up a tool and self-learning. Rather, it requires investment and intentional design with third-party support to ensure that the technology is relevant and adds value to their businesses. It also requires a degree of confidence on the part of MSE owners that they have the knowledge and skills to make the best of new digital opportunities.

To build on our prior findings, we dig deeper into the usage of, and barriers to, technological adoption. In doing so we seek to understand whether there have been any subtle or clear-cut changes between our two Barometers. Tech is, after all, a fast-moving world. We asked MSE owners to rate their digital skills and list their preferences for digital upskilling.

Our second area of focus is **Gender**. We aim to bring an even sharper focus to the question of if, and how, the experience for women-led MSEs differs to those led by men. There is a good reason for this; data from the OECD suggests that Czechia has significant 'missing' entrepreneurs, the majority of whom are young females aged 20-29 years old.² Eliminating this younger, female cohort could result in the loss of as many as 110,000 additional entrepreneurs to significantly boost the Czech economy. Research has also shown that closing the workplace gender gap in the Czech Republic could unlock up to EUR 20 billion in annual GDP by 2030.³ Our study supports these findings, highlighting the specific challenges that female Czech entrepreneurs face - from cultural gender bias to a lack of support networks.

Our last topic covers an omnibus of **Perceptions of MSEs**. We look at this from two angles, first how MSE business owners perceive the factors that fuel and shape their success. We investigate what motivated them to start a business in the first place as well as the resilience, drive and determination that keep them going when times get tough. We also consider what external factors contributed to their success, from the availability of trusted information sources to the wider social

attitudes towards MSEs that affected their journey. Here we outline views on how MSE business owners perceive the availability and quality of the support available to them. We try to understand what needs are being met (and not met) in order to contribute to their resilience.

In this section we also dig into the slightly amorphous but unquestionably important topic of Trust. Trust is the invisible glue that contributes to well-functioning economies and societies. Whilst much of the way business is done can be formalised and codified, trust remains a critical element in the way things work (or don't). There are a plethora of studies highlighting how societies and economies that enjoy a high-level of trust outperform those that don't.⁴ And it even has an effect at the level of the individual entrepreneur: those who express trust are (by a small but significant 1.3 percentage points) more likely to set up a business.⁵ We seek to better understand the networks of trust that sustain MSEs through the ups and down of their business, as well as the trust that the Czech public have towards MSEs.

Through this and the upcoming Barometers we will keep our focus on MSEs' resilience over time, financial stability, challenges and opportunities for digitalisation, and gender inclusiveness. In the survey script you can see which questions will be part of the next Barometers.

Having set the scene, we move onwards to the data and insights.



² https://www.oecd-ilibrary.org/employment/the-missing-entrepreneurs-2021_b91927f1-en

³ <https://www.mckinsey.com/cz/our-work/closing-the-gender-gap-in-the-czech-republic>

⁴ <https://docs.iza.org/dp7464.pdf>

⁵ <https://www.aeaweb.org/articles?id=10.1257/jep.20.2.23>

8 (more) things we learnt from Czech MSEs

The last Barometer led to nine headline findings. On this occasion, eight key insights leapt out at us...

- 1. A majority of Czech MSE owners would not recommend running a small business.** We start with sobering news: Czech small business entrepreneurs are relatively unenthusiastic about their line of work. By a range of measures, our last Barometer uncovered that running a small enterprise was not for the faint-hearted. In 2022, more than 1 in 5 MSEs anticipated a decrease in revenue and investments, with a slim prospect of employment growth. This time we thought we'd ask entrepreneurs straight out if they would recommend running an MSE. Using a tool called the Net Promoter Score (NPS), which provides a gauge of satisfaction, Czech MSE owners give a low score of -23.⁶
- 2. The technology "trust gap" may be the single biggest challenge to increasing digitalisation.** Fewer than half (47%) of MSE owners trust tech to assist them in making important business decisions (e.g. financial planning, inventory management) and only a third trust it to keep sensitive information secure. When it comes to data security young business owners are more likely to trust technology: 61% of the 18- to 24-year-olds compared to a meagre 22% of those above 64. Larger MSEs are also more likely to be enthusiastic about technology than their smaller counterparts. Understanding how to build trust with MSEs, and discovering which types of technology they trust, will be critical to the future adoption of digital tools and services.
- 3. Word of mouth is the main driver of technological adoption.** More than half of business owners rely on friends or family as their main source of 'reliable' information about digital technology. It will be important to find ways to encourage MSE owners to seek out and use technical third-party advice beyond their immediate circles so that they adopt the right technology.⁷ A high level of peer-to-peer trust presents an opportunity to promote early adopters of technology as role models and mentors within their networks.

- 4. Women-led MSEs are held back by the demands of their unpaid labour.** The burden of managing domestic duties continues to fall disproportionately on women. On average, women globally spend over 2.4 more hours per day on unpaid care work, compared to men.⁸ In Czechia a greater proportion of female business owners than male business owners (70% compared to 56%) report that they must balance their business with running their family life. Difficulty in maintaining an appropriate work-life balance was identified by women as among their top three challenges in running a business (alongside lower earnings than men and lower confidence in their ability to succeed).
- 5. Women might be 'forced' to become business owners due to a lack of other options.** Women, especially those returning to the labour market after childbirth, may be facing a double-edged sword when it comes to small-scale entrepreneurialism. They suffer greater challenges in starting a business, and also have fewer opportunities to find paid employment elsewhere. We found that close to half of the women-led businesses (45%) were started between the ages of 31 and 45, while half of male-led businesses were started between the ages of 21 and 30. This is most often attributed to having fewer formal alternatives (including sufficiently flexible employment contracts) after maternity leave.

While running a business might offer more flexibility and independence, women are almost 30% less likely to promote becoming a business owner to a friend or family member compared to their male counterparts. Our data also shows that women are 16% more likely than men to be solopreneurs. Research from the Global Entrepreneurship Monitor shows that higher rates of women 'solopreneurship' can indicate a lack of attractive employment opportunities, a lack of family support, or higher barriers to accessing finance than men, making it harder for women to employ workers even if they want to.⁹

⁶ The NPS a popular market research tool, asks respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague on a 0 to 10 scale. The score itself is calculated by subtracting the proportion of "promoters" who provide ratings of 9 or 10, from "detractors" who provide ratings of 6 or lower. "Passives" who provide ratings of 7 or 8 are not included in the calculation.

⁷ Word of mouth adoption might mean that entrepreneurs use only the best known rather than the most appropriate technologies for their needs.

⁸ https://sdga2022.github.io/sdga2022/goal-5-gender-equality?cid=ECR_LI_worldbank_EN_EXT&lang=en

⁹ <https://www.gemconsortium.org/news/global-entrepreneurship-monitor-research-undercores-resilience-of-women-entrepreneurs-and-opportunities-for-policymakers>

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- 6. MSE owners are well regarded.** 56% of the general population acknowledge the beneficial effect of MSEs on the economy, and regard them as having a positive impact on their local communities. We also saw that in their communities, MSEs are perceived as having a higher social status. When we asked non-business owners to imagine themselves as an MSE owner, they suggested that they would gain a sizeable (21%) increase in their social status.
- 7. And yet customer sentimentality toward MSEs only goes so far.** Just shy of 4 in 10 of the public (37%) are willing to pay more to purchase from an MSE in preference to a larger company. Customers are still mostly focused on product quality (85%), price (67%) and local availability (54%), when it comes to making purchasing decisions. MSEs should expect to perform as well as their larger competitors and receive support to do so if they are to succeed in the market.
- 8. For MSEs to survive and thrive, Czech institutions must give them the right support.** In a difficult business environment with a range of larger competitors, MSEs can only remain competitive in terms of price and innovation with the right type of support from institutions. National and regional governments, and even the private sector, have sufficient resources to offer subsidies, affordable training programs and improved access to finance. Currently, MSEs have low levels of trust in state administration (26%), and a slightly higher level of trust in local administration (39%), with strong levels of peer trust (52%) in other MSEs. Leveraging peer networks and local administration to deliver services, while increasing trust in the state will be key to MSEs' growth and digitalisation.



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About the Data (in this report)

Who were the MSEs we listened to?

To capture the state of Czech MSEs, the data we present comes from surveys conducted with either owners, C-level executives, directors, or managers of roughly one thousand MSE businesses during the period May to July 2023.

The businesses that participated are dispersed across location, sector, size, and tenure as well as the age and gender of business owner(s). Businesses are predominantly located in Prague (27%), the South Moravian region (10%), and the Central Bohemian region (10%).

Just over half are led by men (52%), nearly two-fifths by women (39%), with the remainder, a tenth, jointly led by both men and women (9%). 50% of the businesses we spoke to are solo businesses (no employees), 38% are micro (1 - 10 employees), and 12% are small (11 - 49 employees). See Figures 1, 2 and 3.

Figure 1: Business Location by Region

Q: Can you mention where your business is located? (n = 987)



Figure 2: Gender Distribution

Q: Who runs this business?¹⁰ (n = 998)

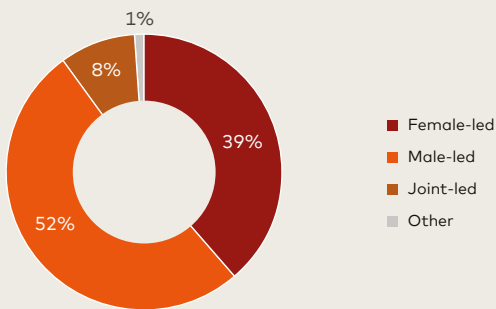
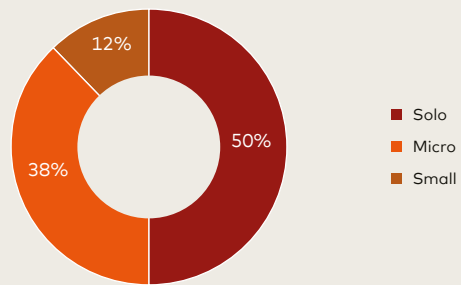


Figure 3: Business Size

Q: Excluding yourself, how many employees does your business currently have? (n = 1000)



¹⁰ A joint-led business refers to a business that is led by both (a man and woman).

Our sample is divided between MSEs that have been in operation for 6 years or less (35%), 7 to 12 years (22%), 13 to 19 years (15%) and over 19 years (28%). The majority of MSEs (65%) have B2C (Business to Consumer) models, with the remaining 32% having a B2B (Business to Business) model, and 3% other models such as hybrid B2B/B2C models. The main sectors are services (i.e. consulting, ICT), wholesale/retail, construction, plumbing or carpentry and manufacturing. See Figures 4, 5 and 6. The sample is split almost equally between owners aged between 18 and 44 years (47%), and those 45 years or older (53%). Two in five of the MSE businesses are family owned.¹¹ See Figures 7 and 8.

Sample size differences in our report can be attributed to three primary factors: respondents skipping certain questions, questions being tailored for specific groups, and variations between surveys. When respondents skipped questions, it impacted the sample size for those particular questions. Questions targeted at specific groups naturally resulted in smaller sample sizes compared to those intended for a wider audience. Furthermore, some questions were included in one survey while others were included in two surveys, contributing

to differences in sample size. Please consider these variations when interpreting our survey results.

Figure 6: Sector

Q: Can you specify which sector your business operates in? (n = 992)

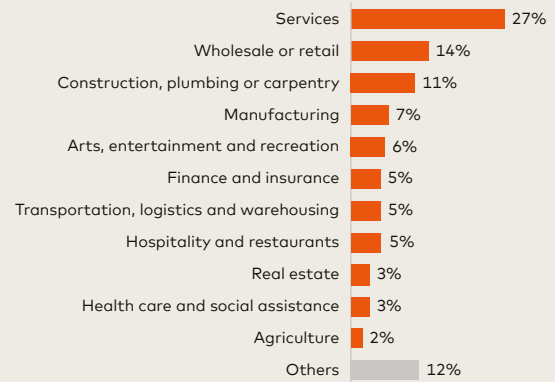


Figure 4: Tenure of Business Operations

Q: How many years has it been since your business is in operation? (n = 992)

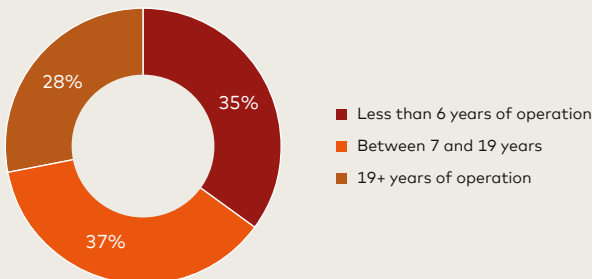


Figure 7: Age of Business Owner

Q: Would you mind sharing the age of the business-owner with me? (n = 1,000)

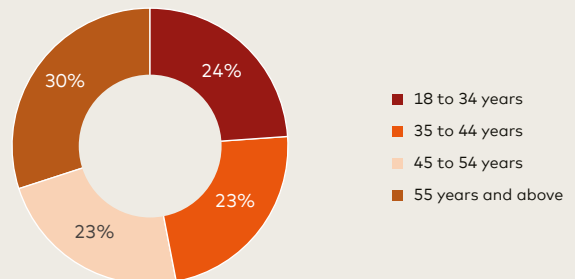


Figure 5: Business model

Q: Which model best describes your business? (n = 998)

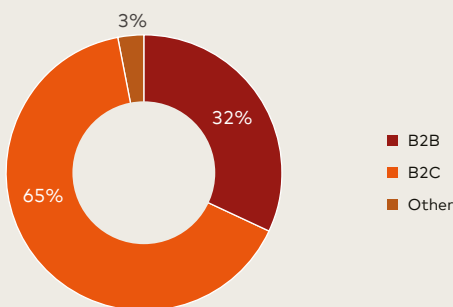
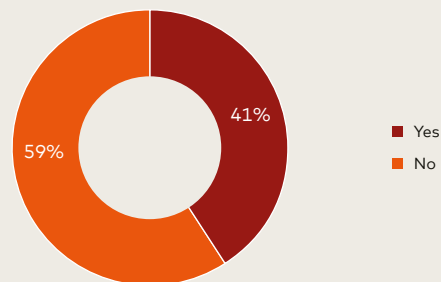


Figure 8: Family owned businesses

Q: Is the business a family-owned business? (n = 974)



¹¹ A family owned business is a business in which at least two members of the same family participate with their work or property, e.g. husband and wife, parents and children, siblings, etc.

We also spoke to the general public

In addition to the owners and managers, we spoke with 332 Czech residents who neither own nor work for an MSE. The general population sample consists of 55% women and 44% men (out of the 99% of participants that indicated their gender). Nearly half (54%) of the respondents are between 18-44

years old, and just shy of two-fifths are located in three regions; 15% are from the Central Bohemian region, 11% from Prague and 11% from the Moravian-Silesian region. See Figures 9, 10 and 11.

Figure 9: Geographical distribution of respondents from the general population

Q: Can you mention which region you are located in? (n = 332)

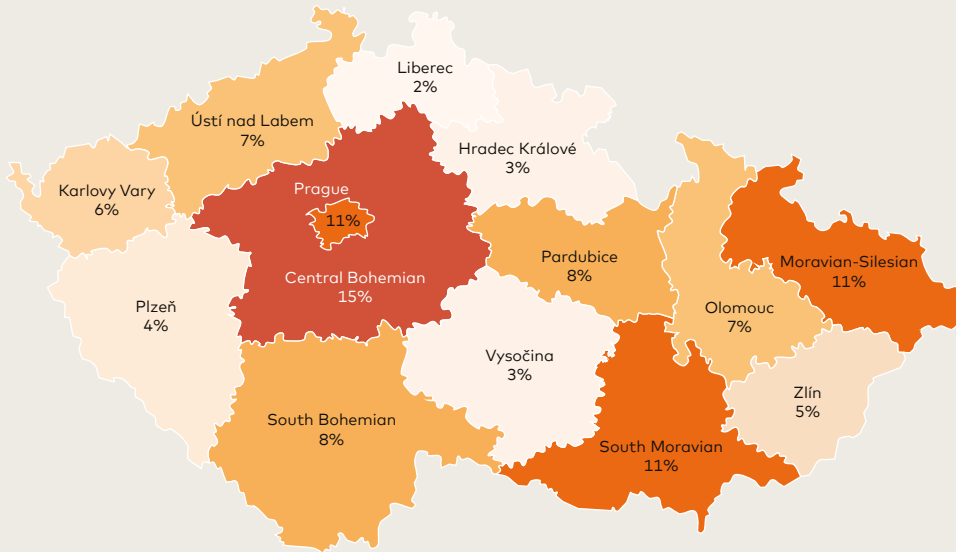


Figure 10: Gender Distribution of respondents from the general population

Q: What is your gender? (n = 331)

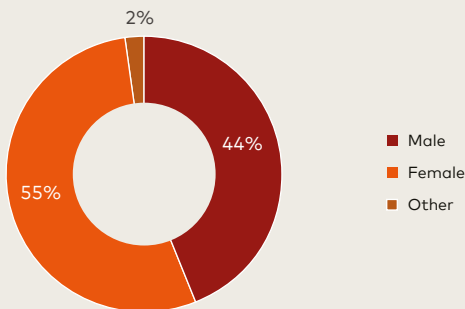
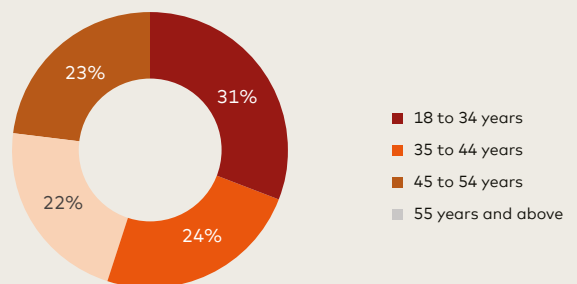


Figure 11: Age of respondents from the general population

Q: Would you mind sharing your age with me? (n = 330)



Our methods

We collected data over the course of two studies. The first was a deep dive into gender and technology adoption with 612 MSE respondents. The second was more attitudinal and includes interviews with 388 MSEs and 332 members of the public.

Our surveys, which you can read in full in the [Annexes](#), were administered in Czech. MSE respondents were screened to confirm that they worked at the level of manager or higher. Businesses that had 50 or more employees were excluded from this study.

The population of MSEs we spoke to differ slightly from that in the general population of Czechia.¹² We made a deliberate choice to oversample certain smaller groups to provide a statistically robust comparison.¹³ Consequently, the reader

should know that in terms of depicting the general state of Czech MSEs the data is slightly skewed towards the views of small businesses (11 to 49 employees). Notwithstanding this caveat, we do not believe that this has had any material impact on the headline findings of this report.

Finally, where wider information helped to paint a richer picture of the experience of MSEs, we drew on existing secondary sources. These are referenced throughout. Our most important sources included the Digital Decade Country Report 2023¹⁴ and 2030 Digital Decade Report¹⁵ from the European Commission, the Gender Equality Index for the European Union (EU)¹⁶, the 2022/23 Women's Entrepreneurship Report from the Global Entrepreneurship Monitor¹⁷, and the Digital Transformation of SMEs report from the OECD.¹⁸



¹² For example in the general population MSEs are split by (78%) are solopreneurs, 18% micro, and only 4% small businesses (CZ AMSP Report). By comparison 50% are solopreneurs, 38% micro and 12% small in our report

¹³ Please note we have not (re)weighted any of the results in this Barometer

¹⁴ <https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade>

¹⁵ <https://digital-skills-jobs.europa.eu/en/latest/news/2023-report-state-digital-decade>

¹⁶ <https://eige.europa.eu/gender-equality-index/2023/CZ>

¹⁷ <https://www.gemconsortium.org/file/open?fileid=51352>

¹⁸ https://www.oecd-ilibrary.org/industry-and-services/the-digital-transformation-of-smes_bdb9256a-en

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Regional Findings

In our study, we conducted a regional analysis by clustering the respondents according to regions, utilizing the OECD Territorial level 2 classification for Czechia.¹⁹ It's worth noting that our sample sizes, while not representative of the population due to their non-determination based on regional demographics, still provide valuable indicative insights. We acknowledge two limitations: oversampling of small businesses and the absence of regional sample quotas. These limitations should be kept in mind when interpreting our regional findings, which, despite these constraints, offer valuable insights into regional trends. Future research should aim to address these issues for a more comprehensive analysis.

A recent study by The Aspen Institute Central Europe argued that regional support is key to supporting MSEs.²⁰ This prompted us to investigate regional variations, and to suggest ways in which we can better support MSEs in different regions to grow.

Ownership structures: There are more family-owned businesses in the Northwest and Northeast regions (47% and 43% respectively). By contrast, only 34% and 32% of businesses are family-owned in Central Moravia and the Southwest respectively.

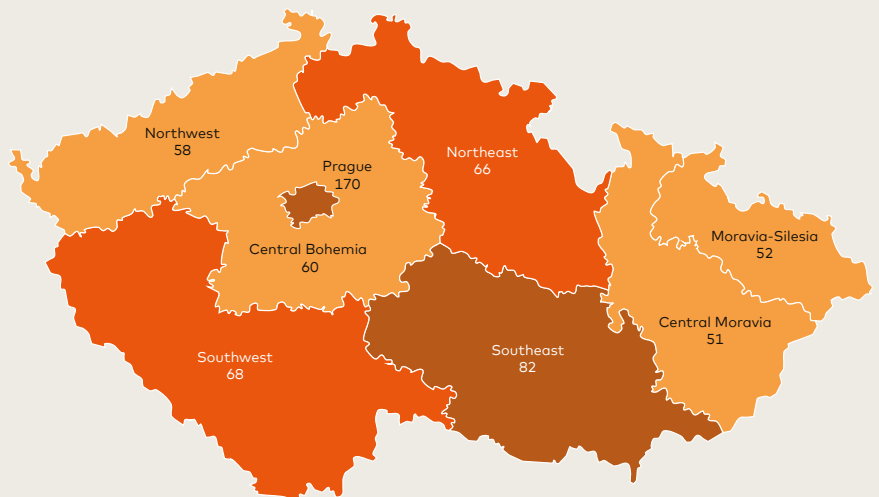
Business founding: In Prague the number of sole traders increased last year at a rate of 14 new sole traders for every

10 that went out of business²¹ 77,016 new entrepreneurs started businesses in 2022, an increase of 10,604 from 2021. This increase was consistent across all regions, most notably in Prague and the Karlovy Vary Region.²² However, the number of closures increased much more sharply, also in all regions. Nationwide, a total of 78,357 individual entrepreneurs closed their businesses in 2022, which is 36,000 more than in 2021. Year-on-year, the number of disappearances of individual entrepreneurs has increased by 86%, most notably in the Olomouc and Moravian-Silesian regions, followed by the Liberec region or in the Vysočina region. The number of women who decided to close their business increased by 120% year-on-year, compared to 'only' 69% of men. In previous years, the number of women entrepreneurs increased faster than the number of men, and last year the growth was the same in both cases.

Financial Confidence: The Northeast region boasts the most confident entrepreneurs, with 53% of MSEs reporting financial stability. This is surprisingly higher than in Prague, the capital and economic hub of the country, where 47% of respondents feel financially stable. One reason for this could be due to the higher cost of living and business expenses in the capital, increased competition, or the concentration of industries in Prague that might not favor MSEs, such as the professional services industry. Nonetheless, the fact that nearly half of Prague's entrepreneurs consider themselves financially stable highlights the city's significant role in fostering business growth and providing opportunities.

Figure 12: Regional representation

Regional analysis group	Regions	Sample size (Max)
Prague	Prague	170
Southeast	Vysočina and South Moravian	82
Southwest	Plzeň and South Bohemian	68
Northeast	Liberec, Hradec Králové and Pardubice	66
Northwest	Karlovy Vary and Ústí nad Labem	58
Central Bohemia	Central Bohemia	60
Moravia-Silesia	Moravia-Silesia	52
Central Moravia	Olomouc and Zlín	51



¹⁹ This classification corresponds to the Nomenclature of Territorial Units for Statistics (NUTS) of the European Union

²⁰ https://s3.eu-central-1.amazonaws.com/uploads.mangoweb.org/shared-prod/aspeninstitutece.org/uploads/2023/11/Studie_Aspen_GARI_Mikro-a-mal%C3%A9-podniky-1.pdf

²¹ <https://www.informaceofirmach.cz/crif-zivnostnici-v-lonskem-roce-zacali-ve-velkem-zanechavat-podnikani/>

²² The reasons behind the increase are complex, and partly due to the 'schwarz system' in Czechia, where an officially self-employed individual performs dependent work for a company under a commercial contract, where they should have entered into an employment contract.

Male business owners in the Southwest (58%) and Southeast (54%) regions were significantly more likely to report feeling confident about their financial stability compared to female business owners in those regions, at 33% and 28% respectively. The only region where female MSEs felt more confident about their financial stability than their male counterparts was in the Eastern region of Czechia, Moravia-Silesia (52% women compared to 27% men). This could potentially be due to the concentration of female MSEs in Moravia-Silesia in sectors that are more economically stable, or due to the effect of regional female business support initiatives.

Digital Skills and Usage: There is significant regional variation in digital skill levels. While Central Moravia has a relatively high rate of 'new' businesses, it faces a notable digital skills challenge, with 22% of respondents expressing a lack of confidence in the use of technology. By contrast, only 8% of respondents in the Southwest, Northeast and Prague express a lack of confidence. In all regions, over 46% of respondents would like to learn new skills and believe that learning digital skills would be interesting. When acquiring digital skills, respondents prefer self-learning techniques, such as watching videos or using learning platforms.

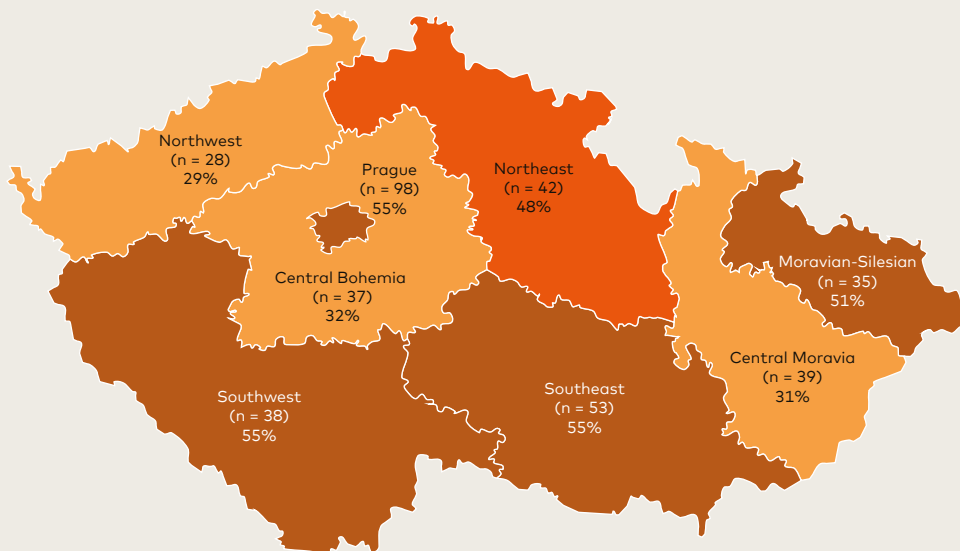
Trust in Technology: Central Bohemia stands out for its negative attitude towards technology in contrast to Prague's positive attitude. In Central Bohemia, 38% of

respondents do not trust technology to make business decisions, a sentiment shared by 29% in the Northwest. Conversely, in the Southwest, Prague, and Southeast, 55% of respondents completely trust technology to assist in making important business decisions (see Figure 13). When it comes to safeguarding sensitive information, 41% of Central Bohemia's respondents also exhibited a complete lack of trust in technology – a concern less pronounced in Prague where 26% distrust technology and Moravia-Silesia (22%).

Impacts of Technology: The potential negative impacts of technology, such as cybersecurity threats or job displacement, are of lesser concern in the Southeast (57% not concerned), Prague (50%), and the Northeast (47%). In comparison, Moravia-Silesia, the Northwest, and Central Bohemia exhibit higher levels of concern. This does not seem to suggest a correlation between trust in technology and regional economic development in Czechia; while Prague has the highest GDP per capita in Czechia, Central Bohemia is the second most prosperous region. Instead, this likely indicates a greater level of access to IT experts in metropolitan regions due to the presence of more universities and IT companies. The three Czech cities with the most skilled IT specialists are Prague with over 60,000 IT specialists, Brno (Southeast) with over 20,000 IT and Ostrava (Moravia-Silesia) with nearly 5,000.²³ In the Southeast, regional innovation initiatives such as the JIC Brno have helped to create over 1,500 high-tech jobs in over 200 companies since 2003.²⁴

Figure 13: Technology and important decisions by Region

% respondents that trust in technology to assist them in making important business decisions.



²³ <https://mobilunity.com/blog/software-development-in-czech-republic/>

²⁴ <https://www.euronews.com/business/2017/02/24/meet-central-europe-s-hi-tech-world-beater-south-moravia>

Gender: With 45% of MSEs owned or run by women, Central Moravia stands out as a region with significant female entrepreneurial representation in our sample, and seems to provide the most conducive environment. Only 23% of respondents take the view that men have an advantage in running a business compared to women. Close behind Central Moravia, in the Southwest and Central Bohemia 43% of the MSEs are owned or run by women. In Central Bohemia, it is likely that male residents commute to Prague for work, while female residents start businesses in Central Bohemia, explaining the higher proportion of female business owners.

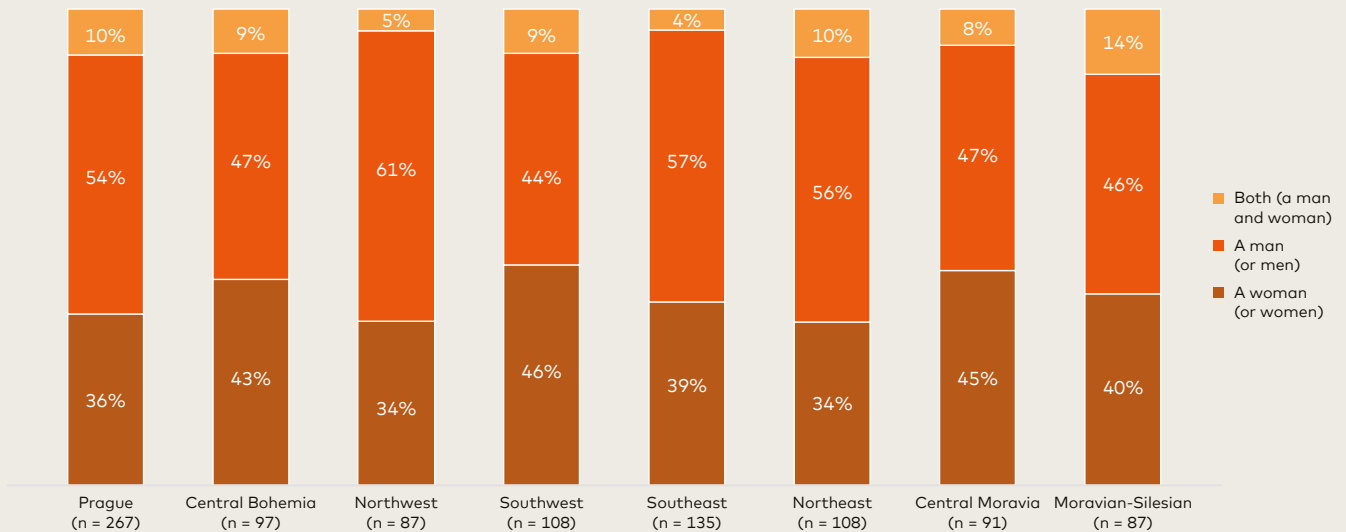


I think there are so many opportunities for doing business. If someone can do something well and can do it on their own. That person will have more freedom. There is potential here where I live. Some better legislation on the side of the Czechs would help, but that may be asking too much.

Micro-business, Services (e.g. Consulting, ICT), Male, 42

Figure 14: Gender distribution by Region

Q: Who runs this business?



Attitudes of MSEs: The Central Moravia and Moravia-Silesia regions are least likely to recommend business ownership, with Net Promoter Scores of -45 and -44 respectively (see Figure 15). Conversely, the Southwest region is the biggest promoter of business ownership, with a (still negative but considerably higher) Net Promoter Score of -5. This is likely to stem from a positive business environment for MSEs in the Southwest. 52% of respondents in the Southwest are optimistic about their long-term business success, the highest of all the regions. Despite Moravia-Silesia’s low Net Promoter Score, they have the highest proportion of MSE owners who believe in their positive community impact (71%).



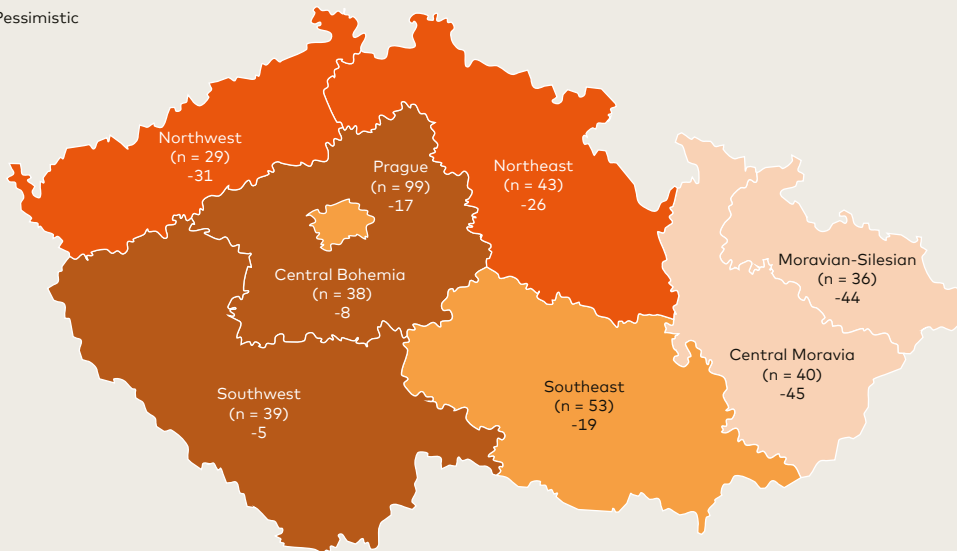
Of course there are challenges, I had to learn how to use the new technologies for my business. I just remembered that I started using email lists, where you can add more than just text. I make posters and fliers (for social media or print), I use an app for that. I had to learn how to use these tools. Also, I created my own website using my daughter’s help. So, these are the challenges.

Solopreneur, Education, Female, 44

Figure 15: NPS by Region

Q: On a scale of 0 to 10, how likely is it that you would recommend managing/owning a small business to a friend or family member, where 0 is not at all likely and 10 is extremely likely?

■ Optimistic — ■ Pessimistic



Theme 1: Technology & Digitalisation

Like it or loathe it, technology is increasingly the lifeblood of successful business. This is as true for a Silicon Valley startup as it is for a small, traditional business operating in Olomouc. Globally, companies that have undergone digital transformation report an increase in worker productivity and better customer experience by 52% and 46% respectively.²⁵ In Europe, research has estimated that digitalisation could add more than \$200 billion to Central and Eastern Europe's regional GDP by 2025.²⁶

To better understand the opportunities for technological transformation amongst Czech MSEs, it is necessary to identify the current usage. The availability of digital tools and technology is not typically a problem, but MSEs naturally find it somewhat overwhelming to know which technologies will bring them value and therefore which ones to buy.

Through our survey we asked MSE owners to assess their digital skills, to say what they wanted to learn, and to describe the availability and quality of the technical support available.

Technology Types

First some good news, technological adoption in its broadest sense is underway: more than 4 in 5 MSEs (84%) reported using two or more technologies in their business. What's more, there are only minor differences in adoption by business size, gender of business owner, or sector in which the business operates. Adoption levels, however, do not seem to be consistent across all regions, with the Southwest, Northwest and Moravia-Silesia more likely to report not using

technology. From our sample, there is a notable digital skills gap in Central Moravia where 22% of respondents expressed a lack of confidence in using technology, compared to a lower 8% in Prague. This provides an opportunity to move the needle by boosting digitalisation amongst entrepreneurs in Central Moravia.

Now for some more difficult news: the types of technology being adopted seem fairly basic (see Figure 16). The most common types of technology used are hardware and social media. Smartphones, high-speed broadband internet, computers, and tablets are widespread, along with social media such as Facebook and WhatsApp. Like most small business owners globally, Czech MSE owners tend to extend the tools with which they are familiar in their personal lives to the workplace. Skill limitations, availability and affordability account for this.²⁷ According to the Digital Decade Report 2023, more sophisticated technologies still have a lower take-up rate. Only 9% of Czech enterprises used big data technologies in 2020 and 5% used AI technologies in 2021.²⁸

Indeed, when we dig a little deeper, few Czech MSEs are adopting tools to increase business efficiency. For example, technologies that are specifically designed for businesses, including accounting or e-commerce software, are only being used by one in four, and one in six businesses respectively. This represents something of a 'productive technology gap' that needs to be resolved. These technologies tend to be more complex for MSEs to adopt, making it even more crucial that MSEs are given support from trusted people and institutions to adopt new technology.



²⁵ <https://forbytes.com/blog/top-most-impressive-cases-when-technology-helped-businesses/#:~:text=52%25%20of%20companies%20worldwide%20report,KPIs%20and%20achieve%20better%20returns>

²⁶ <https://www.mckinsey.com/-/media/mckinsey/featured%20insights/europe/central%20and%20eastern%20europe%20needs%20a%20new%20engine%20for%20growth/the-rise-of-digital-challengers.ashx#:~:text=A%20MARKET%20ECONOMY%3A-The%20current%20growth%20engine%20of%20Central%20and%20Eastern%20Europe%20is,positioned%20to%20capture%20this%20opportunity.>

²⁷ https://www.ilo.org/wcmsp5/groups/public/-/-ed_emp/-/-emp_ent/-/-ifp_seed/documents/publication/wcms_808632.pdf

²⁸ <https://digital-strategy.ec.europa.eu/en/library/country-reports-digital-decade-report-2023>

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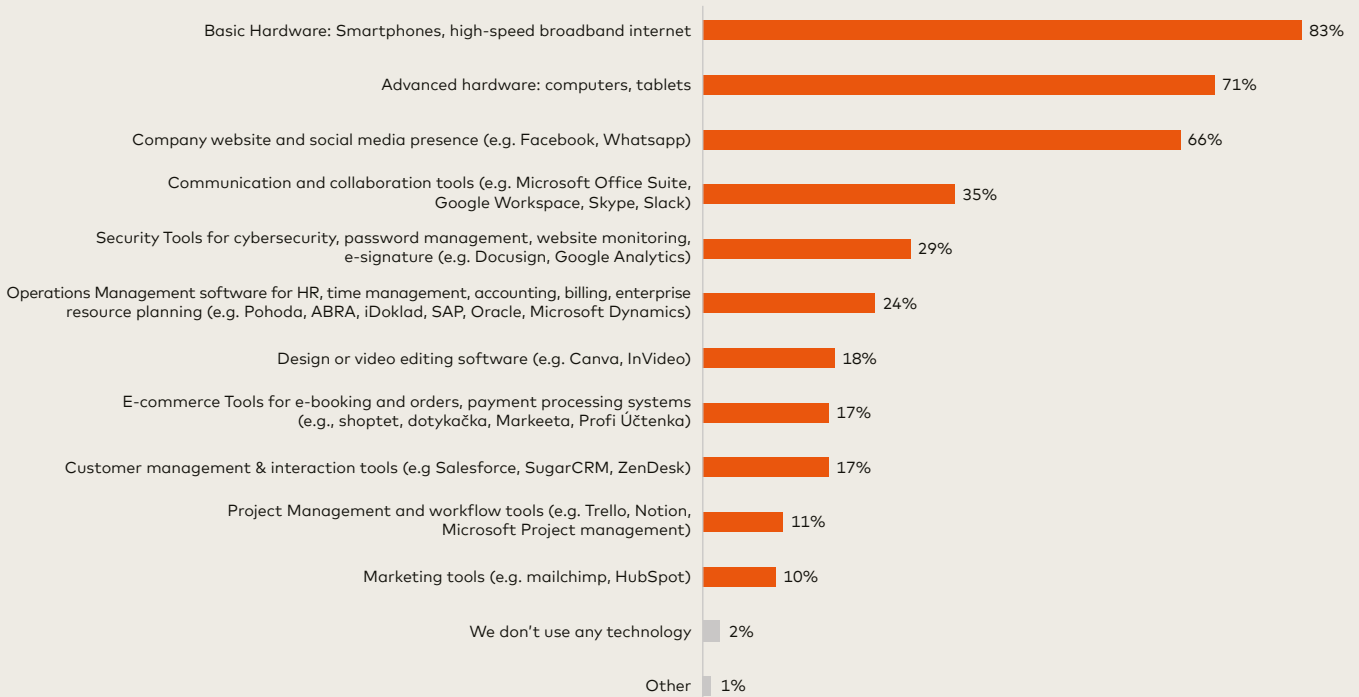
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Figure 16: Top technologies used

Q: Please select the types of technology (if any) that your business uses? Select all that apply. (n = 612)



Adoption of basic tech leads to lukewarm attitudes

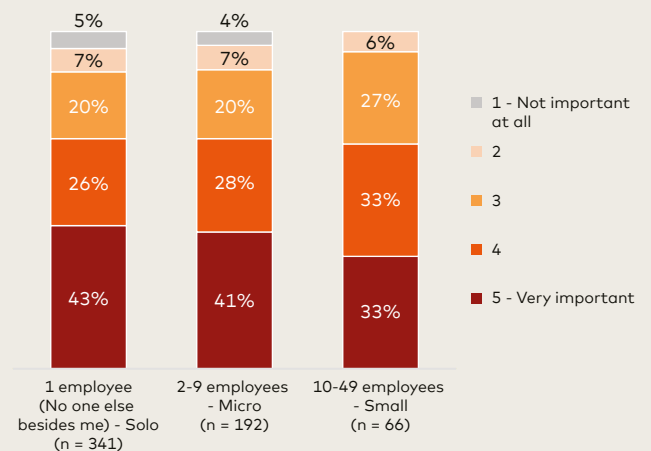
Czech MSEs do not seem to be pushing the envelope in terms of the technology they use, and this may be a reflection of their attitude towards technology. In general, MSEs take something of a dim view of technology's importance, with only 4 in 10 business owners stating that technology and digitalisation were "very important" to their success, and a majority either neutral or only mildly positive (see Figure 17).

Similarly, 7 in 10 business owners report that they are satisfied with the use of technology in their business, suggesting that few are in a rush to explore new technological and digital opportunities. The International Labour Organisation has found that MSE digitalisation is highly influenced by the overall diffusion of technology in local environments²⁹, meaning that while business owners may be satisfied with their technology adoption level, they may not realise what other useful technologies might be available. This paints a picture of MSEs playing it safe, using and being satisfied by technologies they are familiar with and, correspondingly, not seeing the benefits that less familiar but potentially more useful technologies might bring.

For those wanting to support greater adoption in Czechia, this slight apathy toward technology may be a stumbling block. There is work to do to enthuse MSEs about the opportunities that technology offers.

Figure 17: Technology optimism

Q: On a scale of 1 to 5, where 1 is not important at all and 5 is very important, how important do you think adopting technology is critical for the future success of your business?



²⁹ https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_808632.pdf

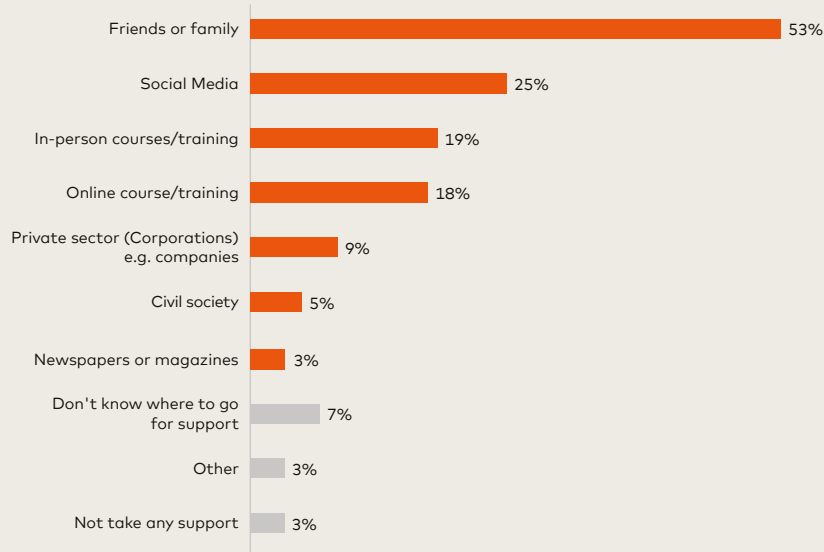
Czech enterprises need to be pushed beyond their comfort zone.

Just 1 in 3 MSEs experience challenges in using technology in their business. At first blush this might appear encouraging but, looking at the types of technology being used, this is unrelated to adventurous excursions into new technology. Czech businesses are, in the main, using well-established technologies and, when they do experience challenges, these seem to be at foundational level, with the main issues cited being power and internet outage that are probably challenges which are faced by MSEs located outside of infrastructure-rich cities like Prague. Following that are a lack of knowledge and software issues, highlighting the need to boost digital awareness and training. Unfortunately, 32% of the MSEs in our sample have also already experienced issues related to technology.

Consistent with this theme, is the fact that friends or family tend to be the main channel for learning about, and ultimately adopting, new technology. More than half (53%) of MSEs rely on their nearest and dearest for support if they face a technology challenge, followed by social media (see Figure 18). Research from the ILO shows that, when they are self-taught technology users, MSEs' digitalisation prospects are directly dependent on their immediate network.³⁰ Female owners are more likely to go to friends or family than are their male counterparts, underscoring the importance of cultivating peer networks and mentorship systems amongst female entrepreneurs to boost digital adoption. A similar trend is observed for micro and solo owners compared to small business owners.

Figure 18: Support for addressing technology challenges*

Q: If you had a digital or technology challenge in your business, who would you go to for support?
(Select top 3 that apply) (n = 612)



Note: the graph excludes options that had 0% such as Government - National level, Government - Local level, Other business owners, Business associations and Internet search engine (e.g. Google, Bing).

³⁰ https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_808632.pdf

Finding ways to give Czech MSEs access to education and advice about technologies that have been specifically designed to solve business problems will be vital if Czech businesses are to get the most out of digital opportunities. This extent of the challenge is reflected in the still high proportion of entrepreneurs who report that they are unsure which tech to use, or for whom keeping up with the rapid changes in technology is a key concern (Figure 17). Across Europe, a shortage of skilled technology specialists is limiting investment for 85% of EU firms, with MSEs having more of a struggle to fill ICT vacancies.³¹

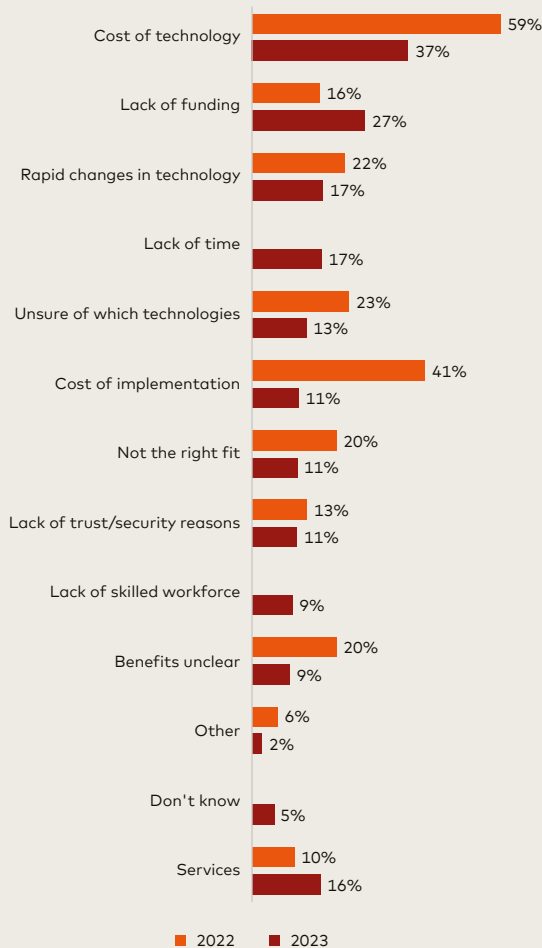
In this context, peer networks are critical for MSEs as they provide opportunities for businesses to learn, adapt and troubleshoot with their peers. They are an especially

powerful tool among women and women's groups. In Barometer 1, 19% of women-led businesses listed support groups and networks as 'very important' for their business to stay resilient or grow in the next 12 months, compared to just 10% of male-led businesses. Similarly, a 2017 study of Irish female entrepreneurs found that 86% of women found peer support very or extremely important in developing their businesses, with female entrepreneurship programs being the main way of accessing peer support.³² Peer networks can also provide meaningful market connections and access, which can be critical to the resilience of businesses.

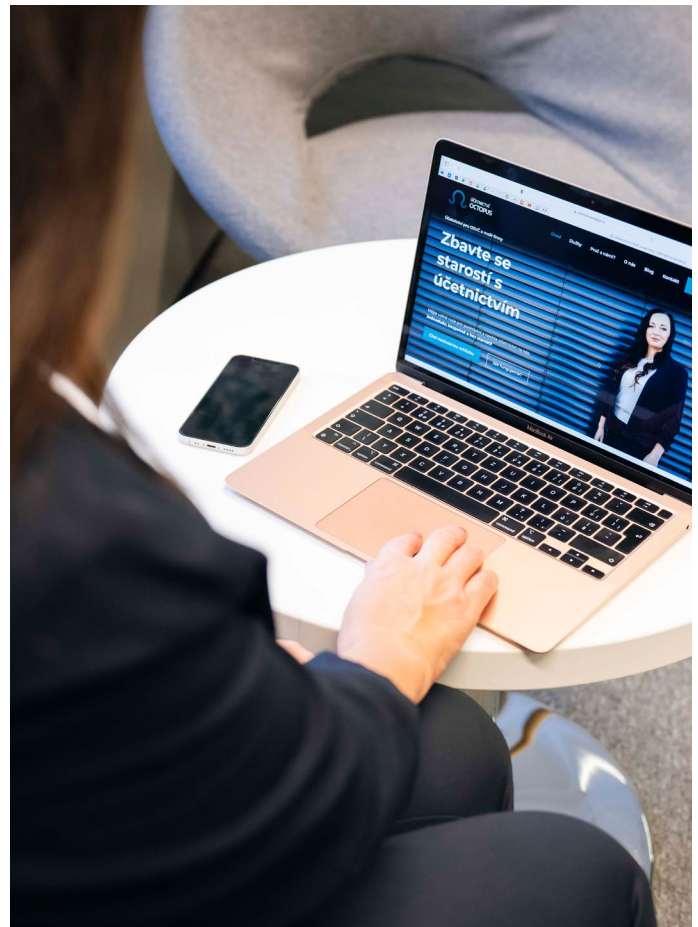
Another barrier that blocks MSEs from adopting technology is its cost, coupled with the lack of funding (see Figure 19). Both of these factors emerge as the top two barriers to technology adoption in Barometers 1 and 2. Moravia-Silesia was the region that struggled most with cost of technology (47%), while Prague struggled the least with it (31%). This is unsurprising, given that entrepreneurs in the capital city would be more likely to be affluent or able to access financial support. Crucially, 4% more female-led businesses found it difficult to access financial support than male-led businesses, further adding to the difficulties female-led MSEs face in digitising.

Figure 19: Barriers to Technology Adoption* 2022 vs. 2023

Q: What are the barriers to adopting new technology in your business? Select Top 3. (2022: n = 833, 2023: n = 612)



Note: In 2022 the question did not include the answer options "Lack of skilled workforce" and "Lack of time". The answer option for "Lack of funding" in 2022, was "Lack of government funding".



³¹ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en

³² <https://aline.ie/the-value-of-peer-support-in-female-business-venturing/#:~:text=We%20found%20that%20peer%20support,are%20prerequisites%20to%20business%20impact.>

Going cashless. Slowly.

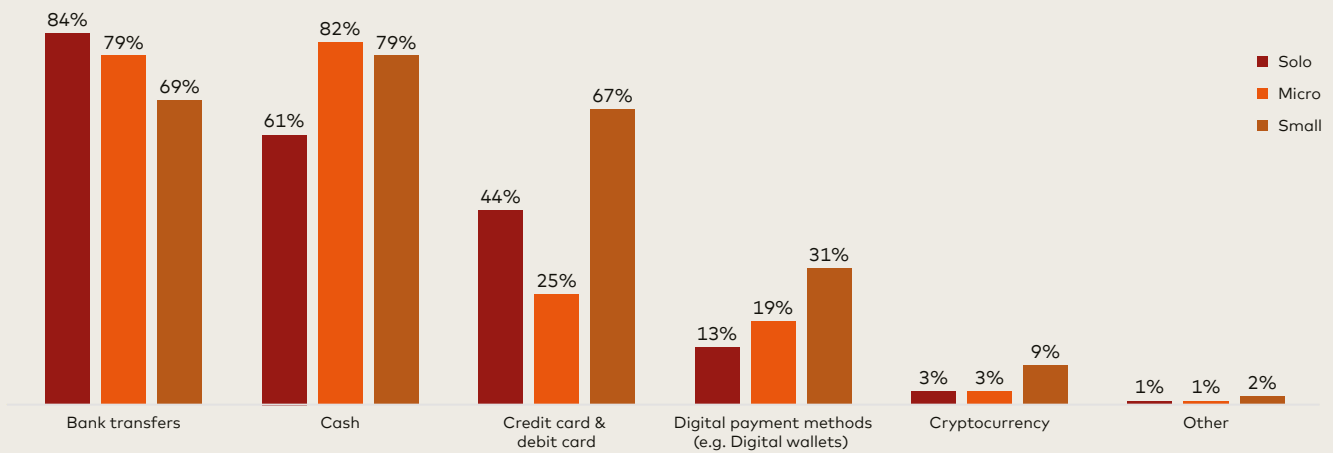
One of the first steps on the ladder to greater digitalisation is switching towards increased use of non-cash payments. Yet, even as the world moves towards digital wallets and payments – in part due to cost efficiencies (it is cheaper and can be more convenient to use digital wallets to pay suppliers and receive payments from customers) – the uptake in

Czechia is still quite low. Notwithstanding the adoption of bank transfers, for the most part cash is still king, with credit/debit card usage coming second.

Therefore, a potential low-hanging opportunity for upskilling would be to build more digital wallet/mobile money infrastructure. There appears to be significant room to grow non-cash commerce, particularly with respect to the use of credit/debit cards and digital payment methods.

Figure 20: Types of Payments by Business Size

Q: What types of payments do you accept or use at your business? Select all that apply. (n = 612)

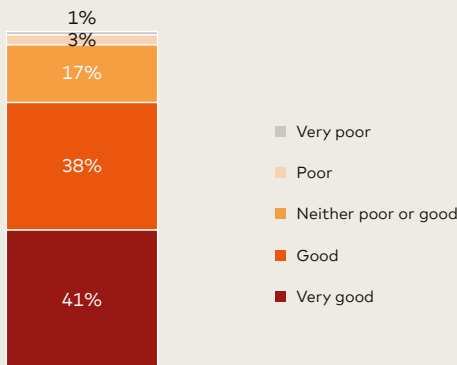


Appetite for Digital Upskilling

There is overall considerable confidence in essential digital skills such as being able to find and use information on the Internet and communicating professionally through online platforms like email. Almost 4 in 5 MSEs rate their essential digital skills to be good, with almost 2 in 5 rating themselves as “very good” (see Figure 21). Czech MSEs seem well equipped to perform key digital tasks for business, with external data showing that 60% of Czechs have at least basic digital skills³³, 6% above the EU average. Our data sees a correlation between confidence in digital skills and belief in the importance of technology, highlighting the positive ripple effects of providing support to upskill MSEs.

Figure 21: Digital Skills

Q: How would you rate yourself in terms of essential digital skills? (n = 608)



There is also an appetite to learn, with over half (56%) of MSEs claiming that they enjoy learning and that learning digital skills sounds interesting (see Figure 22a). Attempts to do so should meet Czech SMEs where they are, with 3 in 5 business owners preferring to learn digital skills through incremental self-learning (see Figure 22b). Tailoring such learning around the busy and stressful lives of small enterprises will be key, ensuring that lessons are delivered in tailored, bitesize and highly practical lessons.

Figure 22a: Digital upskilling

Q: Please read the following statement and select one that you agree with (n = 588)

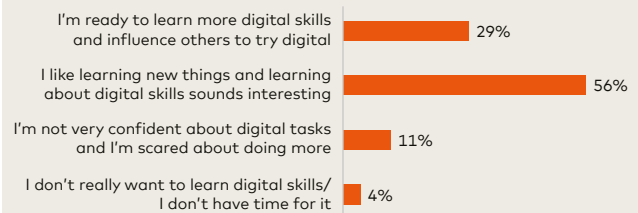
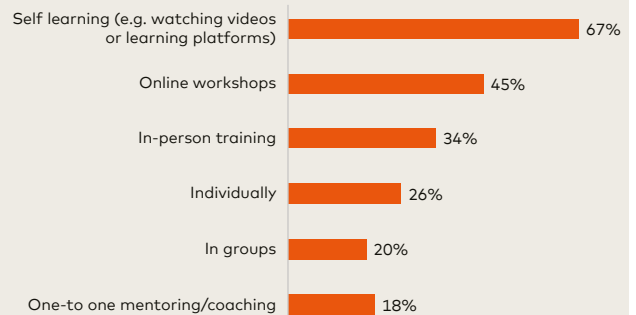


Figure 22b: Digital upskilling

Q: Please read the following statement and select one that you agree with (n = 571)



Consistent with much in this report, we noted that learning preferences vary by gender, business size and age of business owner. Male business owners (34%) are more likely to prefer in-person training than female business owners (27%). Solo business owners are more likely to prefer self-learning (66%) than small (50%) or micro (59%) business owners. Young business owners are more likely to prefer online workshops than older business owners. Designing services appropriately to target these populations will be critical. Online courses can be particularly useful to women who have the necessary infrastructure to access them. As women bear a greater burden of household and unpaid care duties, online courses often save travelling time and can be fitted into their busy schedules.

³³ <https://digital-strategy.ec.europa.eu/en/policies/desi>

Resolving trust in technology is the most important

Seemingly by far the most significant issue cited by MSEs, and which will likely be stifling adoption, is a lack of trust in technology. Nearly half of MSEs (53%) do not fully trust technology to assist them in making important business decisions, with over 3 in 5 MSEs (67%) not fully trusting technology to keep their business sensitive information secure. Business owners or managers below the age of 44 and small businesses are more likely to trust technology to help them make crucial decisions and to safeguard information than are other age groups or business sizes.

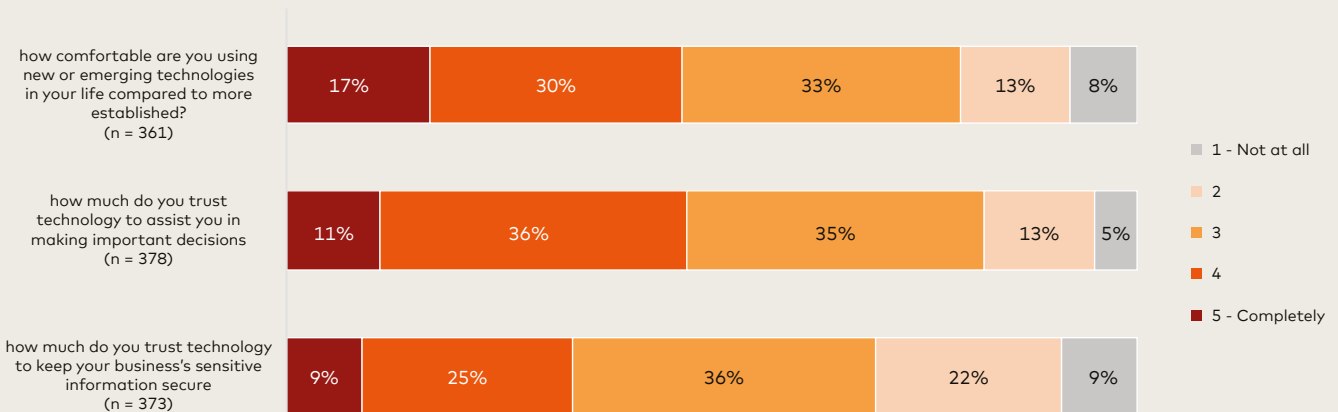
About 3 in 5 of the MSEs (56%) have some concerns about the potential negative impacts of technology on their business such as cybersecurity threats. Historical data from the OECD shows that smaller businesses have been less likely to detect and report digital security breaches than larger companies.³⁴ Solutions to this include campaigns for tech safety and cybersecurity measures, IT training and awareness programs in local communities, and greater access to peer/mentorship networks to increase trust in technology and local support.

We were curious about how MSEs' trust may differ from that of the general population in Czechia. Overall, MSEs had marginally higher levels of trust in technology and lower levels of distrust than the general population. However one might have expected the differences to be more significant, with entrepreneurs having more reason than most to use and trust technology.



Figure 23: Trust in Technology

Q: On an scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all' ...



³⁴ <https://www.oecd-ilibrary.org/sites/cb2796c7-en/index.html?itemId=/content/component/cb2796c7-en#:..:text=SMEs%20tend%20to%20have%20less.in%20place%20to%20detect%20intrusions>



Anna's CareTech

In the heart of Prague, Anna, a 41-year-old entrepreneur, champions a micro-enterprise in the realm of health care and social assistance. Her business, though small in scale, plays a significant role in the community, offering care and support directly to those in need.

Anna's journey into entrepreneurship was self-charted, fueled by a deep-seated desire to make a positive impact. *"I hope we are able to help people in need,"* she says, highlighting her commitment to the well-being of her clients.

Navigating the intricacies of running a micro-business, especially as a woman among male entrepreneurs, hasn't been without challenges. Anna often senses a disparity in the way she's perceived compared to her male counterparts. *"It's a feeling I have,"* she reflects. *"Women are treated differently."* Yet, with resilience and determination, she pushes forward, undeterred by societal biases.

Embracing modern business practices, Anna recently integrated a terminal to accept card payments, ensuring convenience for her clients and staying attuned to the evolving needs of the market. Yet, her relationship with technology is complex. *"Technology can always fail,"* she muses, *"I can't say I trust it, but I rely on it."* This sentiment echoes the balancing act many entrepreneurs face, intertwining reliance on technology with its inherent uncertainty.

For Anna, entrepreneurship is not a mere occupation, it's a commitment. *"If someone doesn't go all in, I don't recommend it,"* she asserts. It's about dedication, adaptability, and the continuous drive to enhance and evolve.

Anna's story, set against the backdrop of gender dynamics, technological advancements, and the essence of entrepreneurship, illuminates the journey of a micro-business owner determined to make a difference in her community.



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Theme 2: Gender and MSEs

Gender was a significant focus of Barometer 1 with good reason. It is estimated that, by supporting women's economic empowerment, the global economy could be as much as \$10 trillion larger by 2030.³⁵ Czechia also has significant room for progress when it comes to closing the gender gap. The Czech Republic ranked in the 2023 Gender Equality Index third from the bottom – in 25th place, which is two positions worse than in 2022. Only Hungary and Romania performed worse than the Czech Republic.³⁶

Our initial findings from Barometer 1 suggested that sizeable barriers exist for female entrepreneurs. These include lower technological adoption and confidence in using technology, and critically (as in so much of the world) a lack of access to capital. A third more male-led businesses reported using a credit or loan in the previous 12 months compared to women-led businesses. Societal biases, along with the demands of household duties placed on women entrepreneurs, further put women at a disadvantage. Many reported a lack of belief in their abilities, often from male counterparts, coupled with the struggle to maintain a balance between their business demands and domestic responsibilities.

These combined challenges have resulted in female entrepreneurs reporting lower levels of financial resilience and business performance, with women-led businesses twice as likely to report significant decreases in revenue and savings. Clearly, such a topic is multifaceted and in Barometer 2 we continue to further explore the unique challenges faced by women-led businesses in Czechia.

The gender bias (revisited)

Who better to ask about a gender-gap in terms of running a business than the entrepreneurs themselves. Across Europe, women are under-represented in entrepreneurship. In 2018, women were about 60% as likely as men to be self-employed in the EU and this gender gap starts young. Young women (20-29 years old) were also about 60% as likely to be self-employed as young men. While the gender gap has closed slightly across all age groups since 2002, it was due to a decline in male self-employment rather than growth in female self-employment.³⁷ Lack of female representation in executive roles compounds the gender gap in business, with women holding just one in ten such positions in Czechia.³⁸



This was borne out by our data which found that in Czechia, a significant one in three respondents (30%) agree that men have an advantage over women. The impact of gender stereotypes on female entrepreneurs is well documented, with 70% of women entrepreneurs saying that stereotypes negatively affected their entrepreneurial work, impacting 61% of business growth and 49% of profitability.³⁹ Female-led ventures are often perceived as less viable due to stereotypes of entrepreneurialism being associated with masculine traits.⁴⁰

Surprisingly, our data showed that fewer female business owners (21%) think men have an advantage in business compared to male business owners (36%). This guides them to see professional barriers as personal or self-imposed, instead of as the result of male advantage in the workplace.⁴¹

Why would some female business owners ignore an unequal playing field that even their male counterparts acknowledge? This could be due to a particularly harmful effect of gender bias: when it is inadvertently internalized by women. Women become more reluctant to start businesses or put themselves forward for leadership positions due to lack of self-belief, or even become biased against other women.⁴²

³⁵ <https://www.gatesfoundation.org/ideas/articles/melinda-french-gates-how-leaders-boost-womens-economic-power>

³⁶ <https://eige.europa.eu/gender-equality-index/2023/country/CZ#:~:text=With%2057.9%20points%20out%20of%20the%20EU%20as%20a%20whole>

³⁷ <https://www.oecd.org/cfe/smes/inclusive-entrepreneurship/gender.htm>

³⁸ <https://www.mckinsey.com/cz/our-work/closing-the-gender-gap-in-the-czech-republic>

³⁹ <https://cherieblairfoundation.org/what-we-do/research/gender-stereotypes-report/#:~:text=It%E2%80%99s%20clear%20that%20women%20entrepreneurs,say%20they%20affect%20profitability>

⁴⁰ <https://www.insead.edu/news/insead-study-finds-how-women-entrepreneurs-can-overcome-gender-bias>

⁴¹ <https://online.sbu.edu/news/gender-barriers-and-gender-bias-in-the-workplace>

⁴² <https://www.forbes.com/sites/pragyaagarwaleurope/2018/12/17/here-is-how-unconscious-bias-holds-women-back/?sh=5575115b2d4f>

Further disparities exist within regions. 38% of respondents from Moravia-Silesia agree that men have an advantage in running a business in Czechia compared to women, while only 23% in Central Moravia share this belief. This indicates that some regions may provide a more conducive environment for female entrepreneurs than others.

In terms of the specific disadvantages faced by women, almost half of respondents (49%) reported that they believe women-led businesses earn less than men-led businesses. Without intervention to change current trends, women in Czechia will not have equal pay till an astounding 2121.⁴³ Furthermore, women-led businesses are more likely to report discrimination at work and a lack of financial support.



Because there are still a lot of men and maybe women who are running businesses and don't trust women. They think women are driven only by their emotions. They think women will promise something but can't follow through. I don't agree with these preconceptions, but I think in business they still remain.

Micro-business, Finance and insurance, Male, 69

Figure 24: Advantage in Running a Business

Q: To what extent do you agree or disagree with the following statement: "I believe men have an advantage in running a business in Czechia compared to women."

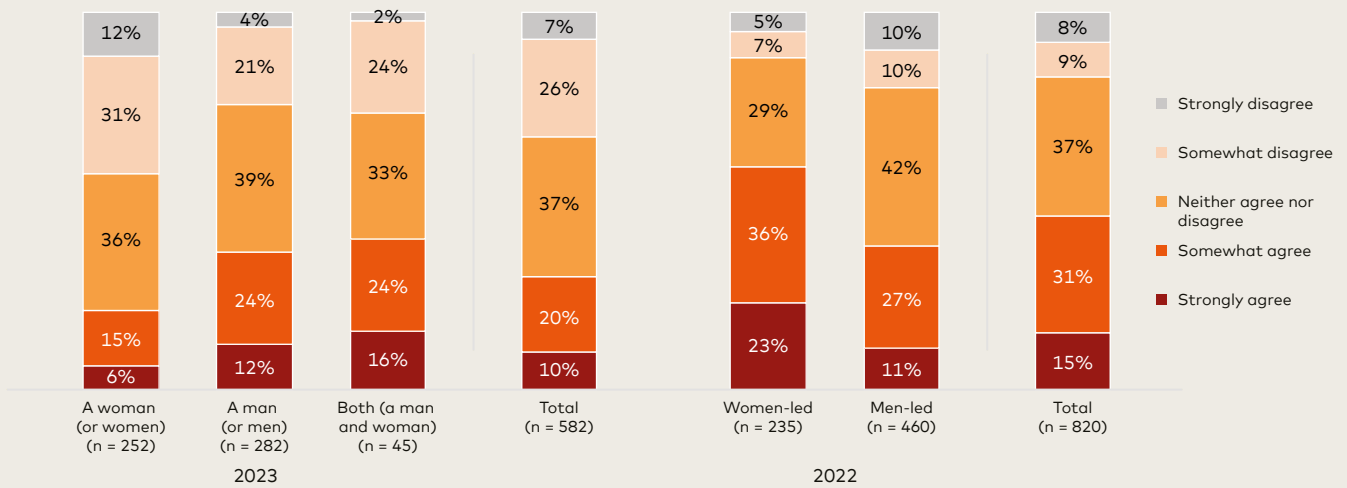
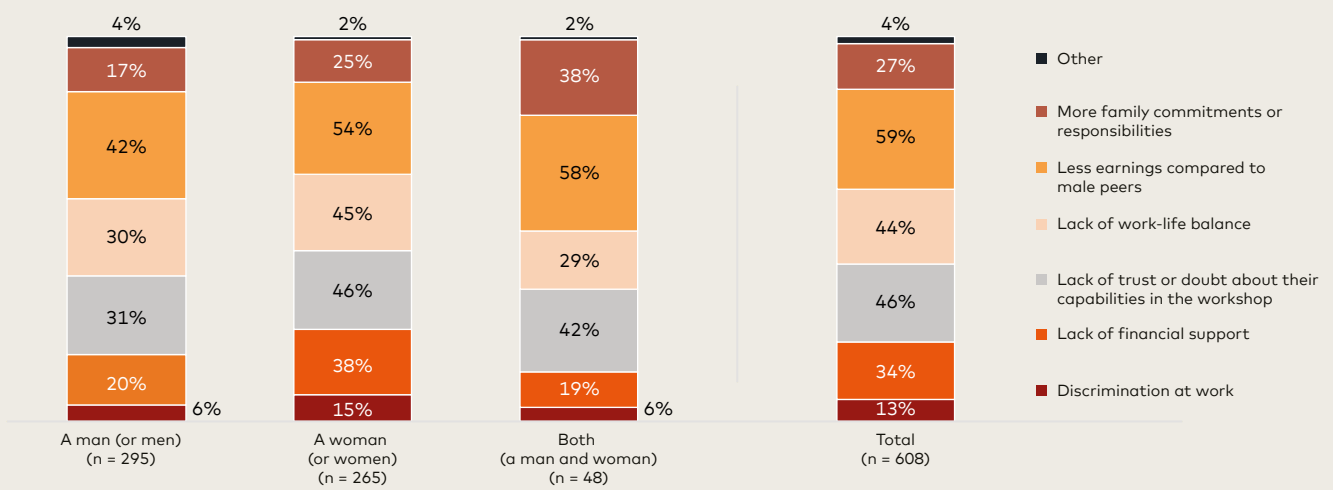


Figure 25: Challenges faced by women-run businesses

Q: Could you please explain what challenges women-run businesses face? Select all that apply.



⁴³ <https://www.etuc.org/en/pressrelease/eu-gender-pay-gap-wont-end-until-2104-without-action>

Society is not making it easier for women

Amidst a challenging business world, one would hope that, like so many other business owners, female entrepreneurs would be able to find refuge in familial support.

Unfortunately, this is not always the case. Our data showed that while three fifths of business owners acknowledge that their family supports their business, female business owners are less likely to report this than male business owners, by as much as 22%.

Related to that, when businesses are passed through generations, women are seemingly less likely to be entrusted with their management, probably due to cultural gender biases. Of family-owned businesses, only 34% are run by women compared to the 40% run by men.

And on top of all that, female business owners (70%) are more likely to report that they must balance business and their personal life than their male counterparts (56%). External data shows that even when Czech women return to work after parental leave, they devote up to twice as much time to housework and childcare as men – ranging from 5-6 hours a day.⁴⁴ Structural factors like inconsistent childcare availability further exacerbate this issue, with limited kindergarten places for children, especially in urban areas like Prague. All this suggests that the dual burdens of managing work and household responsibilities are more likely to limit the opportunities of female business owners compared to their male counterparts.



Because men only have to work. Rarely do they worry about the housework/kids. Women come home and have a second job waiting for them. Men don't.

Solopreneur, Services (e.g. consulting, ICT), Female, 52

Female MSE entrepreneurs have the strength to do it alone

Thankfully, female business owners are tenacious and resilient. Whether out of necessity or due to courage, businesses run by women are considerably more likely to be solo-businesses (64%) compared to male-led businesses (48%) (see Figure 27). This aligns with research from the Global Entrepreneurship Monitor which found that globally, women were almost 50% more likely than men to be solopreneurs, with some of the highest rates of women's solopreneurship found in Europe.⁴⁵ Whilst this may come with pressure, risk, and lower financial resilience, the flip side is that it does seem to present women with greater agency. In general, we see that owners of larger and family-owned businesses report being more constrained in their freedom to make decisions – no surprise, given that with a growing business, decision-making powers tend to be shared across multiple individuals.

Figure 26: Family support

Q: Please respond to the following statement:
My family does not support my business?

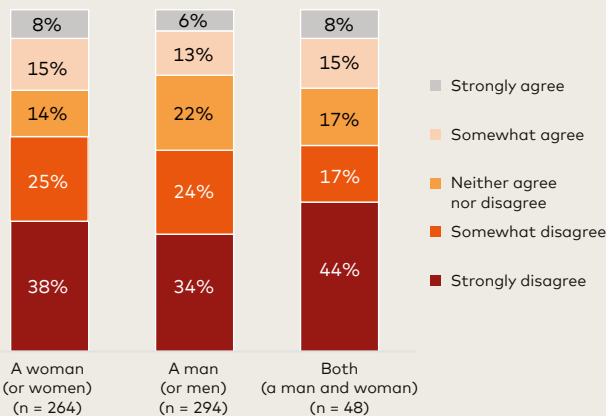
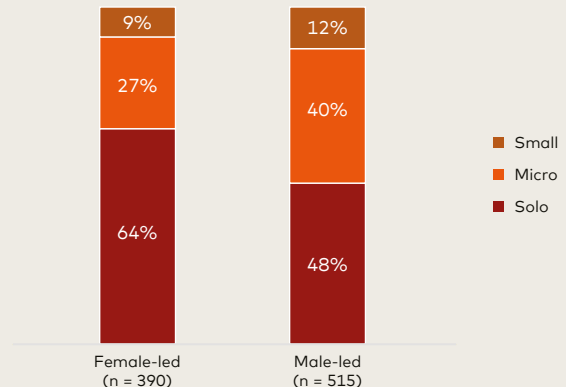


Figure 27: Female-led business vs. business size

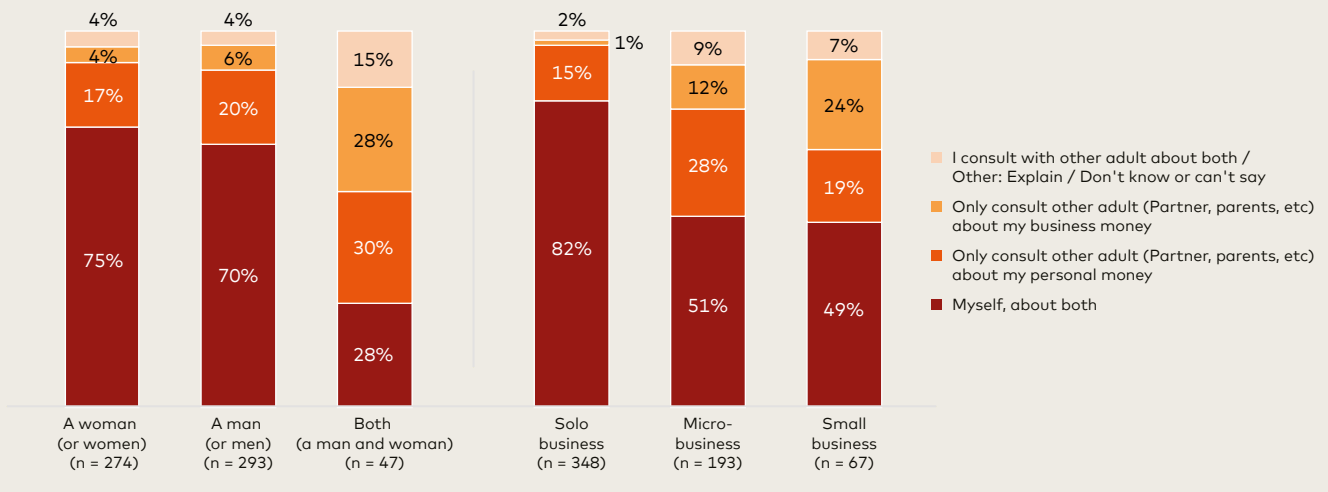


⁴⁴ <https://ferovadomacnost.cz/problem>

⁴⁵ <https://www.gemconsortium.org/reports/womens-entrepreneurship>

Figure 28: Agency in making business and personal money decisions

Q: Who makes the decisions about your business and personal money?



Women start businesses later in life

Women also tend to start their businesses when they are slightly older compared to men. In our study, close to half of the women-led businesses (45%) were started between the ages of 31 and 45, while half of male-led businesses were started between the ages of 21 and 30. The average Czech female entrepreneur started her business at 32 years old, which is 2 years older than her male counterpart. This is not necessarily a bad thing, as some studies have shown that age breeds success, with 45 as the 'prime age' for successful business founders due to increased experience in their fields.⁴⁶ However, younger entrepreneurs report greater access to and usage of digitalisation⁴⁷ compared to older entrepreneurs who have a harder struggle to reap the benefits of technology in their business.

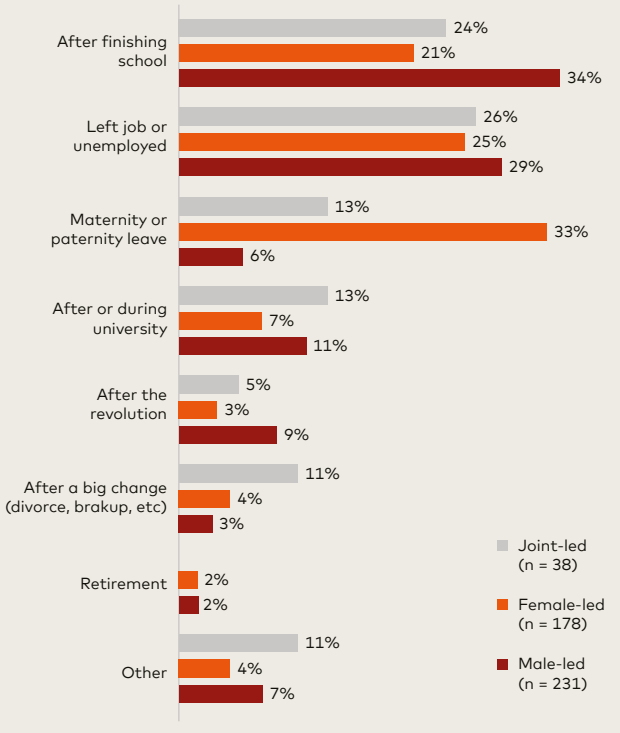
The data begs the question of why more young women do not start businesses. Analysis from the Global Entrepreneurship Monitor posits that senior entrepreneurship in Europe could be explained by factors such as increased healthy ageing, a longer transition into retirement, and the need to generate income at a later age.⁴⁸ Women workers' lives are also made more difficult by the end of family policy support, which in Czechia often happens when the child is three or four. One reason why more older women might start businesses is that they find balancing childcare and a career too challenging.

Meanwhile, a study of young female students showed that 73% of young women cited fear of failure as a demotivator to starting a business, followed by 64% saying that they did not know how to fund start-up costs.⁴⁹ Young women may also be inhibited by factors such as insufficient

confidence and a lack of role models⁵⁰, making it all the more necessary that targeted support is given to empower young female entrepreneurs.

Figure 29: Stage of life when MSEs Started their Business

Q: At which stage have you started your business?
Open-ended coded by 60 Decibels



⁴⁶ <https://hbr.org/2018/07/research-the-average-age-of-a-successful-startup-founder-is-45>

⁴⁷ <https://intapi.sciendo.com/pdf/10.2478/picbe-2023-0085>

⁴⁸ <https://www.gemconsortium.org/reports/womens-entrepreneurship>

⁴⁹ <https://www.forbes.com/sites/biancabarratt/2019/03/27/advice-for-young-women-dont-let-fear-prevent-you-from-starting-your-own-business/?sh=74e59401783b>

⁵⁰ <https://www.youthbusiness.org/resource/women-face-gender-specific-barriers-to-entrepreneurship#:~:text=Lack%20of%20confidence%20and%20skills, failure%20and%20further%20erodes%20confidence.>

Necessity pushes women to start businesses

Women often attribute their decision to start a business to a lack of alternatives. Although not a huge number in itself, twice as many female-led businesses (8%) attribute their decision to start a business to external pressure or constraints, compared to male-led businesses (4%). Almost 25% of women started a business during their maternity leave, indicating that difficulties balancing work and childcare influenced their decision to do so. In comparison, 30% of men stated that they started their business during or right after their studies, actively choosing entrepreneurship over employment.

Further examples of these external constraints might include hiring biases against women that limit the number of attractive job opportunities available. Research shows that globally, the ratio of women to men who start a business because of the lack of job opportunities is 1.08, with 72.9% of women citing this reason for starting a business compared to 67.2% of men.⁵¹ Other factors include a need for flexibility when balancing caregiving responsibilities, as well as the gender pay gap at workplaces.⁵² In 2019, women in the Czech Republic received on average 19% lower wages as compared to their male counterparts.⁵³

Supporting women-led businesses in Czechia

There is demand from women-led businesses for support, with financial support as the top-rated area of need. This aligns with the difficulties women entrepreneurs face in acquiring critical capital or funding, due to factors such as lack of collateral and gender biases in the financial sector. As we found in Barometer 1, there is a gender gap of 5 percentage points between male-led businesses which reported using credit or a loan in the previous 12 months, and women-led businesses. Addressing the gender gap in accessing funding could benefit both employees and the community. Analysis from the EIB shows that female-led businesses achieve higher ESG scores and are more likely to support employees through training and upskilling.⁵⁴ To aid female business owners, institutions should end gender discrimination when allocating loans.

Meanwhile, the second top-rated area of need, training, points towards the challenges women entrepreneurs face towards skill enhancement opportunities, especially in the digital space. Data from Barometer 1 showed that male-led businesses use three or more technologies, whereas women-led businesses tend to use two or fewer. The types of

technologies used also seem to have a gendered difference. Research shows that women-owned businesses (74%) are more likely to use social media than men (66%).⁵⁵

“

I started my business at the age of 43, when my daughter was older and I had more time for it.

Solopreneur, Finance and insurance, Female, 55-64 years-old

“

When I was on maternity leave and I was deciding what I was going to do and to take care of the children's needs (to kindergarten, from kindergarten, doctors,...) so that I could be more of a master of my time.

Micro-business, Wholesale or retail, Female, 35-44 years-old

Figure 30: Support Required by Gender

Q: What are the most important things to make your business grow in the following 12 months?

	A woman (n = 249)	A man (n = 284)	Both (n = 48)	Total (n = 560)
Prices and availability of energy/commodities/materials	33%	36%	57%	36%
Skilled labour	35%	29%	32%	32%
Support groups/networks	8%	21%	9%	14%
Technology	35%	19%	34%	28%
New training or incubator	13%	16%	14%	15%
Additional (new) regulations	7%	6%	9%	7%
Reducing regulations	8%	5%	11%	7%
Financial services (loans, credit, etc.)	0%	0%	0%	0%
Other	2%	5%	5%	16%
Don't know or can't say	16%	17%	11%	4%

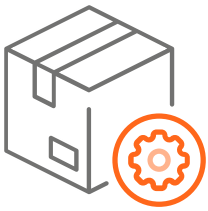
⁵¹ <https://www.gemconsortium.org/reports/womens-entrepreneurship>

⁵² <https://www.forbes.com/sites/carolinecastrillon/2019/02/04/why-more-women-are-turning-to-entrepreneurship/?sh=36870a2c542a>

⁵³ <https://www.tandfonline.com/doi/full/10.1080/1331677X.2023.2263510#:~:text=According%20to%20Eurostat%20data%2C%20women,the%20highest%20gender%20pay%20gap.>

⁵⁴ https://www.eib.org/attachments/lucalli/support_for_female_entrepreneurs_en.pdf

⁵⁵ <https://clutch.co/resources/how-small-businesses-use-social-media-in-2018>



Lena's Journey in the Digital Age

Lena, a 31-year-old entrepreneur, is the proud owner of a flourishing transportation and logistics business in Czechia. With a team of 10 to 49 dedicated employees, her small yet impactful enterprise has carved a niche in the business-to-consumer (B2C) sector, ensuring that goods reach their destinations promptly and safely. While many businesses in her sector are passed down through generations, Lena's venture stands out as an independent establishment, not tethered by familial obligations.

As with any modern business, technology plays a pivotal role in Lena's operations. From managing inventory to tracking shipments, digital tools are at the heart of ensuring smooth workflows. However, this reliance on technology doesn't come without reservations on her part. *"I'm always a bit anxious when it comes to technology,"* Lena admits. *"The fear that something might go awry, especially concerning data security, is ever-present."* This apprehension stems not from a mistrust of innovation but from the recognition that, in today's digital age, the stakes are high.

Despite these challenges, Lena staunchly advocates for entrepreneurship. She believes that owning a business provides a unique avenue to directly influence positive change in the community. *"Our business isn't just about profits,"* she explains. *"Whenever we achieve good results, we ensure we share the benefits with others, reinforcing the cycle of growth and goodwill in our community."*

While she navigates the complexities of running a business with grace and determination, Lena acknowledges that the journey isn't devoid of societal biases. *"In Czechia, there's an underlying stereotype,"* she reflects. *"Men are often perceived as the hunters - the aggressive go-getters, while women are seen as gatherers, more passive in their approach."* This perspective, she feels, sometimes gives men an unfair edge in the business realm.

Yet, with her steadfast spirit and commitment to excellence, Lena is a shining example of breaking barriers and redefining success. Her story serves as a beacon of inspiration, underscoring that with passion, resilience, and a touch of ingenuity, one can overcome challenges, harness technology effectively, and make a lasting impact on the community.



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Theme 3: Perceptions of, and toward, MSEs

In the last Barometer, we saw that the business performance of Czech MSEs was mixed. Two in five businesses reported increased revenue, with a quarter of these experiencing significant growth. However, a third of businesses experienced a decline in revenue. Meanwhile, there was a noticeable disparity between solopreneurs and small businesses, with 27% of solo entrepreneurs reporting increased revenue compared to 52% of small businesses. Despite such fluctuating economic outlooks, we found that Czech MSEs maintained a sense of optimism, with nearly a third anticipating moderate growth over the next 12 months. We wanted to understand better what motivates MSEs to persevere and what mindsets help them to succeed.

In this report, we build on last year's findings by investigating the attitudes that contribute towards MSE success in Czechia. These range from the beliefs and attitudes of MSE owners towards their entrepreneurial experience and support needs, to how the public at large perceives and trusts MSE businesses. Trust is a powerful force, and crucial to political scientist Robert D. Putnam's concept of social capital⁵⁶ – when people trust each other, their ability to cooperate and support each other to solve problems is increased. Trust is also the foundation of business. All business transactions contain an element of trust, and all companies depend on the trust that each of its stakeholders place in it. Throughout our analysis, we focus on identifying critical networks of trust within communities that sustain MSEs and enable their business success.

Czech MSE owners would not recommend running a small business

While small can be mighty, it is not always easy – and this is evident in Czech MSE owners' caution in endorsing the entrepreneurial path. Only 21% of MSE owners are willing to recommend managing or owning an MSE to a friend or family member. Among MSE interviewees 44% say they would not recommend it and 35% are ambivalent.

Regionally, the Central Moravia and Moravian-Silesian regions are least enthusiastic about their work with Net Promoter Scores (NPS) scores of -45 and -44, respectively.⁵⁷ Meanwhile, the Southwest region boasts the highest NPS at -5, indicating a relatively more positive likelihood of recommending small business ownership.



Of the detractors, 29% point to instability and the lack of financial success as their reasons for not recommending MSE ownership. Beyond Czechia, this is a global challenge faced by MSEs – a study by the World Economic Forum found that 43.8% of MSE executives list survival and expansion as a key concern.⁵⁸ Two critical areas of support needed for the MSE community are financial assistance and resources to foster stability to counter the unpredictable nature of MSE operations.

Considering this, it comes as no surprise that growth expectations are low, with only 33% of MSEs believing that MSEs have the potential to grow in the long term. This is slightly lower than the 39% of MSEs that expected to grow in Barometer 1, probably due to the increased pressures on the macroeconomic environment in 2023. Within these, the Southwest region leads in confidence, with 52% of respondents optimistic about their business's long-term success in the community. Meanwhile, the Moravian-Silesian, Central Moravia, and Northeast regions express comparatively lower confidence, with less than one third predicting success for their businesses.

Regional variations in perceived business sustainability come as no surprise, with fast economic growth in the region of Prague between the years 2000-18 driving the regional gap in GDP per capita.⁵⁹ Moravia-Silesia, Central Moravia, and the Northeast region are historically challenged regions. They were within the bottom four regions in Czechia for GDP per head and productivity per employee in 2019⁶⁰, which explains their low levels of confidence.

⁵⁶ https://link.springer.com/chapter/10.1007/978-3-531-92646-9_3

⁵⁷ A reminder that the NPS is a popular market research tool, asks respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague on a 0 to 10 scale. The score itself is calculated by subtracting the proportion of "promoters" who provide ratings of 9 or 10, from "detractors" who provide ratings of 6 or lower. "Passives" who provide ratings of 7 or 8 are not included in the calculation.

⁵⁸ <https://www.weforum.org/press/2021/11/small-businesses-adapting-to-rapidly-changing-economic-landscape-study-finds/#:~:text=The%20top%20challenges%20cited%20by,20>

⁵⁹ <https://web.archive.org/2016-06-10/405520-hows-life-country-facts-czech-republic.pdf>

⁶⁰ https://www.vlada.cz/assets/evropske-zalezitosti/aktualne/2022-european-semester-country-report-czechia_en_2.pdf

Selected indicators at regional level

NUTS 2 Region	GDP per head (PPS)	Productivity (GVA) (PPS) per person employed	GDP growth	GDP per head growth
	EU27 = 100, 2019	EU27 = 100, 2018	Avg % change on preceding year, 2010-2019	Avg % change on preceding year, 2010-2019
European Union	100	100	1.57	1.39
Czech Republic	93	85	2.47	2.30
Prague	205	131	3.07	2.62
Central Bohemia	83	84	3.31	2.39
Southwest	78	75	2.11	1.95
Northwest	64	64	0.49	0.66
Northeast	76	74	2.65	2.57
Southeast	83	77	2.35	2.13
Central Moravia	75	70	2.57	2.63
Moravia-Silesia	74	74	1.70	1.99

Despite the challenges of business ownership, a substantial 85% of owners cite the benefits of freedom and independence as positives of business ownership. This indicates that many entrepreneurs are motivated by personal considerations, as well as the non-financial rewards of entrepreneurship such as autonomy and self-direction. MSE ownership is not for everyone, nor is it for the weak-hearted. But it seems it is not without satisfaction either.

Figure 32: Potential for MSEs to grow in their communities

Q: On a scale of 1 to 5, where 1 is "very low" and 5 is "very high", to what extent, do you think solo, micro and small businesses have the potential to grow and succeed in your local community?

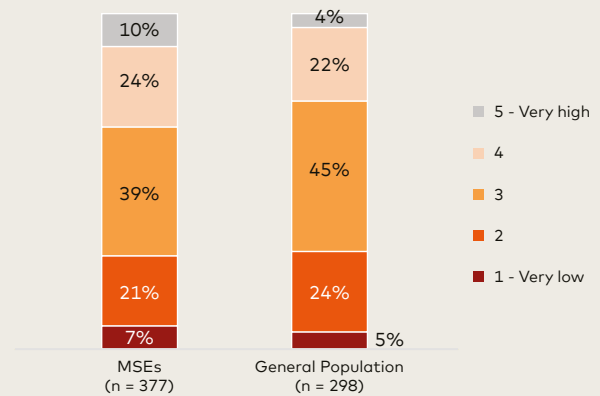
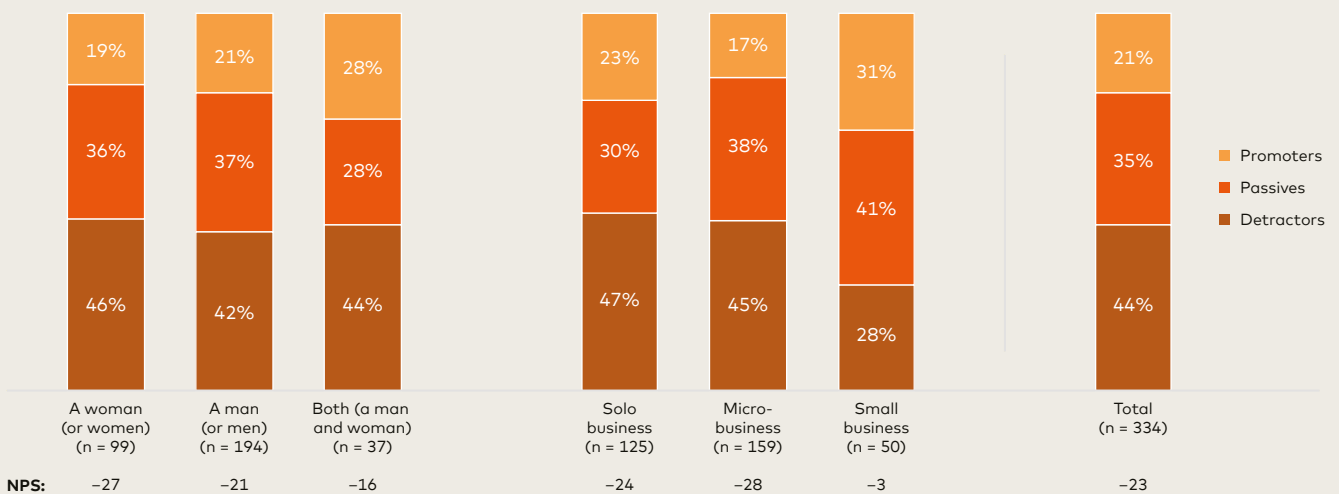


Figure 31: Net Promoter Score for MSEs

Q: On a scale of 0 to 10, how likely is it that you would recommend managing/owning a small business to a friend or family member, where 0 is not at all likely and 10 is extremely likely?



Understanding the challenges

Financial constraints, coupled with regulatory compliance and bureaucratic burdens, were the main challenges reported by MSEs when asked about obstacles they face. Despite government attempts to reduce it, the administrative burden (documentation etc) has posed a long-standing challenge in the Czech business landscape, with a 2022 study by the Czech Ministry of Industry and Trade valuing the administrative burden at roughly 48 billion CZK.⁶¹ This burden has a disproportionate effect on resource-strapped MSEs: four-fifths of our respondents reported facing greater administrative challenges than their larger counterparts. According to a report by Bureaucracy Index, a small company in 2018 spent on average an astounding 9.71 days a year on paperwork.⁶²

Czech MSEs are fighting hard to thrive. 45% of businesses described their financial stability and wellbeing as 'good', reflecting a moderate to low level of confidence in MSEs' financial health (see Figure 34). Business size makes a difference here. Small business owners were more likely to describe their financial stability and wellbeing as 'very good' compared to solopreneurs and microbusiness owners. Larger businesses likely do better as their size gives them economies of scale, shielding them from cost challenges.

Gendered considerations also impacted financial stability. 42% of female-led businesses reported good financial stability, compared to 47% of male-led businesses. This disparity was also noticeable in businesses that reported poor stability, with 15% of female-led businesses and just 9% of their male counterparts. An additional factor which affects stability is that many female-led MSEs are also solopreneurs, increasing financial risks and difficulties. While challenges exist for all businesses, female entrepreneurs in Czechia are in particular need of support.

Figure 34: Financial stability and well-being

Q: How would you describe your financial stability and wellbeing? (n = 610)

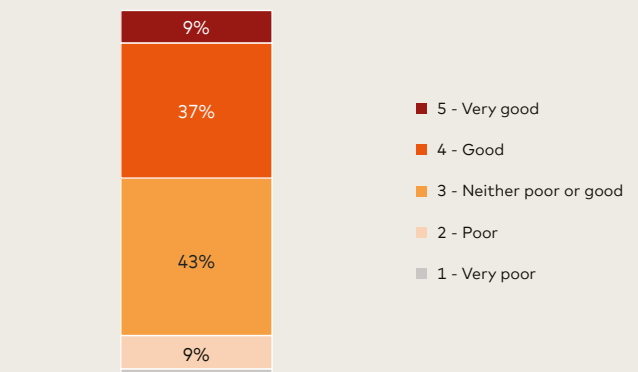
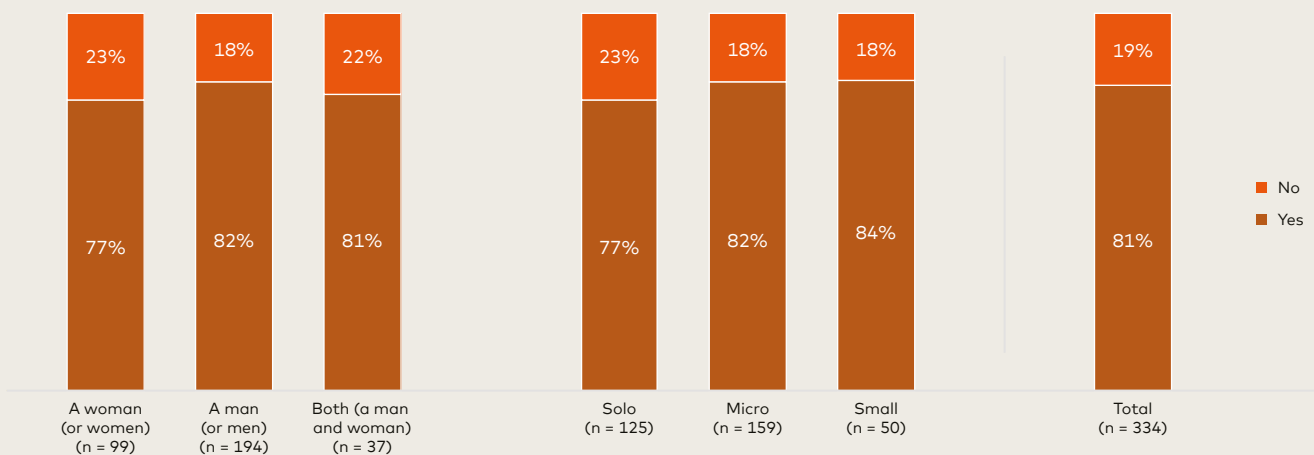


Figure 33: Challenges of owning/managing an MSE

Q: Have you ever faced challenges or obstacles because you own or manage a micro or small business vs. a larger business?



⁶¹ <https://www.mpo.cz/cz/podnikani/regulace-podnikani-a-snjizovani-administrativni-zateze/snjizovani-administrativni-zateze-podnikateluvysledky-premereni-zateze-podnikateluvz-2022-275161/>

⁶² <https://4liberty.eu/review-10-government-strategy-to-reduce-administrative-burden-case-of-the-czech-republic/>

Access to support

MSEs have told us what their challenges are. But what support do they think they need to grow? Our respondents listed their most pressing concern as the prices and availability of energy, commodities and materials, with 36% seeing this as a significant factor affecting growth in the next 12 months. This is no surprise, given soaring prices from the Russian aggression and start of war in Ukraine, and holdovers from pandemic-related supply chain crises.

Financial support, then, understandably stood out as the most crucial need, for 47% of businesses. But it's not clear that MSEs are able to access it with ease. Our data showed that one-third of MSEs (33%) found the process of accessing financial resources, such as credit or loans, neither difficult nor easy (see Figure 36). This situation could reflect a lending environment that is predictable, yet still poses specific challenges for these small businesses. On one hand, a stable financial system gives MSEs an understanding of what is

needed to access credit. However, hurdles such as strict lending criteria, poor credit history, or lack of collateral could make it difficult for smaller MSEs to access financial support. As the OECD notes, financial institutions in Czechia are less willing to extend financing to small, early-stage businesses (such as pre-seed and seed ventures) as they see them as high risk.⁶³ Meanwhile, MSEs may be hesitant to access loans due to the fear of not being able to repay them.

Furthermore, attitudes towards financial support were not consistent across regions. Respondents in Prague (34% 'not interested') were less likely to be interested in accessing financial resources compared to other regions, probably because Prague is the most prosperous place in Czechia. Central Moravian respondents were the most interested in accessing financial resources, reflecting its underdevelopment as a region⁶⁴ (21% 'not interested').

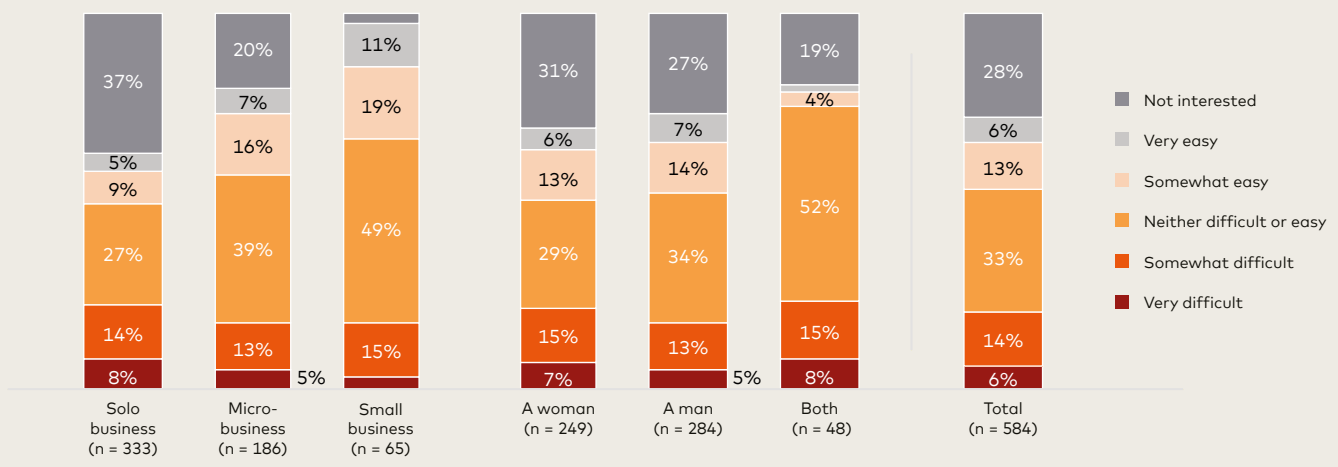
Interestingly, a notable 28% of MSEs were not interested in accessing financial resources (see Figure 36). This attitude was especially prevalent amongst solopreneurs at 37%,

Figure 35: Top 3 most important things to make your business grow in the following 12 months

	Male-led (n = 273)	Female-led (n = 239)	Joint-led (n = 44)	Solo (n = 249)	Micro (n = 166)	Small (n = 55)
1	Technology (35%)	Prices and availability of energy/commodities/materials (37%)	Prices and availability of energy/commodities/materials (57%)	Prices and availability of energy/commodities/materials (37%)	Prices and availability of energy/commodities/materials (54%)	Skilled labour (58%)
2	Skilled labour (35%)	Skilled labour (29%)	Technology (34%)	Technology (31%)	Skilled labour (51%)	Technology (40%)
3	Prices and availability of energy/commodities/materials (33%)	Support groups/networks (21%)	Skilled labour (32%)	Skilled labour (25%)	Technology (35%)	Prices and availability of energy/commodities/materials (31%)

Figure 36: Access to financial resources

Q: How easy or difficult is to access financial resources (e.g. credit, loan) for your business?



⁶³ <https://www.oecd-ilibrary.org/sites/6a100d63-en/index.html?itemId=/content/component/6a100d63-en>

⁶⁴ <https://www.fomoso.org/eu-foerderpolitik-in-moso/eu-funds-in-czech-republic-central-moravia-region/>

compared to 20% for micro businesses and just 3% for small businesses. This could indicate a lack of options tailored towards the unique needs of solopreneurs, a lower risk appetite amongst solopreneurs, or simply a preference for self-financing. An additional dimension to this is that most solopreneurs in Czechia are women. Studies have shown that female entrepreneurs tend not to be as interested in financing as often as their male counterparts, as they expect the funding process to be especially burdensome for them and have lower confidence in their financial acumen.⁶⁵ Indeed, our data showed that 4% more women-led MSEs found it difficult to access loans or funding than their male counterparts – a small but important disparity. Support must be given to craft financial support options to suit the needs of female entrepreneurs, as well as boost financial literacy. As data from the OECD shows, almost no finance options such as grants or loans in Czechia are tailored to entrepreneurship target groups such as women, immigrants and the unemployed.⁶⁶

Along with financial support, 18% of Czech MSEs reported training as a necessary support for business growth. Happily, access to information, knowledge and skills seems straightforward, with 56% finding it either very or somewhat easy.

Meanwhile, female business owners have a particular need for support groups and networks, listing this as the third most important factor (at 21%) that would help their business grow. Training remains hard for women to access, with 10% more men finding it very easy to access training

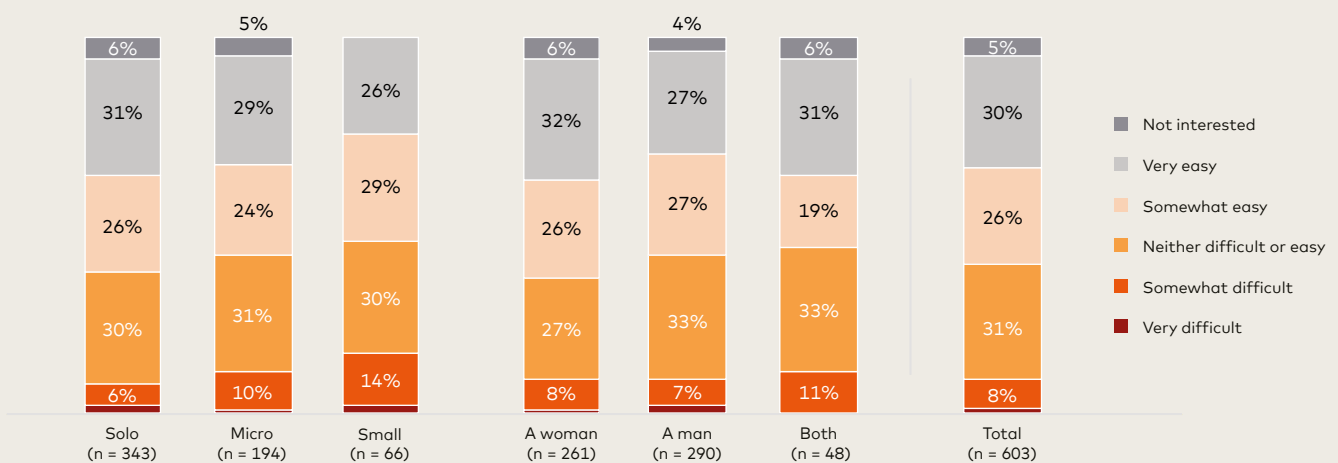


than women, and 1% more women finding it difficult to access training than men. Research has shown that a support network is crucial for female entrepreneurs, aiding learning, mentorship, industry visibility and skill development.⁶⁷ A 2019 study by NatWest showed that nearly 60% of women have considered starting their own business, but have not done so, due to feelings of imposter syndrome, and 50% of female professionals want to see more role models from whom to take guidance.⁶⁸

Notably, 28% of respondents listed technology as a significant growth factor, which indicates an urgent demand for digital upskilling and transformation. This stayed constant regardless of business size, with solopreneurs, microbusiness owners and small business owners all listing the need for technology in their top 3 concerns.

Figure 37: Access to information, knowledge and skills

Q: How easy or difficult is to access information, knowledge, skills and training for your business?



⁶⁵ <https://www.ubs.com/global/en/wealth-management/women/insights/2021/funding-gap.html#:~:text=According%20to%20research%2C%20even%20when,of%20female%20entrepreneurs%20receiving%20funding.>

⁶⁶ <https://www.oecd.org/cfe/smes/Czech-Republic-IE-2020.pdf>

⁶⁷ <https://manentcapital.com/the-role-of-networking-in-female-small-business-owner-success/#:~:text=Having%20a%20strong%20support%20network,help%20them%20navigate%20these%20challenges>

⁶⁸ <https://www.natwestgroup.com/news-and-insights/feature-content/our-updates/2011-2020/60--of-women-put-off-starting-a-business-due-to-imposter-syndrome.html>

MSEs trust each other

MSEs rely on trusted sources for support. Czech MSE owners have a notable preference for peer trust: 52% of them trust other MSEs, reflecting a community-oriented mindset within the MSE network. In contrast, national government and NGOs garner less trust. This pattern extends to the general population, where MSEs are deemed the most trustworthy entities (51%), corroborating broader public sentiment as captured by the Public Opinion Research Centre (Centrum pro výzkum veřejného mínění). Since the late 1990s, Gallup has found that a consistent majority of the public say they have confidence in small business – beating those who say they have confidence in big business by at least two or three fold.⁶⁹

A gradient of trust exists based on business size, with solopreneurs more distrustful of institutions compared to micro and small businesses. Micro businesses, in particular, are more distrustful of banks, the broader private sector and local administrators than solopreneurs and small businesses. This could lead to difficulties in accessing critical financial support, training or other resources. According to research from CGAP, factors such as lack of transparency, poor user experience, fears of aggressive collection practices and a history of financial exclusion work to build up a trust deficit between MSEs and formal financial service providers.

While MSEs have strong trust networks between peers, it is likely that resource-rich institutions will be able to lend them the most support. Institutions would be well advised to do more to build stronger relationships with the MSE community as a whole.

Public enthusiasm toward MSEs

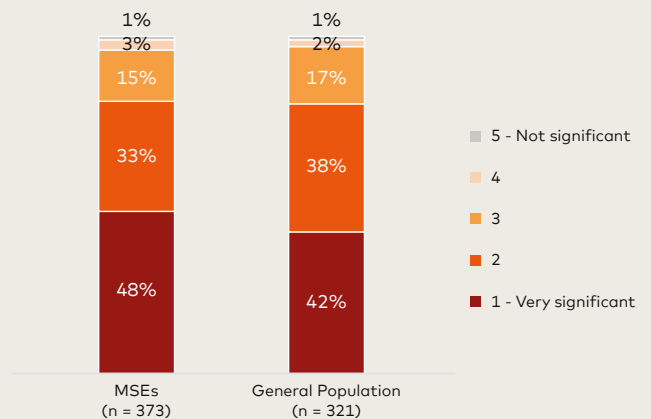
MSEs enjoy a valued presence within the Czech economy and community fabric. 4 in 5 MSEs believe that solo, micro and small businesses are important for the economy, a sentiment echoed by the public (see Figure 38). This indicates that the pride and conviction that MSEs have a positive impact on their communities may be a significant motivator for MSE owners. Moravian-Silesian businesses stand out, with an impressive 71% of respondents believing their business positively impacts the community.

Notably, female-led businesses have an even greater appreciation of the impact of MSEs, with over half rating them as 'very significant' compared to 43% of their male counterparts.

MSEs directly benefit their immediate communities. 34% of MSEs who recognise their own economic contribution emphasise the benefits to local economies and job creation. Overall, a robust 66% of MSE owners/managers think that their businesses positively influence their local and regional communities (kraj), with 16% perceiving this impact as significant. Out of these, MSE owners in the South Bohemian Region, Olomouc Region and Karlovy Vary Region perceived the most positive effects compared to other regions.

Figure 38: Contribution of MSEs to the economy

Q: On a scale of 1 to 5, where 1 is 'very significant' and 5 is 'not significant', how significant do you think are solo, micro and small businesses for the economy?



⁶⁹ <https://news.gallup.com/topic/small-business.aspx>

Social status as an MSE owner

There is a difference in perceived social status between the general population and Czech MSE owners. Non-business owners, when asked to consider the status of owning or managing a small business, assigned it a higher social standing, with 38% imagining it near the top of the societal ladder. In contrast, only 29% of actual MSE owners placed themselves near the top (see Figure 40).

Meanwhile, only 13% of non-business owners placed the status of MSE ownership near the bottom, whereas a much higher 19% of MSE owners did the same.

A study from 2020 revealed that students in a country are more likely to want to start businesses if the public has a positive view of entrepreneurship.⁷⁰ Within the general population, many may aspire to become MSE owners in Czechia, but work remains to be done to make it an easier path to follow.

What information sources do MSEs trust?

When looking for general news and information, Czech MSEs have a clear preference for expert opinions. Over 65% of MSEs would trust expert views over other sources like the media. Age also influences information preferences significantly. Younger entrepreneurs, particularly those under 24, are more inclined towards new media like search engines or social media (38%), in contrast to 21% of those over 64. This may indicate a positive trend towards digitalisation. On the whole, MSE owners show a low level of confidence in print media such as books or magazines, with only 27%

indicating trust in print media. This aligns with broader trends in the country. In 2023, 83% of Czechs sought their news from online sources (including social media), but just 16% used print sources.⁷¹

Gender differences are also notable, with 34% of female business owners showing greater trust in owned media (company-owned blogs, social media or websites) compared to 27% of their male counterparts. This suggests that while expertise remains a key factor, digital and company-owned media may be gaining traction, particularly among sub-groups such as younger and female entrepreneurs.

Figure 39: Social Ladder

Q: If you imagine status in society as a ladder, some groups could be described as being closer to the top and others closer to the bottom. Thinking about yourself, where would you place yourself in this scale?

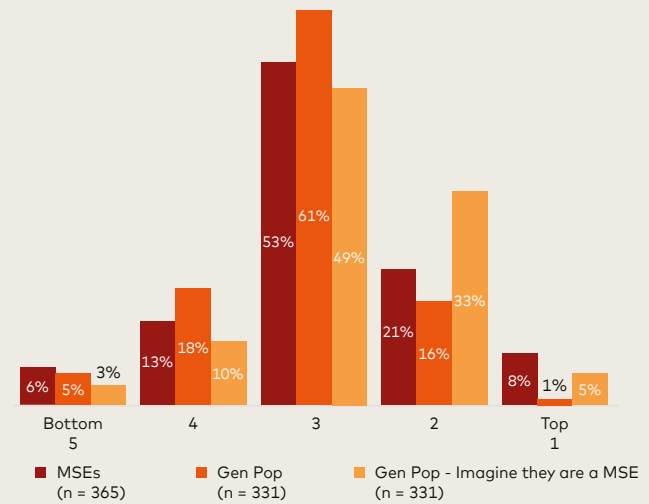
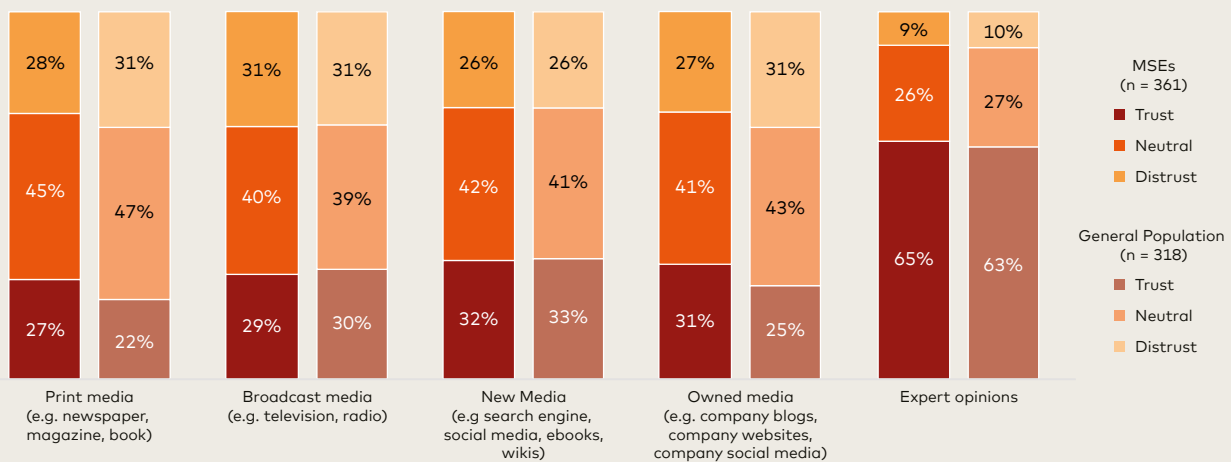


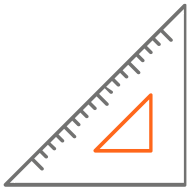
Figure 40: Sources of news and information

Q: When looking for general news and information, how much would you trust each type of source for general news and information?



⁷⁰ <https://www.sciencedirect.com/science/article/abs/pii/S0001879120300993>

⁷¹ <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2023/czech-republic>



Small business vs. big companies

Martin, a 51-year-old businessman, operates a small business in the Pardubice Region, specialising in construction, plumbing, and carpentry. With a dedicated team of up to 49 employees, his business has been a family-owned venture for years, primarily serving consumers directly through a B2C model.

Over time, the business landscape has changed drastically. Larger corporations, with their expansive resources and ability to undertake massive projects, have dominated the market. These giants can complete extensive housing projects in as little as three months, while smaller entities like Martin's often take up to half a year. The disparity in scale and speed poses a significant challenge for small businesses, making it increasingly difficult to sustain and compete.

However, Martin, always the optimist, views the situation through a different lens. *"Small businesses are going down, but it's not all bleak,"* he says. He believes that small

businesses have distinct advantages that can be leveraged. *"We have lower expenses,"* Martin points out, *"and there's a bigger chance to succeed."* In his eyes, while the scale of operation might differ, the agility and flexibility of small businesses provide them with a unique edge. They can offer better prices, making them more competitive in specific market segments. *"Small businesses don't have to be afraid,"* he confidently states.

Martin's journey is emblematic of the trials and tribulations faced by many small business owners. Yet, it also underscores the resilience and adaptability required to navigate this ever-shifting terrain. The challenges are real, but so are the opportunities. For Martin, the journey is not just about growth and profits; it's about leveraging the strengths of small businesses, preserving a legacy, meeting consumer needs, and adapting strategically to an ever-changing environment.



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Conclusion

In this report we have listened to and incorporated the views of Czech MSEs, as well as the views of the general Czech population *about* MSEs. We have taken a deep dive into themes such as technology and gender, whilst also paying attention to regional differences across all our data. Additionally we have looked at a range of third-party data sources.

So what have we learned?

Much of the information has served to reinforce several of the observations from the first Barometer. For example, that gender inequalities prevail, that access for all MSEs to appropriate finance and digital technologies still needs improvement and that Czech entrepreneurs continue to face significant challenges.

Indeed, these challenges are reflected in a worryingly low Net Promoter Score (NPS), a common gauge of satisfaction, amongst Czech MSE owners of -23. It is clear that, to attract more MSE owners (especially women), to help them grow as businesses, and to become more digitally proficient, more specifically designed products and services are needed to support them, along with support networks focused on female entrepreneurs.

There are plenty of new lessons, too. Many of these can help to inform the Strive Czechia program and all others hoping to support Czech entrepreneurship. For example, we have learnt that there are important inequities across regions that are likely to have a meaningful impact on the MSEs that work in that area. Central Moravia stands out as a region with lower levels of financial stability and digital uptake, signalling a need to focus efforts on access to finance and simplifying the journey to digitalisation.

We have also seen that, when it comes to technological adoption, MSEs appear to be playing it safe. Whilst MSEs in general are accessing technology, we see them mainly using hardware and software that is designed for personal use. This includes hardware such as tablets and smartphones, and applications like Facebook. By comparison MSEs are under-utilising digital tools that are specifically designed for business productivity. For example, accounting apps or e-commerce software, are only being used by one in four, and one in six businesses respectively. MSEs have indicated that they find themselves overwhelmed by rapid changes in technology (17%), are unclear on which technologies will bring immediate value (13%), are hesitant to trust new technologies, and find affordability to be an issue.



Support for female entrepreneurs is key. Targeted support is needed to cater to women's unique business needs, such as funding to digitise and provide business capital, as well as support networks to boost confidence and empower younger women to start businesses.

We have learned that MSEs' strongest and most trusted support mechanism tends to be other MSEs. This indicates that designing and building up more formal support networks between MSEs is a way to ensure that they have the support they need and want. And while society views them as critical to the local economies, local governments, given that they are more trusted, could have an essential role in supporting MSEs and enabling them to compete with larger businesses, where consumers tend to shop.

Going forward, there is much that can be done to ensure that the operating conditions within which MSEs exist *can* be made more favourable. This is crucial, and can happen through the development of supportive networks, through improved access to appropriate tools and skills, and with the existence of a more enabling financial services environment.

This won't happen overnight.

In the near term, our recommendations for collective action, specifically linked to the implementation of Strive Czechia's 2024 program, are as follows:

1. **That more needs to be done to widen the aperture for how MSEs learn about tech.** The digital world is confusing. There are too many tools out there, and not enough that are actually tailored to a micro business. Knowing that something is designed for them, and is all in one place, will make it easier for them to try it. Additionally, tailored tools must be complemented with human support. Mentoring from those more experienced in the same sector will be invaluable.
2. **At the same time peer networks need to be expanded.** To really get MSEs to adopt and use tech, they must trust it. And the way they trust it is by hearing about it from their MSE peers or by getting shown how to use it by friends and family. The objective is to do more of that, not necessarily to build new tech that is trusted – adoption relies on someone hand holding (which is why shadowing, mentorship, and experts are the more desired/accessed types of services).
3. **We must meet women where they are.** It is critical to ensure that skills building addresses women's work-life issues, bringing awareness to the unpaid care burden they face, and broadening the opportunities for them to learn soft skills (like negotiation and leadership) in order to support them being able to navigate traditionally male dominated sectors and markets. At the same time, broader initiatives such as female business associations are crucial. They challenge systemic gender biases and make Czechia's business environment more open to women.
4. **We must get women into entrepreneurship early.** Women seem to be coming to entrepreneurship driven by necessity and later in life. More could be done to attract women to set up businesses when they are younger, by reaching out to girls to show the opportunities that setting up a business earlier in life may lead to.
5. **Learn from the different regional dynamics.** Czechia is not a level playing field for MSEs. Some regions - such as Central Moravia - may have the raw ingredients for growth, such as good levels of trust, but are currently lagging in key areas such as technology adoption. Regional dynamics are critical to understand. The most underserved MSEs that have the most potential to grow are in regions like Moravia-Silesia and the Northwest - they are currently lagging behind in adoption, and are at risk in being completely left behind if we don't intentionally target them and bring them along in the journey, leveraging regional and local government institutions to help with funding, digital infrastructure development as needed, and skills building.

Annexes

Survey Script

Barometer 2: A deep dive into Gender and Technology

Question Text	Answer Option	Core questions across years
1. Are you solo entrepreneurs – or do you own or manage a small business? – By small business we mean business with 49 employees or lesser.	Yes / No	Yes
2. Including yourself, how many employees does your business currently have?	1 employee (No one else besides me) - Solo / 2-9 employees - Micro / 10 - 49 (can split into 10-30, 31-49) - Small	Yes
3. Who runs this business?	A woman (or women) / A man (or men) / Both (a man and woman) / Other arrangement	Yes
4. Would you mind sharing the age of the business-owner with me?	18 - 24 years / 25 - 34 years / 35 - 44 years / 45 - 54 years / 55 - 64 year / Above 64	Yes
5. Can you specify in which sector your business operates in?	Manufacturing/Wholesale or retail/Services (e.g., consulting, ICT)/Arts, entertainment and recreation/ Construction, plumbing or carpentry/Hospitality and restaurants/ Transportation, logistics and warehousing/ Health care and social assistance/Real estate/ Finance and insurance /Agriculture/Others	Yes
6. Is the business a family-owned business?	Yes/No	Yes
7. Which model best describes your business? Select all that apply.	Business-to-business (b2b), I cooperate with other companies in the exchange of products, services or information / Business-to-consumer (b2c), I offer the products, services or information directly to the customers / Other	Yes
8. How many years has your business been in operation?	Less than a year/1 year to 6 years/7 to 12 years/13 to 19 years/ more than 19 years	Yes
9. Can you mention where your business is located?	Prague/South Bohemian Region/Plzeň Region/ Karlovy Vary Region/Ústí nad Labem Region/ Liberec Region/Hradec Králové Region/ Pardubice Region/Vysočina Region/South Moravian Region/Olomouc Region/Zlín Region/ Moravian-Silesian Region/Other	Yes
10. What are the most important things to make your business growth in the following 12 months? (Select top 3 that apply)	Financial services (loans, credit, etc.) / New training or incubator / Technology / Support groups/networks/ Prices and availability of energy/commodities/materials / Skilled labor / Additional (new) regulations / Reducing regulations / Other	Yes
11. How easy or difficult is to access financial resources (e.g. credit, loan) for your business?	Very difficult / Somewhat difficult / Neither difficult or easy / Somewhat easy / Very easy / Not interested	Yes

Question Text	Answer Option	Core questions across years
12. How easy or difficult is to access information, knowledge, skills and training for your business?	Very difficult / Somewhat difficult / Neither difficult or easy / Somewhat easy / Very easy / Not interested	Yes
13. What types of payments do you accept or use at your business? (Select all that apply)	Cash / Credit card / Debit cards / Digital payment methods (e.g. Digital wallets) / Bank transfers / Cryptocurrency / Other	Yes
14. Please select the types of technology (if any) that your business uses? (select all that apply)	Basic Hardware: Smartphones, high-speed broadband internet / Advanced hardware: computers, tablets / Company website and social media presence. (e.g. Facebook, WhatsApp) / Design or video editing software. (e.g. Canva, invideo) / Marketing tools (e.g. MailChimp, HubSpot) / Operations Management software for HR, time management, accounting, billing, enterprise resource planning. (e.g. Pohoda, ABRA, iDoklad, SAP, Oracle, Microsoft Dynamics) / Customer management & interaction tools (e.g. Salesforce, sugarCRM, ZenDesk) / Project Management and workflow tools. (e.g. Trello, Notion, Microsoft Project management) / Communication and collaboration tools. (e.g. Microsoft Office Suite, Google Workspace, Digitální podpis OKdokumentum, skype) / Security Tools for cybersecurity, password management, website monitoring, e-signature (e.g. DocuSign, google analytics) / E-commerce Tools for e-booking and orders, payment processing systems (e.g., shoptet, dotykačka, Markeeta, Profi Účtenka). / Other / We don't use any technology	Yes
15. Overall, on a scale of 1-5, where 1 is extremely dissatisfied, and 5 is extremely satisfied, how satisfied are you with the usage of technology in your business?	1 - extremely dissatisfied 5 - extremely satisfied	Yes
16. Could you please explain why you chose that score?	Open-ended	
17. What are the barriers to adopting new technology in your business? (Select top 3)	Cost of technology / Cost of implementation / Unsure of which technologies / Not the right fit / Benefits unclear / Lack of funding / Lack of trust / security reasons / Rapid changes in technology / Lack of time / Lack of skilled workforce / Other / No barriers	Yes
18. If any, what support do you need to overcome these barriers?	Open-ended	
19. Have you experienced any challenges using technology in your business?	Yes / No / I don't use technology	Yes
20. What are the challenges you have experienced in using technology in your business?	Open-ended	

Question Text	Answer Option	Core questions across years
21. If you had a digital or technology challenge in your business, who would you go to for support? (Select top 3 that apply)	Government – Local level (Mayor, local municipality) / Government – National level (Ministry, CzechInvest, etc.) / Private sector (Corporations) - e.g. companies / Other business owners - e.g. fellow businesses, entrepreneurs / Civil society / Friends or family / Social Media / Business associations - e.g. chambers of commerce, associations / Newspapers or magazines / Online course/training / In-person courses/training / Internet search engine (e.g. Google, Seznam.cz) / Other / Not take any support	Yes
22. On a scale of 1 to 5, where 1 is not important at all and 5 is very important, how important do you think adopting technology is critical for the future success of your business?	1 - not important 5 - very important	
23. How would you rate yourself in terms of essential digital skills?	Very poor / Poor/ Neither poor or good / Good / Very good	
24. Please read the following statement and select one that you agree with.	I don't really want to learn digital skills/I don't have time for it / I'm not very confident about digital tasks and I'm scared about doing more / I like learning new things and learning about digital skills sounds interesting / I'm ready to learn more digital skills and influence others to try digital	
25. How do you prefer learning digital skills? Select all that apply.	Online workshops / In-person training / Self-learning (e.g. watching videos or learning platforms) / One-to-one mentoring/coaching / Individually / In groups / Other	
26. At which age and stage of your life have you started your business? Example: I started at age of 32, when I was on maternity/paternity leave or I started at the age of 62, when I entered my retirement.	Open-ended	
27. To what extent do you agree or disagree with the following statements : I believe men have an advantage in running a business in Czechia compared to women.	Strongly disagree / Disagree / Neither disagree or agree / Agree / Strongly agree	Yes
28. Could you please explain what challenges women-run businesses face?	Lack of trust or doubt about their capabilities in the workplace / Lack of work-life balance / Less earnings compared to male peers / Lack of financial support / Discrimination at work / More family commitments or responsibilities / Other	Yes
29. What support (if any) does your business need to help grow your business?	Open-ended	
30. How would you describe your finance stability and wellbeing?	Very poor / Poor / Neither poor or good / Good / Very good	

Question Text	Answer Option	Core questions across years
31. Who makes the decisions about your business and personal money?	Myself, about both / Only consult other adult (Partner, parents, etc.) about my personal money / Only consult other adult (Partner, parents, etc.) about my business money / I consult with other adult about both / Other	
32. Please respond to the following statements with either: a. My family does not support my business b. I have to balance doing business and taking care of my personal life c. I have to discuss with someone else (partner, spouse, family, friends) when deciding on a business management	Strongly disagree / Disagree / Neither disagree or agree / Agree / Strongly agree	

Barometer 3: A deep dive into Trust and Attitudes**For MSEs**

Question Text	Answer Option	Core questions across years
1. Are you solo entrepreneurs – or do you own or manage a small business? – By small business we mean business with 49 employees or lesser.	Yes / No	Yes
2. Including yourself, how many employees does your business currently have?	1 employee (No one else besides me) - Solo / 2-9 employees - Micro / 10 - 49 (can split into 10-30, 31-49) - Small	Yes
3. Would you mind sharing the age of the business-owner with me?	18 - 24 years / 25 - 34 years / 35 - 44 years / 45 - 54 years / 55 - 64 year / Above 64	Yes
4. Who runs this business?	A woman (or women) / A man (or men) / Both (a man and woman) / Other arrangement	Yes
5. Can you specify in which sector your business operates in?	Manufacturing/Wholesale or retail/Services (e.g., consulting, ICT)/Arts, entertainment and recreation/ Construction, plumbing or carpentry/Hospitality and restaurants/ Transportation, logistics and warehousing/ Health care and social assistance/Real estate/ Finance and insurance /Agriculture/Others	Yes
6. Is the business a family-owned business?	Yes/No	Yes
7. Which model best describes your business? Select all that apply.	Business-to-business (b2b), I cooperate with other companies in the exchange of products, services or information / Business-to-consumer (b2c), I offer the products, services or information directly to the customers / Other	Yes
8. How many years has your business been in operation?	Less than a year/1 year to 6 years/7 to 12 years/13 to 19 years/ more than 19 years	Yes
9. Can you mention where your business is located?	Prague/South Bohemian Region/Plzeň Region/Karlovy Vary Region/Ústí nad Labem Region/Liberec Region/Hradec Králové Region/Pardubice Region/Vysočina Region/South Moravian Region/Olomouc Region/Zlín Region/Moravian-Silesian Region/Other	Yes
10. On a scale from 1 to 5, where 1 is 'completely' and 5 is 'not at all', in general how much do you trust most people?	1 - Completely 5 - Not at all	
11. When looking for general news and information, how much would you trust each type of source for general news and information? • Print media (e.g. newspaper, magazine, book) • Broadcast media (e.g. television, radio) • New Media (e.g. search engine, social media, ebooks, wikis) • Owned media (e.g. company blogs, company websites, company social media) • Expert opinions • Others; Please specify	1 - Completely 5 - Not at all	

Question Text	Answer Option	Core questions across years
<p>12. Below is a list of institutions. For each one, please indicate how much you trust that institution</p> <ul style="list-style-type: none"> • Local administration (Místní samospráva) • State administration (Státní správa) • Media • Non-profits • Private sector e.g. corporations • Micro and Small Enterprises (less than 50 employees), for example local baker, shop, etc. • Financial service provider (e.g. banks, financial institutions) 	<p>1 - Completely 5 - Not at all</p>	
<p>13. On a scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', to what extent do you trust technology to keep your business's sensitive information secure?</p>	<p>1 - Completely 5 - Not at all</p>	
<p>14. On a scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', how much do you trust technology to assist you in making important business decisions? (e.g. financial planning, inventory management, customer relationship)?</p>	<p>1 - Completely 5 - Not at all</p>	
<p>15. On a scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', how comfortable are you using new or emerging technologies (e.g., artificial intelligence, blockchain) in your business compared to more established technologies (e.g., email, search engines)?</p>	<p>1 - Completely 5 - Not at all</p>	
<p>16. On a scale of 1 to 5, where 1 is 'extremely concerned' and 5 is 'not at all concerned', how concerned are you about the potential negative impacts of technology on your business, such as cybersecurity threats or job displacement?</p>	<p>1 - Extremely concerned 5 - Not at all concerned</p>	
<p>17. On a scale of 1 to 5, where 1 is 'very significant' and 5 is 'not significant', how significant do you think are solo, micro and small business for the economy?"</p>	<p>1 - Very significant 5 - Not significant</p>	
<p>18. Can you please explain why you gave that rating?</p>	<p>Open-ended</p>	
<p>19. On a scale of 1 to 5, where 1 is "very low" and 5 is "very high", to what extent do you think solo, micro and small business have the potential to grow and succeed in your (local community / region (kraj)) in the long-term?</p>	<p>1 - Very low 5 - Very high</p>	

Question Text	Answer Option	Core questions across years
20. How often do you purchase products or services from other micro and small businesses in a week? - Note : Micro and small businesses have less than 50 employees. e.g. bakery or restaurant/pub, shop with electronics, service car provider	5 times a week or more / 3-4 times a week or more / 1-2 times a week / Never	
21. What factors influence your business sourcing decisions from other micro and small enterprises? Select top 3	Price / Quality / Convenience / Ethical and trusted reputation / Amount of personal data required / Speed / Reviews or references / Country - location of origin / Local availability / Other	
22. To what extent do you agree or disagree with the following statement: "I am willing to pay more if I get to purchase from other micro and small businesses"	Strongly disagree / Disagree / Neither disagree nor agree / Agree / Strongly agree	
23. What are the 3 most important factors for you when it comes to trusting a brand? Select top 3	Good security policies / Service reliability / Quick response times from customer services teams if you have a problem / Strong social media presence / Strong ethical values / Transparent and easy to understand data practices / Reputation / Personalization / Product quality / Return policy or warranty	
24. At which age and stage of your life have you started your business? Example: I started at age of 32, when I was on maternity/paternity leave or I started at the age of 62, when I entered my retirement.	Open-ended	
25. Now, think about your decision to start a business and the factors/circumstances involved at that time. Which of these statements best describes your influence/agency in decision making?	I made the decision freely and without any external pressures or constraints / I had some freedom to make the decision, but there were some external factors that influenced my decision-making process / External factors played a role in my decision-making process, but I still had agency in making the decision / I felt constrained or limited in my decision-making process, but ultimately had to make a decision due to external pressures or constraints / I had no choice in the matter and had to make the decision due to external pressures or constraints.	
26. To what extent do you feel that your business is making an impact on your (local community / region (kraj))? Could you please explain your answer?	Significant positive effect / Some positive effect / No effect / Some negative effect / Significant negative effect Open-ended	Yes
27. On a scale of 0 to 10, how likely is it that you would recommend managing/owning a small business to a friend or family member, where 0 is not at all likely and 10 is extremely likely?	0 to 10	Yes

Question Text	Answer Option	Core questions across years
28. [If 0-6] What actions would make it more likely to recommend it to a friend or family member? [If 7/8] What specifically caused you to give it the score that you did? [If 9/10] What specifically would cause you to recommend it to a friend or family member?	Open-ended	Yes
29. Have you ever faced challenges or obstacles because you own or manage a micro or small business vs. a larger business?	Yes/No	
30. Please explain these challenges:	Open-ended	
31. In what ways do you think the people in your (local community /region (kraj) can better support and encourage small businesses?	Attend events/promotions / Refer business to others / Provide mentorship opportunities / Advocate for favorable policies such as tax incentives / Offer networking events / Provide business resources/training / Promote through media/advertisement / Other	
32. If you imagine status in society as a ladder, some groups could be described as being closer to the top and others closer to the bottom. Thinking about yourself, where would you place yourself in this scale?	1 - Top 5 - Bottom	
33. What is your gender?	Male / Female / Other / Prefer not to say	
34. Would you like to share anything else?	Open-ended	

For General Population

Question Text	Answer Option
1. Are you solo entrepreneurs – or do you own or manage a small business? – By small business we mean a business with 49 employees or fewer.	Yes / No
2. What is your gender?	Male / Female / Other / Prefer not to say
3. Would you mind sharing your age with me?	18 - 24 years / 25 - 34 years / 35 - 44 years / 45 - 54 years / 55 - 64 year / Above 64
4. Can you mention which region you are located in?	Prague/South Bohemian Region/Plzeň Region/Karlovy Vary Region/Ústí nad Labem Region/Liberec Region/Hradec Králové Region/Pardubice Region/Vysočina Region/South Moravian Region/Olomouc Region/Zlín Region/Moravian-Silesian Region/ Other
5. To start with, a general question about trust. On a scale from 1 to 5, where 1 is completely and 5 is not at all, in general how much do you trust most people?	1 - Completely 5 - Not at all
6. On a scale from 1 to 5, where 1 is completely and 5 is not at all, in general how much do you trust new technology?	1 - Completely 5 - Not at all
7. When looking for general news and information, how much would you trust each type of source for general news and information? • Print media (e.g. newspaper, magazine, book) • Broadcast media (e.g. television, radio) • New Media (e.g. search engine, social media, ebooks, wikis) • Owned media (e.g. company blogs, company websites, company social media) • Experts opinions • Others; Please specify	1 - Completely 5 - Not at all
8. Below is a list of institutions. For each one, please indicate how much you trust that institution • Local administration (Místní samospráva) • State administration (Státní správa) • Media • Non-profits • Private sector e.g. corporations • Micro and Small Enterprises (less than 50 employees), for example local baker, shop, etc. • Financial service provider (e.g. banks, financial institutions)	1 - Completely 5 - Not at all
9. On an scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', to what extent do you trust technology to keep your personal sensitive information secure?	1 - Completely 5 - Not at all

Question Text	Answer Option
10. On an scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', how much do you trust technology to assist you in making important decisions (e.g. financial planning, investments, family decisions)?	1 - Completely 5 - Not at all
11. On an scale of 1 to 5, where 1 is 'completely' and 5 is 'not at all', how comfortable are you using new or emerging technologies (e.g., artificial intelligence, blockchain) in your life compared to more established technologies (e.g., email, search engines)?	1 - Completely 5 - Not at all
12. On a scale of 1 to 5, where 1 is 'not at all concerned' and 5 is 'extremely concerned', how concerned are you about the potential negative impacts of technology on your life, such as cybersecurity threats or job displacement?	1 - Not at all concerned 5 - Extremely concerned
13. On a scale of 1 to 5, where 1 is 'not significant' and 5 is 'very significant', how significant do you think are solo, micro and small business for the economy?	1 - Not significant 5- Very significant
14. Can you please explain why you gave that rating?	Open-ended
15. On a scale of 1 to 5, where 1 is very high and 5 is very low, to what extent, do you think solo, micro and small business have the potential to grow and succeed in your region/kraj in the long-term?	1 - Very low 5 - Very high
16. How often do you purchase products or services from micro and small businesses in a week? Note : Micro and small businesses have less than 50 employee. e.g. bakery or restaurant/pub, shop with electronics, service car provider	5 times a week or more / 3-4 times a week or more / 1-2 times a week / Never
17. What factors influence your purchasing decisions while shopping at micro and small businesses? Select top 3	Price / Quality / Convenience / Ethical and trusted reputation / Amount of personal data required / Speed / Reviews or references / Country - location of origin. Others
18. To what extent do you agree or disagree with the following statement: "I am willing to pay more if I get to purchase from micro and small businesses"	Strongly disagree / Disagree / Neither disagree or agree / Agree / Strongly agree
19. What are 3 most important factors for you when it comes to trusting a brand? Select top 3	Good security policies / Service reliability / Quick response times from customer services teams if you have a problem / Strong social media presence / Strong ethical values / Transparent and easy to understand data practices / Reputation / Personalization / Product quality / Return policy or warranty
20. If you imagine status in society as a ladder, some groups could be described as being closer to the top and others closer to the bottom. Thinking about yourself, where would you place yourself in this scale?	1 - Top 5 - Bottom
21. Now, imagine a situation where you are owning/ managing a small business instead of your current job. Now, where would you place yourself in this scale?	1 - Top 5 - Bottom

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