

Achieving Quality and Sustainability in the Czech Business Environment

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Sylvie Formánková, Ida Rašovská,
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PREFACE

According to Eric Nooteboom (in Ethical Corporation, 2017), acting director of investment and company reporting for the European Commission:

the European Union was the first institution globally to think about putting a legal framework in place in the principle that companies are not only accountable to their investors, but to society as a whole. In this latest directive, some 6000 companies will need to report from the financial year 2017 not how you make profits, but how you deliver your responsibilities to society. To a large extent it is up to companies to develop their model for which elements of non-financial policies are crucial and on which audiences in society should have information. In brief, the directive asks for a non-financial statement covering policies, due diligence and risk management of issues around environment, social and employee matters, respect for human rights and anti-bribery measures, and for reporting on their effectiveness.

Non-binding guidelines for companies are likely to be published in early 2017. It is obvious that without a future vision of sustainability in the current business environment, many companies will not be able to survive. Nevertheless, how does one achieve quality and sustainability in the very specific Czech business environment? The Czech business environment has gone through many different changes since the onset of capitalism. According to the Association for Foreign Investment (2017), these are the Czech Republic's current key competitive advantages:

- Location at the centre of Europe, gateway to both eastern and western markets, less than two hours by air from most European destinations
- Creative, experienced and internationalized professionals at lower costs
- High degree of entrepreneurship and good conditions for doing business (above average within EU27)
- Regulatory and patent environment in accordance with EU standards
- One of the world's most attractive places to live

- Highest GDP per person by purchasing-power parity in Central and Eastern Europe
- Well-developed infrastructure.

These factors should be taken into account when deciding about a company's future existence in this environment. This book introduces the Czech business environment from different points of view. It focuses on the quality and sustainability factors that influence Czech industries. Quality and sustainability are two parts of corporate social responsibility (CSR), which is 'the voluntary actions that a corporation implements as it pursues its mission and fulfils its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole' (Coombs and Holladay, 2012). Sustainability and its importance in business are presented in the first part of the book. The practical application is then provided in the form of case studies from two different industries – the first of them very controversial from the point of view of responsibility (the gambling and betting industry) and the second very important for many Czech business units (tourism industry). The outputs of each chapter are based on the analysis of primary and secondary data using quantitative and qualitative research.

Information provided in this monograph may be beneficial to all researchers and academic staff dealing with the business environment in their lectures or papers, as a tool for comparative analysis or case studies. This book can also help potential investors starting a business in this country, or customers, to understand the Czech business environment.

LIST OF ABBREVIATIONS

Anova = analysis of variance
BRO = Brno and its surroundings
C2S = Committed to Sustainability
CEO = chief executive officer
CPI = Corruption Perception Index
CSO = Central Statistical Office
CSR = corporate social responsibility
DQM = Destination Quality Management
EC = European Commission
ECSI = European Customer Satisfaction Index
EFQM = The European Foundation for Quality Management
EGD = electronic gaming devices
EMAS = Eco Management and Audit Scheme
EU = European Union
GDP = gross domestic product
GRI = Global Reporting Initiative
HR = human resources
IDA = Index of Destination Attractiveness
ILO = International Labour Organization
IPA = importance-performance analysis
ISO = International Organization for Standardization
MedEM = medium-sized enterprise managers
MicEM = micro-sized enterprise managers
OECD = Organisation for Economic Co-operation and Development
PCA = principal component analysis
PFI = priority for improvement
PLVA = Palava and Lednice-Valtice Area
PR = public relations
QEHS-MS = Quality-Environment-Health-Safety-Management System
QMI = Quality Management Indicators
QPCI = Quality Perception Condition Indicators
QPI = Quality Performance Indicators
SA 8000 = Social Accountability 8000
SEM = small-sized enterprise managers
SMEs = small and medium-sized enterprises

STEPE analysis = social, technological, economic, political and ecological analysis

SVECR = Society of Scientific Experts in Tourism

TI = Transparency International

TQM = Total Quality Management

UNCTAD = United Nations Conference on Trade and Development

UNESCO = United Nations Educational, Scientific and Cultural Organization

UNWTO = The United Nations World Tourism Organization

ZP = Znojemsko and Podyji

CHAPTER ONE

QUALITY AND SUSTAINABILITY MANAGEMENT

Quality management and sustainable development are two separate, extensive issues, with the principles applicable to them reaching into all fields of human activity. These modern approaches are a privilege of advanced and strong economies, and successful businesses consider that their application is what gives them their strong competitive edge. Knowledge of the principles, assumptions and methods of evaluation of the applied concepts reveals that the two have a lot in common, and especially that modern approaches to quality management hide many features of sustainable development.

According to Nenadál et. al. (2008) the principle of corporate social responsibility (CSR) is defined as one of the basic principles of modern quality management.

The basic principles of quality management include:

- Customer focus
- Leadership
- Engagement of all
- Learning
- Flexibility
- Process approach
- Systemic approach of management
- Continuous improvement
- Fact-based decision-making
- Mutually beneficial relations with suppliers
- CSR

The aim of the authors of the present volume is the presentation of case studies of two different industries (the gambling and betting industry, and tourism) in the Czech environment under the common title *Achieving*

Quality and Sustainability in the Czech Business Environment.

This action was inspired, inter alia, by the Quality Council of the Czech Republic, which since 2016 has presented an innovative model for quality assessment called the National Prize of the Czech Republic for CSR and Sustainable Development. The model is based on the concept of the EFQM Model of Excellence, together with the principles of the UN Global Compact initiative, i.e. a combination of principles of quality management and CSR. The evaluation model (Committed to Sustainability – C2S) applied by the National Prize of the Czech Republic for CSR and Sustainable Development is the model of independent external evaluation of business and public sector organizations. The evaluation focuses on four different areas – People, Planet, Profit and Products. Applicants receive independent information and feedback on the level of CSR and sustainable development in their organization. Success is recognised with C2S certificates issued by the Quality Council of the Czech Republic and the EFQM (Ryšánek, 2016).

1.1 Sustainable Development

To understand the issue better it is necessary to define the term ‘sustainable development’. Development is sustainable if it assures that the current needs of society are met without reducing the possibility of meeting the needs of future generations (World Commission on Environment and Development, 1987). This classical definition sprang from the necessity to respond to rapid economic progress accompanied by destructive impact on the environment.

Sustainable development in the broad sense is currently seen as part of corporate social responsibility. The origin of this concept of socially responsible business dates back to the latter half of the 20th century. The concept was first elaborated in the book *Social Responsibilities of the Business*, by H.R. Bowen, and since then awareness of CSR, its importance and its popularity have continuously increased. There are as many definitions of CSR as there are authors writing about it, which broadens the spectrum of its meaning and content. Although the definitions are not fully coherent with each other, their authors share one common idea represented by the fact that companies, whether in the public or the private sectors, are responsible for and towards society and their activities have an impact on it. The impact may be both positive and negative. Coombs and Holladay (2012) describe socially responsible business as the willingness of organizations to fulfil their commitments towards all

stakeholders and society as a whole. The CSR concept and its relevance have undergone significant development since its establishment, reaching a level where companies and organizations are prepared to adapt their strategies and mission statements to it. As the CSR concept is universal, it can be applicable in different types of organizations and in different ways, subject to the activities and specializations of organizations and the scope of their activities. Despite extensive discussions and the lack of unanimity, the relevance of the concept has been proven by several researchers.

The basic principle of the 'triple bottom line', created by John Elkington in 1996 (see Elkington 2004), suggests that the company should prepare three different 'bottom lines' measuring three Ps: profit, people, planet. The 'profit' component measures the economic activity of the organization, the 'people' part the level of social responsibility of the organization and the 'planet' part the organization's environmental responsibility. In other words, the main purposes of the triple-bottom-line concept are the evaluation and measurement of the economic, social and environmental performance of organizations, which coincides with the three basic pillars of CSR (see Figure 1.1). The author of the triple-bottom-line concept studied its growth trend in 1999 through inquiry of experts in the areas of CSR and sustainable development.

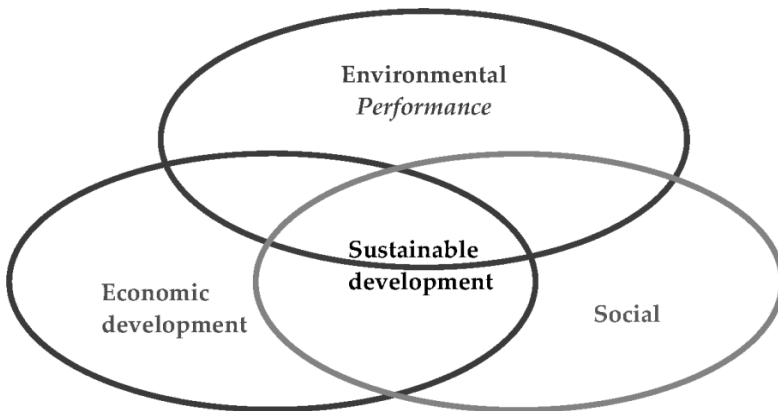


Figure 1.1 Triple-bottom-line principles

Source: elaborated according to Elkington, 1996

In 2000 the European Council adopted the Lisbon Strategy, aimed at the increased competitiveness and sustainability of economic growth. Thus the CSR concept became one of the partial strategies for fulfilment of the defined objective. The next step in CSR concept development was the issuing of the Green Book of 2001 under the title *Promoting a European Framework for Corporate Social Responsibility*, in which the triple-bottom-line principle was clarified.

The literature mentions different activities within the framework of the individual CSR pillars. They are summarized below:

The economic area includes, for example, the struggle against corruption; corporate transparency and reporting to stakeholders; maintaining good relations within the supplier chain; eliminating bribery and money laundering; payment morals; commitment fulfilment; struggle against cartel agreements and abuse of dominant market position; and industrial rights protection.

The social area focuses on employees, customers and the public, and includes corporate volunteering; philanthropy; sponsoring; gender equality; occupational health protection; investment in human capital development; work standards; corporate ethics; requalification of terminated employees; support of the community; and work–life balance.

The environmental area focuses on corporate responsibility towards the environment, involving reduced CO₂ emissions; waste minimization; and recycling.

Although the division of CSR into the three pillars (economic, social and environmental) is generally accepted, it is not a necessity. If attention is focused not on the content of activities but on their impact, then CSR may be divided into external and internal activities (Putnová and Seknička, 2007).

The following are included in the external environment of an organization:

- New options offered by CSR
- Intra-community relations
- Customer relations
- Supplier relations
- Environment relations
- Relations with stakeholders.

The internal corporate environment includes:

- Physical environment
- Working conditions
- Minorities
- Organizational structure and management style
- Communication and transparency
- Education and training.

Currently, there are already a large number of standards and initiatives on offer that address this area. The most popular ones relate to quality and sustainability. The models of implementation of the concept of CSR that are put into practice might include the Model of Excellence (EFQM); the Deming PDCA cycle, adapted to PDCI (Plan-Do-Check-Improve); and ISO 9001:2009 (quality management), 14001:2004 (environmental management) and 26000 (guidance on social responsibility). The role of the ISO 26000 standard is to integrate social responsibility into practice (STN ISO 26000:2011). This standard is not a certification, but provides guidance on the application of the principles of social responsibility in practice, including the main related areas of problems and methods. In terms of the tourism experience, it is important that the standard can be applied in all types of organization, whatever their size or location, including profit and non-profit, governmental and non-governmental organizations – because each has an impact on society and the environment (Marková et al., 2014). An important initiative implemented on a voluntary basis is the UN Global Compact. According to Formánková et al. (2017), the UN Global Compact helps all types of organizations to implement: (1) principled rules of business – 10 principles of corporate responsibility; (2) strengthening society – to go beyond the borders of their society: it is not possible to prosper if it collapses around the business; (3) changes in the management of society – the aim is to increase employees' motivation; (4) reporting on development – the main objective is to improve the measurement of sustainability impacts; and (5) local events – bringing global principles and outcomes to the local level. The UN Global Compact is a coordinating mechanism for companies that have decided to unite their socially responsible activities with other entities in the market using 10 general principles of social responsibility:

Human Rights: Businesses should (1) support and respect the protection of internationally proclaimed human rights; (2) make sure that they are not complicit in human rights abuses.

Labour: Businesses should uphold (3) the freedom of association and the effective recognition of the right to collective bargaining; (4) the elimination of all forms of forced and compulsory labour; (5) the effective abolition of child labour; (6) the elimination of discrimination in respect of employment and occupation.

Environment: Businesses should (7) support a precautionary approach to environmental challenges; (8) undertake initiatives to promote greater environmental responsibility; (9) encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption: (10) Businesses should work against corruption in all its forms, including extortion and bribery.

(Guide to Corporate Sustainability, 2015, in Formánková et al., 2017)

Thus, it is comprehensive from the point of view of the content.

The National Network Global Compact Czech Republic, which spreads the principles of international initiatives in the Czech environment, has existed in the Czech Republic since 2015. The host organization of the Czech National Network is the Association of Corporate Responsibility (Formánková et al., 2017).

The Global Compact is further developed by the Global Reporting Initiative (GRI), a non-profit organization supporting economic, environmental and social sustainability. Thus the GRI contributes to the sustainability of the global economy. The GRI represents the principle of interconnection of long-term profitability, corporate social responsibility and environment care. The initiative helps companies measure and report their sustainable performance (Skýpalová, 2014). Other standards include, for example, the ILO (International Labour Organization) Convention, the OECD (Organisation for Economic Co-operation and Development) guidelines for multinational enterprises, ČSN EN ISO 9001:2009, ČSN EN ISO 1401:2005, ČSN 01 0391, the EMAS, Account Ability series 1000 (series AA1000), ISO 26000, and the Global Sullivan Principles and Social Accountability 8000 (SA 8000).

1.2 Quality

Quality is understood as the ability of a product or service to satisfy the needs, requirements and expectations of the customer. Thus the perceived quality is a tool of competitiveness and market-position assertion. There

are many definitions of quality but quality control is in principle always seen as an effort focused on continuous improvement towards more effective processes and, in effect, reduced costs and increased productivity. This is a very wide theme covering nearly all corporate processes. Quality is the decisive factor in the stable economic performance of enterprises, and firms with modern quality management systems achieve better market results in the long run with positive effects on their environment. Quality is at the same time a factor that can limit permanently sustainable development. If corporate governance is to be successful in the long run and if the business is to be competitive it must not only offer quality products but also behave responsibly towards its employees, partners and the public, and create harmonious relations with its social and natural environment.

The Czech standard ISO 9000/2000 defines quality as: 'The ability of a set of product, system or process features to meet customer and other stakeholder requirements'. The Czech standard uses two different expressions for quality, meaning the same but with different application contexts. While one of them is appropriate in the context of product quality, this one cannot be used in certain other quality-relevant areas, such as people, environment, services, concepts, processes or educational programmes (Zelený, 2006).

The concept of quality management is based on ISO standards of the 9000 series. One of the latest, ISO 26000 Guidance on Social Responsibility, springs from the period requirement for the application of the CSR concept in modern organizations.

ISO 26000 is part of the family of international standards issued by ISO, the International Organization for Standardization. ISO 26000 is a standard for corporate social responsibility in the private and public sectors, regardless of company size or location. The purpose of ISO 26000 is to enhance the responsibility of organizations for their behaviour and business, and thus to increase their share in sustainable development. This means, in practice, the involvement of all stakeholders and the integration of CSR into corporate culture and all corporate processes. Through the adoption of the requirements of the ISO 26000 standard, an organization agrees to observe the rules of CSR. The standard also includes methodological instructions for improvement in the three basic areas of responsibility (the triple bottom line) – social responsibility, economic responsibility and environmental impact. ISO 26000 helps organizations improve their reputation, culture, engagement and productivity. The top

management and company owners take responsibility for the implementation of ISO 26000 and thus the introduction of the approach of social responsibility (Management Mania, 2017).

In addition to ISO and professional standards, another governing principle of quality management is the Total Quality Management (TQM) system. The TQM concept was formulated in the latter half of the 20th century in Japan and subsequently swept America and Europe. It is a way of thinking about corporate objectives, processes and people, including ethical conduct and corporate culture. The main principles of TQM include the involvement of all parts of the organization, the key role of management, the use of quality tools and systems, and working with facts. TQM takes into consideration not only employees and customers but also the external impact of corporate activities on society as a whole. To support the practical application of this philosophy several support concepts have been developed, the most widely spread one in Europe being the European Foundation for Quality Management (EFQM) Model of Excellence. In the early 1990s the EFQM introduced this model, which serves as a recommendation framework for corporate governance in business and public service areas. The model may be used as a methodological instrument for the improvement of managerial practices as well as a set of criteria for their evaluation. In the context of the EFQM model, the CSR concept may be viewed as a process of organizational innovation leading towards a change of the standards and inner structure of the company, or as institutional innovation leading towards a change of social rules (see Figure 1.2).

Modern corporate governance is currently based on the typical integration of individual management systems. The mutual interconnection of the originally separately built systems of quality management, environmental management, and occupational safety and health protection management forms an integrated management of quality, environment, health and safety, or QEHS-MS (Quality-Environment-Health-Safety Management System). This integrated management generally expresses the relationship of the company to its customers, employees and other stakeholders in the areas of quality, environment protection and occupational health and safety. Companies now also integrate CSR into this integrated system (Nenadál et al., 2008).

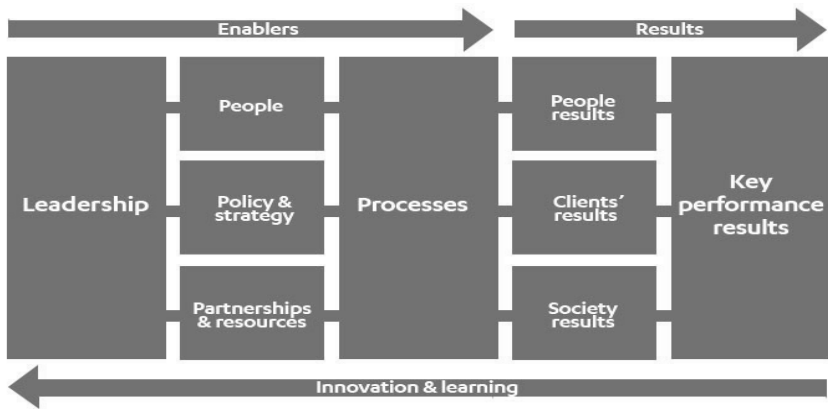


Figure 1.2 EFQM Model of Excellence

Source: DHI, n.d.

CHAPTER TWO

SPECIFICS OF THE CZECH BUSINESS ENVIRONMENT, WITH A FOCUS ON SME AND THE UNEMPLOYMENT RATE IMPACTS ON LOCAL REMUNERATION

The 'business environment' is a very broad term that also benefits from a wide range of synonyms, analogies and related expressions that are commonly used. The term 'business environment' is used by UNCTAD (United Nations Conference on Trade and Development), the World Bank in relation to small and medium-sized enterprises (SMEs), and the World Economic Forum. The term 'business climate' has been used by some governments, e.g. in Denmark and Holland. The OECD uses the term 'enabling environment'. In some institutions, the business environment is considered to be a summary of the external factors that affect the growth, efficiency and competitiveness of businesses. In other cases, the business environment is defined as the sum of all external factors affecting the company. Within the literature on competitiveness, the concept of the business environment includes the total external conditions in which the company conducts its activities. The business environment is composed of a wide range of business conditions in the areas of legislation, institutional infrastructure and the functioning of markets. Improving the business environment is a goal of governments in all countries of the world. When there are successful entrepreneurs and businesses, the economy grows, unemployment falls and the standard of living increases. To rate the overall level of the business environment is almost impossible, because many of its constituents may be evaluated only subjectively, e.g. by using a questionnaire. As described in Grublová (2001), the business environment must be perceived as a set of external factors having an impact on the economic position of a company, motivation and behaviour of individual entrepreneurial subjects. The business environment is made up of a wide spectrum of conditions for doing business in the area of legislation, institutional infrastructure and market operations. The business environment is usually divided into the internal and external business

environment. The external business environment consists of all the external factors that influence the development and implementation of the vision, goals and strategies of companies, regardless of their size. The internal business environment consists of all the internal factors that affect the fulfilment of the vision, goals and strategies of the company. Many authors use the concept of environment management in the context of the business environment. The management environment, according to Pošvář and Chládková (2011), can be compared to the environment in which every person, family, group, business, organization and society exist.

The business environment is indicated firstly by a country's legislative and economic aspects, which fundamentally affect all businesses. We can generally say that small and medium-sized enterprises are the most sensitive to the quality of the business environment. The entry of the Czech Republic into the EU deepened the level of openness of the economy, yet representatives of the state (government and parliament) are criticized by entrepreneurs to the effect that their interventions in the economy are still too great. In terms of the economy, the government is also criticized for its lack of capacity to promote and defend the interests of the Czech business sector in EU institutions. The Czech legislative environment is characterized by the relatively low efficiency of law enforcement and high levels of bureaucracy, even though the national legislation is harmonized with EU legislation. The incidence of corrupt behaviour reinforces the mistrust of politicians among the general public (including the business sector). The administration associated with employing and retaining employees in a company imposes a large burden on small businesses. The labour market is also criticized by entrepreneurs-employers because of the high degree of protection for employees when terminating employment, which limits companies' flexibility to react to market developments. The tax system in the Czech Republic is, in its main characteristics, similar to the systems in most developed countries, especially European ones; for entrepreneurs it is complicated and lacks transparency, and moreover, is subject to frequent changes, further contributing to a deterioration in its clarity.

SMEs are particularly sensitive to the quality of the business environment. Therefore, managers of SMEs need to perform strategic analysis of the external business environment for their strategic management. The external business environment can be examined by focusing on its parts (using STEPE analysis), on the scope of its impact (international, national, regional and sectoral), on its controllability by management (controllable, uncontrollable) and on its relationship to the company (threats, opportunities).

Threats and opportunities change with time and location. One type of situation can be perceived as an opportunity at one time while it can become a threat three or five years later, for instance. In addition, a situation that is an opportunity in some regions can act as a threat in others at the same time. These analyses provide vital information to a company's owners and management about the position of the company in the external environment, the opportunities that can be exploited and the threats which impact on the very existence of the business. Small and medium-sized enterprises are exposed to strong competition on the one hand but also to a great number of new opportunities on the other.

The aim of this chapter is to evaluate conditions and any changes in them in the Czech business environment based primarily upon the views of SME managers and owners, and, in addition, to evaluate data held by the World Bank and Transparency International for the purposes of international comparison.

The chapter uses the terms 'micro-', 'small' and 'medium-sized enterprise' as specified in Article 1, Commission Regulation (EC) No. 800/2008.

The views of SME managers were used to evaluate the business environment in the Czech Republic. Seventy SME SWOT analyses were implemented in order to acquire respondents' views on the quality of the business environment. These were conducted by part-time students working in middle or basic managerial positions. Additionally, 226 SME SWOT analyses were performed by the students of the Faculty of Business and Economics at Mendel University Brno in 2010. In 2015, 127 SME SWOT analyses were conducted: 56 with managers of micro-sized enterprises, 43 with managers of small enterprises and 28 with managers of medium-sized enterprises. The sectoral structure of these enterprises in 2015 (and the number of SMEs) was as follows: manufacturing, 39; accommodation and food services, 23; retailing business, motor vehicles and consumer goods repair, 16; professional, scientific and technical activities, 15; education, 10; information and communication, 9; arts, entertainment and recreation activities, 8; civil engineering, 3; agriculture, 1; transport and storage, 1; health and social care, 1; real estate activities, 1.

Statistical methods were applied in order to assess links between individual qualitative traits. Mainly, contingency tables, square contingency and contingency coefficients were implemented in order to test relations between variables. The contingency coefficients are constructed in such a way that their value is dependent only on the intensity of correlation.

Pearson's coefficient of contingency: This coefficient scales the chi-square statistic to a value between 0 (no association) and 1 (maximum association).

Cramér's coefficient of contingency: The value of this coefficient falls between two nominal variables, giving a value between 0 and 1. The value is established by taking the smaller number created by lowering the number of rows and/or columns by 1 (Budíková et al., 2010).

Data was processed using Microsoft Excel and Unistat for Excel.

The Czech business environment and changes in its quality were evaluated based upon analyses conducted by SME managers. SME managers and owners identified threats and opportunities for their businesses. In 2010, 226 SME managers defined 1,036 opportunities in total (average 4.6 opportunities per manager), of which 405 were identified by micro-enterprise managers, 370 by small enterprise managers and 261 by medium-sized enterprise managers. This means that the managers of micro-sized enterprises defined 4.6 opportunities on average for their business while the managers of small and medium-sized enterprises identified 4.5 and 4.8 opportunities on average per manager, respectively. Therefore, there is not a significant difference between the number of identified opportunities dependant on the size of company. Table 2.1 presents the most frequently defined opportunities in 2010. As a matter of interest, the table also shows the results from business environment evaluation performed by SME managers in 2004 after the Czech Republic had joined the EU (Kučerová and Pošvář, 2005).

The most important opportunity identified by SME managers in 2004 was 'integration of the Czech Republic into the EU', which facilitated its entrance into European markets. This answer was given by 77% of respondents. This answer ended up as the only the third most important opportunity in 2010. The most significant opportunity of this year was 'Technical and technological development and increase in demand for innovated products made by new technologies' (82%). 'Economic progress and higher standard of living' (followed by 'increase in demand') scored as the second most important in both years: 69% and 67% of SME managers recognized its importance in 2004 and 2010, respectively. Particular opportunities (that emerged in greater frequency) came into the picture in 2010 (there was almost no such occurrence in 2004); these were related to the positive development of the Czech business environment.

Table 2.1 The most frequently defined opportunities in 2004 and 2010

<i>Opportunities</i>	Answer frequency (%)	
	2004	2010
1. Integration into the EU, international cooperation, cancellation of customs duties, globalization	77	46
2. Economic progress, increase in demand and the standard of living	69	67
3. Technical and technological development, increase in demand for innovated products	53	82
4. Subsidies for SMEs	40	45
5. Change of lifestyle and its impact on demand, pressure to protect the environment	34	39
6. Free/unoccupied areas in the market, weak competition in the area, attractiveness of industry/field	17	38
7. Legislation and regulations	-	27
8. Unemployment, graduates, qualified labour supply	-	26
9. Organizing trade shows, expositions, contests, conferences and other social events	-	24
10. Tourism development, traditions	-	14

Sources: SWOT analyses conducted by SME managers (2004, 2010) and authors' own work

The most significant opportunity, 'Technical and technological development, increase in demand for innovated products', was defined as such by SME managers regardless of the size of their company (83% of micro-sized enterprise managers, 84% of small enterprise managers and 78% of medium-sized enterprise managers). It should be noted that it was the medium-sized enterprise managers who most frequently found Czech integration into the EU, lifestyle changes influencing demand, legislation and regulations, and qualified labour supply to be the most important opportunities. The small enterprise managers named subsidies for SMEs and free/unoccupied markets and attractiveness of the industry/field as the most significant opportunities. The micro-sized enterprise managers, on the other hand, found the following opportunities the most important:

economic progress, higher living standards and demand, organizing various events and tourism.

Correlation between 'opportunities' and the size of SME in 2010

Statistics: Chi-Square Test = 47.0042

Degrees of Freedom = 34

Cumulative Probability = 0.0681 $F_i = 0.2130$

Cramér's V = 0.1506

Pearson's Contingency Coefficient = 0.2083

Considering that the level of significance is almost 7%, it should be noted that the data could often be obtained even in the case of zero hypothesis validity. Therefore we cannot exclude the possibility that the zero hypothesis is true, meaning that we cannot prove any correlation between the identified opportunities and the size of SME. Thus, SME managers perceive opportunities relating to the external environment similarly, irrespective of their company's size.

In 2015, 56 managers of micro-sized enterprises, 43 managers of small enterprises and 28 managers of medium-sized enterprises were questioned: 127 SME managers defined 662 opportunities in total in 2015 (average 5.2 opportunities per manager). Of these, 293 (5.2%) opportunities were identified by micro-sized enterprise managers, 217 (5.0%) by small enterprise managers and 152 (5.4%) by medium-sized enterprise managers; Table 2.2 provides further detail.

Table 2.2 The most frequently defined opportunities in 2015

<i>Opportunities</i>	<i>Answer frequency</i>	
	<i>amount</i>	<i>%</i>
1. Growth in demand (for quality, innovation, domestic production)	101	79.5
2. Development of the Internet and social networks, technical and technological development	80	63.0
3. Subsidies for SMEs	54	42.5
4. Organizing trade shows, expositions, contests, conferences and other social events	42	33.1
5. Easy entry into foreign markets	36	28.3