

Striving to Thrive Part 3: Czech MSEs in 2024

A closer look at how MSEs access,
use and think about
financing.

A 60 Decibels report
for Mastercard Strive
in Czechia

About Mastercard Strive in Czechia

Mastercard Strive in 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 in 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 Mastercard Strive in Czechia program, containing all relevant resources to facilitate access to digitalization for micro and small businesses.

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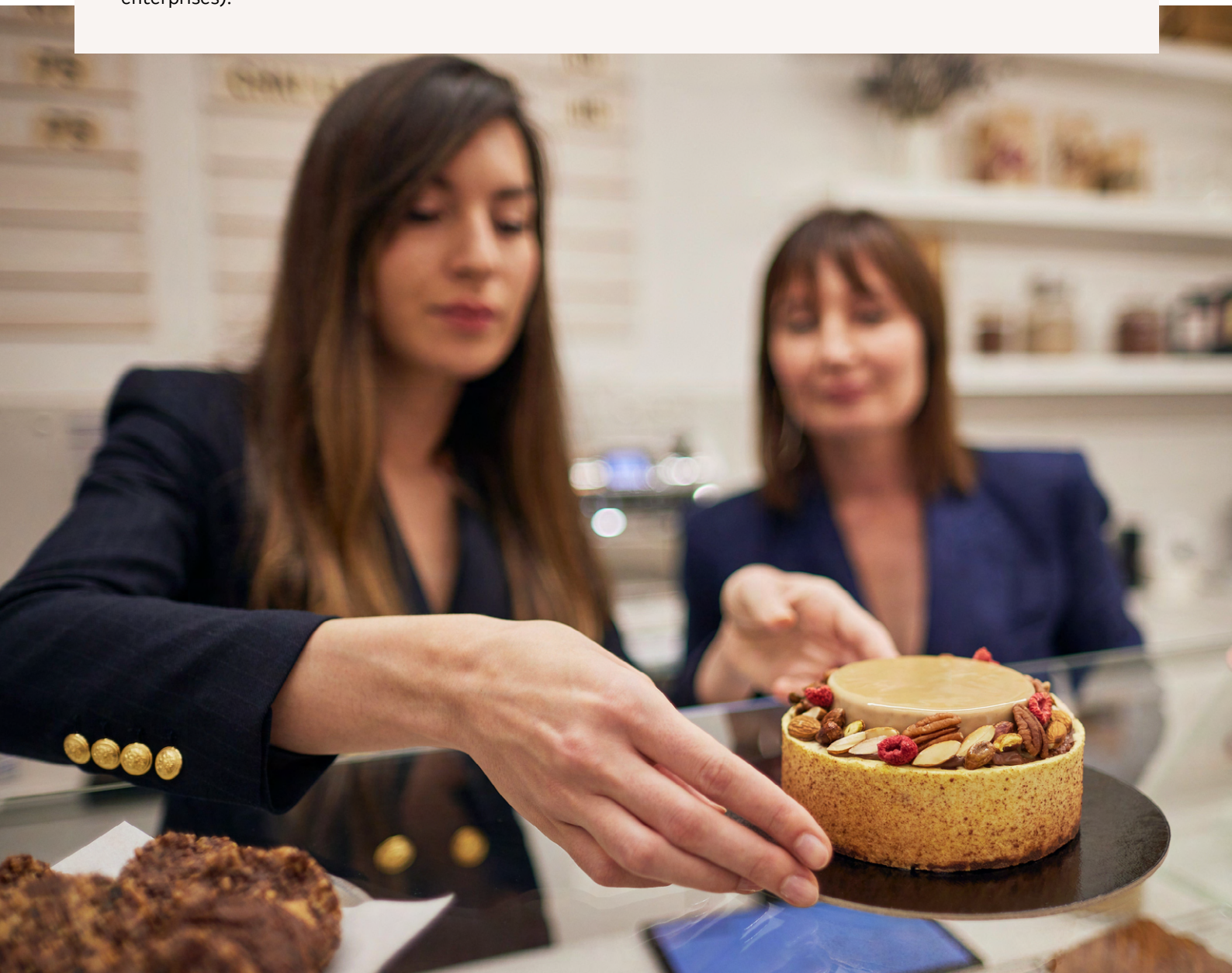


A note on micro and small businesses

Before we dive in, a few definitions are in order. For the purposes of this report, 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 1–9 employees, and a small business has 10–49 employees. Anything bigger than this (i.e. 50 or more employees) is defined as medium or large and is not included in this report. While a lot of the existing literature on MSE performance includes medium enterprises, this work focuses on MSEs (micro and small enterprises), not SMEs (small and medium enterprises) or MSMEs (micro, small and medium enterprises).

This is for a few reasons. First, is the growing consensus that businesses of this size are essential to our shared prosperity. More important however, is our belief that the experiences and challenges of these micro and small businesses are often drastically different than their (relatively) larger peers, and careful attention and targeted research is required to support them adequately.

This report, the third publication from the Mastercard Strive in Czechia program focused on MSEs in Czechia, is therefore dedicated to these formidable, yet often underappreciated, pillars of our communities and economies.



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Foreword by Mastercard Czech Republic and Slovakia

I welcome you to the latest edition of the Barometer, which once again provides valuable insight into the world of Czech micro and small enterprises. This segment is characterized not only by its enormous economic significance but also by the specific challenges entrepreneurs face on a daily basis.

As the results of the Barometer show, Czech entrepreneurs often play the role of job creators and drivers of innovation, while also bearing the weight of running their businesses without broader institutional support. The study highlights that although micro and small businesses represent the majority of the Czech business sector, they still face significant limitations in access to finance, information, and other key resources.

It is interesting to see how social relationships and family structures fundamentally shape decision-making. Female entrepreneurs, who also carry the burden of household responsibilities, face specific challenges such as more difficult access to resources for investment and operations, greater financial insecurity, and less opportunity for rest. These facts emphasize the need for not only equal access to support programs and financial instruments but also the creation of an environment that allows for a better balance between work and personal life.

What is particularly remarkable in the Barometer's findings is the ability of entrepreneurs to adapt to complex conditions, often at the cost of significant personal commitment. A full 14 percent of them do not feel comfortable taking any time off, reflecting the intense commitment associated with running a business. It is no surprise that three out

of ten respondents feel uneasy about the idea of taking a break in the coming year. Such high levels of personal commitment are often the result of a market that does not always work in their favor.

In light of this, it is essential to continue efforts to improve financial products, support programs, and the availability of information, particularly among smaller businesses. Enhancing their support should be a priority at all levels – from the government to financial institutions and the broader business environment. Micro and small enterprises are not only the backbone of the Czech economy but also a guarantee of its long-term stability, innovative development, and necessary growth.



Jana Lvová
General Manager
Mastercard Czech Republic & Slovakia

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Opening remarks by the Ministry of Industry and Trade of the Czech Republic

Welcome to the first pages of the Barometer 2024 study, which this year focuses on the competitiveness of micro and small businesses, the experiences of their owners, and access to finance.

Micro and small businesses play a key role in the Czech economy. They employ a significant part of the workforce, create added value and contribute to increasing our competitiveness. Thanks to their smaller size and structure, they can react quickly to market changes and come up with innovative products and services. They are often family-run businesses with a tradition and a love for their craft, but they face obstacles in the form of more difficult access to the necessary financing, complex bureaucracy, and the inability to exploit the same benefits enjoyed by larger companies.

As we are aware of the importance of micro and small enterprises for the Czech economy, we try to help them with these difficulties. We want to be a partner, not an obstacle for them. That is why we provide extensive support to entrepreneurs through various programs and adjustments to laws, such as investment projects, financing, counseling, training and simplification of administrative burdens.

At the Ministry of Industry and Trade, we are currently working on three digital projects which will also make life easier for these businesses.

During 2026, the Entrepreneur's Portal will provide entrepreneurs with a single digital point for electronic communication with institutions and offer all necessary information in one place. Many things can be done from the comfort of your home without having to queue at various government offices.

I also often hear in conversations with entrepreneurs that there is no overview of their obligations. In our department we are working on the Obligations Information Database, which will provide a list of selected legislative obligations on one website later this year.

Our third project, the Single Audit Registration Portal, which will also be launched in 2026, will help improve the transparency and efficiency of the audit and inspection processes.

To make entrepreneurs' lives easier, we have developed more than two dozen measures to cut red tape, enabling companies to reduce costs, save time, and increase productivity. We have focused on adjusting certain forms, introducing digital receipts, and simplifying vehicle transfers. This so-called Entrepreneurs' Package is now going through the legislative process and our aim is to bring as many of the measures as possible to life in the first half of next year.

Last but not least, our entrepreneurs face the challenge of our climate targets. Doing business sustainably will offer huge benefits to everyone, but achieving it is a major challenge. We are ready to help businesses with this. That's why we are constantly simplifying and streamlining legislation for investment in renewable energy. In addition, we have subsidy programs in place to enable businesses to raise the money they need to invest. These funds are intended not only for the production of electricity from sources such as the sun or wind, but also for energy savings and more.

There are a number of programs available and the best way to find your way around is with the simple search engine on our website www.podporapodniku.cz. Here you will find an overview of support across the ministries in one place.

I believe this will also make your business life easier.

I wish you pleasant reading and success in your business.



Jozef Síkela
Minister of Industry and Trade of the Czech Republic

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Opening remarks by the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic

Dear readers,

It is my honor to present to you the results of the latest survey among Czech entrepreneurs – the Barometer – on financial services, conducted by MasterCard within the framework of the Mastercard Strive in Czechia program. This survey provides valuable insights into the state of micro- and small businesses, which make up the vast majority of companies not only in the Czech Republic, but also globally. We have known for a long time – and the Barometer data confirm it – that these businesses are key to job creation, employment and economic development in local communities. In the Czech Republic, micro, small and medium enterprises account for 99.8% of all businesses (of which over 95% are micro businesses with fewer than 10 employees), providing almost 70% of employment and contributing more than 55% to the Gross Domestic Product (GDP).

The Association of Small and Medium Enterprises and Self-employed Persons of the Czech Republic (ASME CR) greatly appreciates all studies and “hard data” that clearly highlight and demonstrate the importance of the segment of the smallest companies and entrepreneurs for the Czech economy. It is not only about their high number, but also about their real flexibility and quick response to market demands, including their contribution to social cohesion in the regions.

Despite their importance, however, these enterprises often do not receive the attention and support they deserve. Support for small and medium enterprises often becomes a mere catchphrase. Every day, we see the attitude of the state, banks, and large corporations showing that it is easier for them to support one large project than a hundred small ones. Yes, it is a lot of work, but when we think about the obligations that an ordinary self-employed person, who does not have teams of people or strong law firms behind them, has to fulfill and keep track of, that would make a long story for a book. It is a lot of work to do for just one person.

The results of this Barometer highlight several key challenges which micro and small enterprises face. These include limited access to finance (yes, it is difficult for small firms to do business at 8–10% interest on loans), high financial insecurity, especially among women entrepreneurs, and low awareness of available financing options. The Barometer also revealed

that many entrepreneurs prefer to be financially independent and avoid external financing, which can limit their growth and resilience to crises. In short, there is a persistent aversion to external debt among Czech entrepreneurs, with the younger generation, however, more willing to take greater risks – which means that especially successor generations in family enterprises might get a second wind in their businesses. Awareness of financing options is not universal, underlining the need to improve financial literacy and access to information. Particular attention needs to be paid to gender differences, with women entrepreneurs facing greater challenges and fewer opportunities for growth – it is no surprise, considering that it is often mothers who need to take care of their children and households, regardless of whether they run a business or not.

It is an honor for the Association to be part of the Mastercard Strive in Czechia program team, however, at the same time we always want to achieve tangible results. Based on these findings, it is clear that there is a need to develop specific easier and more appropriate access to funding, both at government and private levels. The Association will continue to framework of the Mastercard Strive in Czechia program to ensure that micro and small businesses have better access to the resources and support that will enable them not only to survive but to truly thrive.

I wish all entrepreneurs to make the right decisions.



Eva Svobodová
Member of the Board of Directors and CEO
Association of Small and Medium Enterprises
and Self-Employed Persons of the Czech Republic

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Introduction

Welcome to the third edition of our Czech MSE Barometers. It's nice to be back.

This is our penultimate barometer in a series of four. Readers of the first two editions will know that we started first with a pulse check on the general state of MSEs in Czechia. Our second, then examined questions of gender and technology among Czech MSEs. In this one we take a closer look at the important questions of MSE and entrepreneur wellbeing, along with deep-diving into their access to finance.

Micro and small enterprises matter

Before we get into the substance of the report, it is worth reminding ourselves of just how important MSEs are. Small businesses constitute a vast majority of global enterprises and are primarily responsible for job creation, employment, and market access in local economies. Their presence and wellbeing are critical to the health of their communities.

On the same lines, in Czechia, 98.9%¹ of businesses are MSEs, driving close to 48% of employment, and 36.1% of the overall GDP.² Yet, despite their outsized importance, these businesses rarely receive the spotlight reserved for their larger cousins. This often makes them less resilient, lacking the level of attention and institutional support that larger enterprises access with lesser effort.

However, as previous Barometers in this series have underscored, MSEs are fragile. They are often the most affected by rapidly changing economic landscapes. In 2022, we saw that more than 1 in 5 MSEs anticipated a decrease in revenue and investments, with a slim prospect of employment growth.³ In 2023, we saw that Czech entrepreneurs would not recommend running an MSE, reporting a low -23 Net Promoter Score.^{4,5}

We know that Czech MSE owners face significant structural challenges. This ranges from a lack of targeted support services, limited access to digital tools and finance, and a "trust gap" with private and public institutions that limits their willingness to access existing resources. Development of MSEs in the country is also hindered



by limited resources to access information, specifically on new markets, technologies and financial services. It is interesting to note here that these structural challenges are not a uniquely Czech experience, especially in the aftermath of the pandemic, where we see a small group of high-income economies across Europe experiencing drops in the quality of their overall entrepreneurial environment.⁶

Keeping this in mind, this Barometer will look to understand the experience of MSEs in Czechia, their lived realities, and opportunities for improvement. This includes identifying challenges that are uniquely Czech, but also applying lessons from other economies that have boosted their entrepreneurial ecosystems, be it by building support infrastructure, establishing cross-border networks for market access, or simply decentralizing MSE support to add regional context.

We hope, as in previous editions, to contribute to paving the way for these enterprises to thrive.

¹ Czech Statistical Office, 2024

² European Commission SBA Fact Sheet Czechia, 2019

³ Striving to Thrive: The state of Czech Micro and Small Enterprises, 2022.

⁴ The NPS, a popular market research metric, 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 "detractors" who provide ratings of 6 or lower, from "promoters" who provide ratings of 9 or 10.

⁵ "Passives" who provide ratings of 7 or 8 are not included in the calculation

⁶ Název: Striving to Thrive Part 2: Czech MSEs in 2023

⁶ GEM Global Report 2024

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What goes into a Barometer

Just as for our prior Barometers, the information in this report comes from two main sources. The cornerstone is a survey of the MSEs themselves, and this is supplemented by relevant secondary data. Taken together, we aim to establish a comprehensive, cross-cutting, and in-depth backdrop against which the state of MSEs in Czechia can be further understood and analyzed. This time focusing on the question of MSE's access to, use of, and challenges with finance. You can learn more about our approach in the section on Our Methods.

As this is a series, we encourage you, our readers, to revisit the first two Barometers, published in November 2022 and December 2023. Be it before embarking on this report, or after, we think this story is worth all its parts.

Meanwhile, if you have any suggestions on where this research should go in the future, we would love to hear your ideas via this link here. We are keen to hear any and all thoughts, and especially if you yourself are an owner of an MSE. Please do get in touch!

What to expect from Barometer 2024

This Barometer expands on the insights covered in earlier versions. As in the first and second editions, we repeat several of our original survey questions, while adding new targeted ones that fill knowledge gaps identified in our previous work.

This report covers three main themes. First, we revisit the businesses, looking to understand the health of these businesses and their financial resilience. Then, we take a look at the lived experience of business owners. We look at how their backgrounds and families impact their entrepreneurial experience, and vice versa. We ask about their levels of worry, their comfort taking time away from their businesses, and the external demands that affect business health.

Finally, we go on to dive deeper into their access to financing, the lifeblood of a thriving MSE sector. This starts with an exploration of awareness and engagement, before diving into the experience and perceptions of external financing. This section also explores the various factors that impact this experience, and looks to identify the gaps that persist in the ecosystem. As we break down the factors that affect engagement with external financing, we also look to identify the impact of this financing, be it on business health or entrepreneur well-being.

We hope the insights from this work will go on to have a marked positive impact on these businesses, and enable corporations, government and civil society in their attempt to help these entrepreneurs thrive.



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11 lessons from this Barometer

- 1. Czech entrepreneurs are wary of debt and external finance.** Around 40% of entrepreneurs don't feel that an external loan is suitable for them, and over a third of entrepreneurs report a preference to remain debt-free. This corroborates existing research showing that 40% of Czechs would not consider taking out a loan for their businesses, a figure that rises to 67% among those aged 55 and above.⁷ We see this reflected in our research, where entrepreneurs between the ages of 35–54 are 1.7 times more likely than those over the age of 55 to take on debt. Gender also has a minor role to play here; women entrepreneurs (42%) are more likely to be loan and debt-averse than men (38%). Overall, we see a prevailing skepticism towards debt that on the one hand may reduce the chances of bad-debt, and on the other may be limiting the capacity of such businesses to use finance to grow.⁸
- 2. This wariness translates into only a few MSEs attempting to access external finance, and might be exacerbated by challenges in the application process.** Only a quarter of entrepreneurs have attempted to access private financing, and those that do report significant barriers, ranging from prohibitive interest rates (27%) to issues with the loan size offered (24%), and stringent collateral requirements (22%). All of these are challenges that suggest a disconnect between the financing requirements and current status of Czech MSEs and the available financial products. Recent OECD reports also show that strict rules implemented by banks such as credit risk management, higher demands on the financial health of borrowers, and higher loan collateral requirements have proven to be deterrents for MSEs in accessing finance.⁹
- 3. Successful applications are not the end of the story, with an alarming nine in ten entrepreneurs who have taken a loan viewing it as a burden.** Men are more likely to see the loan as a burden than women (18% vs 10%), as are older entrepreneurs' (24% of those below 34, vs 42% of those 35–54 and 32% above 55 years). Nearly 1 in 5 explicitly regret taking the loan, and close

to a third of entrepreneurs report taking an additional loan to help with existing business loan payments. Research shows that 1 in 10 Czech individuals have had trouble paying installments for their personal loans on time in the past.¹⁰ Negative sentiments on having debts to repay are compounded by what is already a challenging environment to run a business in, with steep energy prices and rising costs.¹¹ Czechia was one of the most affected countries due to the soaring energy prices in the region, impacting disposable incomes and business costs significantly.¹²

- 4. A lack of awareness of sources for financing might be contributing to the wariness of external finance.** 1 in 5 Czech MSE entrepreneurs rate their awareness of bank loans as poor, and 2 in 5 rate their awareness of government sources of capital as poor. Education levels and age also play a role in the types of financing entrepreneurs are aware of, for example, 47% of entrepreneurs with less than a high school diploma report poor awareness of bank loans, in contrast to only 16% of those with a high school diploma or more. Similarly, twice as many younger entrepreneurs report high awareness of crowdfunding than their older counterparts. Region seems to also play a smaller role here, with MSEs in the capital city of Prague reporting better awareness of bank loans and government financing options.
- 5. State support is a similar story, showing poor awareness and low uptake across entrepreneurs.** Close to 40% of entrepreneurs report poor awareness of government financial support, and only 30% report attempting to access such support in the past three years. Challenges on the government side of things include complex application procedures (38%), strict eligibility criteria (35%), and extended approval timelines (33%). The state appears to have a way to go in building (or refining) mechanisms to ease access and enable Czech entrepreneurs to readily consider government support as an option, as well as in building a positive perspective with regards to state funds as a tool for strengthening entrepreneurial ecosystems.

⁷ Attitudes to Personal Finance, 2019

⁸ Segmentation of Czech consumers based on their attitudes towards money, 2013

⁹ Financing SMEs and Entrepreneurs, 2020 | OECD iLibrary

¹⁰ Attitudes to Personal Finance, 2019

¹¹ The impact of the European energy crisis: the case of Czech Republic, 2024

¹² The impact of the European energy crisis: the case of Czech Republic, 2024

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- 6. On a positive note, successful loan recipients report better business health.** 55% of loan recipients report slight or significant increases in revenue, versus only a quarter of those who were unsuccessful, or 35% of those who have not attempted to access a loan in the last 3 years. Similarly, over 1 in 10 of respondents who were unsuccessful in their loan application over the past three years report that their business's ability to pay bills has significantly decreased in the past year, vs. only 1% of those that succeeded. Although it is unlikely that accessing the loan was the sole driver, there is a strong relationship that suggests loans have had an impact on business health.
- 7. Despite this, the reluctance to seek external finance continues into the near future.** A majority of Czech MSEs (~60%) are not looking to secure external financing in the coming year. A quarter of these report not having a need, and 1 in 5 emphasize their need for financial independence and desire to maintain control over finances. Additionally, our research shows that most entrepreneurs with unsuccessful loan applications are unaware of any specific reason for rejection, opacity that could be preventing entrepreneurs from reapplying, being unsure of how to improve their likelihood of being approved in the future. There is work to be done to make access easier, improve awareness and transparency, and highlight positive impact in order to encourage entrepreneurs to access external financing pathways to grow.
- 8. Female entrepreneurship can create significant returns for the economy, but gender gaps persist.** A significant portion of Czech MSEs are led by women, including 36% of the enterprises in our research. This is a significant proportion with their own unique set of gendered challenges, be they societal expectations of domestic care responsibilities, or increased levels of financial stress relative to men. Addressing these are critical, as it is estimated that unlocking the potential of women to grow businesses and participate in the workforce could add an additional EUR 20 billion per year to the Czech GDP by 2030.¹³
- 9. Small kids and small business is a tricky combination.** Running a small business is demanding at the best of times. Throw in the needs of young children, and it's not surprising that Czech entrepreneurs with children aged between 0–6 are roughly one and a half times more likely to worry about finances than those with older children. Close to a quarter of entrepreneurs without kids report not spending any time on worrying about finances. Equally unsurprising, but no less concerning, this caregiver-entrepreneur, double-whammy falls disproportionately on women. Indeed it is almost certainly a key reason that women are also one and a half times more likely to worry about their finances on a daily basis, compared to men. That the Czech Republic is not alone in this problem – across the world for every man reporting family and personal issues as a reason to discontinue business, there are 1.43 women – makes it no less important an issue.¹⁴
- 10. And the domestic burden extends beyond childcare.** Even before the COVID-19 pandemic forced families to work and learn at home, almost 3 times as many Czech women reported doing most or all of the work at home, compared to men.¹⁵ And these added demands seem to be compounded by a lack of rest. 3 in 10 entrepreneurs in general report having taken less than 2 weeks off in the past year, with women 40% less likely than men to do so.¹⁶ It's something of a cliché that running a business leads to burnout, but without greater support, the likelihood that female Czech entrepreneurs experience this, appears very real.
- 11. Building entrepreneur resilience remains key (and it's going in the wrong direction).** Given extra pulls, stresses and sometimes outright turbulence of running a small business, you'd hope that MSE owners would have access to funding in an emergency. Contrary to our recent MSE barometer in Indonesia – which found MSE owners there to be, on average, more financially resilient than the general population – Czech entrepreneurs are no more resilient than the average population.¹⁷ Both a quarter of MSEs and a quarter of the general Czech population would struggle to meet an emergency expense. For MSEs this number has increased from a fifth of them in 2022.¹⁸ We found MSEs have a median operating runway of 6 months, lower than the recommended duration of at least a year.¹⁹ Women entrepreneurs are even less financially resilient, with a quarter having no cash reserves or financial runway, versus 1 in 5 of the men.

¹³ Closing the gender gap in the Czech Republic

¹⁴ Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report

¹⁵ Closing the gender gap in the Czech Republic

¹⁶ To put this in perspective, one of the key elements of a 'minimum decent wage' in Czechia is the ability to take at least a 11-day domestic vacation annually

¹⁷ Global Financial Inclusion Databank | World Bank

¹⁸ Striving to Thrive: The state of Czech Micro and Small Enterprises, 2022

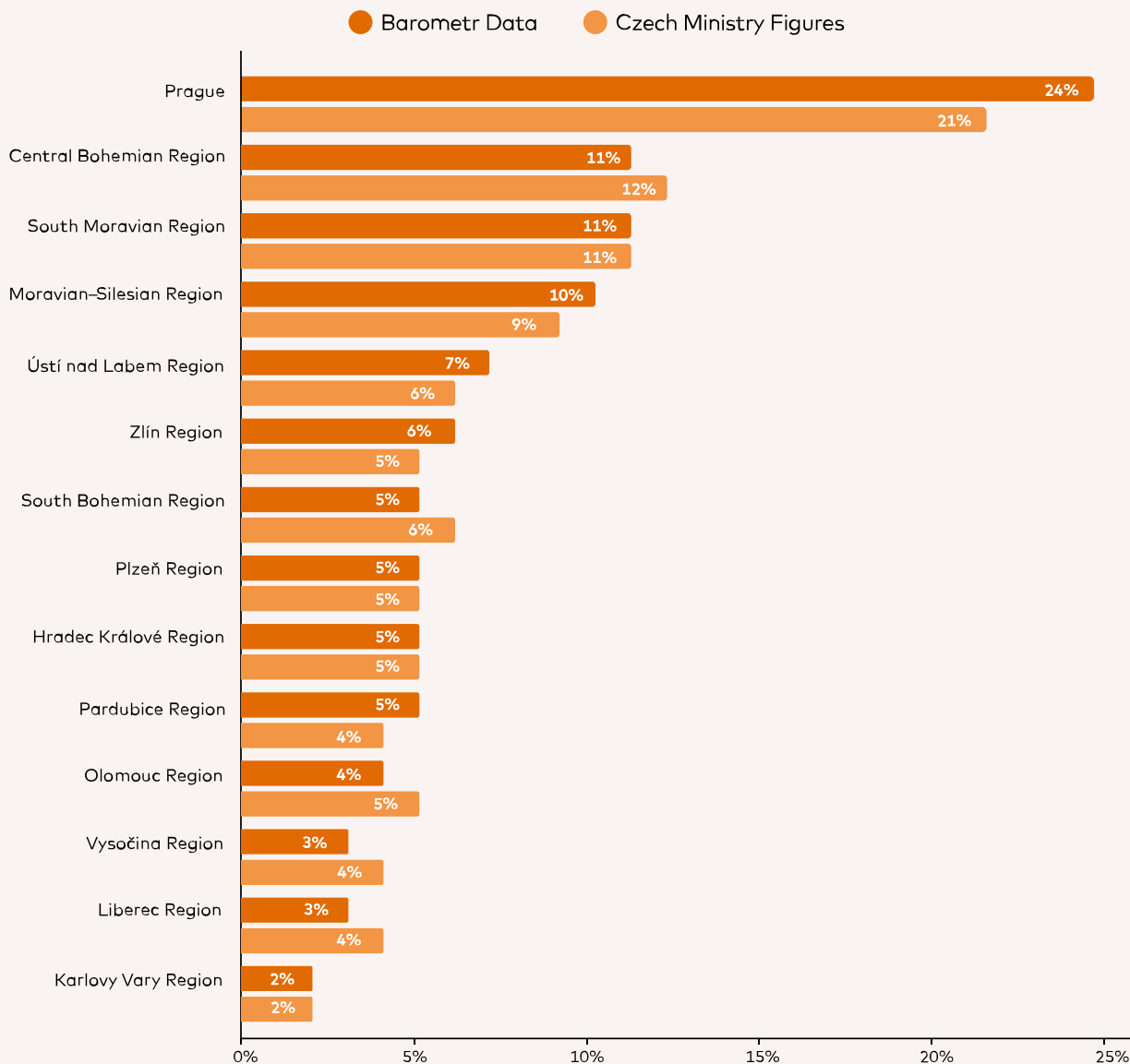
¹⁹ Sebastian Quinteiro, "How much runway should you target between financing rounds?" | Journal of Empirical Entrepreneurship, October 26, 2017

About the data (in this report)

The heart of this work is the data we have collected from surveys with owners, C-level executives, directors, or managers from 610 MSEs in Czechia between April and June 2024. Participating businesses are dispersed across region, sector, size, and tenure as well as the age and gender of business owner(s).

Businesses are predominantly located in Prague (24%), the South Moravian region (11%), and the Central Bohemian region (11%). The distribution of enterprises across regions from the survey is comparable to the Czech Ministry of Industry and Trade's latest figures.²⁰ The report states that the largest share of SMEs is located in the capital city, Prague, which accounts for close to a fifth of the enterprises in the country. This is followed by the Central Bohemian region, where around 12% of enterprises are based.²¹

Figure 1: Business location by region (Barometer dataset in comparison with the Czech Ministry of Industry and Trade figures)



²⁰ Number of entrepreneurs and trade licenses according to Region | Second Quarter 2024 Report | Czech Ministry of Industry and Trade

²¹ Number of entrepreneurs and trade licenses according to Region | Second Quarter 2024 Report | Czech Ministry of Industry and Trade

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In terms of size, 47% of the respondents we spoke to are solopreneurs (with no employees), 36% run micro-enterprises (1–9 employees), and 17% run small enterprises (10–49 employees). We observe that women are more likely to be solopreneurs (61%), than men (47%), a finding that aligns with the Global Entrepreneurship Monitor’s Women’s Entrepreneurship Report, which finds that 60% of solopreneurs are women.²²

Figure 2: Business size

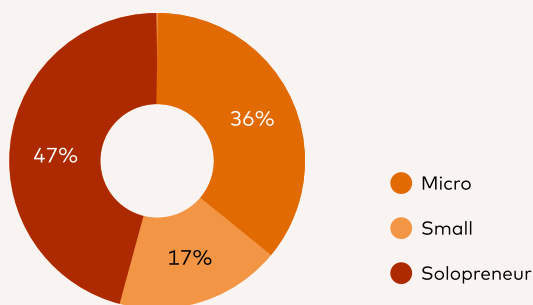
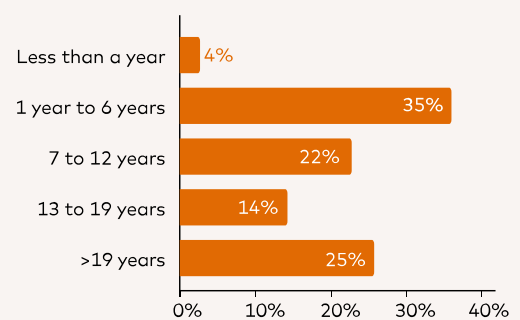


Figure 3: Tenure of business operations

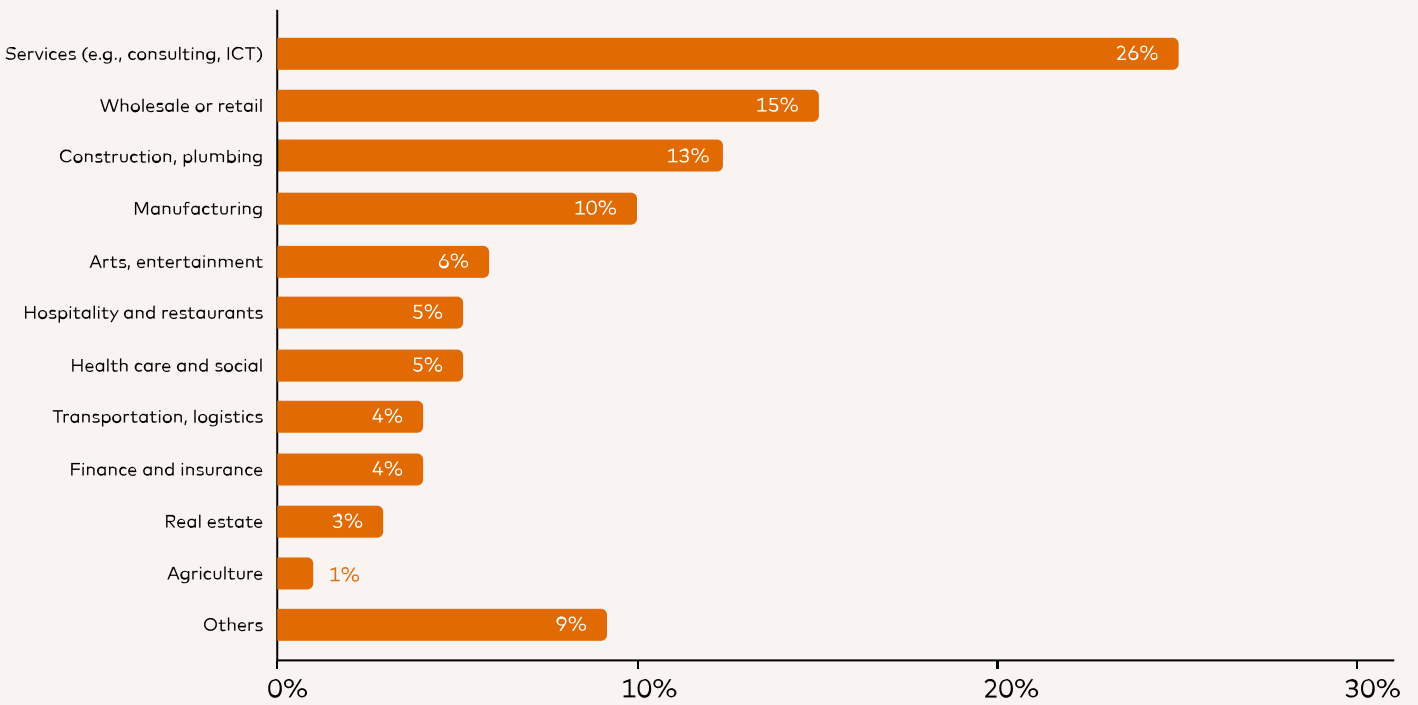


Our sample is divided between MSEs that have been in operation for 6 years or less (39%), 7 to 12 years (22%), 13 to 19 years (14%) and over 19 years (25%). 3 in 5 entrepreneurs aged 55 and above have been operating their enterprises for over 19 years.

²² GEM 2022/2023 WOMEN'S ENTREPRENEURSHIP: CHALLENGING BIAS AND STEREOTYPES

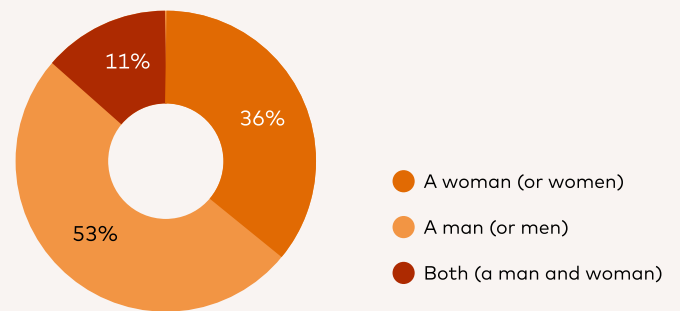
As in previous editions, the top sectors of operations are services (i.e., consulting, ICT), wholesale/retail, construction, plumbing or carpentry and manufacturing (see Figure 4). Similarly, as observed in last year's Barometer, a majority (62%) are B2C (business-to-consumer) models, just over a quarter (27%) are B2B (business-to-business), with the rest (11%) being hybrid models.

Figure 4: Sector of operation



Over half of these enterprises are led by men (53%), just over a third are led by women (36%), and the remainder jointly led by both men and women (11%). A third of these are family-owned businesses.²³ These numbers reflect estimates from other sources on business ownership too. The European Institute for Gender Equality reports that women make up about one-third of entrepreneurs in the European Union, with a similar share in Czechia.²⁴

Figure 5: Gender distribution



²³ 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.

²⁴ WEGate | Women Entrepreneurship Portal launched by the European Commission

Our methods

Our survey, which you can read in full in the Annex, was 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 sample of MSEs we spoke to slightly differs from the general MSE population of Czechia.²⁵ We made a deliberate choice to oversample certain smaller groups to provide a statistically robust comparison. Therefore, the reader should know that in terms of depicting the general state of Czech MSEs the data is slightly skewed toward the views held by relatively larger, small businesses (10 to 49 employees). This is in keeping with our approach for previous studies, and we do not believe that this has had any material impact on the headline findings of this report.

Sample size differences in our report can be attributed to two primary factors: respondents skipping certain questions and questions being tailored for specific

groups. When respondents skipped questions, it affected the sample size for those particular questions. Additionally, questions designed for specific groups naturally resulted in smaller sample sizes compared to those intended for a broader audience. Please keep these variations in mind when interpreting our survey results.

Finally, where wider information helped to paint a richer picture of the experience of MSEs, we drew on existing secondary sources. Our most important sources included the Czech SME Support Strategy 2021–2027, Financing SMEs and Entrepreneurs 2024: An OECD Scoreboard, OECD iLibrary, McKinsey and Co.'s report on Closing the gender gap in the Czech Republic, Czech Republic Assessment of the SME Policy Mix and the European Economic Commission Report, among other sources referenced through the report.



²⁵ As of 2023, there were around 24.4 million SMEs in the EU, with micro-enterprises representing the vast majority. Specifically, micro-enterprises (1–9 employees) made up about 93% of all SMEs, followed by small enterprises (10–49 employees) and medium enterprises (50–249 employees). [OECD iLibrary]

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Theme 1: The current state of Czech enterprises – their business health and financial resilience

First, we would like to set the scene. This section of the report will look to understand the status and wellbeing of these enterprises, and uncover the characteristics that shape their operational capacities and growth trajectories. We begin with an in-depth examination of these MSEs. Questions around revenue trends, profitability, and financial resilience help us create a comprehensive picture of the health of these businesses.

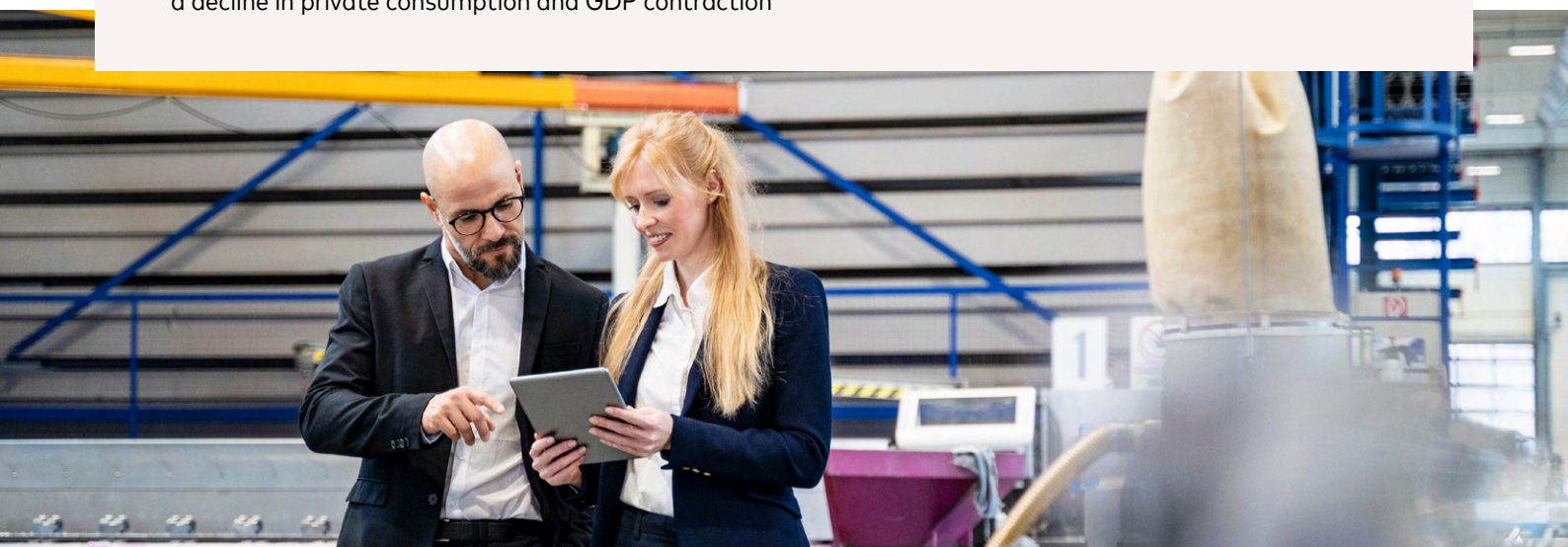
For starters, we see that business revenue tends to fall in the lower end among MSEs, but a majority are profitable within the landscape in Czechia. A significant proportion of the businesses in our data – over one-third (36%) – report low annual revenues between CZK 250,000 to CZK 1.25 million. These are predominantly solopreneurs (60%), and over 3 in 10 of these businesses report profits ranging from CZK 250,000 to CZK 625,000. Interestingly, profit ranges hold as revenue increases, for the 16% of businesses reporting annual revenues between CZK 1.25 million to 2.5 million, 28% report similar profit levels of CZK 250,000 to CZK 625,000. These businesses are typically larger, with 80% being micro- or small enterprises, suggesting that solopreneurs are seeing more profits (likely due to lower expenses). Overall, nearly 94% of businesses report some level of profitability.

However, growth is limited. This could be a function of macroeconomic factors, as EU estimates reported a decline in private consumption and GDP contraction

in Czechia in 2023, likely contributing to limited opportunities for MSE expansion and growth.²⁶ In Figure 6, we see that over one-third of businesses saw no change in revenue over the last year, while a third observed only a slight increase. Similarly, 7 in 10 saw no change in their ability to pay bills (Figure 7), 3 in 5 report no change in their ability to secure financial resources and seven in ten report no change in their ability to manage financial obligations.

By all accounts, a majority of Czech MSEs seem to be profitable, but somewhat stagnant, with limited growth or change in revenue or financial ability.

Further investigation also reveals gendered differences. Men-led businesses report higher profits, with 60% reporting profits over CZK 250,000 versus only 41% of women-led businesses. While there is no significant difference in businesses that are not profitable, there is still a slightly higher proportion of women-owned businesses here; 8% of women-led businesses report not being profitable, compared to 5% of men-led businesses. This suggests that female entrepreneurs face greater challenges in generating and maintaining profitability, potentially impacting their business continuity and growth. As mentioned previously, globally, one of the most frequently noted reasons for women to discontinue their businesses is a lack of profitability.²⁷



²⁶ Economic forecast for Czechia

²⁷ Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report

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Figure 6: Change in business revenue

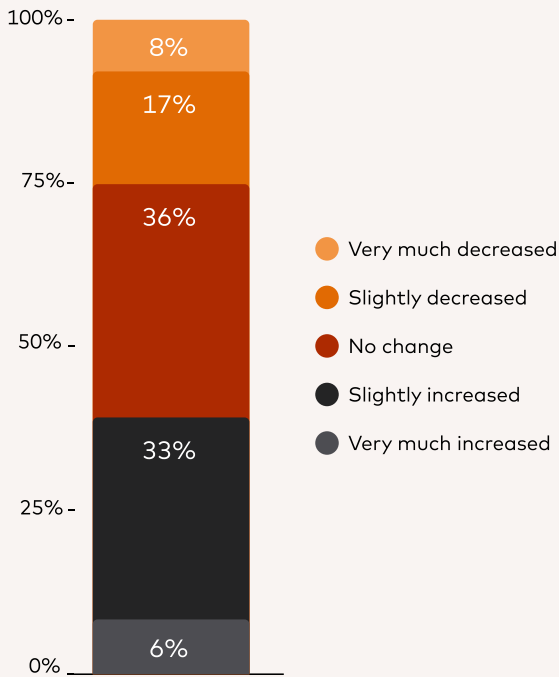
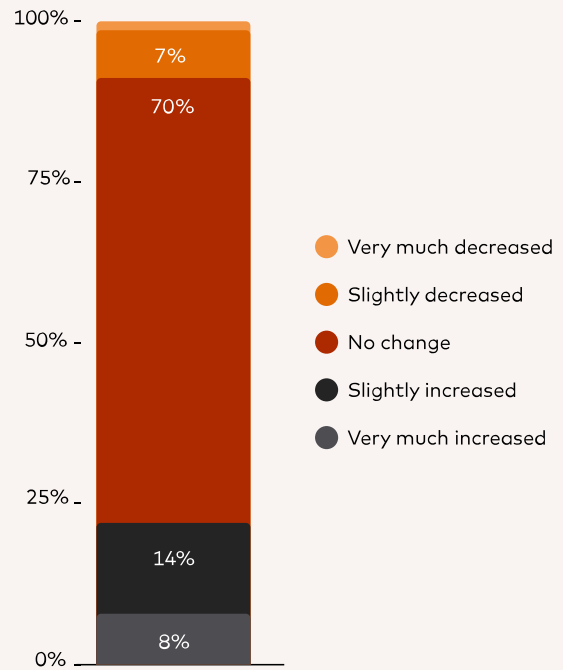


Figure 7: Change in ability to pay bills

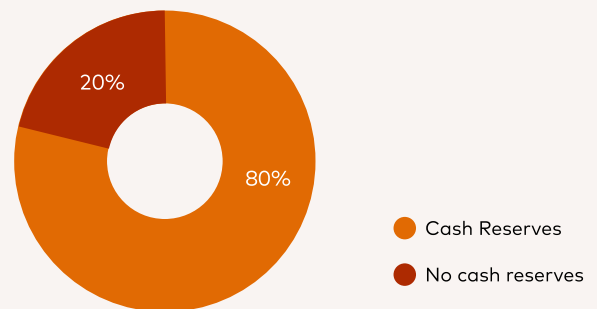


Outside of income and growth, financial resilience is an important metric of business health. This has been an area of focus in recent years within the EU overall, with Eurostat data in 2022 showing that high inflation, interest rates, and the end of COVID relief efforts combined to result in the highest number of MSE bankruptcies since 2015.²⁸ Our data paints a picture of moderate risk in Czechia – around one in five enterprises do not have the financial runway to cover operating expenses if they cease to generate revenue.

This is most evident among solopreneurs, where close to a quarter report no cash reserves. Of those that do have reserves however, solopreneurs have a greater runway when compared to other types of enterprises, likely due to the lack of payroll expenses, with an average runway of 1 year. Micro enterprises on the other hand only have an average runway of 8 months, while small enterprises have an average runway of 11 months.

We also find a gendered difference in liquidity and resilience – a quarter of women-owned businesses report having no cash reserves and no runway, compared to 1 in 5 male-owned businesses. This difference is marked in non-profitable businesses, where women-owned enterprises are approximately 1.28 times more likely to not have any cash reserves than men-owned ones. This gendered difference continues for businesses that report profits up to CZK 625,000, where women-owned enterprises are more likely than their male counterparts to not have cash reserves. This suggests that women entrepreneurs are less likely to be able to save their business profits for future business expenses.

Figure 8: Financial runway



²⁸ Eurostat data on business registrations and bankruptcies 2022

Figure 9: Cash reserves by gender

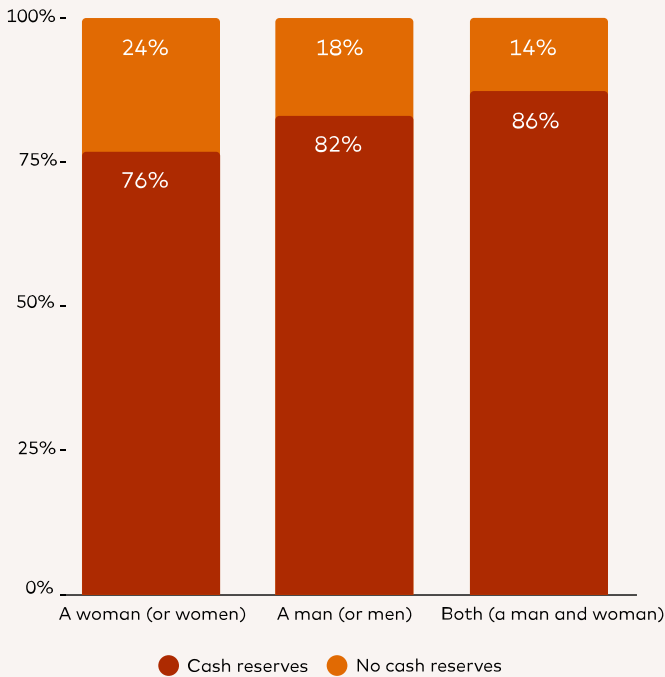
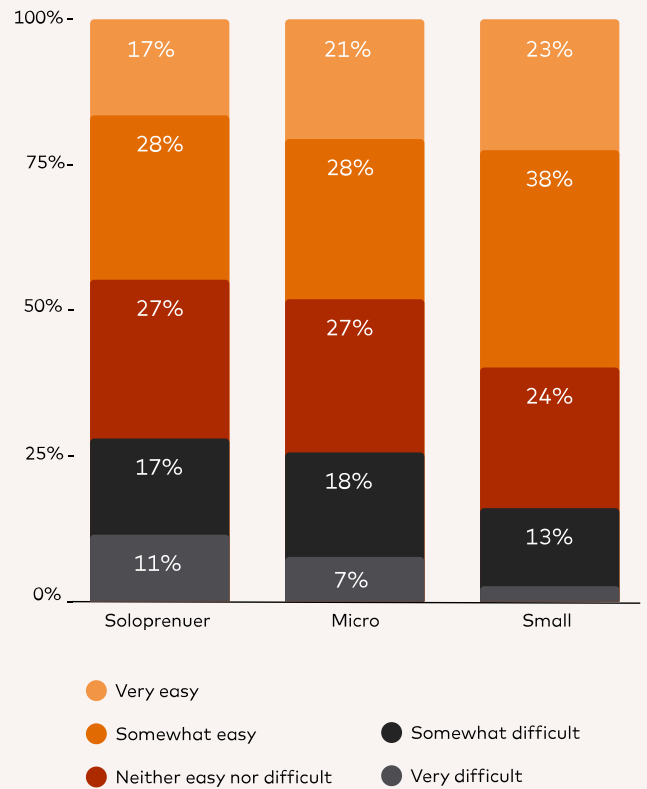


Figure 10: Ability to manage emergency expenses



Related to this, around a quarter of all enterprises report being vulnerable to financial shocks, reporting they would find it very difficult or somewhat difficult to meet an emergency expense for their business. The split here is in line with the findings on cash reserves, as seen in Figure 10; solopreneurs are likeliest to report difficulties meeting these expenses (28%), followed by microenterprises (25%) and small enterprises (15%). The lack of cash reserves reported by over a quarter of solopreneurs is likely translating into potential challenges in coping with financial shock. Meanwhile, microenterprises often straddle an awkward middle, with higher expenses than solopreneurs yet markedly lower revenues than small businesses. This accounts both for their lower financial runway, and the significant difference between them and small enterprises when it comes to difficulties meeting emergency expenses.

Interestingly, half of all entrepreneurs' report that they will use money they have been saving to meet an emergency expense, highlighting a dependency on personal financial planning over external support. This is a sentiment we explore further in the later section on Czech MSEs and External Finance.

Therefore, we see that a significant portion of businesses exhibit moderate but stable profitability, yet growth remains limited for many. Despite some enterprises demonstrating resilience with adequate cash reserves, a notable fraction are vulnerable to financial shocks and lack sufficient liquidity. Understanding these nuances is crucial if we are to understand which types of businesses and business owners may require additional support in a dynamic economic landscape.

Theme 2: Entrepreneur well-being and work-life balance

Now, on to the key actors within this landscape – the entrepreneurs themselves. In this section, we look to understand the average Czech entrepreneur, their lived experience in operating their businesses, and the financial stress and work-life balance they experience. Through this, we look to uncover how entrepreneur wellbeing and family dynamics interact with the state of their enterprises.

Micro and small enterprises, more than any of their larger cousins, are reflections of their founders and owners, and understanding these individuals is essential to informing tailored support and policy formulation. After all, nearly half (47%) of these entrepreneurs are solopreneurs, with business and personal wellbeing inexorably linked.

The typical entrepreneur in our sample is a man, aged between 35–44, with a high school diploma and no dependent children. However, much like the enterprises themselves, there is a wide spread here. While the majority of our respondents are men, women represent approximately a third of business-owners in the dataset. This gender distribution

highlights the significant involvement of women in the entrepreneurial landscape, despite the continued male dominance.

In Figure 11, we see that entrepreneurs tend to cluster in the middle age brackets, with nearly half of the sample aged between 35–54 years (24% are between 35–44, and 23% between 45–54 years). These are individuals that likely come with some experience, networks and industry knowledge, all critical assets in business sustainability and growth. In terms of their educational background, we find an educational makeup that underscores a diverse skill set and knowledge base. Nearly half of the respondents hold a high school diploma, and a substantial proportion of them, around 38%, report attaining some form of professional, tertiary, or higher education, as seen in Figure 12.

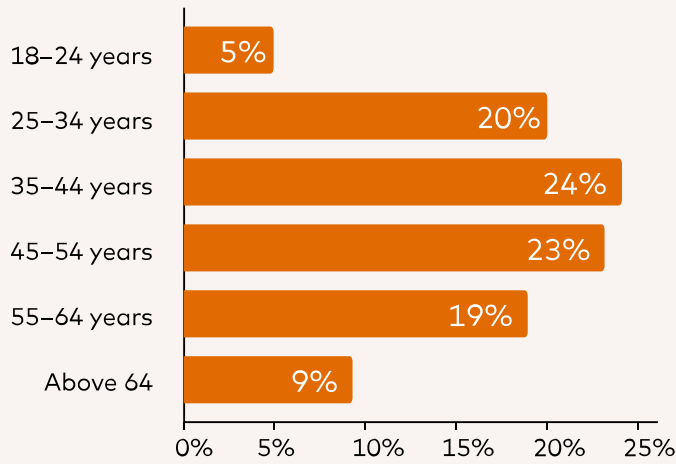


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Figure 11: Age of business owner



However, it is not just the individuals. Family dynamics play a crucial role in shaping the entrepreneurial experience, with different family structures placing varying demands on the entrepreneurs' time and resources. Notably, 34.4% of the businesses surveyed are family-owned (Figure 13), highlighting the significant role of familial support and succession in the business dynamics within Czechia.²⁹ This emphasizes the importance of family involvement in ensuring the continuity and stability of businesses in the region.

Across the entrepreneurs in our data, the importance of MSE health continues to be underscored, with nearly 4 in 5 identifying their enterprise as their primary source of income. When we dig deeper, we find that over 1 in 3 of our sample operate in single income households, heightening the financial risks associated with entrepreneurial activities and further highlighting the importance of support for this segment. Somewhat reassuringly, over half report having another income source in their household, suggesting some cushion against business volatility.

Figure 12: Education levels of business owners

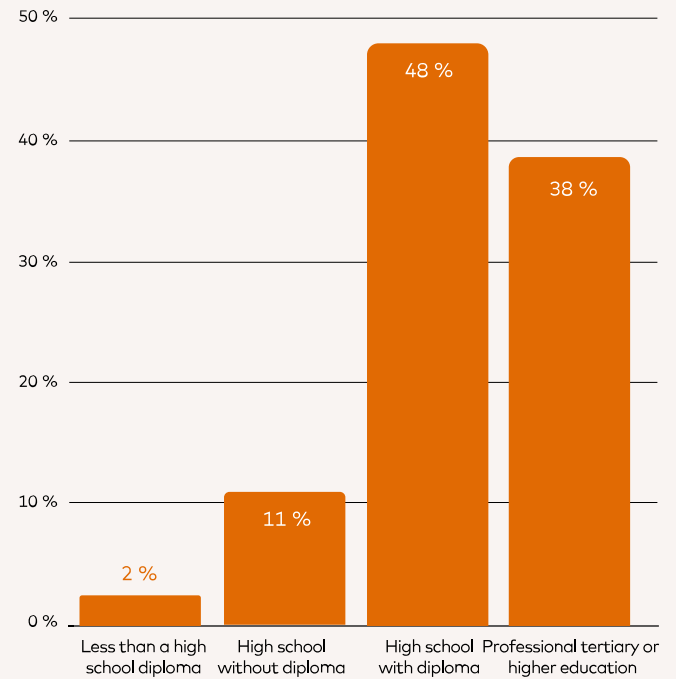
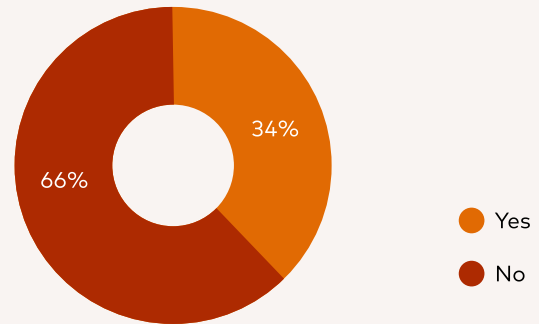


Figure 13: Is your business family-owned?



²⁹ Press release by Ministry of Industry and Trade on Family Businesses

On the same lines, over half of the business owners (50.5%) do not have any dependent children in the household (Figure 14), which might afford them greater flexibility in business commitments. Meanwhile, among those with children, around a quarter have children aged 4–6, and another quarter have toddlers aged 0–3.

Figure 14: Number of children

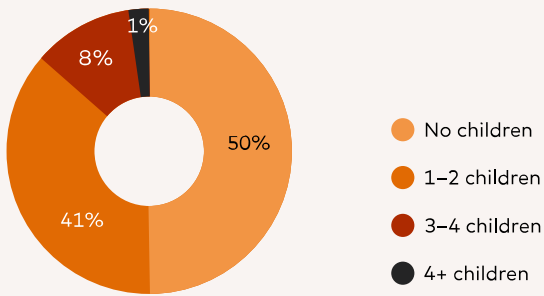
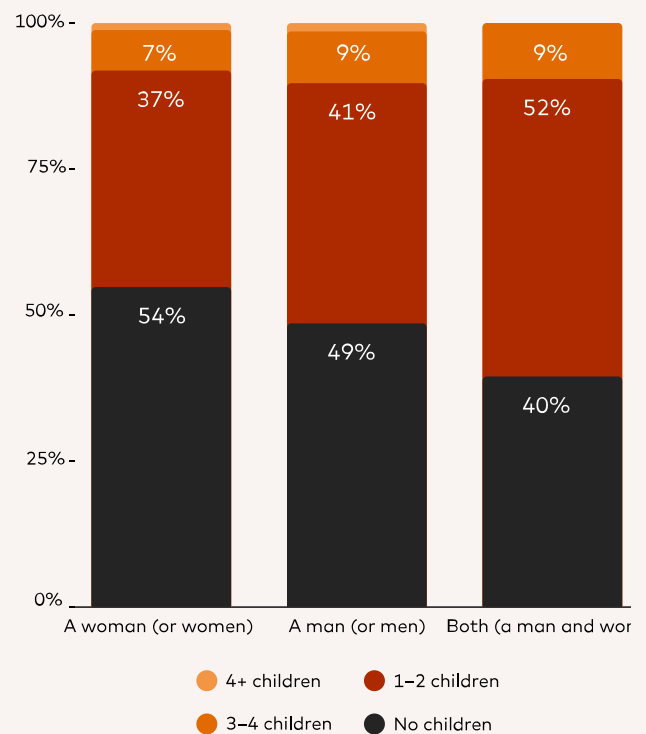


Figure 15: Number of children by gender of business owner



Work-life balance

Entrepreneurship is a highly involved role to step into, with compounding concerns around finances and work-life balance in the effort to balance business and family well-being.

In encouraging news, a significant majority of entrepreneurs in our data, 70%, report worrying about business finances once a month or less, a relatively low frequency of financial stress. Our first Barometer found that half of business owners reported increased stress around business finances, so this data makes for reassuring reading, suggesting an MSE landscape that is on its way to stabilization. Indeed, around 1 in 5 in this round reported that they never worry about business finances, highlighting a segment of entrepreneurs that are maintaining a high level of financial stability and confidence. Business maturity has a part to play here – entrepreneurs with businesses that are over 13 years old are most likely to not worry about business finances. Additionally, while we do not see a gender difference overall, women are one and a half times more likely to report worrying about their finances daily when compared to men.

However, as we have highlighted previously, entrepreneurship is about more than the entrepreneur. Parenting status significantly influences levels of financial worry across our data. Expectedly, entrepreneurs with no dependent children are significantly less likely to worry, with 23% reporting not worrying about business finances, versus 15% of those with children. While there is no statistically significant gender difference here, the age of children has an impact; entrepreneurs with children aged 0–6 report worry about finances on a weekly or monthly basis at a much higher rate compared to those with older children (53% vs. 36%).

Figure 16: Dependent children and financial worry

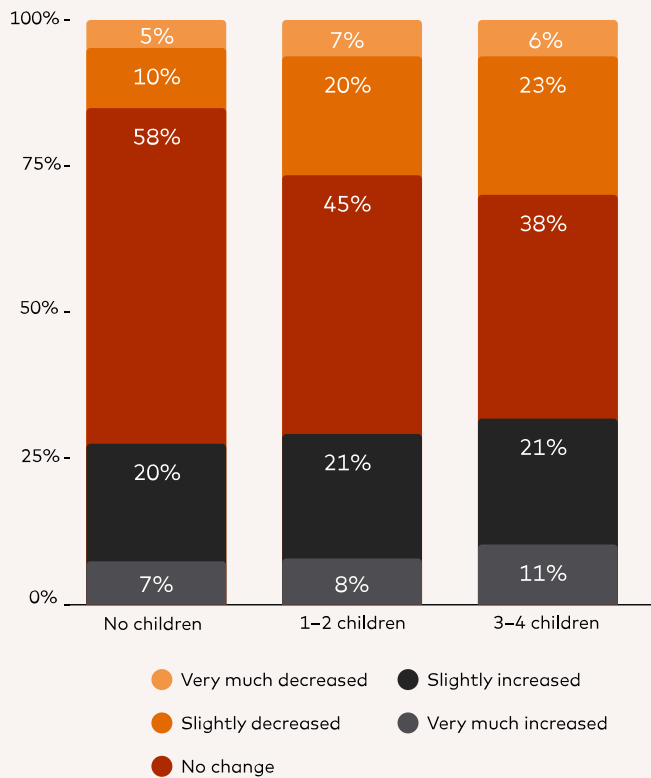
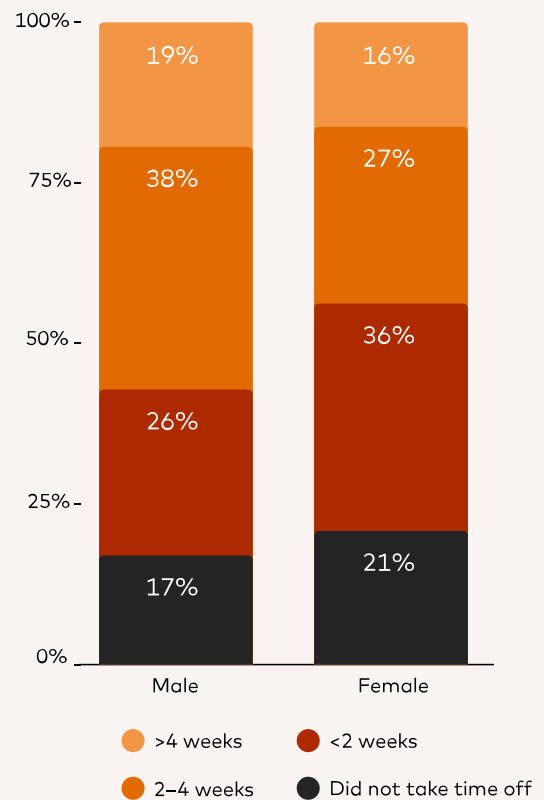


Figure 17: Time taken off (last 12 months)



Outside of this, we look at the ability to take time-off as a proxy for work-life balance, to understand how running a business is impacting our entrepreneurs. While we see a roughly even split overall (half taking less than 2 weeks off and half taking more), around 1 in 5 took no time off. There are some expected trends here – entrepreneurs who are not gainfully employed elsewhere take less vacation time compared to those with additional employment. Along similar lines, women report taking less time off than men, with over a third taking less than two weeks off compared to a quarter of men (see Figure 17).

As highlighted previously, women entrepreneurs face more barriers in running their businesses. Czech women spend a lot more time on household work than men, with childcare and general caregiving, primarily seen as a women's responsibility.³⁰ Women entrepreneurs treading the fine-line between the responsibilities of being a business owner while shouldering the brunt of their household-care burden, likely find it harder to take breaks. Given these obstacles that women entrepreneurs deal with, it is unsurprising that 19% of women entrepreneurs with children reported taking no time off in the last year, compared to 13% of men.

³⁰ Closing the gender gap in the Czech Republic

Interestingly, entrepreneurs are more optimistic about their personal time-off in the future, with nearly 40% expecting to take between 2–4 weeks off in the coming year. Still, 14% report an unwillingness to take any time off at all, reflecting the intense commitment required to run a business. We also see that entrepreneurs who worry about finances daily are notably less comfortable taking any time off in the upcoming year, with 3 in 10 expressing discomfort.

So what does this tell us?

Financial concerns vary widely, with parenting status significantly impacting levels of financial worry. While many entrepreneurs experience low financial stress, a substantial portion face ongoing challenges balancing business demands and personal commitments. As highlighted in Figure 17, there is a gender disparity here as well, with women reporting taking less time off than men. When coupled with the impact of societal expectations around family care, and disparities in profitability and financial stability, these gendered differences call for targeted support for female entrepreneurs.

These findings highlight the importance of tailored support measures to foster a dynamic and resilient entrepreneurial ecosystem. Understanding the diverse needs and challenges of different business types and owner profiles is crucial for devising effective strategies to enhance business growth and sustainability in Czechia.

The following sections dive deeper into awareness and access of external finance for Czech MSEs, and look to understand gaps in the landscape where both public and private stakeholders can play important roles.



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Case study 1

In the bustling city of Brno, Jindřich, a seasoned entrepreneur with a background in economics, runs an enterprise in the finance and insurance sector. His micro-business, though modest in size, offers critical financial solutions to foster growth among other businesses.

Jindřich's journey into entrepreneurship was a natural progression from his academic pursuits and professional experiences. With a Masters' degree in Economics and years of banking and corporate experience, he transitioned into running multiple businesses, including a warehouse and various financial ventures. *"I like to help people that have a financial aim but also an ethical goal,"* Jindřich shares, reflecting his commitment to impactful business practices.

Navigating the complexities of financing, especially in Central Europe, presents unique challenges. Jindřich highlights the reliance on traditional bank loans and private equity as primary financing options. *"In central Europe, we are very focused on banks as financing options,"* he explains. Despite the availability of various financial instruments, the stringent criteria and historical focus of Czech banks pose significant hurdles. *"Compared to financing in the USA, the banks are more interested in your past. Not the future,"* Jindřich notes, emphasizing the inflexibility that often stifles new ventures.

Securing capital has not been without its trials. *"The market is full of not-so-serious investors. So you have to do your research,"* Jindřich advises. However, his extensive network and solid business reputation have facilitated access to necessary funds, including credit account loans from institutions like Raiffeisen

bank. This experience underscores the importance of credibility and performance history in navigating the Czech financial landscape.

Jindřich expresses satisfaction with the private financing options available, attributing his success to his established business history. *"I have no trouble qualifying for loans/lines of credit,"* he says. Moreover, the support from government-backed agencies has simplified the financing process, making substantial loans more accessible.

Reflecting on the broader financial environment, Jindřich acknowledges the systemic challenges faced by small businesses, particularly those with slower growth trajectories. *"A small business that is growing slow can have trouble,"* he observes, pointing to the rigid loan qualification criteria based on historical performance.

Despite these challenges, Jindřich's entrepreneurial spirit remains unyielding. He strongly endorses entrepreneurship, *"I would recommend running your own business to my friends and family,"* he asserts, highlighting the freedom and satisfaction it brings. The flexibility of modern business practices, especially post-COVID, has further empowered him, allowing for a balanced lifestyle that includes travel and remote management.

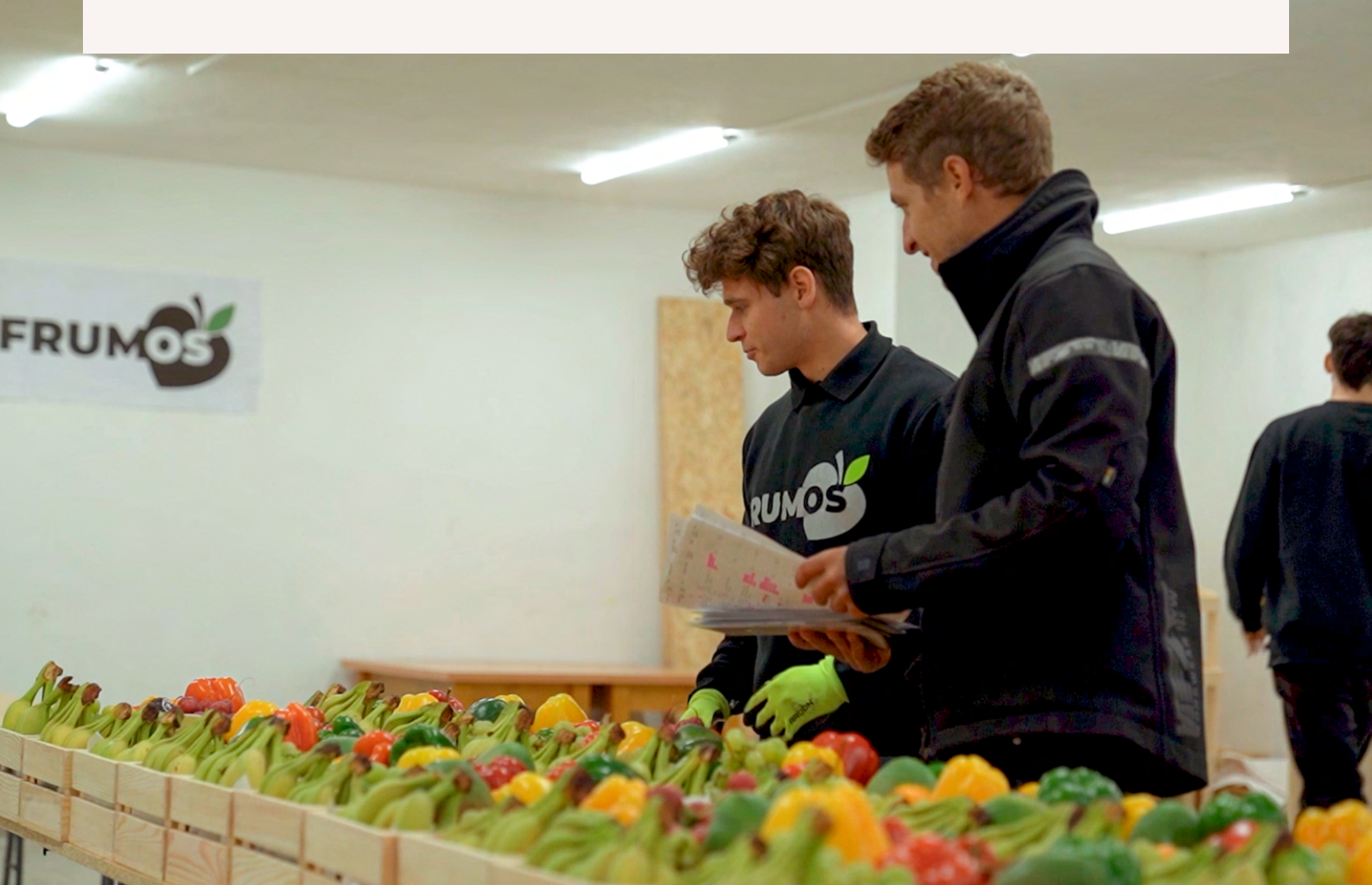
Jindřich's story, set against the backdrop of financial challenges, resilient entrepreneurship, and the evolving business landscape in Czechia, illuminates the path of a determined MSE owner committed to making a significant impact in his community.

Theme 3: Czech MSEs and external finance

Adequate and timely financing is essential for enterprises, whether they aim to grow or simply continue operations. Be it working capital, investments in expansion, or funds to tide over emergencies, external financing is important for businesses of all size and shape. In the context of MSEs, this is only exacerbated. Globally, MSEs face a substantial credit gap – with an estimated USD 5.7 trillion demand for credit from MSEs in emerging markets.³¹

MSEs often struggle with challenges ranging from high informal sector demand to limited financial infrastructure and economic instability.³² Recent OECD reports show that the stock of SME loans has seen a decrease overall, across borders.³³ Efforts to enhance economic transformation, including improving access to financing, could support economic recovery and growth.³⁴

The Czech government’s Strategy to Support SMEs in the Czech Republic 2021–2027 emphasizes expanding financial options beyond traditional banking, encouraging a diverse range of funding sources to support businesses at all stages of development.³⁵ A few of the objectives outlined in the strategy that go beyond debt financing options include increasing interest in the possibility of financing enterprises through the capital market, and intensifying the use of venture capital. Furthermore, addressing structural gendered barriers and improving access to finance for women-led businesses, could add up to EUR 20 billion to the Czech annual GDP by 2030, equivalent to a 7.8% increase over a business-as-usual scenario.³⁶



³¹ MSME Finance | International Finance Corporation

³² CGAP, 2021

³³ Financing SMEs and Entrepreneurs 2024

³⁴ IMF, 2023

³⁵ Strategy to support small and medium-sized enterprises in the Czech Republic

³⁶ Closing the gender gap in the Czech Republic

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Understanding business behavior

Making a choice on an external source of finance is not only dependent on how the source is offered, but is also related to the attitudes of MSE owners on how they approach capital-related decisions. Research shows that an MSE owner's own beliefs about financial decisions and their experiences of trying to access finance influence whether or not they choose to use external funds to run their businesses.³⁷ Endogenous factors like entrepreneurial psychology have strong correlations with business outcomes, according to the Framework for MSME Financial Health.³⁸

When entrepreneurs anticipate or have experienced a rejection, especially due to stringent eligibility rules and criteria from financial institutions, this acts as a deterrent against such pathways in the future. Czech banks have placed higher demands on the financial health of borrowers, set stricter rules for credit risk management and also upped the collateral requirements in the recent past.³⁹ All of these factors contribute to an existing aversion of choosing external finance, exacerbating the sentiment that any money from outside comes at a cost for Czech MSEs. Reframing the narrative to look at external capital as an opportunity to grow business would be a first step in encouraging higher uptake of the various options available.

Business size matters. Micro enterprises, although larger than solopreneur-led businesses, are less likely to look towards debt or other options – as these businesses balance that fine line between higher expenses than solopreneurs but lower revenues when compared to larger small businesses.

The latest Survey on Access to Finance of Enterprise in the Eurozone reports that firms perceive macroeconomic outlook to be the main factor hampering the availability of external financing, which speaks to how macroeconomic factors could play a role in whether entrepreneurs even look to access said financing.⁴⁰

Additionally, we observe a gender difference when it comes to how men and women run their businesses.⁴¹ In a recent survey, 18% of women entrepreneurs reported 'family and personal issues' as a reason to exit business operations, when compared to 12.6% of men.⁴² Data from this Barometer has shown us that women are more likely to worry about



their business finances, report lower business profitability than men, and also are less likely to take time off. Notably, women in Europe are also more likely to continue to report pandemic-related impacts as a reason to exit businesses.⁴³

So what is the current state of financing? In the first edition of our Barometer, we found a financing gap in Czechia, where only 20% of enterprises had accessed credit, but up to 64% answering "yes" to taking a loan if offered. In this year's edition, we look to unpack this further.

At an overall level, respondents were asked about their awareness, uptake, and perceptions of external financing and debt. They were then asked about their experiences and willingness to access two specific types of external financing; formal and private sources of debt and credit, and public financing support available to entrepreneurs.

³⁷ The influence of behavioral factors on SMES' owners intention to adopt private finance

³⁸ A Framework for Understanding the Financial Health of MSME Entrepreneurs, 2020

³⁹ OECD SME Financing Report, 2020

⁴⁰ Survey on the Access to Finance of Enterprises, 2024

⁴¹ Striving to Thrive Part 2: Czech MSEs in 2023

⁴² Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report

⁴³ Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report

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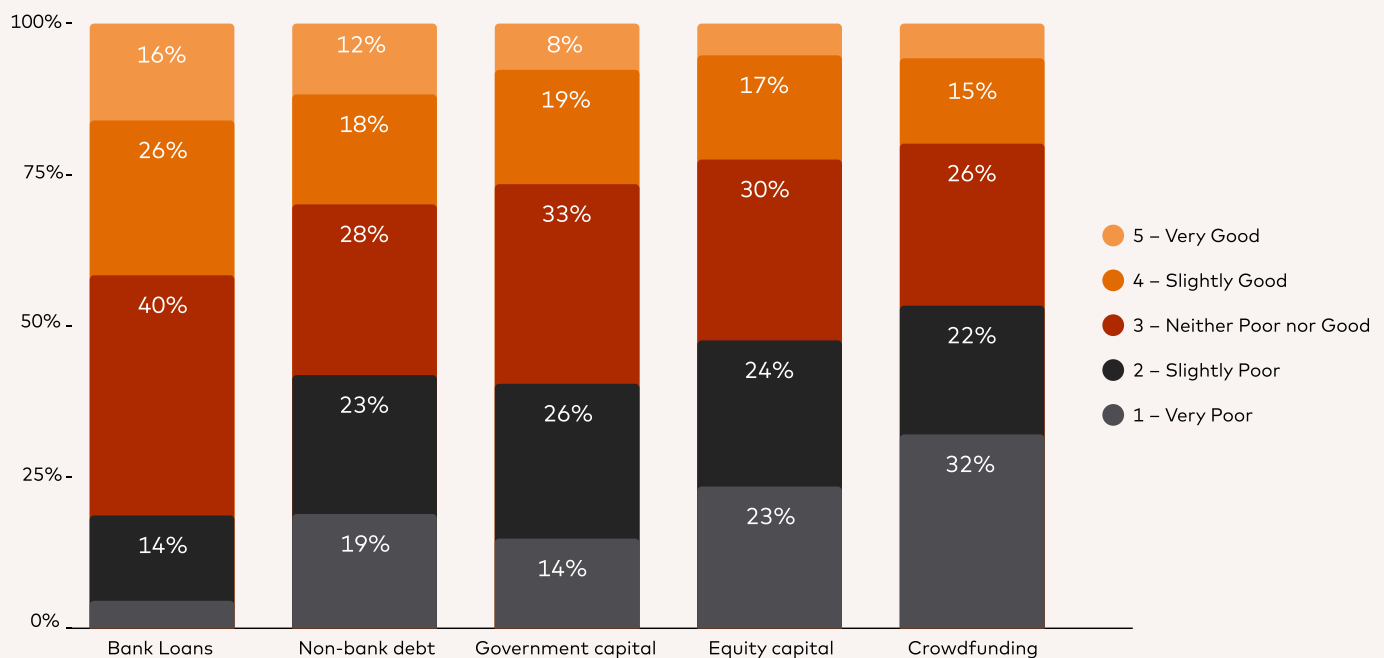
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Awareness of external financing is low, as is engagement and uptake

Levels of awareness of financing options among entrepreneurs make for sobering reading. Starting with bank loans, 1 in 5 of all entrepreneurs describe their awareness as somewhat or very poor. Gender is not a major factor here, with both men and women reporting similar awareness levels, but this gap is exacerbated further based on education levels. Entrepreneurs with less than a high school diploma show a considerable lack of awareness, with 47% reporting poor awareness of bank loans, in contrast to only 16% of those with a high school diploma or more.

Over 2 in 5 report poor awareness of government financing and non-bank debt options (as seen in Figure 18), a number that rises to nearly half when it comes to equity capital options and crowdfunding. Age also comes into play here. Around half of entrepreneurs aged between 45–54 indicate a poor understanding of government financing and equity capital. Crowdfunding is least understood overall; over 1 in 2 respondents report poor awareness, rising to around 2 in 3 for those over 45.

Figure 18: Financial awareness



We observe a small regional disparity in the awareness of external financing options, with businesses located in the capital city of Prague reporting better awareness across the board. 45% of MSEs in Prague rate their awareness of bank loans as good, compared to 40% of others. We also witness this small disparity when we look at awareness of government financing, with 30% of Prague MSEs reporting a good understanding compared to 27% of MSEs elsewhere in the country.

This gap in awareness is not new information. The Czech government has explicitly highlighted the need to bridge the significant gap in entrepreneurs' understanding of available financing options and new forms of funding.⁴⁴ So what are the levers we can to bridge this gap?

⁴⁴ Strategy to support small and medium-sized enterprises in the Czech Republic

When it comes to the sources of information entrepreneurs use to learn about private financing options, we see a wide but mostly equitable spread. 37% seek information directly from financial institutions, and around a third fall into each of the other sources, namely official government or EU websites, search engines, social media, and advice from other business owners. We also observe some differences here based on the education levels of entrepreneurs. Existing literature has found that education levels are strongly correlated with financial literacy.⁴⁵ In our data, we see that 53% of the entrepreneurs who have less than a high school diploma look to source information are more likely to source information from other business owners. This likely stems from a lack of knowledge of or comfort with institutional sources of information.

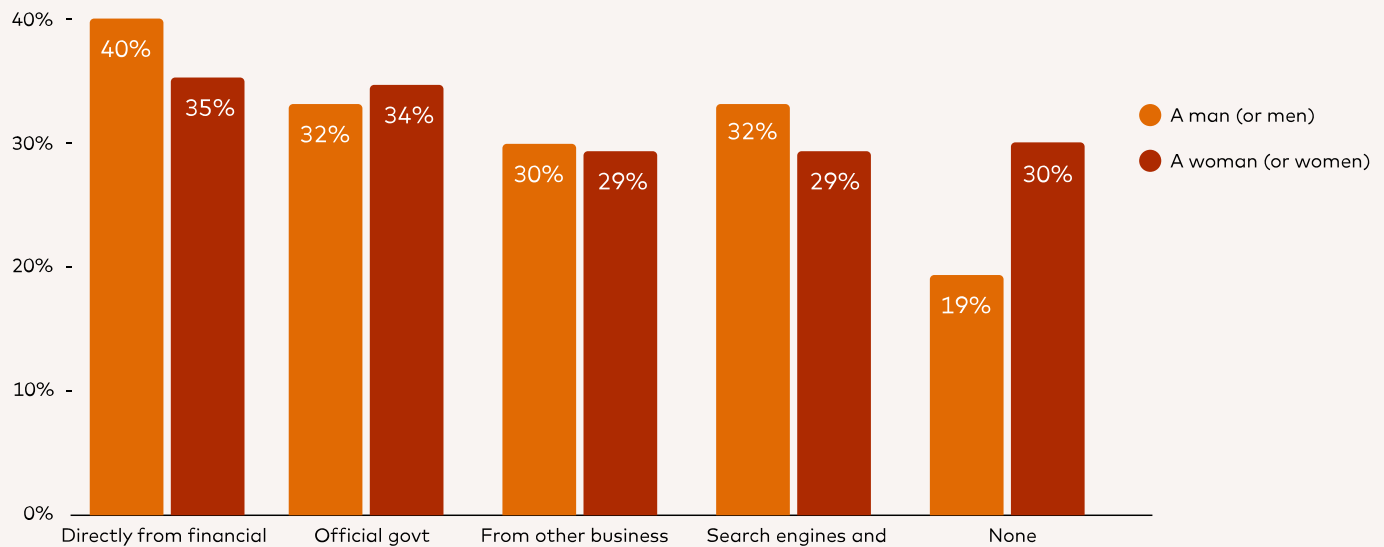
Notably, nearly a quarter of entrepreneurs do not actively seek out information on private financing. Women are significantly more likely to not actively track financing options, with close to 3 in 10 not keeping track through any sources, compared to around 2 in 10 men. Even within those seeking information, men are more likely to source information directly from financial institutions, compared to women (40% vs 35%). This is a reflection of the larger

gendered challenges with financial literacy globally and in the EU, a challenge that has been recognized by institutions such as the EBF (European Banking Federation).⁴⁶

We see similar trends in knowledge around government support. Over 2 in 5 entrepreneurs rely on official government sources for knowledge, and again, a quarter (25%) report not actively seeking information. The gender gap continues here as well, with 30% of women entrepreneurs again reporting no active source of information, compared to a quarter of their male counterparts, as seen in Figure 19.

The awareness data does imply that one size does not fit all, and entrepreneurs in the country access their information from a wide range of options. Financial institutions and policymakers should strategically target development of innovative tailored communication campaigns, especially to target women-led businesses and entrepreneurs with lower financial awareness overall. Targeted outreach to these MSEs can help them better understand what funding options are relevant to them at different stages of their business.

Figure 19: Sources of information (private finance)



⁴⁵ Financial literacy and inclusive growth in the European Union

⁴⁶ A golden key, and not a silver bullet: addressing the gender gap in financial literacy as part of a broader strategy for economic empowerment

Engagement and uptake of private finance options

We see a marked aversion to debt among Czech MSE owners. In our data, around 2 in 5 entrepreneurs do not think that a business loan is for someone like them. This is expected, with age a major factor here, as generations born and raised in the post-communist era are much more likely to be comfortable with the idea of debt. Our analysis supports this hypothesis, over half of entrepreneurs between 55–64 do not think a business loan is for them, compared to only 30% of those between 18–34.

The overall aversion to debt is also reflected in uptake. Just over a quarter of entrepreneurs have attempted to access any form of private financing in the past three years. We observe some regional differences here as well, with over 30% of entrepreneurs in Prague having attempted to access credit or loans, compared to 21% across Central Bohemian and South Moravian regions (the second most represented regions in the dataset).

Over 3 in 5 of those not attempting to access financing prefer to remain debt-free, and again, nearly half of those over the age of 55 cite this as their primary reason. Otherwise, respondents across our sample talk about the financial burden of loans as a concern, and perceive business debt as an unnecessary cost to their work.

Business size is another key factor in uptake. Half of small business owners have reported accessing formal private financing in the past three years. They are also more likely to obtain formal loans, as they typically fit eligibility criteria better, and tend to have the collateral to qualify. They also typically have a larger need for financing in order to address needs such as working capital. On the contrary, only around 1 in 10 solopreneurs have attempted to access external funding, with that share rising to 3 in 10 for micro businesses.

Figure 20: Access to private finance

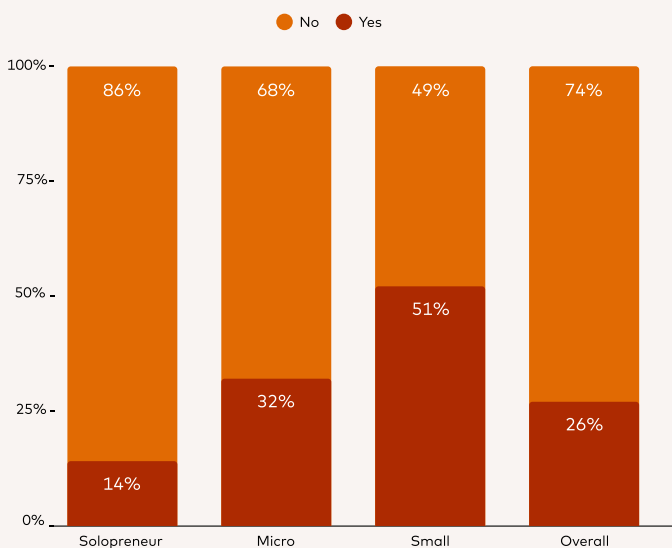
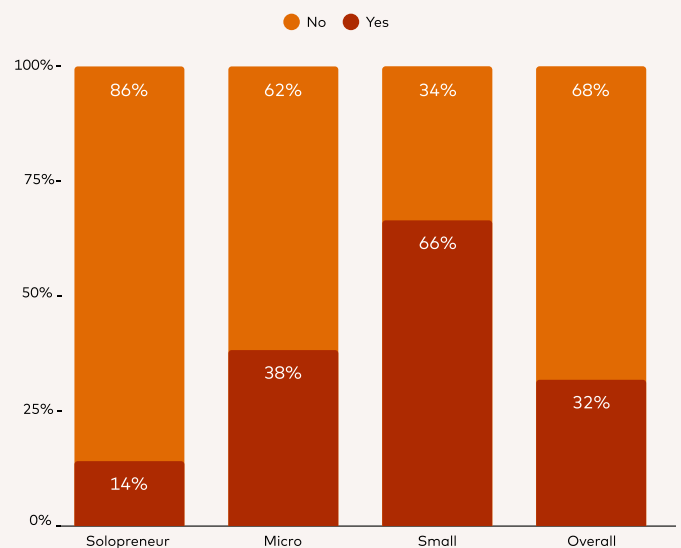


Figure 21: Access to government finance



Perhaps expectedly, a slightly higher proportion, around 3 in 10, attempted to access government financing options during the same period. This is likely because government financing options typically are supplementary or ex-post

(i.e. as reimbursement of expenses already undertaken on projects), and are not in the form of direct debt, resulting in higher uptake than a private loan.

There are interesting trends here – significantly fewer solopreneurs have attempted to access government financing compared to micro and small enterprises. This is likely due to the more complex eligibility requirements and minimum funding amounts associated with government financing options that are often too cumbersome or large for solopreneurs and micro-enterprises.

We also see a noticeable overlap here – about half of those who applied for private credit also attempted to access government financing options, suggesting that those open to financing are willing to explore multiple avenues to access it.

A lack of need is the most common reason given by entrepreneurs who did not access external financing. Interestingly, this is a more likely reason for those not accessing private finance (71%), than with government financing (65%), likely a function of the same aversion to debt highlighted earlier. When taken in conjunction with the prevalence of profitable solopreneurs with low revenues and relatively high profits highlighted in our first section, this overall aversion to accessing financing could be a factor

of enterprises with little desire to grow, especially considering the additional risk and responsibility that said growth could bring.

Regionally, again, we observe small differences with businesses based in Prague and the rest of Czechia. 31% of MSEs in Prague have accessed private loans in the past three years, compared to 25% of MSEs in all other regions. It is noteworthy that this difference does not appear when we look at access to government finance. This is likely resulting from the higher awareness of private financing options reported by respondents in the capital city of Prague (45%), relative to the rest of the country (40%).

Interestingly, as seen in Figure 22, there is no significant gender disparity in attempts to access private financing, with similar proportions of male and female entrepreneurs (27% vs. 23%). The disparity appears when we look at attempts to access government support, where only a quarter of women-led businesses have attempted to source government financing, compared to around a third of businesses led by men (see Figure 23).

Figure 22: Access to private finance by gender

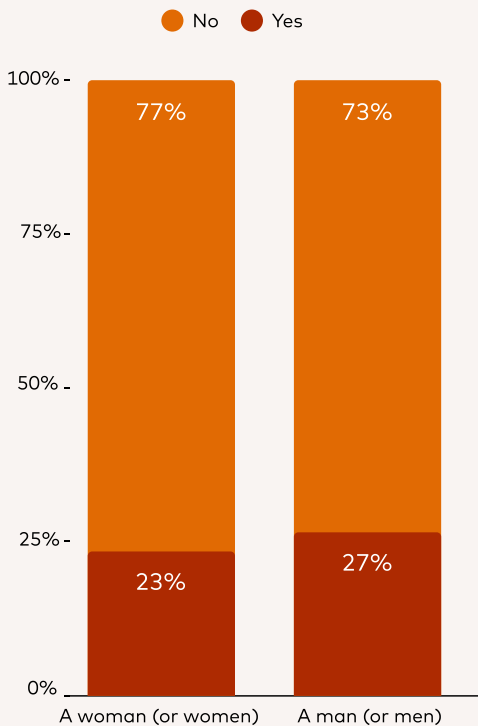
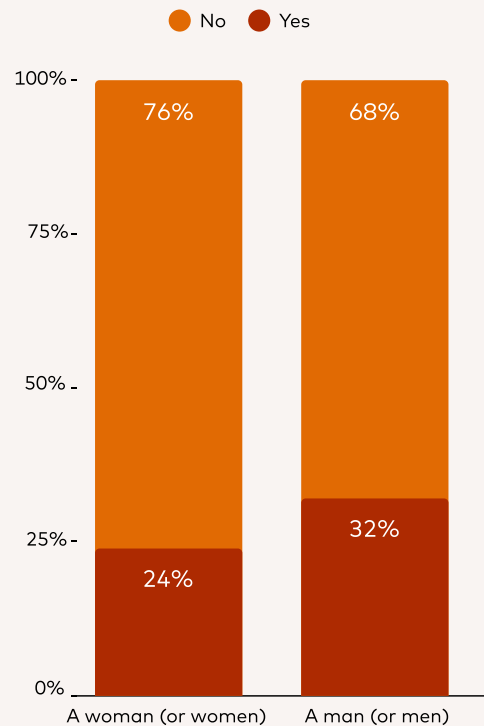


Figure 23: Access to government finance by gender



Case study 2

Originally having studied architecture, Jana transitioned to a career in graphic design and now lives in Prague with her partner. She has spent the last six years operating her own business, previously having worked for graphic studios and advertising agencies. *"Now I only work for myself,"* she states, collaborating with clients on branding, visualizations, and marketing campaigns. Despite the challenges of running her own business, Jana appreciates the flexibility of being her own boss. However, operating a B2C model as a solopreneur means she often faces tight delivery deadlines from clients. She notes the irony of having the freedom to take vacations but often finding herself working weekends and unable to travel.

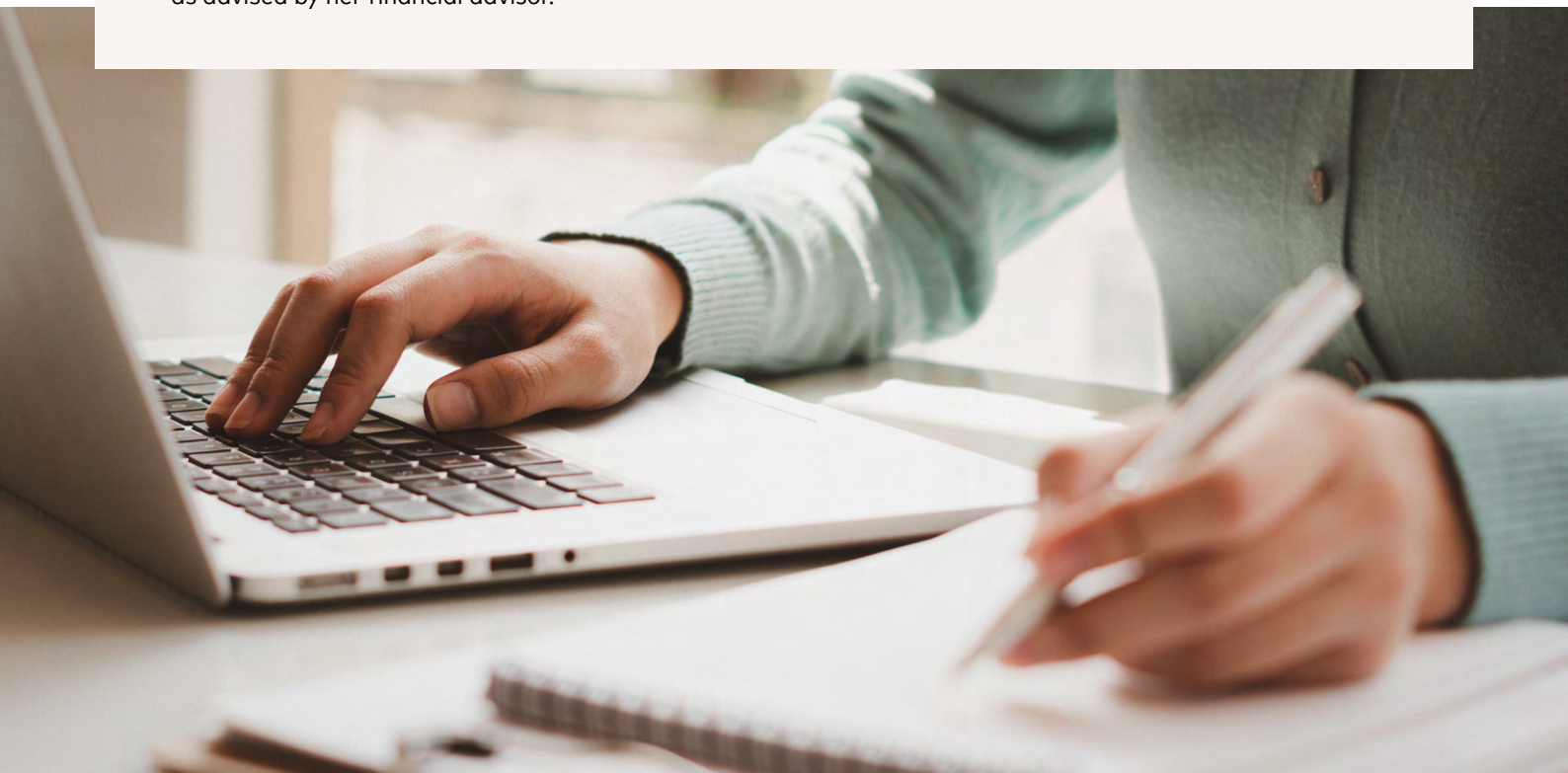
Jana expresses a cautious approach to financing, preferring to avoid loans which she views as potentially unstable or reckless. *"It seems suitable only for those at the beginning of their entrepreneurial path,"* she remarks. Working from home as a subcontractor helps her control costs, which mainly involve software expenses. While she might consider a loan to expand and hire additional staff, this is not currently in her plans.

Direct interactions with banks serve as Jana's primary source for financial information, and she appreciates the private financing options available as a safety net, as advised by her financial advisor.

She criticizes the Czech government for offering no appealing incentives for small business owners like herself. *"The government doesn't offer me anything, and this year costs have worsened for business owners,"* Jana laments, highlighting the challenges posed by high inflation and increasing taxes. As a solopreneur, she feels the pressure of rising costs without the leeway to increase client charges proportionally.

The only external aid Jana has pursued and received is COVID relief funds designated for small businesses. *"I don't feel substantial enough to attract investors,"* she admits. She and her partner are contemplating a move within the European Union to a country with a better support ecosystem, which she believes might also enhance her earning potential.

Jana's experience mirrors that of many solopreneurs in Czechia, who are striving to sustain their businesses amid escalating costs. Extending support beyond direct financial assistance, such as fostering networking opportunities for women and showcasing role models to help them visualize growth pathways could significantly bolster their efforts in running successful enterprises.



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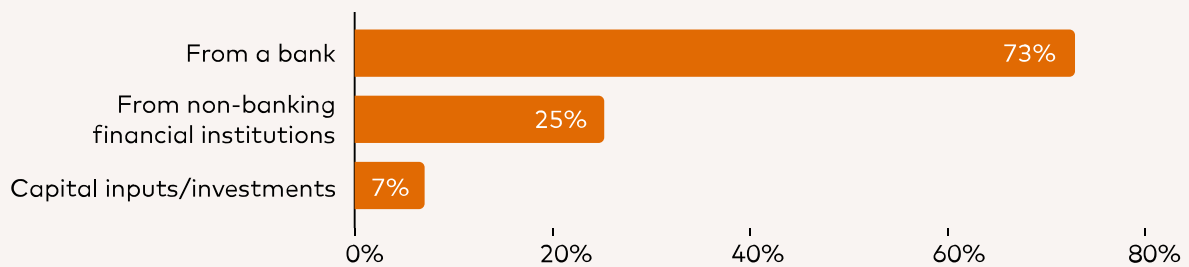
Challenging to obtain, a burden to repay, but impactful nonetheless

Entrepreneurs looking to access private financing have predominantly done this through formal banking channels. We see that nearly three quarters of those seeking private finance go to banks, and around a quarter approach formal, non-banking financial institutions (as seen in Figure 24).

Of those that applied to formal finance, 2 in 5 were looking for working capital and 3 in 10 looked for an overdraft, suggesting primary drivers were a need to cover expenses and

secure operational funding. Investing in growth is a tertiary reason, with only around a quarter citing this as a reason. As highlighted earlier, growth has not been a priority of the MSE sector in recent years, with the economy contracting in 2023, along with EU MSEs overall suffering in the aftermath of the pandemic. In such an environment, it is unsurprising that stability was prioritized over growth, informing this trend of seeking finances to fund operations and expenditures, as opposed to expansion and scale.

Figure 24: Sources of private finance



Looking deeper, we find no significant gender disparity in attempting to access external private financing, but age and business size play a role. Younger entrepreneurs are significantly more likely to have attempted accessing private financing compared to their older counterparts (see Figure 25). We observe similar trends when we take a closer look at the age of businesses (Figure 26). Entrepreneurs running businesses that are 6 years or younger are more likely to have accessed external financing in the last three years. This mirrors findings on aversion to debt, and is likely rooted in sociocultural trends that make older entrepreneurs, and more broadly older generations, in Czechia more risk averse.

Figure 25: Access to private finance by age group of entrepreneur

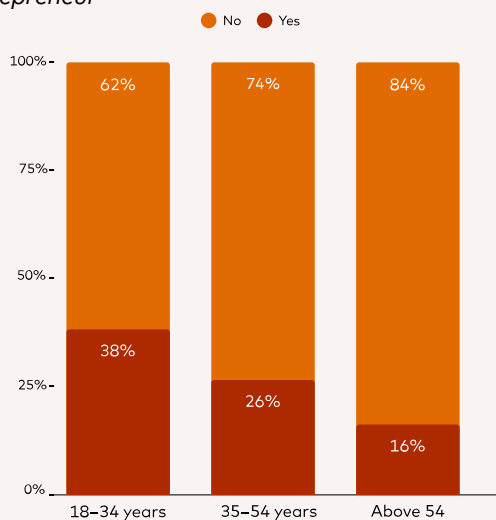
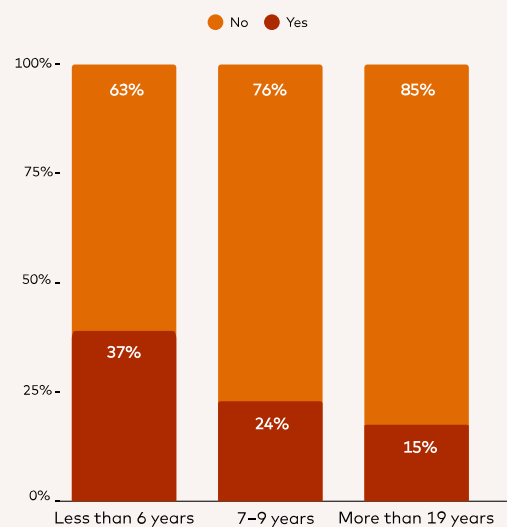


Figure 26: Access to private finance by age of business



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Figure 27: Access to private finance by business size

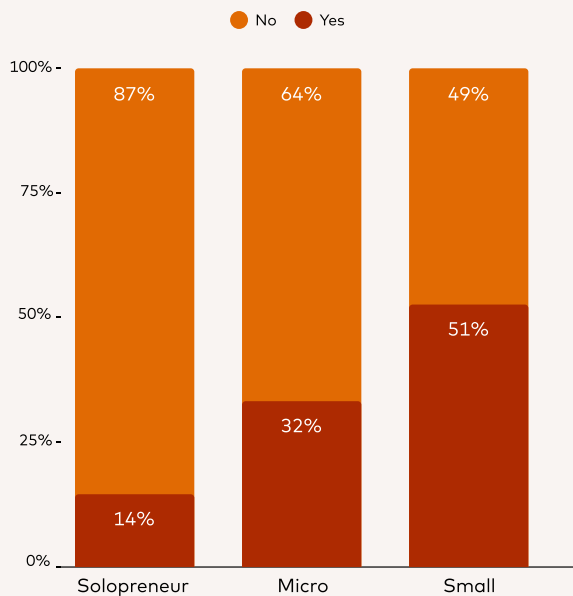
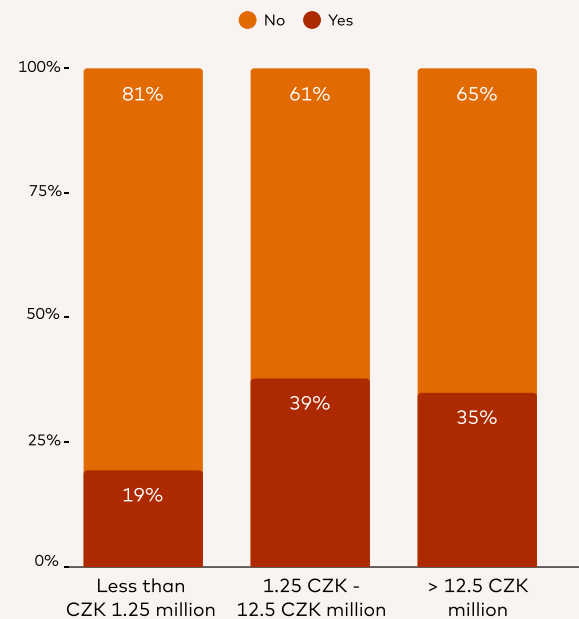


Figure 28: Access to private finance by turnover



Business size and turnover do have an impact on attempts to access private financing (Figures 27 and 28). The scale of operation of enterprises is often drastically different, and (relatively) larger MSEs may need to rely on external financing to fund both operating costs and expansion. The data supports this hypothesis; over half of all small businesses have attempted to access private financing, compared to over 1 in 10 solopreneurs. Turnover shows the same story, businesses with revenues under CZK 1.25 million are less likely to have applied for loans than those over that revenue bracket.

Understanding success rates and challenges with accessing external finance

The entrepreneurs who did attempt to access finance report a variety of challenges. This ranges from high interest rates to inadequate loan sizes and stringent collateral requirements. All these challenges underline a similar throughline, a difficulty in matching financing needs and ability with available products.

Encouragingly, despite these challenges, over 2 in 3 of those who applied for formal financing were successful in their applications. Among those successful, a majority received the full amount they applied for, but around 1 in 10 received a smaller loan. Entrepreneurs who applied for loans for capital investment in the business were most likely to receive the same amount they had applied for, followed by those who

were seeking support for digitization. On the other hand, albeit with a smaller sample size, we see that entrepreneurs applying for loans for working capital or inventory tend to receive a smaller loan than they applied for.

Worryingly, most entrepreneurs whose loan applications were rejected mostly report being unaware of any specific reason for rejection. This opacity can prevent entrepreneurs from reapplying, being unsure of previous reasons for rejection preventing them from understanding how to improve their likelihood of being approved in the future. This also signals the need for more transparent communication and feedback, in order to avoid discouraging MSEs from seeking external financial support.

Of the ones that did share reasons for rejection, insufficiency of business income, and their performance as mentioned in SOLUS were the top reported reasons.⁴⁷ While these are specific reasons, a few also reported broader lender unwillingness, again, highlighting the need for transparency through the process.

Interestingly, over 1 in 10 of respondents who were unsuccessful in their loan application over the past three years report that their business's ability to pay bills has significantly decreased in the past year, versus only 1% of those that succeeded. Similarly, 55% of loan recipients report slight or significant increases in revenue, versus only a quarter of those who were unsuccessful, and 35% of those who have not attempted to access loans in the last three years. It is perhaps unlikely that accessing the loan was the sole driver of these differences, as business health plays into the success of loan applications. However, the difference

between loan recipients and those not even attempting to access private finance, suggests that access to external capital has indeed had some impact on business health.

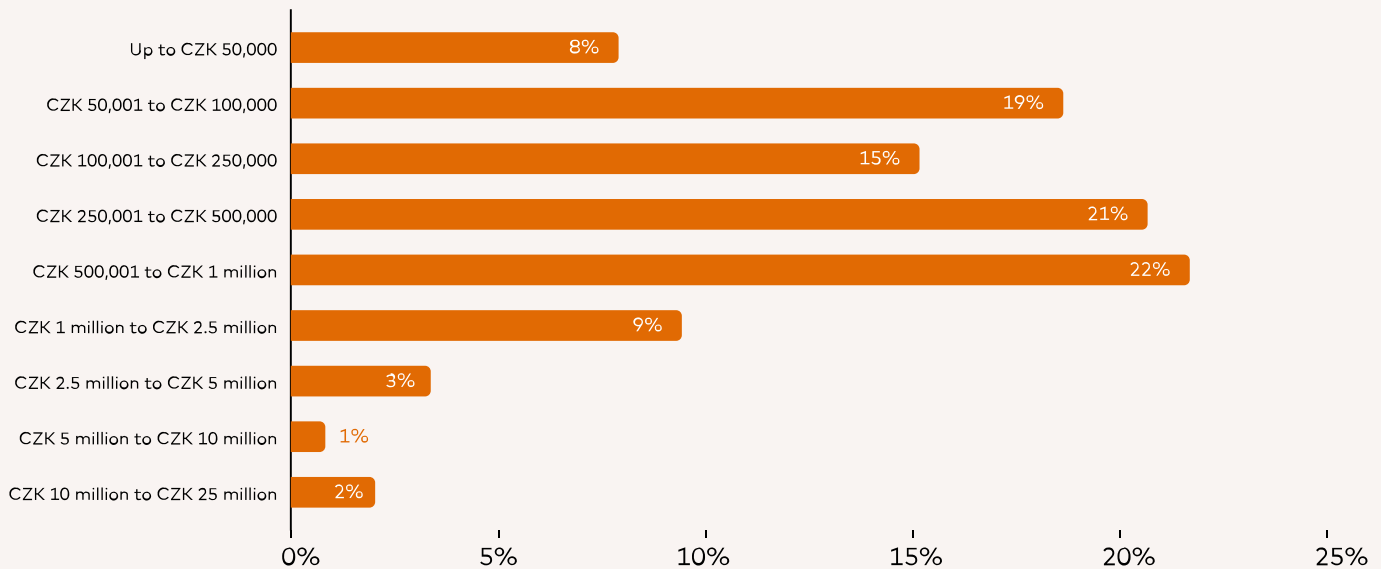
Despite this, satisfaction levels are mixed. 16% of loan recipients regret taking a loan, and an overwhelming majority view their loans as a burden, a trend that holds across all segments. Interestingly, men-led businesses are more likely to report regret (18% vs 10% of women-led businesses). Age is also relevant here, with younger entrepreneurs less likely than older entrepreneurs to regret taking on loans (24% of those below 34, vs 42% of those 35–54 and 32% above 55 years).

3 in 10 businesses have even taken on additional debt to repay business loans, suggesting significant financial pressure associated with debt.

Access to government financing: a similar story, with some caveats

Within government financing, grants or subsidies are the most common form of support sought. Of the enterprises that sought to access government financing, most looked to access moderate amounts, with the largest share between CZK 500,000 and 1 million (22%), followed by 250,000 and 500,000 (21%), as seen in Figure 29. Overall, 85% had looked to access amounts under CZK 1 million.

Figure 29: Amount of government loan accessed



⁴⁷ SOLUS is a credit information system in Czechia that collects and provides data on consumer debt, payment behavior, and creditworthiness to assist lenders and creditors in making informed decisions about granting credit.

However, accessing these funds is also fraught with unique challenges, ranging from complex application procedures, stringent eligibility criteria, and long approval timelines. These barriers seem to deter entrepreneurs, especially those who may not have the resources or knowledge to navigate the complex bureaucratic processes. Despite the obstacles, the success rate for accessing government financing is relatively high at 70%, suggesting that those who manage to navigate the application process often succeed in obtaining funds.

Much like with private financing, age and business size are linked to the likelihood of attempting to access government support (see Figures 30 and 31). Younger entrepreneurs (18–34 years) are more active in seeking out these opportunities, with 46% attempting to access government support in the last three years, compared to only 31% and 19% in the 35–54 and above 54 years age groups, respectively. Small enterprises (10–49 employees) are also significantly more likely to have tried to access government financing (66%), compared to micro (38%) and solo (14%) enterprises.

Figure 30: Application Rates for government funding by age

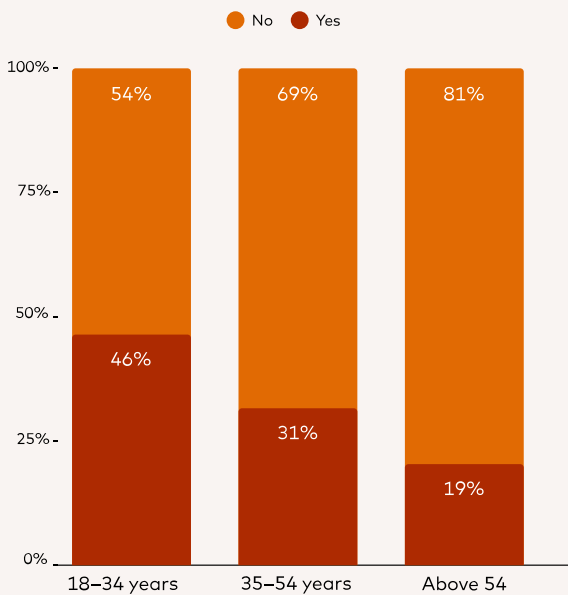
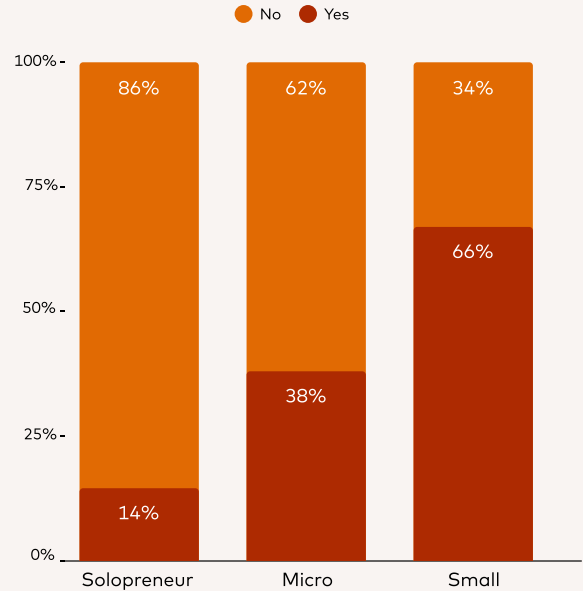


Figure 31: Application rates for government funding by business size



When taken in conjunction with the reported barriers, younger entrepreneurs and larger businesses might be better placed to access current forms of government support, either due to higher eligibility, or better capabilities to manage the complexities of application.

Case study 3

Petr, who lives in Kroměříž with his wife and three children, heads a profitable real estate business based in Prague. An avid traveler, he has explored 147 countries and meticulously plans his vacations six months in advance to manage his professional responsibilities. His company employs over 45 people, offering comprehensive services for those interested in buying land or homes in the area.

The business generates more than CZK 260 million in turnover. *"A lot of our financing comes from our profits,"* Petr explains, noting that he also utilizes bank loans and receives financial support from Czech government and European Union programs. Having a financial advisor has enabled Petr to effectively navigate his financing options and maintain a strong record of repaying loans on time.

"We have looked into government loans, but there is a lot of bureaucracy involved," Petr reveals. He contrasts the lengthy government process, which can take between six months to 18 months, with the quicker response from banks, typically within a week. *"Being 'good customers of the bank' helps us leverage our relationship and track record for better loan terms,"* he adds.

Petr observes that the Czech government tends to favor certain sectors, excluding real estate. When funding is accessible, it is often less than what is applied for, and stringent checks ensure proper use of funds, adding complications for SMEs.

"It's hard for small businesses," Petr shares, suggesting that hiring additional staff to seek out resources can mitigate the effort required to secure capital. *"I don't think small businesses know that the resources exist,"* he states, adding, *"The government has information about resources available, but I'm not sure it always gets to the right people."*

Petr's experience of challenges accessing government capital as a small business (relatively larger than solopreneurs and micro enterprises) showcases how this process can be more cumbersome for entrepreneurs who do not have the necessary resources at their disposal, i.e. time and additional staff to assist. This also highlights the necessity for improved communication and support structures to assist small businesses in accessing and utilizing financial resources effectively.



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Looking to the future

When asked about future plans, these entrepreneurs show a continuation of their somewhat conservative stance, with nearly three in five having no plans to pursue external finance in the next year. These numbers are comparable to the behavior of MSEs we see in other countries as well, for example, only a third of SMEs reported considering external financing in the coming year in the latest UK SME Finance Survey.⁴⁸

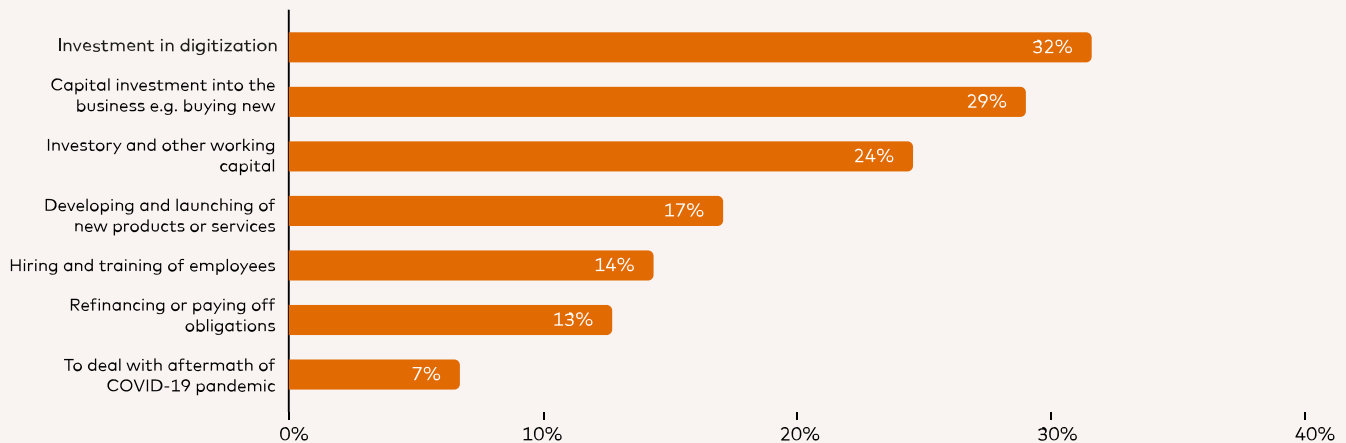
A significantly higher proportion of female entrepreneurs report not looking to secure external financing, when compared to men (68% vs 50%). Among those that do plan to access external financing, 1 in 5 plan to apply for loans while only 1 in 10 are considering government sources. More men (22%) report looking to access loans when compared to women (19%). Equity capital sources also appear

on the radar of around 1 in 10 entrepreneurs, suggesting a growing interest in alternative financing options that may offer freedom from debt without the complexities of applying for government schemes.

Main motivations for MSEs looking to access financing center around strategic business growth and operational efficiency (see Figure 32). Primary reasons include investment in digitization (31%), capital investments into the business (29%), and enhancing inventory or other working capital (24%).

This also reflects a targeted approach to financing, with MSE owners seeking funds for specific, potentially high-impact areas within their business.

Figure 32: Top reasons for external financing



Conversely, the reluctance to seek external financing is driven by several factors. Around a quarter of entrepreneurs continue to express no need for additional debt or loans, preferring to operate within their current means. An additional 1 in 5 specifically report a desire to maintain financial independence and control over their business finances, indicating a deep-rooted socio-cultural trend to value autonomy over external support. Other prevalent themes in responses reinforce this trend, be it an aversion to risk, a preference for non-debt financial options, or even just a broader tendency towards simple financial management that avoids reliance on external funding sources.

These responses illustrate a cautious financial outlook among these MSE owners that prioritizes stability and independence over the potential upsides of growth strategies.

This landscape paints a picture of a community that, while cognizant of the benefits of external funds for specific strategic initiatives, largely values financial prudence and independence. As the business environment evolves, understanding these preferences and concerns is crucial for financial institutions and policymakers that aim to promote the sustainable growth of MSEs in Czechia.

⁴⁸ UK SME Finance Survey, 2024

Conclusion

In this report, we have seen a story of stable, moderately profitable businesses, a glimpse of the rich variety of experiences lived by entrepreneurs, and uncovered the nuanced dynamics of financing among these micro and small enterprises. Our examination of the relationship of these enterprises with external financing reveals a complex picture of caution, strategic intent, and evolving needs.

So, what have we learnt?

We see that a majority of businesses report stability, with financial worries not playing a large part in the lives of entrepreneurs. Yet, work-life balance is somewhat fraught, especially for women and entrepreneurs with dependent children, who worry more and take less time off. We think this highlights a need for support systems that not only address financial access but also promote well-being, ensuring entrepreneurs can sustain their business efforts without compromising their health and personal time.

When it comes to external financing, we have demonstrated significant gaps and disparities with awareness and a marked conservatism that limits engagement. Both of these trends are influenced by a range of factors, most commonly age, but we see that educational backgrounds impact awareness, while business size impacts financial appetites.

Our deep dive into private and government financing reveals a landscape riddled with challenges, but punctuated by successes. There is cause for cautious optimism; businesses are stable, though reluctant to engage deeply with external financing due to a preference for financial independence and a widespread aversion to debt. While some entrepreneurs have navigated the complexities of securing financing, a notable portion of entrepreneurs plan to continue avoiding external financing altogether, prioritizing internal funds and operational cash flow to support their activities. And yet, of the ones that will look

for external financing, the reasons cited – be they investments in digitization, capital improvements, and working capital enhancement – reflect a deliberate and strategic approach to business growth.

Throughout this report, the pervasive sentiment we find is caution. Caution around debt, risk aversion, and a preference to take the practical approach. Age is a major factor here, suggesting younger generations are more open to exploring external financing options.

It is true that entrepreneurs do not report an urgent need for external finance, and a majority view it as a burden. And yet, these businesses, especially women-led businesses, also report low financial resilience, with little to no runway. At the same time, trends in the data suggest a positive impact of external finance, underscoring its importance for businesses. Keeping in mind this impact and its contrast to the overall reluctance around external financing, we find a need for enhanced financial awareness, simpler routes to accessing finance, and flexibility in the design of financial products and schemes.

For policymakers and financial institutions, the insights gathered here should serve as a guide to developing more accessible, relevant, and supportive financing mechanisms that align with the needs and values of Czech entrepreneurs. This will be key to fostering an environment where MSEs not only survive but thrive.

5 recommendations for collective action

In the near term, and to better support the growth and sustainability of these MSEs, we propose the following recommendations for action, be it from governmental or private institutions:

1. **There needs to be more focus on building awareness of external financing options, and to highlight the impact they can have on business health:** Develop targeted communication initiatives to bridge the significant awareness gaps identified, particularly among women, older entrepreneurs and those with lower educational levels. Most entrepreneurs are focused on the risk of financing, and seem to see little upside. But the upside is there, and it is important to bring that to the forefront.
2. **Simultaneously, entry barriers to both private financing and government support need to be lowered, be it through simpler application processes or increased transparency:** Streamlining the application processes for both, but especially government financing is essential, along with providing relevant support to entrepreneurs to navigate application processes. Reducing complexity and improving transparency, combined with pushes for awareness could open this universe up to many more MSEs, particularly the younger ones, that might otherwise forgo available funding opportunities. Considering that 70% of those who successfully navigate the application for government receive funds, this support could unlock a large amount of capital for Czech MSEs.
3. **Meanwhile, we must be more targeted in our design of financial products for enterprises, especially those owned by women:** There is a disconnect between the types of financing products available, and the specific needs and abilities of many of the businesses surveyed. This is especially relevant for unlocking the potential of women-led businesses, where designing custom financial products considering gender as a key factor can help unlock increased financial resilience and improve business performance overall. Overall, be it flexible repayment terms, lower interest rates, or financial products designed for specific business goals such as digitization or working capital expansion, customization can help. Just as an example, supporting investment in digitization (a top reason for seeking finance) can enhance business efficiency and competitiveness.
4. **Build entrepreneurial communities that can help each other, especially for women business owners:** Some segments show markedly different experiences to others, and this is rich knowledge that we can tap into. Specifically for women, investing further into the development of entrepreneur networks and mentoring support, can create spaces where women business owners can share experiences, receive advice, and most importantly, access resources related to financing. Taken together, we believe this has the potential to be particularly powerful in demystifying the world of external financing.
5. **At the same time, we must recognize prevailing cultural sentiments and create more non-debt options:** Be it government grants and subsidies, or equity financing and crowdfunding, there are a wide universe of non-debt financing options available today. These are associated with the lowest awareness levels, yet they offer the potential to provide funding without the burdens of traditional debt. These options are especially crucial to help risk-averse entrepreneurs access capital, and merit targeted focus.

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Annexes

Survey script

Question	Answer Options	Asked before?
1. Do you own or operate a small business? (by small business we mean a business with 49 or fewer employees).	Yes, I own a small business with 49 or fewer employees Yes, I manage a business with 49 or fewer employees Yes, I am a sole business owner (sole trader) – I am the owner and only employee of this business No	No
1a. Excluding yourself, how many employees does your business currently have?	1 employee Micro 2–9 employees Micro 10–49 employees Small	Yes
2. Is this business your primary source of income?	Yes, this is my primary and only source of income Yes, but I am also gainfully employed elsewhere No, I am gainfully employed elsewhere, and that job is my primary source of income Other. Please specify:	No
3. Is the business a family-owned business? Definition: 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.	Yes No Don't know or can't say	Yes
4. Who runs this business?	A woman (or women) A man (or men) Both (a man and a woman) Other arrangement. Please specify.	Yes
5. Would you mind sharing the age of the business-owner with me?	a. under 18 b. 18–24 years c. 25–34 years d. 35–44 years e. 45–54 years f. 55–64 years g. Above 64	Yes
6. Which model best describes your business? Select all that apply.	a. business-to-business (b2b) b. business-to-consumer (b2c) c. Other. Please specify	Yes
7. Can you specify in which sector your business operates in?	Manufacturing Wholesale/retail Services (e.g., consulting, ICT) Arts, entertainment, and recreation Construction, plumbing or carpentry Hospitality and restaurants Transportation, warehousing, and logistics Healthcare and social assistance Real estate Finance and insurance Agriculture Other, please specify.	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 >19 years	Yes
9. Can you share the approximate annual revenue of your business in 2023?	Less than CZK 250,000 CZK 250,000 to CZK 1.25 million CZK 1.25 million to CZK 2.5 million CZK 2.5 million to CZK 6.25 million CZK 6.25 million to CZK 12.5 million CZK 12.5 million to CZK 25 million > CZK 25 million Not willing to share Don't know	No

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Question		Answer Options				Asked before?	
9a.	Can you share the approximate annual profits of your business in 2023?	Not profitable Less than CZK 25,000 CZK 25,000 to CZK 125,000 CZK 125,000 to CZK 250,000 CZK 250,000 to CZK 625,000 CZK 625,000 to CZK 1.25 million CZK 1.25 million to CZK 2.5 million > CZK 2.5 million Not willing to share Don't know				No	
10.	How much of the business' investment budget did you allocate for digitization (hardware, software, services) in 2023?	less than 1%	1–5%	6–10%	more than 10%	No	
11.	How much of the business' investment budget have you allocated to digitization (hardware, software, services) in 2024?	less than 1%	1–5%	6–10%	more than 10%	No	
12.	Where is your business located?	Prague	Central Bohemian Region	South Bohemian Region	Plzeň Region	Yes	
		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
13.	On a scale of 1–5, 1 being 'very poor' and 5 being 'very good', rate your awareness of the following types of financial support					No	
	a. Bank loans						
	b. Loans from non-bank and non-state institutions	1 – Very poor	2	3	4		5 – Very good
	c. State/Government loans, guarantees, subsidies						
	d. Equity capital inputs/investments (e.g. venture capital, angel investor)						
	e. Crowdfunding						
14.	When looking for business financing, where do you go for information about financing options?	a. Print media: Newspaper, trade magazines, etc.	b. Official government or EU websites – for eg. Chamber of Commerce website	c. Search engines and social media	d. From other business owners	No	
		e. Directly from financial institutions	f. None	g. Others, please specify	h. Don't know/ Can't say		

Question		Answer Options					Asked before?
15.	To what extent do you agree or disagree with the following statement “a business loan is for someone like me”?	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree	No
16.	Have you tried to access a loan or credit for your enterprise in the last 3 years?	Yes			No		No
17.	Why did you not try to access credit or loans? (Select all that apply)	a. I was previously rejected for a loan / credit b. I did not know where to get it c. I did not think I am eligible d. I did not need it e. I was worried it would become a financial burden f. I perceive it as an unnecessary cost g. I prefer to be debt free h. Others, please specify					No
18.	What was the source of the credit or loans? (Select all that apply)	a. From a bank	b. From non-banking financial institutions	c. Capital inputs/ investments	d. From family, relatives, or friends	e. Much lower (26%-50% lower)	No
18a.	What was the last type of credit/ loan accessed?	Credit card loan Overdraft (extension of credit from the financial institution that is granted when an account reaches zero) Revolving debt/line of credit (a preset borrowing limit that can be tapped into at any time) Working capital loan (a loan that is taken to finance a company’s everyday operations) Investment loan (money lent to finance a project) Others, please specify					No
19.	What was the last type of What was the purpose of accessing the credit or loan? (Select all that apply)	Capital investment into the business e.g. buying new machinery or equipment Investment in digitization Inventory and other working capital Hiring and training of employees Developing and launching of new products or services To deal with aftermath of COVID-19 pandemic Refinancing or paying off obligations Others, please specify					No
20.	What were the top 3 challenges (if any) during the application process?	Lender willingness The business didn’t meet the qualification criteria Interest rate and terms were prohibitive Collateral requirements Documentation and regulatory compliances Size of loan I didn’t face any challenge Others, please specify					No

Question	Answer Options					Asked before?
21. Select the amount of the last loan or credit you tried to access, irrespective of whether you were successful or not? (in CZK)	Up to CZK 50,000 CZK 50,001 to CZK 100,000 CZK 100,001 to CZK 250,000 CZK 250,001 to CZK 500,000 CZK 500,001 to CZK 1 million CZK 1 million to CZK 2.5 million CZK 2.5 million to CZK 5 million CZK 5 million to CZK 10 million CZK 10 million to CZK 25 million > CZK 25 million					No
22. Were you successful in your recent application?	Yes		No			No
23. Was the amount of loan or credit you received higher, lower or the same as what you initially applied for?	Much higher (26–50% higher)	Slightly higher (0–25% higher)	Same amount	Slightly lower (0–25% lower)	Much lower (26%–50% lower)	No
24. To what extent do you agree or disagree with the following statement “taking out a business loan is something I regret”?	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree	No
25. Thinking about your business loan or credit repayments, are they a heavy burden, somewhat of a burden, or not a problem?	Heavy burden		Somewhat of a burden		Not a problem	No
26. Have you ever taken out another loan to help make your recent business loan repayments?	Yes			No		No
27. What do you think were the reasons your application was not successful?	“					No
28. Have you tried to access government-supported financing options in the last 3 years? (including government loans, credit guarantees, support schemes for MSEs, EU funding/subsidy)	Yes			No		No
28a. Why did you not consider this option? (Select all that apply)	I was previously rejected for a government loan/grant/subsidy I did not need it I do not know where to get it I did not meet the criteria for eligibility The call was open for a very short period The amount of funding provided did not meet my requirements (too much/too little) I didn’t face any challenge Others, please specify					No

Question	Answer Options	Asked before?
29. What type of government-support have you applied for in the last 3 years?	<p>Government loan</p> <p>Credit Guarantee</p> <p>Government grant or subsidy (for eg: startup and innovation grants, small business support programs, etc)</p> <p>Others, please specify.</p>	No
30. What were the top 3 challenges (if any) during the application process?	<p>Complex application procedures</p> <p>Stringent eligibility criteria</p> <p>Long approval timelines</p> <p>Limited funding availability</p> <p>Competition with established market players</p> <p>Uncertainty and risk (unsure about whether this is the right option for your enterprise, risk in sharing information about business to a wider audience, etc.)</p> <p>Requirement of co-financing from other sources (e.g. commercial loan, savings etc.)</p> <p>Requirement of financing the project from own sources and only receiving the government support ex post</p> <p>I didn't face any challenges</p> <p>Others, please specify</p>	No
31. What was the amount of capital you tried to access through this government-support, irrespective of whether you were successful or not? (in CZK)	<p>Up to CZK 50,000</p> <p>CZK 50,001 to CZK 100,000</p> <p>CZK 100,001 to CZK 250,000</p> <p>CZK 250,001 to CZK 500,000</p> <p>CZK 500,001 to CZK 1 million</p> <p>CZK 1 million to CZK 2.5 million</p> <p>CZK 2.5 million to CZK 5 million</p> <p>CZK 5 million to CZK 10 million</p> <p>CZK 10 million to CZK 25 million</p> <p>> CZK 25 million</p>	No
32. Were you successful in your application?	<p>Yes</p> <p>No</p>	No
32a. If you were not successful, what do you think were the reasons?	"	No
33. How do you source information related to MSE-support being provided through the EU and Czech government?	<p>Print media: Newspaper, trade magazines, etc.</p> <p>Official government or EU websites – for eg. Chamber of Commerce website</p> <p>Search engines and social media</p> <p>From other business owners</p> <p>None</p> <p>Others, please specify</p> <p>Don't know/ Can't say</p>	No
34. Which of the following types of finance are you considering accessing in the next 12 months?	<p>Bank loans</p> <p>Loans from non-bank and non-state institutions</p> <p>Equity capital inputs/investments (e.g. venture capital, angel investor)</p> <p>Crowdfunding</p> <p>Others, please specify</p> <p>Not looking to secure any external finance in the next 12 months</p>	No
34a. Why are you not looking to secure any financing in the next 12 months?	"	No

Question	Answer Options					Asked before?	
35. What are the main reasons for considering/seeking financing for your business in the next 12 months?	Capital investment into the business e.g. buying new machinery or equipment Investment in digitization Inventory and other working capital Hiring and training of employees Developing and launching of new products or services To deal with aftermath of COVID-19 pandemic Refinancing or paying off obligations Others, please specify					No	
36. Imagine your business stopped generating revenue. How many months could you cover normal operating expenses with the savings/reserves you have?	# of months:		No cash reserves			No	
37. Imagine tomorrow that your business has an unexpected emergency and needs to come up with 51,000 Czech Koruna within the next month. How easy or difficult would it be to come up with this money?	Very difficult	Somewhat difficult	Neither difficult nor easy	Somewhat easy	Very easy	No	
38. What would be your primary option for coming up with the money?	Not be able to come up with the funds Used money that you had been saving Money from sales Borrow money from a financial institution Borrow money from a friend Sell an asset Borrow money from a money lender Use existing line of credit (e.g. credit card, overdraft) Do something else (please specify)					No	
39. How much time did you take off from running/managing the business – for example to spend time with family, take a vacation abroad, for leisure activities, etc. – in the last 12 months? please do not include weekends and public holidays	<2 weeks	2–4 weeks	>4 weeks	Did not take time off		No	
40. How much time are you comfortable taking off in the next 12 months – for example to spend time with family, take a vacation abroad, for leisure activities, etc.?	<2 weeks	2–4 weeks	>4 weeks	Did not take time off		No	
41. How often do you tend to worry about your business finances?	Daily	Once a week	Once a month	A couple of times a year	Don't spend time on this	Others, please specify	No

Question	Answer Options	Asked before?
<p>42. Over the last 12 months, have the following changed?</p> <p>a. ...revenue from business?</p> <p>b. ...your business' ability to pay bills on time?</p> <p>c. ...your ability to secure necessary financial resources for your business?</p> <p>d. ...the amount of time you spend worrying about your finances?</p>	<p>Very much increased Slightly increased No change Slightly decreased Very much decreased</p>	<p>No</p>
<p>43. What is the highest level of education you have completed?</p>	<p>Less than a high school diploma</p> <p>High school without diploma</p> <p>High school with diploma</p> <p>Professional tertiary or higher education degree</p> <p>Prefer not to say.</p>	<p>No</p>
<p>44. Are you willing to share the number of people who live in your household?</p>	<p>Yes No</p>	<p>No</p>
<p>45. How many dependent children live in your household?</p>	<p># No. of children:</p>	<p>No</p>
<p>45a. What is their age? Select all that apply</p>	<p>0–3 4–6 7–12 13–17</p>	<p>No</p>
<p>45b. Including yourself, how many people in your household aged 18 years or older contribute to the household expenses/budget?</p>	<p># No. of persons</p>	<p>No</p>

Quotes

Reasons entrepreneurs think they were unsuccessful in accessing private financing

"I didn't meet the income requirements." – **Male solopreneur, 45–54 years**

"Meeting the requirements was not realistic, the requirements of the bank on internal workings and subsequent monthly reports is challenging, and any reduction in turnover the bank considers a negative while assessing the company." – **Male small business owner**

"No financial institution on the market understands turnover vs. earnings – [We have a] big turnover, but official numbers are small or in the negative." – **Male solopreneur, 35–44 years**

"Reluctance on behalf of the bank to extend additional credit on top of existing loans – mortgage and one existing consumer loan." – **Female micro business owner, 45–54 years**

"My age." – **Male micro business owner, above 64 years**

"Records in SOLUS (a central record for lenders to see if an applicant is able to pay their debts)." – **Male solopreneur, 35–44 years**

"Distrust, [company has been active for] only a few years on the market, unsure future." – **Male small business owner with a business less than 6 years old**



Reasons entrepreneurs think they were unsuccessful in accessing government financing



"Business did not meet the criteria." – **Male small business owner, 45–54 years**

"We chose the wrong company to help us with the paperwork. The application wasn't prepared in the best way." – **Female micro entrepreneur, 25–34 years**

"Non-delivery of the necessary documents, complexity." – **Male micro entrepreneur**

"We abandoned the process due to the strictness of the criteria, the uncertainty of the acquisition and the long-time lag." – **Micro entrepreneur**

"The government doesn't offer me anything, and this year costs have worsened for business owners." – **Female solopreneur, 25–34 years**

"Not enough business turnover and business finances were also too little for it." – **Male micro entrepreneur, 25–34 years**

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"Not enough business turnover and business finances were also too little for it." – **Male micro entrepreneur, 25–34 years**

"[I have] a small business. Cards [are] dealt to big players..." – **Male solopreneur, above 64 years**

"[The process was] non-transparent, they didn't select any of the companies we applied with. They even took the liberty of determining what was creative and uncreative..." – **Male micro entrepreneur, 25–34 years**

Reasons entrepreneurs are not looking to access finance in the future

"I don't expect or plan any investments or large growth which I couldn't finance myself, I don't want debts." – **Woman solopreneur, 35–44 years**

"I don't think that we need it. Things are going fine without loans or grants." – **Male micro entrepreneur, 25–34 years**

"At the moment, requirements for doing business are worse than in previous years and I worry about future developments, so I don't want any debts." – **Business owned by both a man and woman, 45–54 years**

"Doing business in Czechia is extremely uncertain." – **Male micro business owner, 55–64 years**

"My revenues are dependent on sales and therefore unstable, I don't want to get into debt and have a problem with repayment." – **Business owned by both a man and woman, 35–44 years**



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A Thank You From 60 Decibels

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