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CHAMBER
OF COMMERCE



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Striving to Thrive:

The state of
Czech Micro and Small
Enterprises, 2022.

A 60 Decibels report
for Mastercard



About Strive Czechia

Strive Czechia, a three-year, \$5.5 million initiative supported by the Mastercard Center for Inclusive Growth, is guided by the recognition that inclusive growth is impossible without supporting local micro and small enterprises (MSEs) 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.

About 60 Decibels

60 Decibels is a global, tech-enabled impact measurement company that brings speed and repeatability to social impact measurement and customer insights. We provide genuine benchmarks of impact performance enable organizations to understand impact relative to their peers and to set relevant performance targets.

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



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A note on micro and small businesses

Before diving in we want to underscore about whom this report is about. It is a focus on solo, micro, and small enterprises. These types of organization are quite specifically determined and exclude medium and large enterprises.

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

And if you are familiar with the ubiquitous term SME (small and medium sized enterprises) or even MSME (micro, small and medium sized enterprises) please note that the people we spoke to are similar but not the same. We know that it is a bit of a tongue twister and easy to confuse MSE with SME or MSME, but repeat it a few times before reading (MSE, MSE, MSE) and it will be easy to distinguish between these groupings.

We have focused on this group for good reason. There is a growing consensus that, collectively, businesses of this size are essential to our shared prosperity and yet are all too easy to ignore, given the prevailing interest (some might say obsession) in scale and growth.

So, this paper is dedicated to the small yet mighty, to those who do so much to make our societies and economies tick, whilst receiving scarcely any of the attention they so richly deserve.



Foreword

Help for 250,000 Czech entrepreneurs

Throughout the Czech economy, digitalization is clearly a trend that is here to stay. Unfortunately, however, the benefits of digitalization have not been equally realized. This is especially true among entrepreneurs and micro and small business. Many micro and small business in Czechia have been left behind in the digital revolution. There is a scattered but still sizeable and significant group of small businesses whose access to technological and digital innovation continues to be impeded by various obstacles. The most vulnerable include female entrepreneurs, micro businesses and entrepreneurs who have come to the Czechia as refugees from armed conflicts abroad and who strive to (re)start a business while in the country. If we want to ensure an accelerated and inclusive economic recovery in Czechia, we must make sure the digital economy works for every small business in Czechia.

Small businesses are the backbone of the Czech economy and the source of the country's entrepreneurial and innovative spirit. This segment covers the vast majority of businesses in the Czechia and provides jobs for almost half of the country's employable population. Despite the major role small businesses play in the Czech economy and community, the access, adoption, usage and benefits of technology differ from business to business. Following two difficult pandemic years, many micro and small businesses are grappling with multiple challenges and economic hardships in the form of rising prices of inputs, including energy, or breakdowns in supply chains.

Yet it was the same pandemic period that clearly demonstrated the value of digitalization. A survey, the final report of which you now have before you, showed that nearly 6 in 10 businesses are convinced that digitalization is crucial

for their future success. Somewhat worryingly, this ratio is only 45 percent among women-led businesses. Another survey, conducted by the Association of Small and Medium Sized Enterprises, discovered that businesses achieved on average only 40 percent of their digitalization goals, and even less than that when it comes to the smallest among them. Czech micro and small businesses therefore still possess considerable digitalization potential. On a positive note, Mastercard has learned, over the many years of its presence on the Czech market, that there is no need to worry about the enthusiasm for modern technologies and innovation waning among the country's solopreneurs and smallest businesses. The important thing is to ensure accessibility of the necessary tools.

And that is precisely the reason why Mastercard, through its Center for Inclusive Growth, brings to the Czechia – as only the second European country recipient following the UK – its unique initiative Strive Czechia. Over the next three years, Strive Czechia will bolster the financial resilience and unlock the growth of over 250,000 Czech micro and small enterprises through education, tools, financial service products, skilling and peer mentorship all oriented around new normal of the digital economy. Of the 250,000 MSEs engaged, at least 100,000 of the small business will be women owned or led.

We are confident that together with our partners, led by CARE Česká Republika, we are delivering a program that will support small businesses in every corner of the Czechia at this difficult time. We are sure that it will quickly develop into another driving force behind Czechia's digitalization and thus improved competitiveness on an international scale.

We hope you find the contents of the barometer enlightening and hope you will join us in making sure the digital economy works for every Czech small business, everywhere.



Michal Čarný
General Manager Czech Republic & Slovakia
Mastercard



Payal Dalal
Senior Vice President
Mastercard Centre for Inclusive Growth



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Opening remarks by Chamber of Commerce

Ladies and gentlemen,

The smallest businesses, with 10 employees or less, have long been a very important part of our national economy. They also make up the segment of businesses most exposed to bloated bureaucracy and crises that affect the economy. That's why the Czech Chamber of Commerce joined forces with specialist partners to survey the current situation and views held throughout this particular sphere of entrepreneurial activity.

It should be noted that the economic health of individual enterprises varies considerably. With the country recovering from the impacts of the COVID-19 pandemic, two in five enterprises report that they have posted growing revenues over the last 12 months. Of these enterprises, a full quarter describe their revenue growth as considerable. That is undoubtedly a very positive sign. However, the ongoing energy crisis and inflation are likely to dampen the positive mood among entrepreneurs over the coming months.

One in three micro enterprises report decreased revenues while a negative outlook is more common among solo entrepreneurs. There is also an immense gap of a full 25 percentage points between sole traders reporting an increase in revenue (27%) and small enterprises ticking the same answer (52%). The main reason for such a discrepancy lies in the current energy crisis. In this crisis, it is considerably more difficult for the smallest businesses to adapt to electricity and gas prices rising by multiples and the costs of input materials following in the same vein. The bigger businesses are usually capable of falling back on a larger capital cushion, while they also often enjoy easier access to various forms of operating loans.

Speaking of private businesses in general, Czech banks are sufficiently willing to assist the smallest among employers with credit and loans. The ratio of loan applications turned down is the third lowest among EU member states. On the other hand, access to financing still remains somewhat constrained when it comes to innovation and technology start-ups. The Czech Republic has the lowest ratio to national GDP of available venture capital among comparable European countries. Yet, start-ups and digital projects in general will play an increasingly important role in the country's economy. Many leading businesses in the sector started out as small enterprises with just a few employees.

It is hoped that capping electricity and gas prices will stabilise the situation for the smallest businesses and thus provide some relief for this segment of the economy. The Czech Chamber of Commerce is well aware of the limits of the national budget. However, we believe that the government should not view well-thought-out assistance provided to the private sector as a cost but as an investment in the country's future. This is doubly true when it concerns such a sensitive segment of the economy as small enterprises.

There is, let's note, a silver lining to the current difficult situation. It is likely to lead to an accelerated adoption of modern technologies and an increased emphasis on energy efficiency. Asked about the measures implemented to ride out the storm, most entrepreneurs reported tackling their difficulties with the help of technology, digitalization and automation. Nearly three in five business owners said that they considered technology to be critical to the future success of their business.

It is therefore great to see that despite considerable challenges, Czech businesses have the will and desire to improve their operations and make them more efficient, energy efficiency included. That alone should be sufficient reason for the government to meet them halfway and provide as much assistance as possible.

I am sure that you will find the outcomes of the survey most useful as they provide a truly comprehensive and current overview of where the country's smallest of businesses stand.



Vladimír Dlouhý
President
Czech Chamber of Commerce



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Part I: Introduction

Context and rationale for the barometer

Small businesses are beautiful. They are the invisible thread that knits our economy to our society. When small businesses prosper, so too do the communities in which we live and work. This is as true in Czechia as it is anywhere else in the world. Just shy of 19 out of every 20 Czech businesses are micro and small Enterprises (MSEs).¹ Nearly half of all Czech workers are employed by small businesses.^{2,3}

And yet, despite the fundamental role they play in our lives and livelihoods, MSEs are fragile. They are often the first to feel the brunt of economic fluctuations and the least equipped to weather these storms, whether caused by changing consumer spending patterns catalyzed by technology giants, or by a global pandemic that forces their customers to stay indoors.

Czech small enterprises have it tough

By a range of measures, it is challenging (some might say highly impressive) to run a successful MSE in Czechia. While Czechia is ranked a relatively high 41st among 190 global economies in the World Bank's 2020 "ease of doing business" index⁴, when compared to peer OECD economies, the country is placed 27th of 35. Czechia ranks especially low on 'ease of starting a business' (134 of 190), 'dealing with construction permits' (157 of 190), and 'enforcing contracts' (103 of 190). Last year, small firms were estimated to have spent a markedly high average of 34 working days dealing with administration requests.⁵

The gender gap in employment and wages is higher than in many countries (a topic we will return to later in this report).⁶ And despite being well integrated in terms of e-commerce, small firms in Czechia generally lag behind their OECD peers in terms of the transition to digital technology – particularly the adoption of social media, artificial intelligence, and big data.⁷

Much of the Czech economy is dominated by larger firms. Whereas 75 percent of medium-sized Czech firms export, fewer than one percent of micro firms do.⁸ Moreover, the proportion of micro firms that export is the lowest among peer countries. Large firms also account for the lion's share of research and development (R&D): only 35% of small firms invest in R&D, compared to 77% of large firms.⁹

And, of course, no society or economy was unaffected by COVID-19. According to a survey carried out by IPSOS in 2021, two out of three Czech SMEs were negatively affected by COVID-19 (most often by a decrease in orders or the need to interrupt or limit their activities).¹⁰



¹ The percentage is approximate and derived from two sources – AMSP CR's [report](#) on the number of SMEs in Czechia in 2020 and the European Commission's report on Czechia's [SME Performance Review](#) for 2021/2022. As of 2020, there were 27,9074 SMEs in Czechia, out of which 26,7917 were micro and small (totaling 96 percent). This excludes self-employed individuals. Moreover, the European Commission reported 1,577 large enterprises in Czechia as of June 2022, adding to a rough total of 28,0651 businesses in Czechia, of which 95.4 percent are therefore MSEs.

² [Statista](#), 2022

³ [World Bank](#), Cz Labor Force

⁴ <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

⁵ Based on an average working day of 8 hours and data from [Bureaucracy Index](#), 2021 which estimates that firms spent 272 hrs. on average on administration. An increase of 49 hours from the previous year

⁶ [Global Gender Gap Report](#), 2022

⁷ [Digital Economy and Society Index \(DESI\)](#), 2022

⁸ [OECD 2018b SBA Fact Sheet](#)

⁹ [Eurostat CIS](#), 2014

¹⁰ IPSOS Study



But (some) help is at hand

It is perhaps because of these various challenges that a national policy has been devised for SMEs: the strategy to support SMEs in Czechia 2021–2027.¹¹ This program aims to contribute to the development of the following key areas: business environment, access to financing, access to markets, workforce, skills and education, research, development and innovation, digitalization, a low-carbon economy, and resource efficiency. However, it is worth noting (as will no doubt be clear to our eagle-eyed reader) that here again solo and micro enterprises appear to have been overlooked in this policy push.

Within the private sector itself, there is a general willingness among Czech banks to lend to small businesses. The rates of rejected loan applications is the third lowest of all EU countries.¹² That said, the availability of risk financing, the

rocket fuel for innovation and technology start-ups, remains underdeveloped. Czech venture capital as a percentage of GDP is the lowest among her peers.¹³

An opportunity to listen

For all of these reasons, MSEs need special attention. This is the goal of this barometer; to listen to their needs, understand their hopes and fears and consider their opportunities and the threats to their resilience and prosperity.¹⁴

We seek to learn who they are, their business health, what challenges they face and their expectations for the future. We hope this provides timely insights into the prospects of this vital section of the Czech economy, and serve as a guide to corporate, government and wider civil society organizations which help micro and small businesses thrive.



¹¹ [Strategy to Support SMEs in Czechia, 2021–2027](#)

¹² [Czechia Assessment of the SME Policy Mix, 2019](#)

¹³ Czechia ranked 24 out of 27 in the 2020 EIF SME Access to Finance [Index](#). According to this index, access to finance Venture Capital Investments in Czechia represented only 0.01% of GDP the lowest in the EU.

¹⁴ A point worth making is that this is not confined to Czechia. Indeed, in most countries small and micro firms go under the radar. There is a lack of internationally comparable evidence on the digitalization of micro-firms. Firms with fewer than 10 employees, as well as the self-employed, are not covered by the OECD and Eurostat ICT 'Use by Business' surveys. Yet, micro firms account for over 90% of the total business population in most OECD countries.



9 things we learned from Czech MSEs

First off, a summary of our big takeaways.

01. Business performance of Czech MSEs is currently mixed.

While 2 in 5 businesses report increased revenue, a third report decreased revenue in the last 12 months. MSEs are as likely to report a reduced ability to plan finances over the previous twelve months as they are an improvement. Correspondingly half of all businesses said that their stress levels had increased. MSEs reporting a more negative performance are more likely to be led by either women or older entrepreneurs.

02. Czech MSEs report higher than average capacity to deal with economic shock.

Only a fifth of MSEs would find it "difficult" to cover an emergency expense of 1/20th of Gross National Income per capita (~51k CZK). According to similar data collected by Findex this compares to over a third of people in Czech more broadly.¹⁵ Nearly 3 in 5 mentioned savings as a primary source to cover an emergency expense.

03. Nonetheless, MSEs report a significant financing gap.

Nearly a fifth of the MSEs we spoke to reported that they had used a credit facility or loan in the last 12 months. The purpose of these loans was mainly for working capital (51%), expanding business operations (29%) and investments (23%). Current usage of credit or loans is much lower than their stated credit appetite. Close to two-thirds of the MSEs (64%) answered "yes" when asked whether they would like to take a loan to cover business needs or to grow their business.

04. Size matters. Micro, and particularly solopreneurs, are relatively disadvantaged.¹⁶

Of the three groups we studied, small businesses report better outcomes in comparison to micro and solo enterprises over each of the business performance measures we looked at. Enterprises categorized as small are also more tech savvy, being both more confident in their use of technology and more likely to believe technology is critical for their future success.

05. Gender matters. Women-led businesses also appear to be disadvantaged.¹⁷

Compared to their male-led counterparts, women-led MSEs reported weaker business performance in the previous 12 months. Our findings show female entrepreneurs to have lower levels of financial resilience, reduced access to digital payment services and access to loans, as well as being less confident in their use of technology. Structural barriers such as lack of prior access to and usage of different types and sources of technology are likely to contribute to such outcomes, in addition to challenges in balancing household and care duties. Women-led businesses believe that, to accelerate their business performance, there is an urgent un-met need to access training on finance, management skills, digital skills, and access to technology.

06. There are disparities in access to those support services targeted to help enterprises.¹⁸

Compared to the relatively bigger businesses in our survey, there are marked differences in access to support between solo and micro businesses, women-led businesses, and businesses that have been in operation a long time. There is a 44% gap between the roughly two thirds (65%) of solo businesses that reported no access to any support, compared to only a fifth (21%) of small businesses (11–49) who did. Such variation puts solo businesses at a disadvantage, especially during difficult times.

¹⁵ <https://www.worldbank.org/en/publication/globalindex/Data>

¹⁶ In this report, we use the following definitions. Solo businesses (Businesses with no employees) also referred to as solopreneurs; Micro businesses (1 to 10 employees); Small businesses : (11 to 49 employees)

¹⁷ When we say women-led, we mean that women run or are in-charge of the business in terms of decision making, management etc.

¹⁸ We asked businesses what type of support services they have used/accessed for their business in the previous 12 months. This was a "Yes/No" question. Different options for support were finance/credit support, training or business support services, new technology, support groups/networks, business incubator support



07. Today's challenges may be a catalyst for tomorrow's technological adoption.

A possible silver lining of the current challenges is that they may act as a catalyst for introducing technology. When asked what they had changed or adopted to best meet their challenges, new technology was most frequently cited by MSEs. Indeed nearly 3 in 5 MSEs believe technology adoption is critical to the future success of their business.

08. Cost and experience are barriers to digitalization.

The perceived expense of technology is, perhaps unsurprisingly, cited as a barrier to adoption. It also appears that prior access to and usage of technology accelerates technology adoption. Businesses who believe technology adoption is critical are more likely to have accessed new technology in the past and expect to have positive business growth in the following 12 months.

09. Despite the many challenges, Czech MSEs remain broadly optimistic.

Nearly a third of businesses expected moderate growth over the next 12 months and over 1 in 2 expect to remain the same size. This optimism is especially apparent among smaller, younger businesses (<6 years) and those led by younger owners. The biggest challenges MSEs anticipate for the next 12 months are macroeconomic factors such as inflation and the energy crisis, followed by customer retention and growth.



Figure 4: Tenure of Business Operations

Q: How many years has it been since your business is in operation? (n = 827)

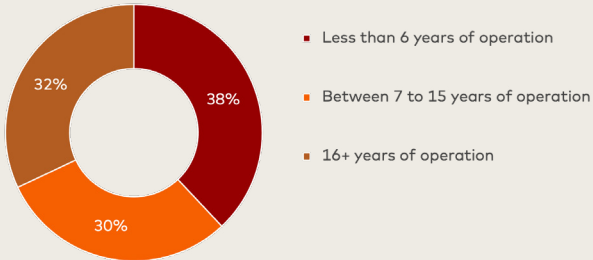


Figure 5: Sector

Q: Can you specify which sector your business operates in? (Select all that apply) (n = 833)

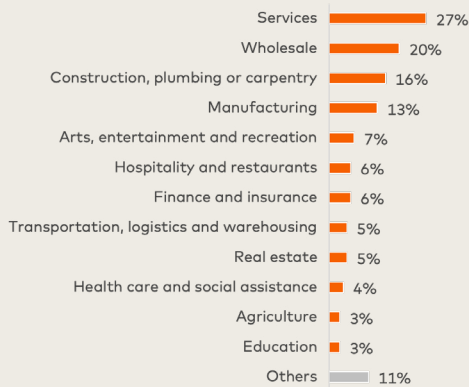
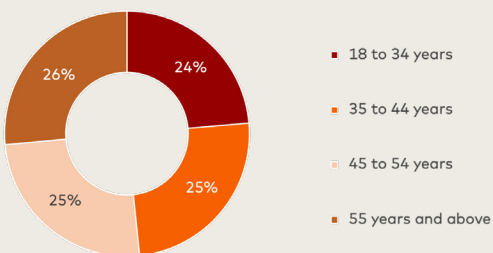


Figure 6: Age of Business Owner

Q: Would you mind sharing the age of the business-owner with me? (n = 821)



What we asked about:

Our survey asked questions regarding...

- Business Profile & Business Outlook – Past & Future
- Access to Credit, Support Services and Top Source of Support
- Financial Resilience and Savings
- Challenges and Support Required
- Digital Outlook

A transcript of the survey can be found in the annex.

Representativeness: it is important to note that the distribution of our sample differs from the split of MSEs in the general population of Czechia – of which closer to four fifths (78%) are solopreneurs, 19% micro, and only 3% small businesses.¹⁹ This was a deliberate choice in order to listen to a statistically robust number of businesses across solo, micro and small business sizes. To faithfully describe what we heard we have not (re)weighted any of the results. 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 (11 to 49 employees). Notwithstanding this caveat, we do not believe this has any material impact on the headline findings of this report.

Other complementary data sources: where wider information helped to paint a richer picture of the experience of MSEs, we drew on existing secondary sources. Our main additional sources are OECD data on MSMEs, European Commission SBA fact sheets, Eurostat surveys, and the Digital Economy and Society Index (DESI).



¹⁹ <https://www.czso.cz/csu/czso/open-data>



Part 2: Detailed Findings

Having set the scene and presented some key insights, we will now dive into the details. Here we try to get beneath the headline numbers to look for patterns that uncover deeper lessons about the lived experience of solo, micro, and small business owners. Not all of the findings make for upbeat reading, and yet there is much we can learn and admire about the resilience and fortitude shown by the Czech MSE business community. This is especially true of their positive outlook for the future as well as the stories of the three Czech entrepreneurs that we highlight as case studies.

“

The company is growing because we are trying very hard to develop our company with our workers, we are giving it 100% of our strength and we try to make high-quality materials.

Male-led, 45–54 years, small business, Manufacturing

“

At the moment, the company will not be expanding. First the company needs to make back its income from the covid period, then it must take care of financial reserves, and only then can it think about expansion.

Male-led, 25–34 years, small business, transportation



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2.1 Current State of Czech MSEs

"Bez práce nejsou koláče" Czech proverb

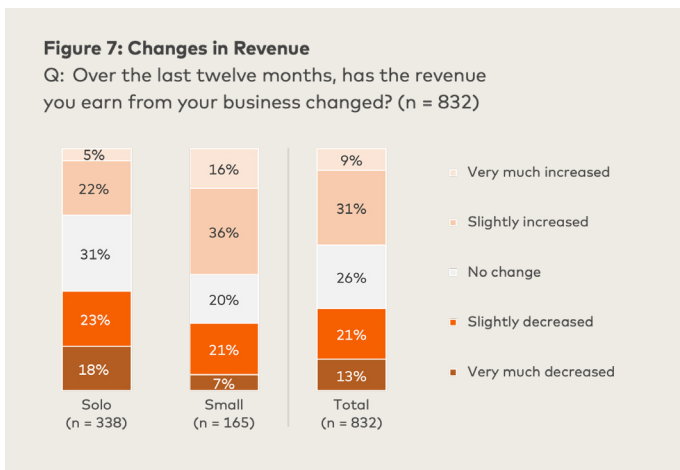
*"Without work, there is no koláče."*²⁰ Czech proverb

To gain a solid understanding of their current situation, we began by asking businesses about the fundamentals of their business health over the previous 12 months: earnings, savings, stress levels and access to finance.

2022: Business Health and Financial Resilience

It is fair to say that the current state of Czech businesses we spoke to is mixed. As the economy recovers from COVID-19, two in every five businesses report that their revenue has increased in the past twelve months. Of those seeing an increase, nearly a quarter report a significant increase.

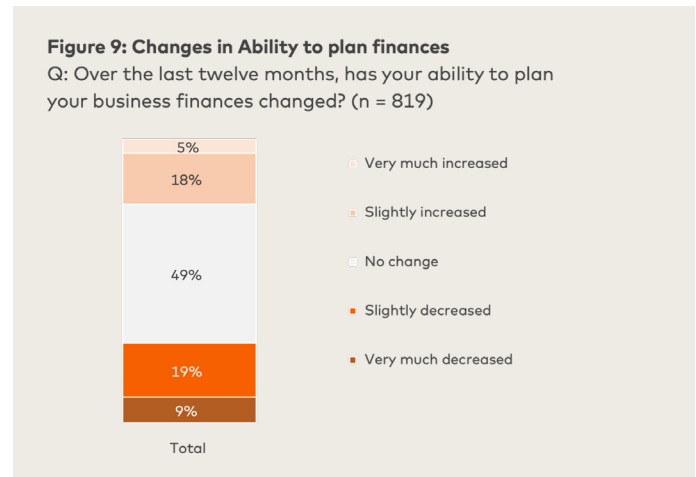
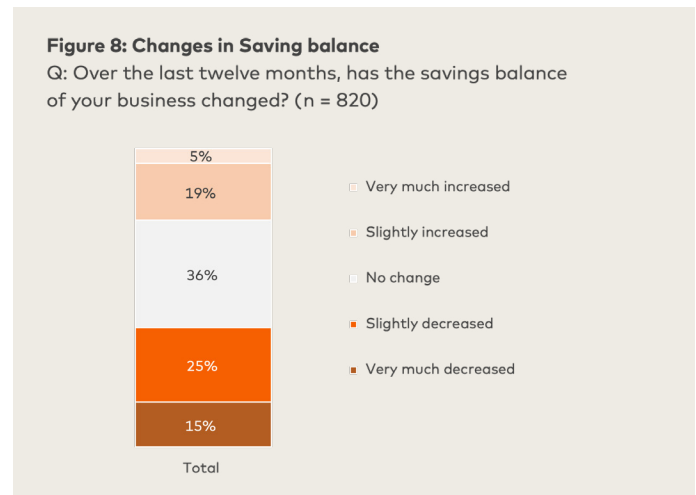
However, a third of businesses also report "decreased" revenue, with this negative outlook disproportionately skewed toward women-led businesses (see section on gender focus), businesses led by older entrepreneurs, as well as solopreneurs. For those who work independently, the outlook is especially stark: there is a 25-point gap between the 27% of solo solopreneurs who reported an increase in revenue compared to the 52% of those categorized as small. See Figure 7.



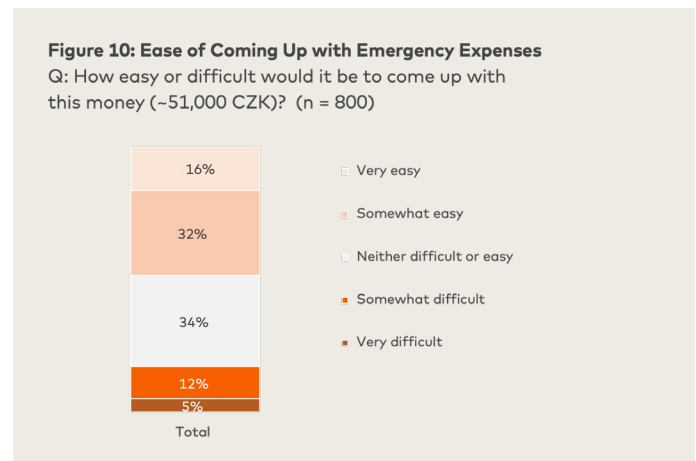
Not surprisingly, the financial resilience of the businesses we spoke to has taken a hit over the past year. Two fifths of businesses report a decrease in their savings balance. Solo and women-led businesses are most likely to report such a decrease. Nearly one in three MSEs also believes that their ability to plan their finances has decreased. See Figures 8 and 9.

²⁰ Koláče is a semisweet wedding celebration dessert in Central Europe centuries ago. Today, they can be found any time of day at markets and bakeries throughout the Czech Republic (and the region).

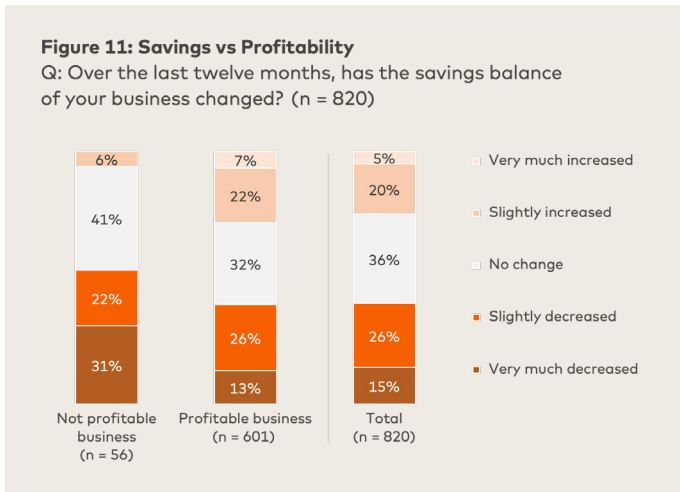
²¹ <https://www.worldbank.org/en/publication/globalindex/Data>



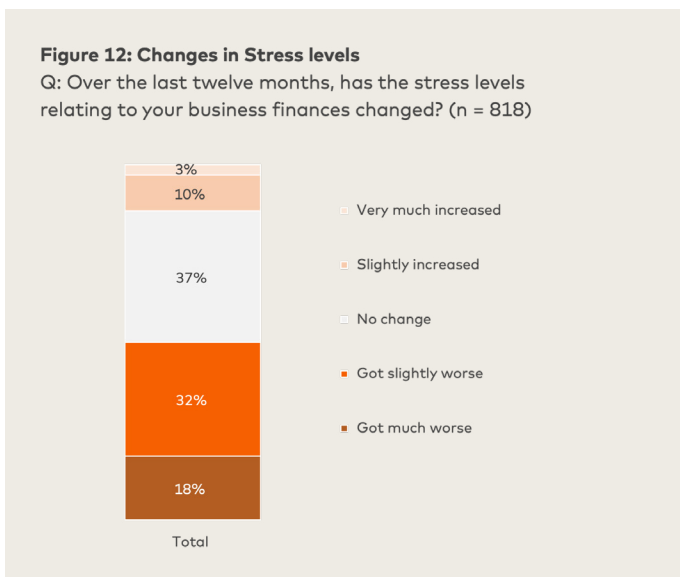
That said, compared to the general Czech population, the business owners we spoke to report a higher-than-average capacity to deal with an economic shock. Only a fifth (17%) of MSEs said they would find it "difficult" to cover an emergency expense of CZK 51,000 (an amount equivalent to 1/20th of Gross National Income per capita). Research by Findex suggested that the equivalent figure for adults in the wider Czech population was as high as 33%.²¹ Nearly 3 in 5 (57%) MSEs who said they could come up with such funds said they would be able to rely on savings to do so. See Figure 10.



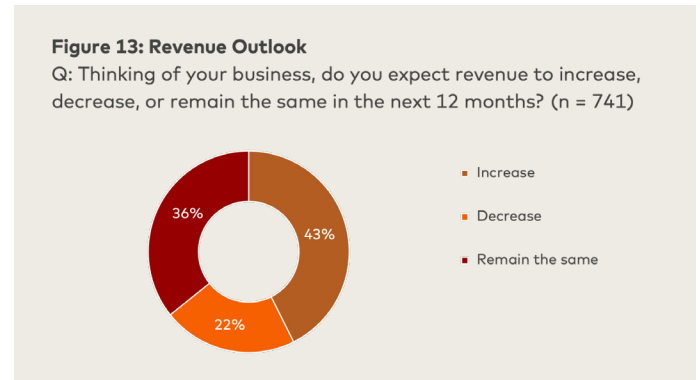
Indeed, such savings and wider resilience were especially important for a significant proportion of businesses. More than half of the businesses (53%) that reported that they were unprofitable had drawn down on their savings. However, even profitable firms tended to dip into their savings, with nearly 2 in 5 such firms (39%) doing so. See Figure 11.



Given such variation in fortunes, it is perhaps unsurprising that a full half of businesses reported that their stress levels had increased in the previous 12 months. See Figure 12. Growing stress levels were not reserved to those facing the starkest financial challenges. Even 17% of profitable firms reported that their stress levels had increased this year. There are however intergenerational differences, with younger business owners reporting lower levels of worry and greater optimism for the future (see section on expectation below).



In more positive news, more than two fifths predicted their revenue would increase still further into the future (see section on business outlook). See Figure 13. The average anticipated increase was 17%, with younger business owners (18 to 34 years) being more optimistic about a revenue increase (19%) compared to older business owners (55 years and above) (14%).

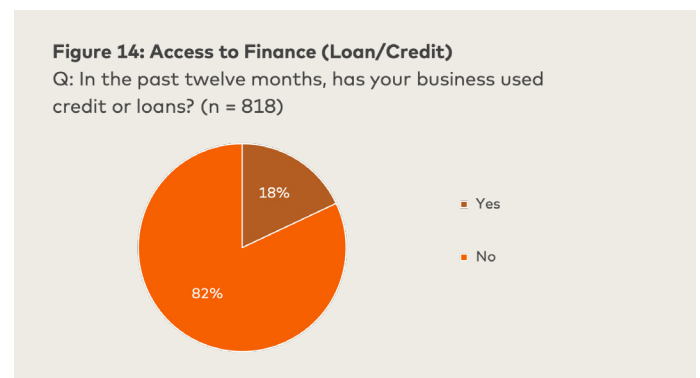


Due to the war in Ukraine and the sanctions imposed, input materials have become significantly more expensive. In addition, the cost of energy and advance payments has increased. Due to inflation, people are losing their savings and not willing to spend money on superfluous things.

Male-led, 35–44 years, Solopreneur, Construction, plumbing or carpentry

Access to finance

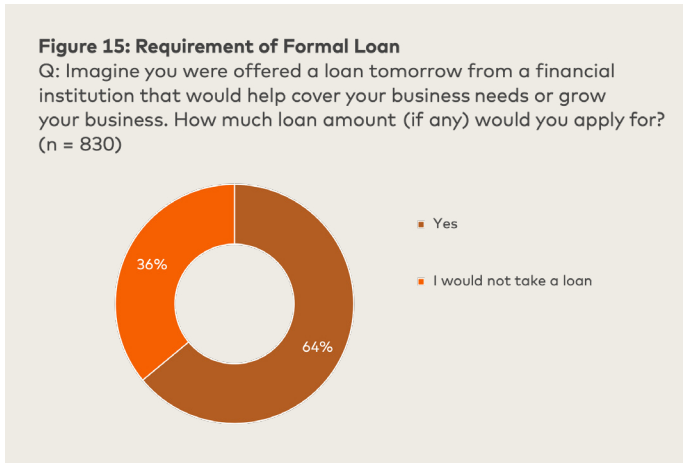
Credit is so often the lifeblood of business (regardless of size), enabling investment and growth, or even short-term cash management (especially during periods of downturn). Nearly a fifth (18%) of the MSEs we spoke to reported that they had used a credit facility or loan in the last 12 months. This compares to the 16% of Euro Area SMEs who successfully secured a loan in 2021, according to the Survey on the Access to Finance of Enterprises.²² See Figure 14.



²² https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202111-0380b0c0a2.en.html

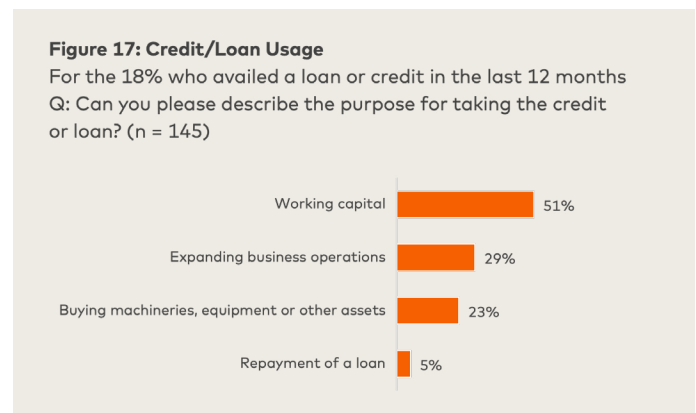
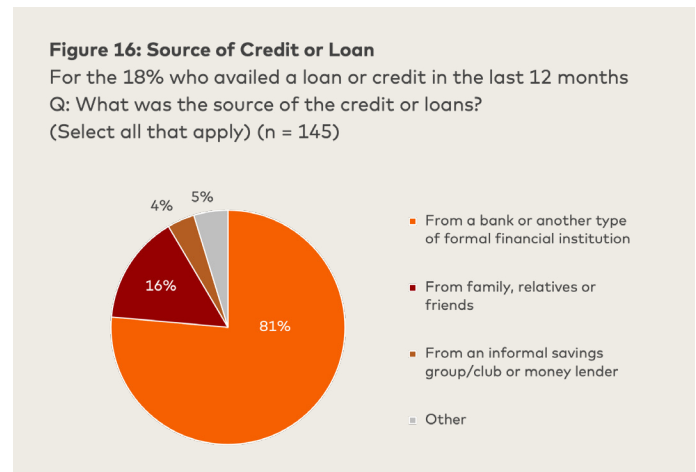


However, it remains much lower than the almost two-thirds of the MSEs (64%) who answered "yes" when asked whether they would like to take a loan to cover business needs or to expand their business – a quarter of whom would require a loan between 500k CZK to 1M CZK – indicating a sizeable financing gap for MSEs. See Figure 15.



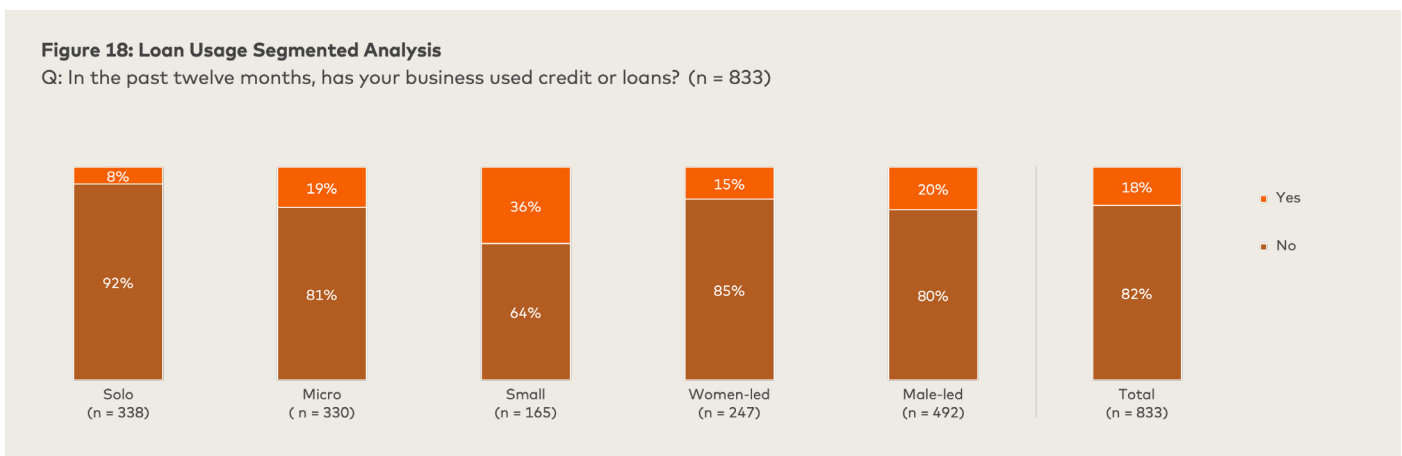
Of those who borrowed, 81% received the loan from a bank (or other formal financial institution) and 16% from a family, relative or friend. The primary purposes reported for accessing credit were working capital requirements (51%), followed by expanding operations (29%), investment (23%), and finally for repayment of another loan (5%). See Figures 16 and 17.

Access to credit varies dramatically according to the size of the business. 36% of small businesses (11–49) have used a credit or loan, compared to 19% of micro (1 to 10) and less than one in ten (8%) of solo businesses. There is a small but still significant gender gap of five percentage points between the 20% male-led businesses which reported using a credit or loan in the last 12 months, and the 15% of



women-led businesses. Solopreneurs and women-led businesses are more likely to rely on borrowings from friends or family compared to micro, small and male-led businesses. See Figure 18.

Lastly, and importantly, only a small percentage of MSEs (4%) mentioned not being able to come up with funds to cover their debts – a figure matched by data from Findex for Czechia.²³



²³ <https://www.worldbank.org/en/publication/globalindex/Data>



2.2 Challenges Faced & Support Required

"Sytý hladovému nevěří." – Czech proverb

"He who has not experienced difficulties does not believe the accounts of those who have." – Czech proverb

We sought to unpack the specific challenges MSEs face. We also wanted to understand current (and preferred) sources of support, advice and guidance that best help SME businesses overcome obstacles.

Top Challenges Faced

The biggest challenges MSEs anticipate for the next 12 months relate to the macroeconomy: specifically, inflation and the energy crisis. Czech inflation was at its highest in 2022 at more than 17%.²⁴ Soaring energy prices²⁵ continue to be a concern. MSEs also mentioned the challenge of gaining new customers and retaining existing customers.

Small businesses are more likely to report macroeconomic factors. Solo businesses and women-led businesses are more likely to report customer acquisition, retention and business survival as a challenge. Only 6% of all MSEs said they had not experienced any challenges.

“

Finding savings, we may reach 30% in energy savings. Six to ten times increase in energy cost is not handled at all.

Male-led, 55–64 years, Small business (11 to 49 employees), Manufacturing

Getting by with a little help from friends (sometimes)

Help, fortunately, was at hand. Three quarters of companies said they were able to source support, with only a quarter having to go it alone. Sources of support are split reasonably evenly between informal sources, friends or family (28%) vs more formal sources such as government (25%) and the private sector (22%). See Figure 19.

²⁴ <https://tradingeconomics.com/czech-republic/inflation-cpi>
²⁵ <https://www.bloomberg.com/news/articles/2022-09-03/thousands-of-czechs-protest-in-central-prague-over-energy-crisis>

Figure 19: Sources of Support

Q: If you had a business-related challenge, who would you go to for support? (Select all that apply) (n = 833)



“

Energy, inflation, worldwide economic and political developments.

Male-led, 35–44 years, Solopreneur, Finance and insurance

Preferred (or indeed available) sources of support vary by gender, size, and other characteristics such as tenure of operations and the age of owner. Government advice is the primary source amongst small businesses (11–49) as well as male-led businesses. Friends/family, social media are more common among solo businesses, women-led businesses, and new businesses. Women-led businesses are 10% more likely to go to friends or family compared to men-led businesses. Women-led businesses are also much more likely to use online channels such as social media, online courses/training when compared to men. See Figure 20.

Figure 20: Sources of Support by Gender

Q: If you had a business-related challenge, who would you go to for support? (Select all that apply) (n = 741)

	Women-led (n = 212)	Male-led (n = 439)
Government	20%	28%
Friends or family	35%	25%
Private sector	17%	24%
Other business owners	17%	15%
Business associations	11%	14%
Online course/training	23%	11%
In-person courses/training	12%	7%
Social Media	18%	7%
Newspapers or magazines	2%	3%
Civil society	3%	3%
Other. Please specify	3%	2%
Don't know where to go for support	15%	13%
Not take any support	10%	13%

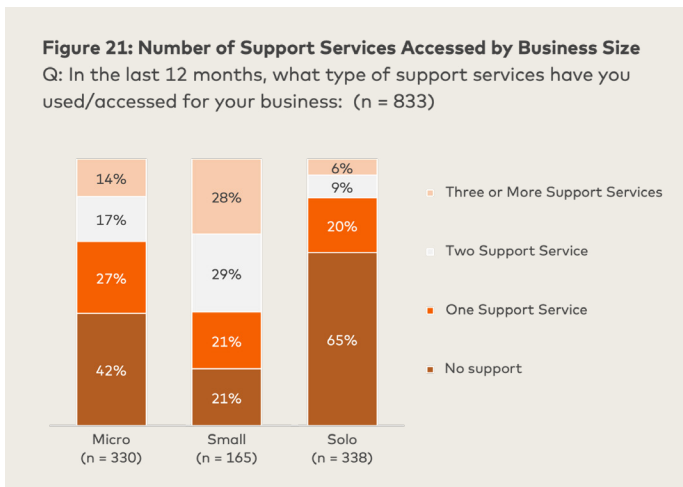


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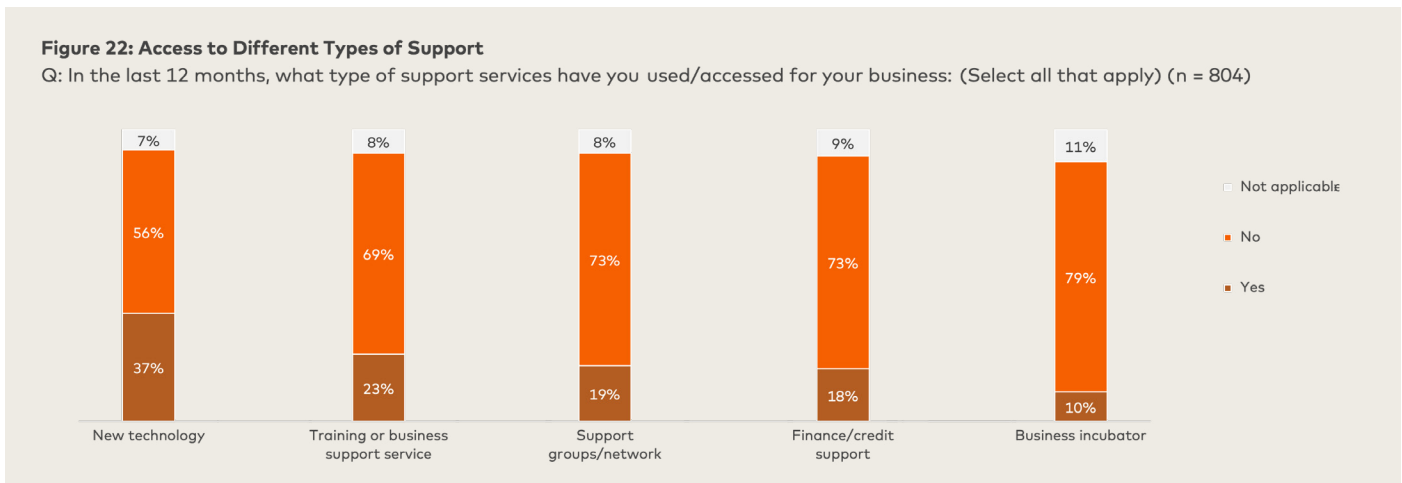
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Inequality of access to support is more concerning and particularly stark for solo and micro businesses, women-led businesses, and older businesses. For solo businesses, support was particularly poor. This is partly explained by a lack of awareness rather than access – those most likely to be unaware or unsure of how to get support are disproportionately solo businesses, older businesses, or older business owners. The results are worrying: 65% of solo businesses report "no access" to any types of support compared to only 21% of small businesses (11 to 49 employees), a 44% gap. Such variation puts solo businesses at a disadvantage, especially during difficult times. See Figure 21.



Access to Different Types of Support

Our data indicates that a possible silver lining of the current challenges could be that they act as a catalyst for greater technological adoption. The most commonly adopted type of support was new technology. Optimistically, new technology is cited most often as a source of support (37%) followed by more traditional sources of support such as training (23%), support groups (19%) and finance (18%). See Figure 22.



“

Instructions that are accessible even for people without IT knowledge, training with a competent professional, support line with live employees that can be asked specific questions.

Women-led, 45–54 years, Solopreneur, Education

“

Because I am bad with technology, I don't want to waste time with new tools that are ultimately unnecessarily expensive and too 'smart' for a self-employed person.

Women-led, 35–44 years, Solopreneur, Accountant

“

Financial support and proper training in the effective usage of new technologies.

Women-led, 35–44 years, Micro business (1 to 10 employees), Finance and insurance





Karolina,
female manufacturer
of ice hockey gear

CASE STUDY: The cautious optimist

Karolina is a 54-year-old woman who lives in Prague. In 2008, the company she worked for closed, and she then decided to start her own business. Ice hockey was her biggest passion and Karolina acquired a company that manufactures ice hockey gear.

The company has three employees, and Karolina does multiple tasks, which is typical of small business owners. Her tasks include procurement, sales, administration, and occasionally warehouse duties! During the ice hockey season, her company works with about 30 different teams. What she enjoys most about running her business is being involved in all the processes of the company, from procurement to shipping.

During COVID-19, her business was badly affected as all sports activities came to a halt. Her company could

supply, but there was no demand. For Karolina, this was the hardest part, as she did not have any control over these external factors. To keep her company afloat she reluctantly applied for a loan, although she wouldn't want to ask for another any time soon.

The last few months have been better for the business. Though her business is not yet growing, everything is more stable now that COVID-19 restrictions have been lifted. In the upcoming months, Karolina is expecting some new challenges related to energy prices. She believes this will affect ice hockey teams and reduce the budget to buy new equipment.

Karolina is not particularly interested in newer types of technology such as social media, customer relationship management software, or ecommerce for her business. Her business uses some old machinery for textiles. With her computer and a telephone, she does all the sales, administration, and shipping for the business.



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2.3 Digitalization; Use of Technology

"Pečení holubi nelítají do pusy" – Czech proverb

"Baked pigeons don't fly into your mouth" – Czech proverb

The Digital Economy and Society Index (DESI)²⁶ that ranks the digital environment of EU countries in terms of five dimensions: connectivity, human capital, use of internet, integration of digital technology, and digital public services, describes Czechia as a relatively late technology adopter. In 2022, it ranked Czechia as 19th out of 27 EU countries in integration of digital technology, down four places from 15th in 2021.²⁷

Against this backdrop, we asked businesses about their current state of digital adoption, perceptions on technology and barriers to adoption. It turns out that many businesses see significant promise in greater adoption of technology.

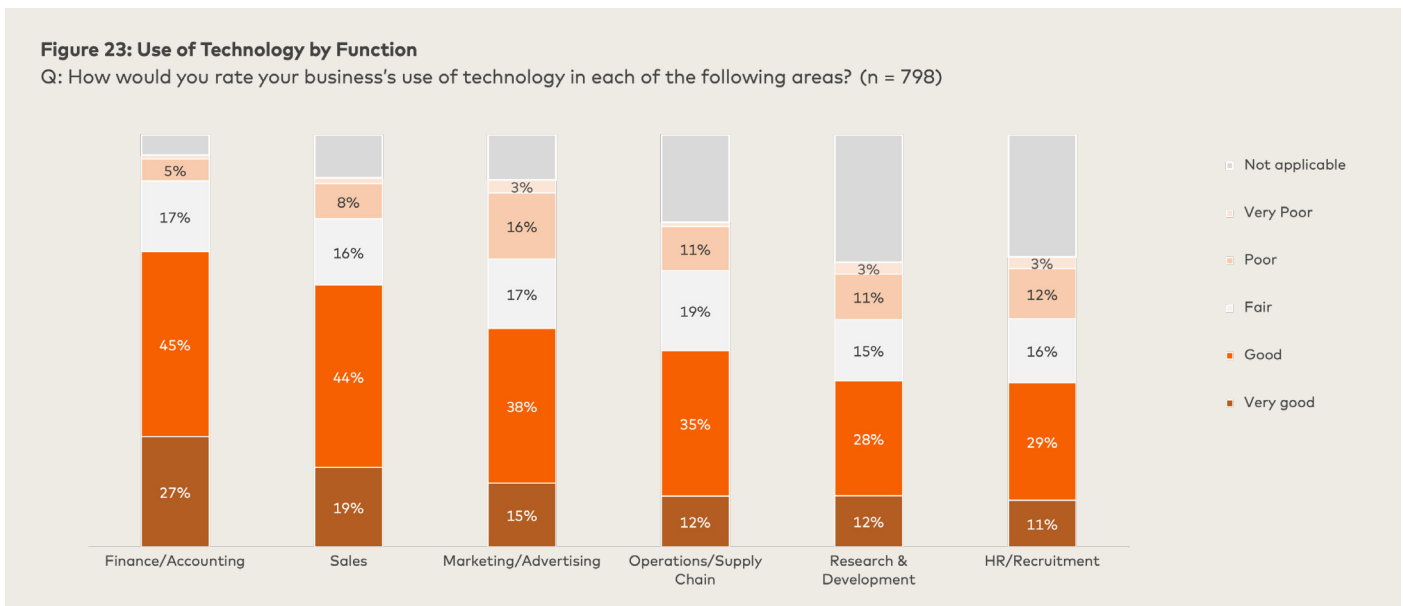
Technology is the key for the future

Nearly three fifths of MSEs believe that technology is critical for the future success of their business. Opinions varied as to the best application for technology. More than 3 in 5 business owners reported that their technology usage is "good" or "very good" in finance/accounting and sales.

Smaller and male-led businesses are more likely to say, "very good". Only 40% reported the same for HR and recruitment-related technology. See Figure 23. Patterns which are similar to a 2021 UK study by CEBR found that businesses are most positive about their use of technology in finance and accounting.²⁸ 69% of respondents perceived their use of technology in this space as good or very good. At the other end of the scale, just 32% reported good or very good use of technology relating to HR and recruitment.

However, like so much in this report, tech-usage and tech-optimism vary according to gender, business size, tenure of operations, prior access, and current levels of technology in their business. Whilst young, male-led businesses are more likely to say "yes" to the question of whether they feel positive about technology; women-led businesses, micro and solo businesses, older businesses, and older owners are more likely to disagree. See Figure 24.

Businesses that have accessed new technology support in the previous year, or expect rapid growth in the following 12 months, report having strong technology systems already in place. They are also more confident about the use of technology and are much more likely to believe technology adoption is critical. It appears that introducing basic forms of technology and enabling businesses to trial new technologies can breed greater confidence in the possibilities of technology and make a positive difference to the digitalization journey for micro and solo businesses.



²⁶ DESI – <https://ec.europa.eu/newsroom/dae/redirection/document/88698>

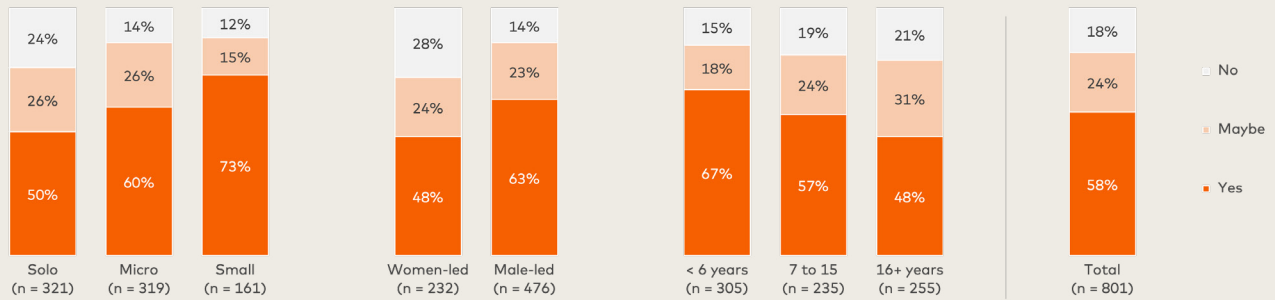
²⁷ Czechia's strengths lie in dimensions such as connectivity (i.e. deployment and quality of broadband infrastructure such as 4G technologies) and integration of digital technology (i.e., use of e-commerce and business digitalization towards business efficiency). Weaknesses seem to lie in basic and especially advanced digital skills (e.g., share of internet users, having ICT skills, and STEM graduates-see below) as well as digital public services (i.e., digitalization of public services in eGovernment and eHealth), especially when compared to Austria. Looking at the dynamics of select digitalization indicators over time (especially over the last decade) shows that Czechia has improved in terms of increasing the proportion of households with access to broadband, the proportion of daily internet users, the proportion of people using e-commerce and the proportion of the population interacting electronically with the government.

²⁸ *Striving to Thrive*: The state of play for UK micro and small businesses.



Figure 24: Technology optimism

Q: Do you think adopting technology is critical for the future success of your business? (n = 801)



Technology currently in use

Enterprise Resource Planning (ERP) systems, social media, and electronic invoicing are top technologies used by Czech firms in our survey. And multi-tech usage is common: over three in four businesses report that they use three or

more technologies. Male-led businesses, on average, use 3+ technologies compared to women-led businesses (2+). Type of technological usage varies by sector, with Big Data used mainly by Transportation & Health-care, while cloud Computing is used mainly by Finance and Arts. See details below (top 2 by technology). See Figures 25 and 26.

Figure 25: Top Technologies Used

Q: Please select the types of technology (if any) that your business uses? (Select all that apply) (n = 792)

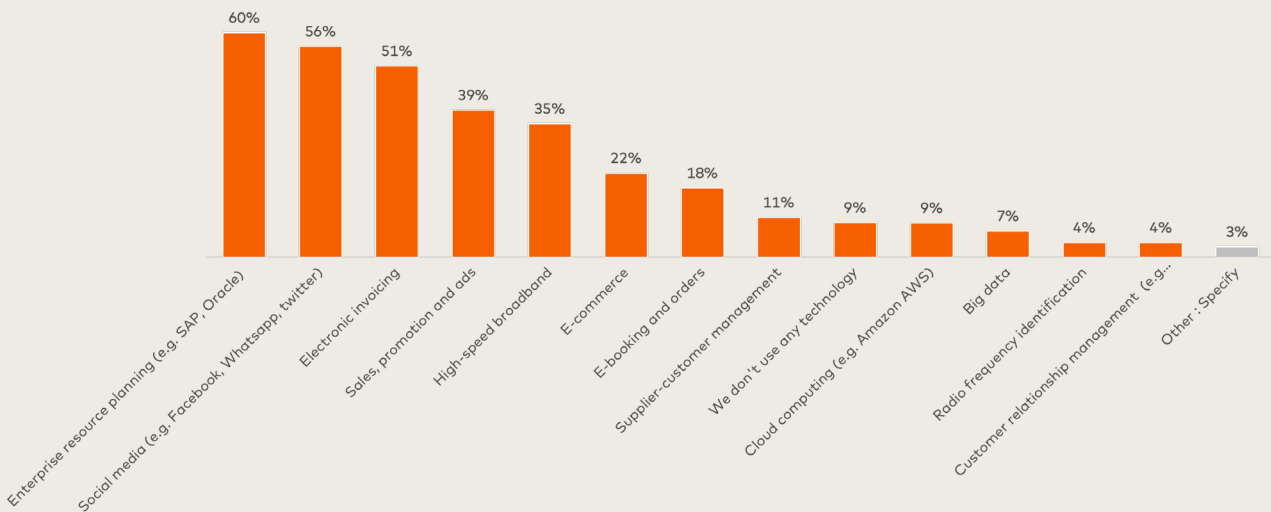


Figure 26: Top two sectors by technology used

Technology	Sector 1	Sector 2
Big Data	Transportation, logistics and warehousing	Health care and social assistance
Cloud Computing	Finance and insurance	Arts, entertainment and recreation
E-booking and orders	Arts, entertainment and recreation	Health care and social assistance
E-commerce	Wholesale or retail, Manufacturing	Finance and insurance
Electronic Invoicing	Services (e.g. consulting, ICT)	Construction, plumbing or carpentry
ERP	Arts, entertainment and recreation	Hospitality and restaurants
High speed broadband	Finance and insurance	Transportation, logistics and warehousing
Sales, promotion and ads	Wholesale or retail	Arts, entertainment and recreation
Social Media	Arts, entertainment and recreation	Hospitality and restaurants
Supplier	Transportation, logistics and warehousing	Real estate



Many businesses are familiar with using varying types of electronic payment systems, of which bank transfers are the most common types of payments accepted.²⁹ And as many as 1 in 6 businesses led by entrepreneurs aged 35 or younger are experimenting with crypto currency. However, there is still significant room to grow non-cash commerce: fewer than 2 in 5 (38%) MSEs accept credit/debit cards and only a fifth (20%) accept digital payment methods.³⁰ See Figure 27.

Barriers to adoption

Lack of familiarity with technology is not the only barrier to adoption. There is a significant, almost universal, concern about the cost of technology. Behind cost, other concerns include a lack of clarity about benefits and uncertainty about which technologies to select. Some companies simply believe that technology is not designed for them: a quarter of solo businesses and a quarter of businesses that have been in operation for a long time (16+ years) believe this. See Figure 28.

Czech businesses are not alone in their caution about technological innovation. The 2021 UK Survey mentioned above also showed that time and cost were the main barriers to adopting technology.³¹ A further 2021 UK study by CEBR³² found that costs of technology and costs of implementation were the two most common disincentives for adopting technology for businesses.

Businesses also spoke about skills issues and problems in selecting technology. 54% of businesses "strongly or somewhat agree" to the following statement "I want to use more digital tools, but don't know which ones are right for my business". Similarly, 42% "strongly or somewhat agree" to the following statement "I want to use more digital tools, but don't have the requisite digital skills".

Figure 27: Types of Payments

Q: What types of payments do you accept or use at your business? (Select all that apply) (n = 830)

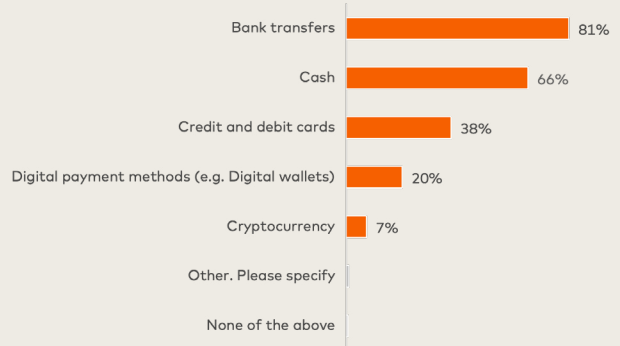
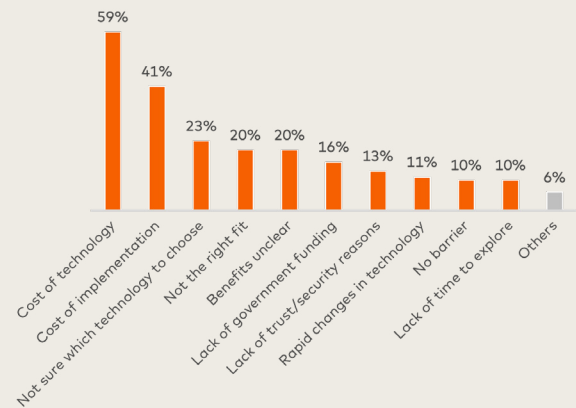


Figure 28: Barriers to Technology Adoption

Q: Which of the following do you consider to be barriers to adopting new technology in your business? Select Top 3 (n = 833)



²⁹ This is line with some older data from the European Payments Council European Payments Council, 2017

³⁰ This may include A2A, P2M, etc.

³¹ Skills for Success Report, 2021

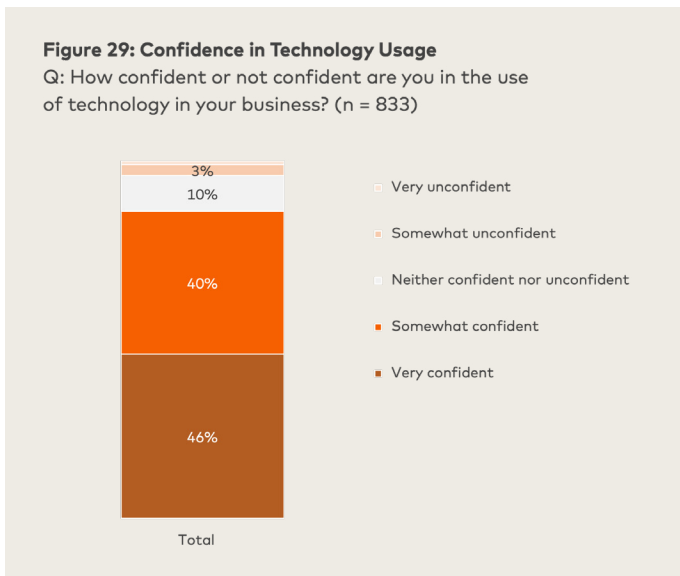
³² Striving to Thrive: The state of play for UK micro and small businesses



Tech confidence and sources of learning

For those interested in learning more about the potential value of technology and digitalization, the private sector, online courses, and government are the top sources of information cited. We see variations by size of business and gender. Small businesses and male-led businesses are more likely to go to governments, the private sector and business associations. Solo businesses and women-led businesses are more likely to go to friends or family and are also more likely to 'not take any support'.

Findings from our sample are consistent with a 2021 UK study.³³ 86% of businesses from our sample are "very confident" or "somewhat confident" about technology usage, compared to 91% in the UK study. See Figure 29.



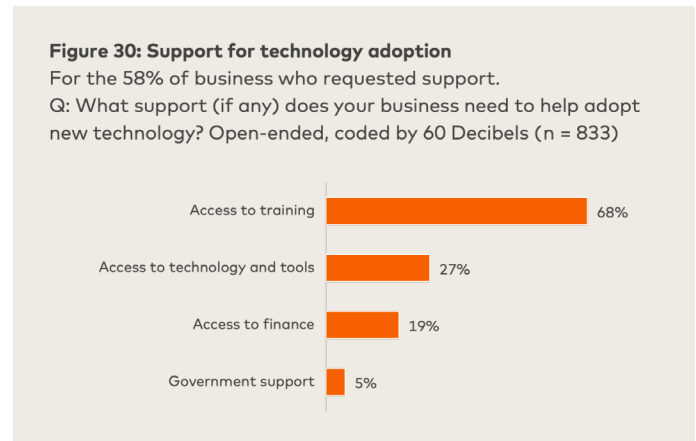
Future needs

Computers, Artificial Intelligence and solar panels are main technologies that businesses believe would help them to grow rapidly. Smaller businesses (11–49) and male-led businesses are more likely to use "AI". Women are more likely to point to established technologies like a printer or faster Wi-Fi. Solo businesses are more likely to report "None".

There is an appetite for a centralized platform which would offer guidance to find the right technologies for the business. 64% wish there was a one-stop shop for this purpose, and 64% said it would be helpful to speak to other business owners for support. 68% consider access

³³ [Striving to Thrive](#) : The state of play for UK micro and small businesses

to training as the most important means to help them adopt technology. 27% believe access to new technology and tools would improve adoption. We did not see differences by gender. See Figure 30.



“
I must be well-informed about new things, I must offer quality services so my customers keep coming back to me and recommend my services, I must get into the customers' broader conscience.

Women-led, 55–64 years, Solopreneur, Services (e.g. consulting, ICT)

“
Training so I can better understand everything and know how to choose the proper technologies.

Women-led, 25–34 years, Solopreneur, Manufacturing





Adam,
male regional manager
at a recruitment agency

CASE STUDY: The tech savvy, head-hunter

Adam is a 35-year-old man living in the Pardubice region with his wife and two children. He completed his bachelor's degree while working at a recruitment agency. Adam has spent the last 15 years working in the same field, and he is now a regional manager. The company has 18 employees and specializes in finding candidates for technical positions, middle management, and senior management roles.

Adam likes connecting with different companies and learning about the different vacant roles. He most enjoys finding a suitable candidate to fill a role. Due to COVID-19, his job is now completely remote. The offices have closed and he has fewer in-person meetings.

The next 12 months are unpredictable as the company is dependent on the existence of a thriving labor market. Adam's company is preparing for a decrease in at least 30% of its revenue. If the market is stagnant and if companies reduce vacancies, they will not have a lot of work in the following months.

To survive the next few months, Adam considers technology to be very important. A few years back, the company invested in specialized software that was a key factor in gaining a competitive advantage. It was a challenge to make the team adapt to the new technology, especially the older generation. However, training and support from the company has been crucial. Now, Adam and his colleagues have software that facilitates daily tasks and increases their productivity.



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2.4 Deep-dive into Women-Led Businesses

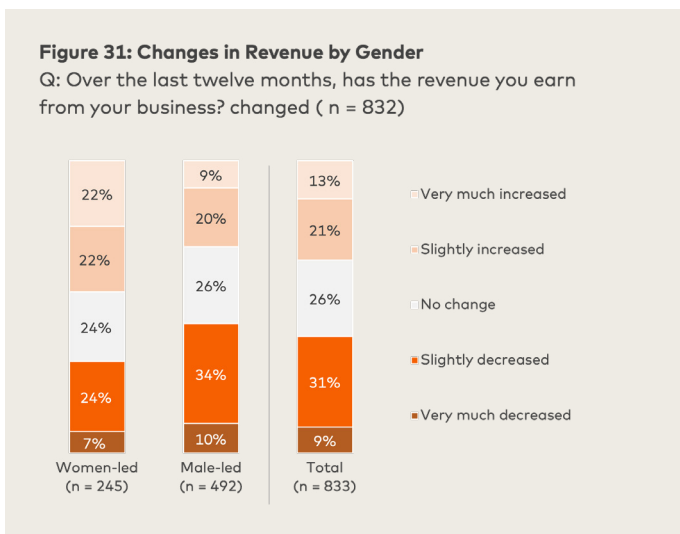
"Pozdě, ale přece" – Czech proverb

"Better late than never" – Czech proverb

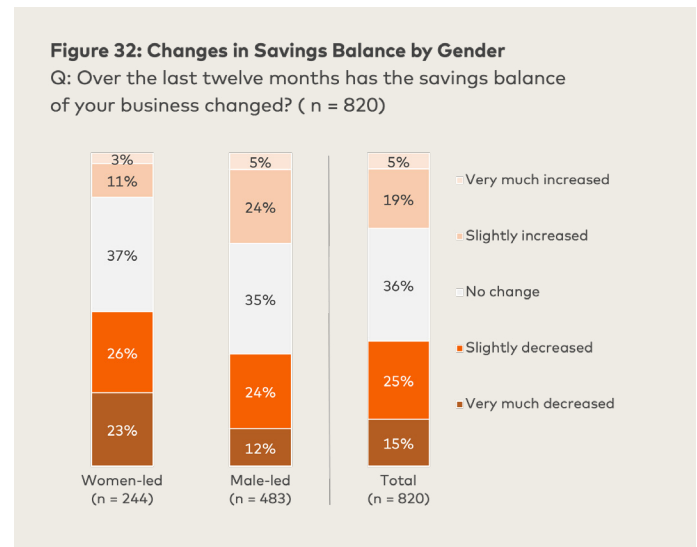
The more we delved into the data in this report the more one thing became clear: there are significant variations in the activities and outlook of businesses run by men and women. We have mentioned these throughout the report, and here we go into more detail.

Business performance

As highlighted earlier, the most worrying trend is that, compared to men-led businesses, women-led businesses report weaker performance in the previous 12 months (especially on savings and revenue) and have a poorer business outlook for the following year. They were twice as likely to report "very much decreased revenue" for the previous 12 months and twice as likely to report "very much decreased savings". See Figures 31 and 32.



Unpacking why this is the case is difficult and beyond the methods applied in this survey. However, the descriptive statistics are suggestive of an environment which makes it relatively harder for women-led businesses to thrive. From our data, we find that women-led businesses find it harder



to come up with funds, contributing to a lower level of financial resiliency when compared to male-led businesses. Women report less access to support from the state and private sector, which might reflect their reduced likelihood of adopting, or being confident about the use of, technology.

Systemic Barriers

There are systemic issues and social norms at play that deepen the divide for women-led businesses. The limited participation by mothers in the labour market constrains growth, incomes and equity. The gender pay gap is relatively high, and the risk of poverty in old age is greater for women than for men.³⁴

We also found that generous parental leave and child cash benefits (which at first hand, sound positive) may have an inadvertent effect in exacerbating gender differences as they discourage Czech women from resuming work after childbirth. For those who choose to resume work, there is a scarcity of childcare facilities. Czechia ranks the lowest in the EU when it comes to the proportion of children receiving at least one hour of formal childcare per week, with the EU average almost seven times higher than that of Czechia.³⁵

Czechia ranks among the lowest for women working in IT fields. Women and girls constitute 51% of the 10+ million population but are severely underrepresented in all areas of work, including IT; 90% of Czech technology specialists are men.³⁶

³⁴ Source 2020, OECD Economic Survey

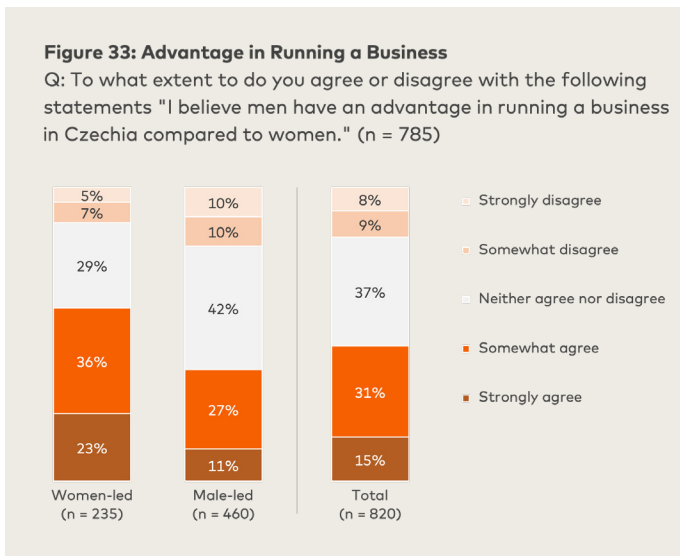
³⁵ Eurostat 2019

³⁶ <https://www.czechitas.cz/english-blog/from-gender-digital-divide-to-womens-digital-potential>



A gender bias

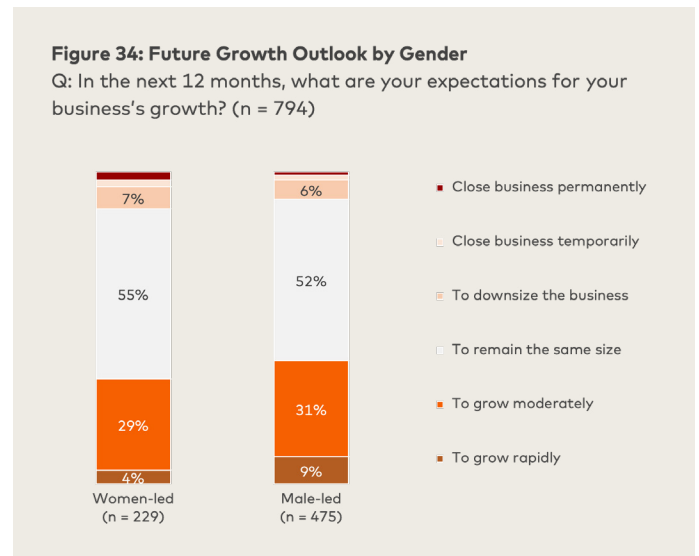
Slightly fewer than 1 in 2 (46%) respondents "strongly or somewhat agree" that men have an advantage in running a business in Czechia compared to women. Women are much more likely (59%) to "agree" with this compared to men (38%). Women-led businesses spoke of issues such as a lack of belief in their abilities (typically by men) and difficulties of maintaining a balance between the demands placed on them from their business and their domestic responsibilities. See Figure 33.



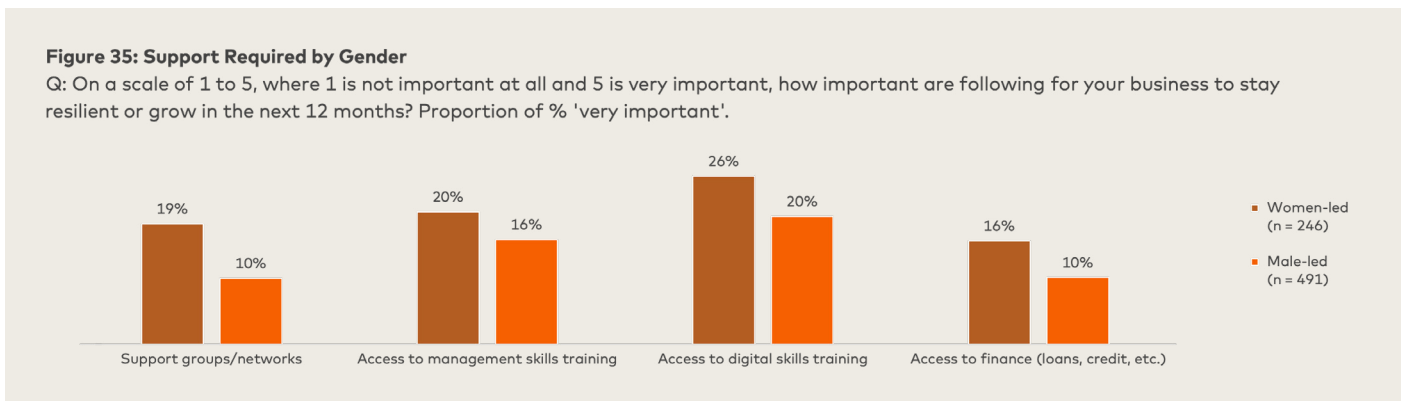
Although concerning, it is not surprising that women-led businesses are behind male-led businesses in the digitalization journey. This is in part due to their limited access to support services such as training and access to technology itself. Women are consequently less likely to accept debit/credit card payments and cryptocurrency. A lower proportion feel confident about the use of technology in their business even though they believe that technology is critical for business success.

A change is coming?

On a positive note, we do not find significant differences in outlook by gender. A third of women-led businesses (34%) expect "rapid" or "moderate" growth in the next 12 months compared to two in five male-led businesses (40%). The proportion of respondents who are optimistic about their businesses remaining the same size is marginally higher among women-led businesses (55%) compared to male-led businesses (52%). See Figure 34.



There is demand from women-led businesses for support. Significantly more women said they would value access to each of the following: digital skills training, management skills training, finance and support networks to stay resilient or grow. Besides these requests, we believe it is important to create an enabling environment for women-led businesses to thrive. This may include providing childcare facilities, reviewing existing policies, and enabling ICT training for women and girls. See Figure 35.



“

There is still discrimination in the Czech market and the majority of women are not on equal terms with men. They are still being observed to see if they are pregnant, often receive lower pay. If you ask me, the situation is improving, but not enough.

**Male-led, 25–34 years,
Micro business (1 to 10 employees), Construction, plumbing or carpentry**

“

A prominent characteristic is always arrogance and being condescending towards their female counterparts, belittling their experience, ridiculing women especially in technical positions which are usually occupied by men.

**Women-led, 45–54 years,
Small business (11 to 49 employees), Services (e.g. consulting, ICT)**

“

Businesses do not face problems, women face the problems because they have to reconcile caring for a family mostly by themselves and if they do not have a partner, raise the children herself, it is very difficult. Also, the older generation of men is still prejudiced against women in leadership positions.

Women-led, 55–64 years, Solopreneur, Arts, entertainment and recreation



2.5 Expectations for the future

"Trpělivost růže přináší." – Czech proverb

"Patience brings roses." – Czech proverb

Even if the present is challenging, entrepreneurs often find solace (and strength!) in thinking about a more positive future. We explored business owners' views of their economic prospects over the coming year.

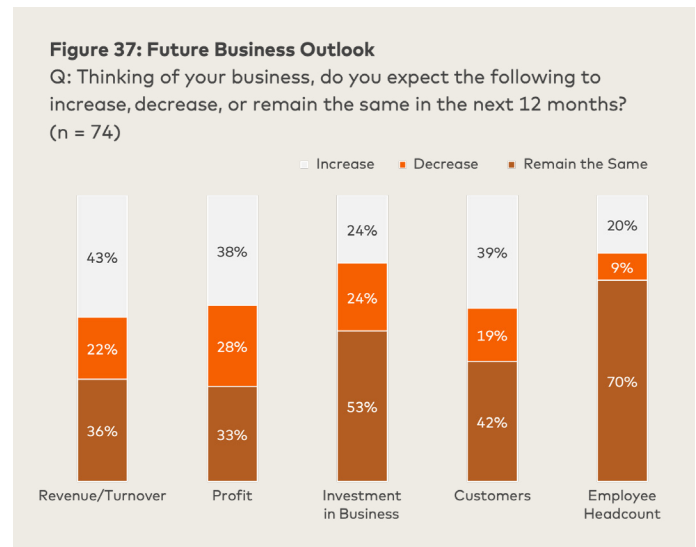
Despite the difficult economic climate, Czech businesses we spoke to remain broadly optimistic. Half of the businesses expected to remain the same size over the next 12 months and nearly a third anticipated moderate growth. See Figure 36.



We followed this with an open-ended question to understand why businesses expected a certain level of growth. Those MSEs that expected to grow spoke of expansion, an increase in sales and customer base. Among MSEs who expected to remain the same, nearly half said they did not wish to grow. Macroeconomic factors were cited as the foremost reason for not wishing to grow their businesses. Finally, among MSEs who were either downsizing or closing their business (temporarily or permanently), the primary reasons were macroeconomic factors and the sheer need to survive.

Nearly 2 in 5 businesses expected an increase in revenue, customers, and profit in the following 12 months. This positive outlook is even more impressive given that most MSEs also anticipated a rocky macroeconomic outlook over the same period, with inflation and the energy crisis of particular concern.

However, nearly 3 in 10 expected a decrease in profit. More than 1 in 5 anticipated to see a decrease in revenue and investments, with the prospect of employment growth seemingly dim: over 7 in 10 businesses did not expect to take on extra staff in the next 12 months. See Figure 37.



Optimism was especially apparent among smaller, newer businesses (<6 years), that are led by younger owners. We also noted a positive correlation between future business outlook and current levels of business performance, prior access to support, and support from state and private actors.

We also asked businesses what strategies will help grow their business in the next 12 months. Marketing and advertising, customer acquisition and retention, and maintaining or increasing product/service quality are prime objectives for MSEs. See Figure 38 below.



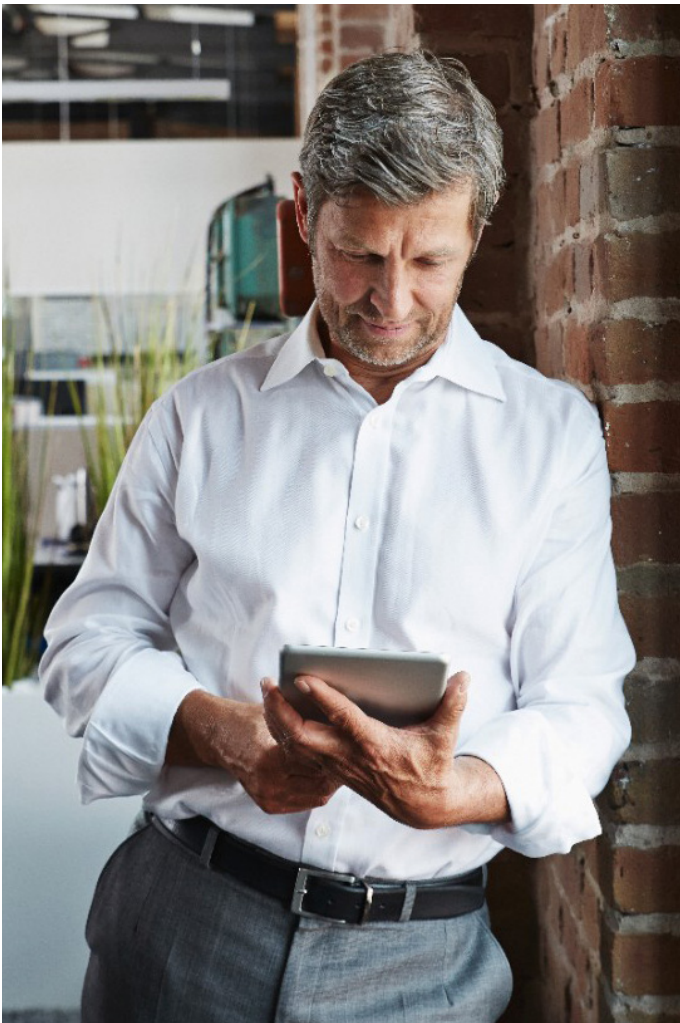
These strategies remained consistent across size and gender. MSEs said these strategies were critical for business growth, helped maintain or increase both sales and customer base, supported them to build a stronger brand and ultimately protected them in the backdrop of macroeconomic risks.



Access to technology, finance skills training and digital skills training are most important for businesses to stay resilient or grow in the next 12 months. The type of support needed varies according to size, gender, tenure, and age i.e., support should be customized to suit the needs of the business. Additionally, access to support in the past and growth outlook play a role in the kind of support required.

Small businesses (11–49 employees), younger businesses (fewer than 6 years of operation), young business owners (<35 years), and women-led businesses are more likely to report most training and support services as 'very important'. Additionally, MSEs who have taken advantage of similar support in the previous 12 months are more likely to value it. Prior experience of support drives further demand.

Businesses with a positive growth outlook in the following 12 months are more likely to value training and incubator support. Businesses that may have to close down value finance support, training and support groups.



“

We are preparing to implement our own innovation in the field of textile engineering, specifically what is known as the digital textile micro enterprise with the working name Perpetis (with an analogy from the TV show Engineering Odyssey) At the same time we are expecting our consulting 'division' to grow in turnover.

**Male-led, Above 64 years,
Micro business (1 to 10 employees),
Manufacturing, Services (e.g. consulting, ICT)**

“

The reason is that if you do not have any plan or strategies all your work will fail.

**Joint-led, 18–24 years,
11–20 employees, Real estate, Finance and insurance**

“

The number of potential customers will determine the success of my business.

**Male-led, Above 64 years,
Solopreneur, Services (e.g. consulting, ICT)**

“

As a self-employed worker, the most important measure is time. The more efficiently I use it, the more jobs I can get done and the more profit I can make.

**Male-led, 35–44 years,
Solopreneur, Services (e.g. consulting, ICT)**



Josef,
male founder of a consultancy firm
for leasing companies

CASE STUDY: The experienced consultant

Josef is a 60-year-old entrepreneur from a village near Olomouc city in Czechia. He is married and has six children whose ages range from 15 to 35 years. After working in a bank and a leasing company, he started his own business – a consultancy firm for leasing companies. The business has been operating for almost 10 years. His business employs 6 people. Although his company has remained the same size in terms of employee strength, the revenue earned from the business has slightly increased in the last 12 months. During this period, the company negotiated a loan for working capital from a local bank which helped to maintain the business during the difficult months.

Josef considers this sector stable compared to others, especially during uncertain times. However, he believes that

customer retention will be a challenge in the upcoming months. Josef believes his business will remain the same size, but he has come up with strategies to maintain the same revenue. He is working to build his customer pipeline and retain his current set of customers. He is also focused on maintaining the quality of the service while not increasing expenses. Josef is particularly worried about the rising energy prices, which have led to reducing in-person meetings and limiting heating.

Besides working remotely, Josef has adopted other technologies. The company sends electronic invoices and uses social media to advertise and communicate. Despite being new to technology, he has learned a lot and feels confident about his skills. The main barriers he sees to technology adoption are the associated costs and lack of clarity of the benefit to the business.



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Conclusion

This is the first such barometer looking into the prosperity and prospects of solo, micro, and small businesses in Czechia. We hope it demonstrates the importance and value of the data we can gather when we listen directly to the voices of MSEs.

Of course, better data alone will not beneficially impact MSEs or help them prepare for the future. It is what we learn from the data, and critically the subsequent actions we take to support MSEs invest and adapt that is key. Powered by better data and analysis we can help businesses chart a safe path through times of economic turbulence and can assist them to make important but potentially risky decisions, such as whether to increase their use of technology to help future-proof their businesses.

Based on our findings, we conclude with three major calls to action for those working with Czech MSEs, alongside a word about Mastercard's Strive program.

01. Simplify the path to digitalization

Our data shows that most businesses believe technology adoption is crucial for future success. MSEs have asked for the following support: improved access to technology, reduced costs associated with technology, and more

information about the benefits of technology and the available options.

While we are optimistic about the value of technology, we must also keep in mind that the digital divide can deepen gender disparities. As we push for digitalization, let us champion inclusive digitalization to make sure the digital economy works for everyone.

02. Focus on inequity between MSEs

As will have no doubt become clear to our reader, although all MSEs have it tough, even within this group the playing field is far from even. Women-led enterprises face specific challenges. Our data also shows that size matters, with solo and micro businesses often struggling more than small businesses. Additionally, we often see that businesses run by older entrepreneurs report more difficulties than those owned by younger people.

If we want Czechia to be a place where any MSE can prosper, we must ensure we take into account the unique constraints and challenges that un- and under- served entrepreneurs face and keep these needs in mind when we are designing products, services, programs and tools.



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03. Stop operating solo, and partner

Organizations, across sectors, need to collaborate and coordinate to ensure the programs and resources available to Czech MSEs are additive and complementary. Too often, we heard from MSEs that they didn't have time to make sense of what is on offer. To make finding the right resources easy and simple, organizations across the entrepreneurial support ecosystem need to share lessons, avoid duplication, and better coordinate their respective initiatives.

And finally... opportunities with Strive Czechia

Mastercard is proud to be launching Strive Czechia, a program to empower 250,000 Czech solo, micro and small enterprises, with a focus on underserved groups, to succeed in the digital economy over the next three years. Strive Czechia will bolster the financial resilience and unlock the growth of Czech micro and small enterprises (MSEs) through education, tools, financial service products, skilling, and peer mentorship.

As Czechia turns from economic relief to economic recovery post-pandemic, Czech MSEs are going to need to change the way they do business. Changing customer preferences,

new economic conditions due to the invasion of Ukraine and an acceleration to digital have all prompted the need for MSEs in Czechia to adapt and evolve. To realize financial resilience and growth, this program will focus on the inclusive digitalization of MSEs and tackle the barriers that are hindering MSEs from having successful digital futures. The program will be intentional about supporting women led or owned MSEs, given the data currently shows women enterprises are significantly underperforming in Czechia. Moreover, the urgent need to help displaced Ukrainians establish economic livelihoods cannot be ignored. The program will also help displaced Ukrainians start or restart their businesses in Czechia.

We hope Strive Czechia will make running a MSE a little easier. Through the creation of a One Stop Shop, we hope to bring together all the resources, tools and programs serving Czech small businesses in one place, so MSEs can find the help they need quicker and easier. We will also be convening the Strive Learning Network – a group of organizations across sectors who are supporting MSEs in Czechia – to collaborate, share insights and co-create.

While the challenges facing Czech MSEs in this evolving digital economy are vast, we hope that together we can ensure Czech small businesses not only survive but thrive.



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Annexes

Survey Script

	Question Text	Answer Option
1	Excluding yourself, how many employees does your business currently have?	0 employees /1 employee/2–10 employees/ 11–20 employees/21–30 employees/ 31–40 employees/41–49 employees
2	Who runs this business?	A woman (or women)/A man (or men)/Both (a man and woman)/Other arrangement
3	Can you specify which sector your business operates in? (Select all that apply)	Manufacturing/Wholesale or retail/Services (e.g., consulting, ICT)/Arts, entertainment and recreation/ Construction, plumbing or carpentry/Hospitality and restaurants/Transportation, logistics and warehousing/ Health care and social assistance/Real estate/Finance and insurance /Agriculture/Others
4	How many years has it been since your business is in operation?	< 1 year/1–3 years/4–6 years/7–15 years/16+ years
5	Can you mention where your business is located?	Prague/South Bohemian/Plzeň/Karlovy Vary/Ústí nad Labem/Liberec/Hradec Králové/Pardubice/Vysočina/ South Moravian/Olomouc/Zlín/Moravian-Silesian/ Other
6	Would you mind sharing the age of the business-owner with me?	18–24 years/25–34 years/35–44 years/45–54 years/ 55–64 years/Above 64
7	Over the last twelve months, have the following changed? ...revenue you earn from your business?	Very much increased/Slightly increased/No change/ Slightly decreased/Very much decreased
8	Over the last twelve months, have the following changed? ...your stress levels relating to your business finances?	Very much improved/Slightly improved/No change/ Got slightly worse/Got much worse
9	Over the last twelve months, have the following changed? savings balance of your business?	Very much increased/Slightly increased/No change/ Slightly decreased/Very much decreased
10	Over the last twelve months, have the following changed? ...ability to plan your business finances?	Very much increased/Slightly increased/No change/ Slightly decreased/Very much decreased
11	In the past twelve months, has your business used credit or loans?	Yes/No
12	What was the source of the credit or loans? (Select all that apply)	From a bank or another type of formal financial institution/From family, relatives, or friends/From an informal savings group/club or money lender/Other
13	Can you please describe the purpose for taking the credit or loan? (Select all that apply)	Expanding business operations/Working capital requirement/Buying machinery, equipment's or other assets/Repayment of other loans/Other
14	Why did you not use credit or loans? (Select all that apply)	I did not need it/I do not know where to get it/I could not afford it or pay it back/I was rejected for a loan/credit/ I do not think I am eligible/Other

15	Imagine you were offered a loan tomorrow from a financial institution that would help cover your business needs or grow your business. How much loan amount (if any) would you apply for?	Up to 50k/50k to 100k/100k to 250k/250k to 500k/500k to 1000k/1000k to 2,500k/2,500k to 5,000k/5,000k to 10,000k/10,000k to 25,000k/25,000k+/ I would not take a loan
16	Imagine tomorrow that your business has an unexpected emergency and needs to come up with 51,000 Czech Koruna within the next month. 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 friend/family/Sell an Asset/Borrow money from a money lender /Do something else
17	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
18	In the last 12 months, what type of support services have you used/accessed for your business: Finance/credit support Training or business support services New technology Support groups/networks Business incubator support	Yes/No
19	Thinking about the last 12 months, as a business owner, did you get enough support from the following in terms of keeping your business resilient? Government Private Sector Civil society (e.g., NGOs, faith based groups, public figures, academics)	Yes/No/Maybe/Not Applicable
20	In the next 12 months, what are your expectations for your business's growth?	To grow rapidly/ o grow moderately/To remain the same size/To downsize the business/Close business temporarily/Close business permanently/Not sure
21	Could you please explain your answer?	Open-ended
22	Thinking of your business, do you expect the following to increase, decrease, or remain the same in the next 12 months? a) Revenue/Turnover b) Profit c) Investment in Business d) Customers e) Employee Headcount	Increase/Decrease/Remain the same
23	Can you give a rough estimate of the expected [increase/decrease] in revenue over the next 12 months?	1-10%/11-20%/21-30%/>30%/Unable to estimate
24	In the next 12 months, what are the biggest challenges to your business?	Open-ended
25	If you had a business-related challenge, who would you go to for support?	Government/Private sector/Civil society/Friends or family/social media/Business associations/ Newspapers or magazines/Online course/training/ In-person courses/training/Other business owners/Other. Please specify/Not take any support



26	What are the top three strategies that will help grow your business in the next 12 months?	Open-ended
27	Could you please explain why you think these strategies are important for your business growth?	Open-ended
28	On a scale of 1 to 5, where 1 is not important at all and 5 is very important, how important are following for your business to stay resilient or grow in the next 12 months?	Access to digital skills training/Access to management skills training/Access to finance skills training/Access to technology/Support groups/networks/Business incubator support/Other
29	To what extent do you agree or disagree with the following statements I believe men have an advantage in running a business in Czechia compared to women.	Strongly agree/Somewhat agree/Neither agree nor disagree/Somewhat disagree/Strongly disagree
30	Could you please explain what challenges women-run businesses face?	Open-ended
31	As a women-run business, on a scale of 1 to 5, where 1 is not important at all and 5 is very important, how important are following for your business to stay resilient or grow in the next 12 months?	Access to finance/Access to digital skills training/Access to management skills training/Access to finance skills training/Access to technology/Support groups/networks/Business incubator support/Other
32	Please select the types of technology (if any) that your business uses?	Enterprise resource planning (e.g., SAP, Oracle)/Social media (e.g. Facebook, WhatsApp, twitter)/Customer relationship management (e.g. salesforce)/Electronic invoicing/Cloud computing (e.g. Amazon AWS)/Radio frequency identification/E-commerce/High-speed broadband/Sales, promotion and ads/Supplier-customer management/Big data/E-booking and orders/We don't use any technology/Other : Specify
33	How would you rate your business's use of technology in each of the following areas? "Very good" to "very poor" Finance/Accounting Sales Marketing/Advertising Operations/Supply Chain Research & Development HR/Recruitment	Very good/Good/Poor/Very Poor
34	What are the top two technologies you wish you had that would help your business grow?	Computer/AI/Interactive presentations/Payment terminal/Solar panel/Smartphone/Printer/Better Wi-Fi/ Other
35	What types of payments do you accept or use at your business?	Cash/Credit and debit cards/Digital payment methods (e.g., Digital wallets)/Bank transfers/Cryptocurrency/ Others
36	How confident or not confident are you in the use of technology in your business?	Very confident/Somewhat confident/Neither confident nor unconfident/Somewhat unconfident/ Very unconfident
37	Do you think adopting technology is critical for the future success of your business?	Yes/No/Maybe/Don't know
38	If you had to adopt new technology in your business, who would you go to for support? (Select all that apply)	Government/Private sector/Civil society/Friends or family/social media/Business associations/Newspapers or magazines/Online course/training/ In-person courses/training/Other business owners/Other. Please specify/Not take any support



39	Which of the following do you consider to be barriers to adopting new technology in your business? (Select top 3)	Cost of technology/Cost of implementation/Technology changes too rapidly to keep up/Technology is not designed for our size of business/Lack of trust in technology/ Lack of time to explore options/Security concerns/Lack of digital literacy skills/Unsure of which technologies/ Benefits of technology are unclear/Lack of government funding/oo many choices/Other/None of the above
40	What support (if any) does your business need to help adopt new technology?	Open-ended
41	To what extent do you agree or disagree with the following statements: I want to use more digital tools, but I don't know which ones are best for my business I want to use more digital tools, but I don't have the requisite digital skills I wish there was a "one centralized platform or place" to find out which technologies are right for my business When I look to make a change within my business, it would be helpful to speak to other similar business owners in my sector	Strongly agree/Somewhat agree/Neither agree nor disagree/Somewhat disagree/Strongly disagree
42	Can you share approximately the annual revenue of your business? (In CZK)	Less than 250k/250k to 1,250k/1,250k to 2,500k/ 2,500k to 6,250k/6,250k to 12,500k/12,500k to 25,000k/25,000k+/Not willing to share/ Don't know
43	Can you share approximately the annual profits of your business? (In CZK)	Not profitable/Less than 25k/25k to 125k/125k to 250k/ 250k to 625k/625k to 1250k/1250k to 2500k/2500k+/ Not willing to share/Don't know



A Thank You From 60 Decibels

This work would not have been possible without the generous support of Mastercard Foundation and collaboration with CARE Czechia and CARE International. Most importantly, to all the respondents who took part in our surveys – we thank you for your time, your honest feedback, and your insightful comments. Without you, this report would not exist. We have done our best to represent your voices here, in the hope that we collectively learn from the results and positive change will result.



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