

---

# ECONOMICS

---

*& Sociology*

**Jaroslav Belás,**

*Department of Enterprise  
Economics,  
Faculty of Management and  
Economics,  
Tomas Bata University in Zlin,  
Zlin, Czech Republic,  
E-mail: belas111@gmail.com*

**Přemysl Bartoš,**

*Department of Enterprise  
Economics,  
Faculty of Management and  
Economics,  
Tomas Bata University in Zlin,  
Zlin, Czech Republic,  
E-mail: bartos@fame.utb.cz*

**Jozef Habánik,**

*Alexander Dubček University of  
Trenčín,  
Fakulty of social-economics  
relationship,  
Trenčín, Slovakia,  
E-mail: jozef.habanik@tnuni.sk*

**Petr Novák,**

*Department of Enterprise  
Economics,  
Faculty of Management and  
Economics,  
Tomas Bata University in Zlin,  
Zlin, Czech Republic,  
E-mail: p.novak@fame.utb.cz*

*Received: April, 2014*

*1st Revision: July, 2014*

*Accepted: October, 2014*

**DOI: 10.14254/2071-  
789X.2014/7-3/2**

**JEL Classification:** L26, O16,  
G21

---

Belás, J., Bartoš, P., Habánik, J., Novák, P. (2014), Significant Attributes of the Business Environment in Small and Medium-Sized Enterprises, *Economics and Sociology*, Vol. 7, No 3, pp. 22-39. DOI: 10.14254/2071-789X.2014/7-3/2

---

## SIGNIFICANT ATTRIBUTES OF THE BUSINESS ENVIRONMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES

**ABSTRACT.** Aim of following contribution is to define and quantify selected attributes of the business environment in Small and medium-sized enterprises (SME). In this context, our own research was prepared and gradually implemented, where the intensity of individual business risks, status, motivation, feelings of entrepreneurs in SME segment, relationship to the bank, state, society, and business optimism in the Czech Republic and Slovakia was analyzed. Due to the global financial crisis, conditions for SME business have worsened. Average decrease in the profitability amounted in 10.44% in the Czech Republic, and in Slovakia 12.01%. The most important business risk for SME is the market risk (lack of market space for the realization of own production). In the Czech Republic 79.44% and 80.49% of Slovak entrepreneurs reported market risk as a key business risk at present. The perception of entrepreneurs by the society and by the state is not good in both of countries. In the Czech Republic and in Slovakia, lots of firm owners have met with corruption and cronyism. Despite the deterioration in the business environment, Czech and Slovak entrepreneurs are very optimistic. Results of our research confirmed that there is necessary to form complex conditions for business development of small and medium-sized businesses in both countries.

**Keywords:** small and medium enterprises, business risks, status, motivation, feelings of entrepreneurs.

## Introduction

Small and medium-sized enterprises (SME) have become an increasingly important component of economic development representing a substantial proportion of the national economies all around the world (Karpak and Topcu, 2010). In this context, Henderson and Weiler (2010) indicate that SME can be characterized as major engine of economic growth.

SME have specific features and fulfill important tasks in the economic system. SME have significantly contributed to an employment and GDP, help to create more intense competitive environment which has a great importance in relation to prices and quality of products and services. SME helps with their flexibility to fill the market space and they are bearers of important innovations.

Share of SME in total number of active enterprises in the Czech Republic in 2012 was 99.86%. Share of added value in 2012 was 53.81%. Share of SME's employees in total employment in business sector in the Czech Republic in 2012 was 59.43% (Ministerstvo průmyslu a obchodu České republiky, 2013). In Slovakia, share of SME in total number of active enterprises was 99.2%; in total employment was 59,5%. Share of added value was 55.6% and share of SME in profit before taxes was 51.6% (Národná agentúra pre rozvoj malého a stredného podnikania, 2013).

SME segment has its own characteristics and disadvantages, which are transformed into business risk. This risk can be divided into market risk (lack of market space for the realization of own production), financial risk (poor access to finance businesses), operational (risk of failure to deal with the processes in the production of goods and services), personal risk (risk due to poor staff) and other risks.

Important factor today, that has influence on existential ability of SME, is narrowed market space due to the causes of the global economic crisis.

Business activities are significantly determined by the environment of the company, which forces it to use a particular method of behavior, to use the choice of particular business goals and ways of achieving them. In this context, the very important role is played by social environment and political and legal environment that is created by the state authorities.

In this context it's considered to be very important to investigate the position of SME in the socio-economic system, because it can be presumed that the positive perception of these companies by social environment can positively stimulate their financial performance and accelerate the positive impact of these companies on the whole society.

In this article there were examined the current status of SME in the Czech Republic and Slovakia, business risks, position, motivation and feelings of entrepreneurs.

This article has the following structure. In the theoretical part the major attributes of the business environment in the SME segment are presented. In the next section there are introduced objectives, methodology and resources of information, which were used. In chapter 3 are presented results of our own research, and short discussion. In the very end, the basic recommendations for theoretical sector and the economic and political practices have been formulated.

## 1. Theoretical background

According to Fetisovová *et al.* (2012), financial and economic crisis had serious implications on the performance of small and medium-sized companies in the European Union. Gross production of SMEs within countries of EU27 by 5.5% in 2009 was decreased. Insufficient effective demand was the most urgent issue for 29% of these SMEs. Authors report that the demand on domestic markets of E27 will continue to be weak.

Particularly important problem of SME is a financial gap, because many of these companies have very limited access to external financial sources. Even before the economic downturn some small businesses were having trouble accessing the funds necessary for growth and innovation. As the consequence of the financial crisis, banks in many countries even less willing to lend to businesses, which further escalates the problems companies facing (European Commission, 2011). According to Fetisovová *et al.* (2012), the approach to financial resources for SMEs represents a serious problem for SMEs. However, in the short term, it is less urgent than lack of demand on the domestic markets.

Turuel-Garcia and Martínez-Solano (2010) indicate that the trade credit offered by suppliers is particularly important for SME, in view of the greater difficulty they have in obtaining finances through credit institutions and larger firms (which have better creditworthiness) finance their customers' purchases more than smaller firms.

In this context Dierkes, Erner, Langer and Norden (2013), state that companies in the segment of SME are smaller, more informationally opaque, riskier, and more dependent on trade credit and bank loans. According to Canales and Nanda (2012) small businesses, and particularly young small businesses, have little internal cash flow to finance their operations and are also associated with significant asymmetric information.

Di Giuli, Caselli and Gatti (2011) state that for small and medium enterprises credit availability is a very important element for their development. Covaci (2008) adds that SME are perceived as being more risky than big companies, because they present a high sensitivity to economic shocks while disposing of an inferior capacity to absorb variations.

Neuberger a Rätthke (2009) report, that small firms are characterized by higher information asymmetry and credit risk. This point of view is also supported by Kirschenmann and Norden (2012).

Albu *et al.* (2013) show that bankers they interviewed were not satisfied with the quality of SME accounting information. These problems are mentioned in following sources Paseková *et al.* (2011), and Müllerová *et al.* (2011).

Moro and Fink (2012) state that banks play an essential role in financing firms, especially SME since they have more difficulty accessing equity capital markets. The process used by banks to decide whether and how much to lend relies on different lending technologies and banks usually tend to use more than one technology at a time.

Analysis of methods for credit risk management in commercial banks is analyzed in detail in our previous works (Belás, Cipovová, Novák, Polách, 2012, Cipovová, Belás, 2012).

The global financial crisis has caused considerable concerns as to what the banks' practices will be in relation to the loan financing of corporate sector. Current signals confirm that banks in the Czech Republic and Slovakia respond to their clients by tightened conditions. From the perspective of companies, very unfavorable situation can be occurred because of restricts situation of business community in relation to financing by bank instruments (Geršl and Jakubík, 2012).

The business environment is determined by personality characteristics and motives of individual entrepreneurs. Creativity, risk taking and independence increase the probability of becoming entrepreneur, and decrease the probability of becoming employee (Knórr, Alvarez, and Urbano, 2013). Almeida, Ahmetoglu, Chamorro-Premuzic (2014) show, that Awareness, Vision, Creativity, and Opportunism are the strongest and most consistent predictor of entrepreneurial activity. Entrepreneurial individuals are characterized primarily as enterprising and creative, and to some degree as social and investigative.

An important area of research is the business motivation of SME. GE Money Bank survey (2010) ranked the following most important motives for starting a business in the Czech Republic: the desire to have money, the possibility of variable working hours, certain

lifestyle and the need for independence. According to PwC (2010), the greatest motivation for Czech entrepreneurs was the desire for freedom in decision-making and a passion for business. Similarly. Research published on Podnikajte.sk (2010) states that the main reasons for making business in Slovakia are the following: the need for self-fulfillment, autonomy and independence, achieving higher income, time flexibility and the need to bring something new.

It is obvious that not every person can conduct business. According to the Kvietok (2013) the decision to take on the business risk is symptomatic of a certain type of people. A significant part of the motivation to take risks in business follows from the motive of success. In order to achieve the set goals, the successful people are willing to take on reasonable risks associated with feedback about the level of achievements. The entrepreneurs are somehow “internally” managed, which means that they feel that their personal fortune is the result of their own efforts. They are independent, autonomous and rely on themselves, what are the characteristics of entrepreneurial personalities. Psychological research of businessmen has shown that another characteristic feature of entrepreneurs is the ability to make decisions under conditions of uncertainty. The businessmen are more stimulated by the success itself, than by money. After all, money simply becomes a measure of achievement and success.

According to Deáková, Drážovská, Grznárik and Kondášová (2010) the most important personal qualities for an entrepreneur are: courage, self-reliance, responsibility, determination, perseverance, proactive approach, creativity and scholarship in a particular area, where this businessman intends to do business.

Soininen, Martikainen, Puumalainen and Kyläheiko (2012) consider as essential characteristics of entrepreneurial orientation, innovativeness, risk-taking and proactivity. The results of their study do not support the assumption that entrepreneurial orientation is positively related to profitability of small firms. On the other side, there is a positive relationship between the entrepreneurial orientation of the firm and the company's rate of growth. According to Eggers, Kraus, Hughes, Laraway and Snyckerski (2013) to drive firm's growth, the company will need to deploy a strategy centered on entrepreneurial orientation or other risk stagnation. In this regard Lasagni (2012) stated, that her results indicate that innovation performance is higher in SME and that they are proactive in strengthening their relationships with innovative suppliers, users, and customers.

Avlonitis and Salavou (2007) state, that those active entrepreneurs unlike passive business owners adopt a more aggressive orientation characterized by willingness to undertake action of high risk and before that of competition. Nonetheless, pro-activeness contrary to risk-taking is found to be an important contributor to the performance of new products introduced by both groups.

At present, more and more words of criticism of the education system in the Czech Republic and Slovakia being told. For example Czech entrepreneurs have a highly critical attitude toward their school system. The vast majority (79%) of them believe that the Czech education system is not adapted to the needs of the economy and business (Společnost g82, 2013). Similar situation in Slovakia, where there are a large numbers of college students and their bad structure, as well as lack of expert professionals exists (who perform manual labor, etc.). This trend is confirmed by the results of the survey on business risks.

Entrepreneurs generally negatively evaluate the approach of the state to their needs and interests. E.g. Business Environment Index, which is being prepared by a Business Alliance of Slovakia, fell in 2011 to a new historically lowest level since 2001 (Podnikateľská aliancia Slovenska, 2012).

Business environment in Slovakia in 2013 was negatively perceived by 56% of companies. This follows from the economic survey, which regularly takes place at the end of the year by Slovak Chamber of Commerce (2014) among its members. Positive evaluation was showed only by 2% of respondents, and the remaining 42% thinking that compared to

2012 the business environment has not changed. National economic policy was negatively rated by 44% of respondents, while in year on year comparison negative evaluations decreased by 6 percentage points. Only 4% of business entities perceived government measures as positive, and nearly half, namely 48%, assessed the economic policy neutrally. More than 38% of respondents suggested the government to take actions in the field of tax burden and reducing administrative burden. Participants in the survey suggested, for example, returning to a flat rate of income tax, reduce the rates of Value Added Tax, or to take effective measures against tax evasion. Approximately 33% of business subjects required fundamental improvement of law enforcement and take measures to accelerate the solution of commercial disputes. The greatest risk to the business respondents considered to be the following: high tax burden, poor law enforcement, or cronyism and corruption in public procurement. In this context, SITA (2013) reports that in 2012, for example, in Slovakia have appeared 46.580 of new business owners, however, 58.874 were terminated and 45.573 have suspended their entrepreneurial activities.

As it was revealed in the survey by web server Podnikatel.cz (2013), most of the business owners spend even whole days with filling out forms. The vast majority of entrepreneurs believe that the words about reducing administrative burdens in the Czech Republic remain to be just words. According to 59% of businessmen the bureaucratic burden has been increasing in recent years. A third of the total amount of respondents (35%) say that the administrative requirements do not change and only 5% of respondents said that the bureaucratic burden declined in recent years. The survey has furthermore revealed that 44% of business owners spend more than 72 hours (3 full days) per year with filling in forms, reporting, acknowledgement and other bureaucratic matters. In total 7% of small business owners responded that bureaucratic procedures take them from 36 to 72 hours of their time, and 14% of respondents stated that the administrative requirements of the state will take from 16 to 35 hours of their time per year. About a quarter of businessmen (27%) reported that the bureaucracy is worth 6 to 15 hours of their time and only 8% of entrepreneurs said that their administration takes less than 6 hours per year.

The study of the World Bank called Doing Business 2014 is showing the current situation in the Czech Republic with conducting business, and how the whole situation develops. In this report there are conditions evaluated, which states provide for small and medium businesses. In the overall ranking, the Czech Republic fell by 7 points over the previous year and occupied the 75<sup>th</sup> place. It has ended up just behind Romania and The Republic of Vanuatu. Prior to the Czech Republic were placed also its neighboring countries, Slovakia is ranked at the 49<sup>th</sup> place, Poland in 45<sup>th</sup> position, Austria took 30<sup>th</sup> place and even Germany finished in 21<sup>st</sup> place. The Czech Republic has also a disastrous outcome in assessing the ease and cost of starting a business. Out of 189 countries the Czech Republic was ranked in 146<sup>th</sup> position, which means a drop of 6 points in comparison to last year. To start a business in the Czech Republic, you must undergo an average of 9 procedures. The average value for OECD at the same time is 5 days. In the Czech Republic you can create a company in 19 and half days, in the OECD countries within 11 days (Podnikatel.cz, 2013).

The corruption represents a serious problem in both countries. According to the reports of Security and Intelligence Service of the Czech Republic (BIS) in the country there exist widespread corruption activities and pumping out public funds by private parties through outsourcing, projects of public and private sectors partnerships, manipulation with public contracts and misuse of the European subsidies. These activities, however, could not exist without significant help of politicians in both countries. According to the Transparency International the Czech Republic in 2012 in perception of corruption occupied 54<sup>th</sup> place together with Slovakia (was placed on the 54<sup>th</sup> position as well). These results point out that

the perception of corruption as well as the action of corruption is very strong in both countries (Hájek, Režný, 2014).

Many authors examine the environment of small and medium-sized companies from different perspectives (Beranová, 2011, Wahl and Prause, 2013). However, there are few studies that are dealing comprehensively with a research of economic, social and political aspects of the business in the SME segment. Our objective is to fill this gap through our own research, which can contribute to the enrichment of economic theory and policy in this area.

## 2. Objectives, Methodology and Resources

The aim of this paper was to define, quantify and compare the significant attributes of the creation and development of the business environment in the Czech Republic and Slovakia. Within this defined objective, the relevant factors and business relationships between entrepreneurs and their community were analyzed. In this context, our own research has been prepared and gradually implemented, where the intensity of individual business risks, status, motivation, feelings of entrepreneurs in SME segment, relationship to the bank, state, society, and business optimism have been analyzed.

Our research was carried out in 2013 in Zlin region (Czech Republic) and Zilina region (Slovakia) through a questionnaire survey. In the Zlin region data from 180 SME was collected and in the Zilina region data from 164 SME was obtained in total. Data for companies was provided by their owners. In Zlin region, there was 107.000 SMEs in 2012. In Zilina region, there was 72.512 SMEs in 2012 (including sole traders).

These regions have been chosen because of their common state border, long-term intensive economic cooperation and similar economic parameters. But in the same time, these regions are a part of different states which allows us to compare the effectiveness of economic policy towards SMEs.

Zlin region has an area of 3.964 square km, has an about 600.000 inhabitants, GDP per capita is around 11.720 EUR; unemployment in 2012 was about 8%.

Zilina region has an area of 6.800 square km with total population of 700.000 and the population density of 102 inhabitants per square kilometer. Unemployment in 2011 was raised to 11.91%. GDP per capita in the Zilina region was 10.794 EUR in 2011.

In our survey in the Zlin region was the largest share of SME, which undertook the business activities (35%), followed by manufacturing firms (29%), construction companies (12%), transport companies (4%) and agricultural holdings (3%). Rest was presented by firms, which undertook in other sectors.

In Zilina region, the structure of companies was as follows: in manufacturing and production was involved 17%, in trade activities 21%, 17% were construction companies, transport enterprises 6%, only 1% was presented with agricultural holdings and the largest share was formed by companies, which undertook in other sectors (38%).

In this research, there were set the following six scientific assumptions (SA) through estimation techniques:

SA1: Due to the action of the crisis the most perceived risk by entrepreneurs was a market risk. Profitability of SME in the Czech Republic and Slovakia was reduced by at least 10%.

SA2: Due to a credit risk rising banks' approach to fund SME in the Czech Republic and Slovakia has worsened. Only 20% of businesses felt that the access to banks' funds during the period of crisis has become better. Less than 50% of entrepreneurs thought, that banks accept their financial needs and behave properly.

SA3: The most important motive for starting a business was money and the most important feature of entrepreneurs was to be not afraid to risk.

SA4: Education does not constitute an important prerequisite for business. Less than 50% of businessmen had a university degree and less than 20% of entrepreneurs felt that the theoretical sphere offered them a lot of useful knowledge for their business.

SA5: Perception of entrepreneurs in the Czech Republic and Slovakia is not correct, because less than 20% of businessman felt that their company appreciates and less than 20% thought that the state fulfills its role in promoting entrepreneurship and helping SME. Entrepreneurs also perceived high levels of corruption in business since more than 50% of them met with corruption and cronyism in business.

SA6: Despite the deterioration in the business environment were the Czech and Slovak entrepreneurs very optimistic. More than 90% of them said that their company will survive in the next 5 years.

The associations in contingency tables were analyzed by Pearson statistics. Calculations have been performed in statistical packages XL Statistics and R. There were also used the tools of descriptive statistics: percentages, averages and indexes.

### 3. Results and discussion

*Table 1* shows results of survey of SMEs' business risks in selected regions of the Czech Republic and Slovakia.

Entrepreneurs in the Czech Republic and Slovakia perceived market risk as the most significant business risk, followed by financial and personal risks accordingly.

In the Czech Republic 79.44% of businessmen reported market risk as a key business risk at present. The average share of the market risk, which has entrepreneurs stated in their questionnaires, was 56.00% and the average share of the market risk in total was 44.49%. In Slovakia, 80.49% of businessmen reported market risk as a key business risk at present. The average share of the market risk questionnaires of entrepreneurs was 51.30% and the average part of market risk in total was 41.29%. Statistically significant differences between regions excluding security risk were not detected.

Table 1. Identification of business risks in the Czech Republic and Slovakia

<i>You are facing many risks in your job. Which of them do you consider as the key ones? Please select maximum of three answers.</i>	Czech Republic in %	Slovakia in %	p-value
1. Market risks (lack of contracts)*	79.44	80.49	0.9150
Average value**	56.00	51.30	
Adjusted average value***	44.49	41.29	
2. Financial risk (poor access to financing)*	57.22	58.54	0.8910
Average value**	34.00	32.95	
3. Operational risk (inability to handle processes)*	20.56	22.56	0.7480
Average value**	26.00	30.09	
4. Personnel risk (poor staff)*	43.33	38.41	0.4140
Average value**	29.00	30.89	
5. Legal risk*	30.56	37.20	0.2350
Average value**	34.00	28.76	
6. Security risk (accidents, incidents, etc.)*	21.67	32.93	0.0260
Average value**	35.00	24.73	

Note: \*data are calculated as the ratio of number of respondents who reported a given answer to the total number of companies; \*\*average of values reported by entrepreneurs in different regions; \*\*\*means the average value of the total data set.

Source: own calculation.

Results of our research are compatible with the conclusions of Fetisovová *et al.* (2012), *Table 2* shows how much the profitability of SME in the Czech and Slovakia has decreased (according to opinions of entrepreneurs) in 2013 in comparison with the pre-crisis period.

Table 2. The development of SMEs' profitability in the Czech Republic and Slovakia

<i>How your company's profitability has changed compared to the pre-crisis period?</i>	Czech Republic in %	Slovakia in %	p-value
1. Significantly decreased (more than 20%)	23.89	26.22	0.7084
2. Slightly decreased (0-20%)	34.44	37.20	0.6752
3. Is stable	21.67	21.34	1.0000
4. Slightly increased (0-20%)	12.22	12.80	1.0000
5. Significantly increased (more than 20%)	3.89	2.44	0.6480
6. I was not doing business before the crisis	3.89	0.00	-
p-value < 0.2019			

Note: symbol – means that data cannot be calculated.

Source: own calculation.

Average decrease in the profitability amounted in 10.44% in the Czech Republic. Average decrease in the profitability was 12.01% in Slovakia (these values were calculated using weighted average).

Values of test criteria confirmed that there were no statistically significant differences between both countries in relation to decrease or increase in performances.

The results of our research confirm the validity of SA1.

Hájek and Režný (2014) analyzed the development of the Czech economy in comparison with the Slovak in the past twenty years. The authors report that from time of proclamation of the independent Czech Republic and Slovakia GDP of the Czech Republic has increased by 68%, but GDP in Slovakia during the same period increased by 128%. Economy of Slovakia showed in the period 1994 – 2012 the average annual growth rate of 3.86%. Faster growth in GDP in Slovakia was based on a lower tax burden, as well as on a lower levels of redistribution (share of public expenditure in GDP) and more favorable conditions for business.

Even though the above figures indicate faster growth of Slovak economy in comparison with the Czech economy, it is clear that the performance of the Czech economy is higher than in Slovakia, which is also confirmed by the data from above mentioned authors. The authors report that in 2012 Slovak GDP has reached 82% per capita of that from the Czech Republic, although this proportion has increased since 1995 by 19%. Current GDP per capita in the Czech Republic makes 79% of the average level in the European Union, in Slovakia this figure is of 75%. The authors also state that the overall tax burden is lower in Slovakia than in the Czech Republic.

These macroeconomic attributes indicate better conditions for business in Slovakia, but this is not confirmed in our research. According to the results of our research Czech entrepreneurs feel less intense exposure to market and financial risk, also reported a smaller decline in performance, felt better attitude of state to their segment, improved access to banks in order to finance their needs and showed a higher degree of business optimism.

This can be explained by the fact that in Slovak economy, there are a number of negative trends in the area of business environment. Firstly, at present small and medium enterprises in Slovakia suffer a significant decline in household consumption, which has a

negative impact and determines the demand for their goods and services. In Slovakia, there seems to be some form of discrimination of SME. While large companies are able to obtain from the state a whole range of benefits (direct subsidies from the state, deferral of tax obligations, building infrastructure for the state money, or money from the European Union), at the same time support for SME is minimal. Declared forms of state support of SME are ineffective and by its very nature only distort the business environment.

Another negative trend is that large companies that have received contracts from the state and the public sector outsource work to small businesses and freelancers who do all the work, but do not get paid for it. The state sees this situation, but does nothing about it.

In Slovakia, there also exists a certain form of “forced entrepreneurship”. Many businessmen and small business companies conduct business because their employers have forced them to start their own business, so in this way they reduce their costs.

Due to increasing market risk, which has gradually transformed into growth deteriorated credit risk of commercial banks’ access to credit financing of SME. In *Table 3* is presented how Czech and Slovak entrepreneurs experienced a change of attitude of commercial banks during the crisis.

Results of our research have confirmed that commercial banks’ approach to the financing of SMEs during the crisis worsened, which reported 31.67% Czech and 31.10% Slovak entrepreneurs (here it is necessary to point out that up to 43.33% of Czech and 42.07% of Slovak entrepreneurs could not answer this question). Only 13.89% Czech and 12.20% Slovak entrepreneurs said that the banks’ approach to SMEs financing has improved.

Pivot table analysis did not demonstrate differences in the structure of responses in each country, which was also confirmed by analysis of the proportions of individual responses by Czech and Slovak entrepreneurs.

At the same time, through Pearson statistics it was calculated that the share of clients who think that the approach of banks has improved is less than 20% (p-value=0.0252 in the Czech Republic, and 0.0082 in Slovakia).

Table 3. Change in banks’ approach to fund SME during the crisis

<i>How different is banks’ lending approach today in comparison to 2008?</i>	Czech Republic in %	Slovakia in %	p-value
1. Cannot evaluate	43.33	42.07	0.8990
2. Banks’ approach has slightly improved	12.22	10.98	0.8479
3. Banks’ approach has slightly worsened	21.67	18.90	0.6157
4. Banks’ approach has markedly improved	1.67	1.22	-
5. Approach of banks has dropped significantly	10.00	12.20	0.6337
6. Banks’ approach has not changed at all	11.11	14.63	0.4148
p-value=0.8820			

Note: symbol – means that data cannot be calculated.

Source: own calculation.

The existence of major business risks determined tighter credit conditions of commercial banks. This trend was perceived also by SMEs which data are shown in *Table 4*.

Our research confirmed the fact that there are differences between opinions of entrepreneurs in the Czech Republic and Slovakia. Entrepreneurs in the Czech Republic are more convinced that banks behave appropriately (p-value<0.01) than entrepreneurs in Slovakia who are more convinced that banks use too harsh criteria (p-value=0.0360).

Table 4. Banks' approach to SMEs financing

<i>How do you assess the banks' approach to finance SMEs?</i>	Czech Republic in %	Slovakia in %	p-value
1. Banks fully accept our needs and support us	4.44	3.05	0.6930
2. Banks behave appropriately	38.89	20.12	<0.01
3. Banks behave to us with some reservations	8.89	14.02	0.1830
4. Banks use too harsh criteria when provide loans	26.11	37.20	0.0360
5. I cannot evaluate	21.67	25.61	0.4630
p-value<0.01			

Source: own calculation.

It has been calculated that in both countries that the portion of „satisfied one” (line 1+2) is lower than 50% (p-value is 0.0430 for the Czech Republic and for Slovakia is p-value less than 0.01).

The research has confirmed the validity of SA2.

Results of our research are compatible with the conclusions of Fetisovová *et al.* (2012), Geršl and Jakubík (2012), Dierkes, Emer, Langer and Norden (2013), Neuberger and Rätthke(2009), Kirschenmann and Norden (2012).

Motives for starting a business are shown in the *Table 5*.

Table 5. Motivation to start business in the Czech Republic and Slovakia

<i>What was your motive for starting a business?</i>	Czech Republic in %	Slovakia in %	p-value
1. Money	21.11	48.78	<0.01
2. I perceive it as a mission	20.56	10.98	0.0230
3. I wanted to have a job	29.44	21.95	0.1438
4. I had no choice	10.00	7.92	0.6297
5. Other reasons (independence, flexibility, etc.)	18.89	10.37	0.0385
p-value<0.01			

Source: own calculation.

According to the results of our research the primary motivation for starting a business in the Czech Republic is an effort to have a job, and in Slovakia it is money.

The right motivation for starting a business should be a business mission, which as a reason for starting a business was reported by only 20.56% of Czech Republic and 10.98% of Slovakian entrepreneurs. On contrary, in our study significantly prevailed “compelling reasons” for starting a business (an effort to have a job, the entrepreneurs had no other choice, etc.).

Motives to start business in the Czech Republic are different like those motives in Slovakia, which was confirmed by the test value (p-value). Entrepreneurs in Slovakia significantly pointed to money as the most important motive for starting their own business (p-value<0.01). Entrepreneurs in the Czech Republic compared to entrepreneurs in Slovakia have stated significantly more the motive of own mission (p-value=0.0230).

The results of our research are to some extent comparable with the results of GE Money Bank (2010). Our results, however, refuted such findings of for example PwC (2010), under which the greatest motivation of Czech entrepreneurs was a desire for freedom in

decision-making and passion for making business.

In *Table 6* are shown the most important personal characteristics of the entrepreneur so as it was declared by the Czech and Slovak businessmen in our research.

Table 6. The most important characteristics of entrepreneurs

<i>What qualities and skills must entrepreneur have? (Please give up to three answers)</i>	Czech Republic in %	Slovakia in %	p-value
1. Not being afraid to risk	17.61*/51.67**	17.49*/51.83**	1.0000
2. Persistence	16.29/47.78	12.96/38.41	0.1007
3. Creativity	4.55/13.33	9.26/27.44	<0.01
4. Imagination	0.76/2.22	2.47/7.32	-
5. Professional knowledge	15.34/45.00	16.88/50.00	0.4125
6. Quality education	0.38/1.11	1.23/3.66	-
7. Intelligence	4.55/13.33	4.12/12.20	0.8775
8. Responsibility	15.24/45.00	15.85/46.95	0.7992
9. Intuition	5.11/15.00	2.67/7.93	0.0607
10. Decisiveness	12.69/37.22	5.97/17.68	<0.01
11. Patience	4.17/12.22	8.02/23.78	<0.01
12. Optimism	2.65/7.78	2.88/8.54	0.9524
13. Other	0.57/1.67	0.20/0.61	-

Note: \*means % of total responses, \*\*means % of total number of respondents, which gave this answer.

Source: own calculation.

Entrepreneurs in both countries most often mentioned as the most important characteristic of a businessman is not being afraid to risk.

Structure of responses of Czech and Slovak entrepreneurs is basically similar. Czech businessmen compared to Slovak significantly more put decisiveness as the most important characteristic of an entrepreneur, and significantly fewer reported two qualities: creativity and patience.

Results of our research are compatible with the conclusions of the presented studies such as: Kvietok, 2013; Deáková, Drážovská, Grznárik and Kondášová, 2012; Soininen, Martikainen, Puumalainen and Kyläheiko, 2012.

SA3 has been confirmed partially, because Czech entrepreneurs most frequently indicated that their motive for business launch was an attempt to have a job.

In *Table 7* is presented the educational level of the Czech and Slovak entrepreneurs in our research.

Table 7. Levels of educational attainment of entrepreneurs

<i>What is your education?</i>	Czech Republic in %	Slovakia in %	p-value
1. Secondary school	13.33	8.54	0.2130
2. Secondary with graduation	41.67	40.85	0.9654
3. Higher education	45.00	50.61	0.3511
p-value=0.3061			

Source: own calculation.

There could not be found any differences in educational attainment of entrepreneurs in Czech Republic and Slovakia.

It has been calculated that in both countries, the proportion of entrepreneurs who have a college education is less than 50% (Czech Republic: p-value=0.8974, in Slovakia: p-value=0.4689).

In *Table 8* are shown points of views of entrepreneurs on the possibility of application of gained theoretical knowledge into business practice.

Table 8. The possibility of application of gained theoretical knowledge into business practice

<i>Do you think that academic sphere provides useful solutions to business practice?</i>	Czech Republic in %	Slovakia in %	p-value
1. No, because it is detached from real life	41.67	31.71	0.0719
2. Some findings are helpful to us	50.56	56.71	0.3010
3. In my practice I use a lot of theoretical knowledge	7.78	11.59	0.3104
p-value=0.1219			

*Source:* own calculation.

Structure responses of the Czech and Slovak entrepreneurs were not different. Most often, entrepreneurs thought that some of the lessons learned at the university are useful to them.

It has been calculated that in both countries, fewer than 20% of businessmen thought that in their practice they are using a lot of theoretical knowledge (p-value<0.01 in the Czech Republic and Slovakia).

Results of our research confirm rather negative perception of the education system by entrepreneurs. The results are compatible with the conclusions of G82 Society (2013). The research has confirmed the validity of SA4.

An important factor that has a positive impact on the business environment is the perception of business position by society and also the state's relationship to the entrepreneurs.

Table 9. Perception of entrepreneurs in the Czech Republic and Slovakia

<i>Do you think that our society (politicians, public opinion, media) perceive the position and activities of entrepreneurs correctly?</i>	Czech Republic in %	Slovakia in %	p-value
1. No, our society perceives us negatively	20.56	15.85	0.3238
2. Society perceives us incorrectly	42.22	43.30	0.9272
3. Society perceives us positively	7.78	6.70	0.8618
4. I am not thinking about it	29.44	34.15	0.4121
p-value=0.6165			

*Source:* own calculation.

The perception of entrepreneurs by society is not significantly different when Czech Republic and Slovakia are compared.

It has been calculated that in the Czech Republic and Slovakia the proportion of companies who thought that their business appreciates less than 20% (p-value<0.01 in Czech Republic and Slovakia).

In the Czech Republic and Slovakia there are quite a negative perception of entrepreneurs that have formed themselves in the initial stage of transformation process, when in the abnormal economic conditions a significant negative phenomena in the business environment was taking place.

Table 10. The state approach towards entrepreneurs' needs in the Czech Republic and Slovakia

<i>How do you evaluate the state's approach toward entrepreneurs' needs?</i>	Czech Republic in %	Slovakia in %	p-value
1. I feel that the state is just bullied us	42.22	53.05	0.0574
2. The state is not fulfilling its duties	42.22	38.41	0.5427
3. The state fulfills its duties	12.78	5.49	0.0324
4. The state helps us in our business activities	2.78	3.05	1.0000
p-value=0.0605 (Monte Carlo simulation of p-values)			

Source: own calculation.

Entrepreneurs generally negatively evaluate the approach of the state to their needs and interests. 42.22% of Czech and up to 53.05% of Slovak entrepreneurs stated that they have a feeling that the state is bullying them. 42,22% of Czech and 38,01% Slovak entrepreneurs in our research stated that state fails to fulfill its task in relation to this segment.

Czech entrepreneurs evaluated the state approach towards entrepreneurs differently in comparison with Slovak businessmen, which confirmed p-values. In the Czech Republic fewer business owners believed that their state only bullies them (p-value=0.0574) and statistically more entrepreneurs felt that the state fulfills its tasks (p-value=0.0324).

It has been calculated that in Slovakia less than 20% of businessmen have thought that state fulfills its obligations and helps entrepreneurs (p-value<0.01), in the Czech Republic this cannot be claimed though (p-value=0.08113).

Politicians, either in Slovakia or in the European Union verbally declare their interest to solve the problems of SME, in fact doing the opposite actions. For example, from the next year in Slovakia there will be an application form for additional taxation, which may have significant impact on the business of SME. Besides various taxes companies will have to pay for a "business license" as well.

Results of our research support the conclusions of studies presented by Hajek and Režný (2014), Podnikateľská aliancia Slovenska (2012), Podnikatel.cz (2013).

The business activities of the state are often accompanied by corruption and cronyism. In *Table 11* is presented the experience of Czech and Slovak entrepreneurs with corruption and cronyism.

Table 11. Perception of corruption by businessmen

<i>Have you ever met within your business activities with the corruption and cronyism?</i>	Czech Republic in %	Slovakia in %	p-value
1. Yes	53.33	71.95	<0.01
2. No	46.67	28.05	<0.01
p-value<0.01			

Source: own calculation.

Czech and Slovak entrepreneurs stated relatively high levels of corruption in the business environment.

The perception of the corruption was different in both countries, which have confirmed values of the test criteria ( $p\text{-value} < 0.01$ ).

In the same time, it has been calculated that while in the Czech Republic there is no evidence to suggest that more than 50% of entrepreneurs met with corruption and cronyism ( $p\text{-value} = 0.2061$ ), however in Slovakia we can confirm that ( $p\text{-value} < 0.01$ ).

Our research confirmed partial validity of SA5.

A large part of the Czech and Slovak entrepreneurs has met with corrupt environment in their business activities. A negative effect of these proceedings in addition to distortions of the business environment is also inefficient spending of money from public budgets. Within personal consultations with the Czech and Slovak entrepreneurs, it was found out that there are quite a large group of businessmen who have decided not to do any business with the state and the public sector only because of corruption factor. On the other hand, it is evident, that there are a large number of companies that specifically and only dealing with the state and the public sector. Results of our research are compatible with Hájek and Režný (2014).

The level of business optimism has been obtained through following questions. Results are shown in *Table 12*.

Table 12. The level of business optimism

<i>Do you believe that your company will survive in next five years?</i>	Czech Republic in %	Slovakia in %	p-value
1. Yes, absolutely	49.44	40.85	0.1360
2. No	0.56	2.44	0.3140
3. With some concerns	45.56	49.39	0.5430
4. With great concerns	4.44	7.32	-
p-value=0.1784			

Note: symbol – means that data cannot be calculated.

Source: own calculation.

Entrepreneurs in our research showed large dose of business optimism. In the Czech Republic, up to 95% of entrepreneurs stated in the surveyed research, that they believed that their company will survive in next five years. This share was represented by 90% in Slovakia accordingly. The level of business optimism in the Czech Republic and Slovakia is very similar.

Using testing for a proportion ( $p\text{-value} = 0.0174$ ), the null hypothesis was rejected for Czech companies where it stated that portion of optimistic companies is higher than 90%. In the case of Slovakia, the null hypothesis is not rejected ( $p\text{-value} = 0.5000$ ) and therefore it cannot be stated that portion of optimistic companies in Slovakia is higher than 90%.

Our research confirmed the validity of the SA6 partially.

These results are comparable with the findings of PwC (2010). According to PwC nearly 70% of owners of the Czech companies expected growth of their businesses in the short period of time. This growth should have been achieved through the acquisition of new customers and further penetration of existing clients. Entrepreneurs explained that the biggest threat to their growth is the existence of intense low-cost competition, which they will compete with by producing more quality products and taking a better care of their customers.

## Conclusion

Our results confirmed that conditions for SMEs business worsened. This trend was reflected in the fact that the profitability of companies decreased, commercial banks tightened lending practices and actions taken of government economic policy did not find positive response among entrepreneurs.

The global financial and economic crisis worsened the access to debt finance of SMEs. In this context, it is clear that it is necessary to find effective ways how to manage credit risk in SME segment to support viable business projects.

The most common arguments of the Czech and Slovak entrepreneurs are those about high tax burden, poor performance of judicial authorities and administrative burdens. According to our research businessmen in the Czech Republic and Slovakia currently suffer from especially intense exposure to market risk (lack of contracts).

Our results also confirmed that it is necessary to formulate comprehensive policies for business environment improvement. In both countries, it has been found that society perceives business activities of individuals negatively and the state has failed to fulfill its tasks in relation to the business status.

Results of our research showed that there exist a high intensity of personal risk. It is obvious that educational systems in both countries do not sufficiently support business activities, and therefore it needs to be restructured.

Entrepreneurs also perceived a high rate of corruption in business since more than 71.95% of entrepreneurs in Slovakia have faced corruption and cronyism when conducting business. In the Czech Republic this percentage was lower. The task of politicians should therefore be to minimize the space for corruption.

The positive aspect is that more than 90% of the Czech and Slovak entrepreneurs said that their company will survive in the next 5 years.

The results of our research has shown, however, that despite the better macroeconomic trends in Slovakia, the situation with making business for SME is more favorable than in the Czech Republic (if selected regions in both countries compared). In the context of our research, Czech entrepreneurs compared to those Slovak businessmen indicate less impact of the crisis on their profitability; slightly better approach of banks to finance their needs, state's better attitude to businessmen's needs, as well as lower perception of corruption and a higher degree of business optimism.

The research results point to the need to improve states' approach to entrepreneurship, to create a better image of business activities in the eyes of society and awaken public interest in conducting business. Several studies indicate that young people in the Czech Republic and Slovakia are not interested in business and prefer to work in employment.

Although it is clear that there are certain limits to our research (e.g. number of companies involved into research), it's expected that our article has brought significant incentives for the formation of the business environment in the countries of Central and Eastern Europe.

Our future research will focus on examination of the relationships between personality characteristics of entrepreneurs, to propensity to risk and their financial performance.

## Acknowledgements

*This paper was created at the Tomas Bata University in Zlin and was supported by Project No. IGA/FaME/2013/010: Satisfaction mirror effect and bank financial performance.*

*This paper was supported by Project No. FaME/2013/MSPRISK: Current trends in the area of business risks of small and medium enterprises in selected regions of the Czech Republic and Slovakia.*

## References

- Albu, C. N., Albu, N., Pali-Pista, S. F., Girbina, M. M., Selimoglu, S. K., Kováčz, D. M., Lukáčz, J., Mohl, G., Müllerová, L., Paseková, M., Arsoy, A. P., Sipahi, B., Strouhal, J. (2013), Implementation of IFRS for SMEs in Emerging Economies: Stakeholder Perceptions in the Czech republic, Hungary, Romania and Turkey, *Journal of International Financial Management & Accounting* 24(2), pp. 140-175.
- Almeida, P.I.L., Ahmetoglu, G., Chamorro Premuzic, T. (2014), Who Wants to Be an Entrepreneur? The Relationship Between Vocational Interests and Individual Differences in Entrepreneurship, *Journal of Career Assessment*, 22(1), pp. 102–112.
- Avlonitis, G. J., Salavou, H. E. (2007), Entrepreneurial orientation of SMEs, product innovativeness, and performance, *Journal of Business Research*, 60, pp. 566-575.
- Belás, J., Cipovová, E., Novák, P., Polách, J. (2012), Dopady použítia základného prístupu interných ratingov na finančnú výkonnosť banky, *E+M Ekonomie a Management*, 15(3), pp. 142-155.
- Beranová, M. (2011), Small-Scale Retail in Czech Republic from the Customer's Perspective, *Economics & Sociology*, Vol. 4, No 2, pp. 50-65.
- Canales, R., Nanda, R. (2012), A darker side to decentralized banks: Market power and credit rationing in SME lending, *Journal of Financial Economics*, 105, pp. 353-366.
- Cipovová, E., Belás, J. (2012), Impacts of selected methods of credit risk management on bank performance, *Proceedings of the 8th European Conference on Management, Leadership and Governance*, UK: Academic Publishing International Limited, pp. 465-473.
- Covaci, B. (2008), *Credit Risk in Financing SME in Romania*, Bucharest: SpiruHaret University, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313879](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313879) (referred on 20/11/2013).
- Deáková, K., Drážovská, K., Grznárik, G., Kondášová (2010), *Podnikanie*, Bratislava: SOPK.
- Dierkes, M., Erner, C., Langer, T., Norden, L. (2013), Business credit information sparing and default risk of private firms, *Journal of Banking & Finance*, 37, pp. 2867-2878.
- Di Giuli, A., Caselli, S., Gatti, S. (2011), Are small family firms financially sophisticated? *Journal of Banking & Finance*, 35, pp. 2931-2944.
- Eggers, F., Kraus, S., Hughes, M., Laraway, E., Snyckerski, S. (2013), Implications of customer and entrepreneurial orientations for SME growth, *Management Decision* 51 (3), pp. 524-546.
- Evropskákomise (2011), *Velkézáměry pro malépodniky-co dělá EU pro MSP*, Lucemburk: Úřad pro publikace EU.
- Fetisovová, E. et al. (2012), *Aktuálne problem financií malých a stredných podnikov*, Bratislava: Ekonóm.
- GE Money Bank (2010), *Motivy, které vedou lidi k podnikání*, <http://ekonomika.idnes.cz/specialni-priloha.aspx?y=ekonomika%2Fmotivy-ktere-vedou-lidi-k-podnikani.htm> (referred on 20/3/2014).
- Geršl, A., Jakubík, P. (2012), *Modely bankov níhofinancování českých podniků a úvěrové riziko*, Praha: Česká národní banka.
- Hájek, L., Režný, L. (2014), 20 let vývoje české ekonomiky – srovnáníse Slovenskem, *E+M Ekonomie a Management*, 17(1), pp. 19 -31.

- Henderson, J., Weiler, S. (2010), Entrepreneurs and job growth: probing the boundaries of time and space, *Economic Development Quarterly*, 24(1), pp. 23-32.
- Karpak, B., Topcu, I. (2010), Small medium manufacturing enterprises in Turkey: an analytic network process framework for prioritizing factors affecting success, *International Journal of Production Economics*, 125, pp. 60–70.
- Kirschenbaum, K., Norden, L. (2012), The Relationship between Borrower Risk and Loan Maturity in Small Business Lending, *Journal of Business Finance & Accounting*, Vol. 39, Issue 5-6, pp. 730-757.
- Knörr, H., Alvarez, C., Urbano, D. (2013), Entrepreneurs or employees: a cross cultural cognitive analysis, *IntEntrepManagJ*, 9, pp. 273–294.
- Kvietok, A. (2013), *Psychologický profil podnikateľa*, <http://www.psyx.cz/texty/psychologicky-profil-podnikatele.php> (referred on 20/3/2014).
- Lasagni, A. (2012), How Can External Relationships Enhance Innovation in SMEs? New Evidence for Europe, *Journal of Small Business Management*, 50, pp. 310-339.
- Ministerstvo průmyslu a obchodu České republiky (2013), *Zpráva o vývoji malého a středního podnikání a jeho podpořev roce 2012*, Praha: MPO, [http://www.edukol.cz/publikace/zprava\\_o\\_vyvoji\\_msp\\_v\\_roce\\_2012.pdf](http://www.edukol.cz/publikace/zprava_o_vyvoji_msp_v_roce_2012.pdf)
- Moro, A., Fink, M. (2013), Loan managers' trust and credit access for SMEs, *Journal of Banking & Finance*, 37, pp. 927-936.
- Müllerová, L., Paseková, M., Strouhal, J., Dracénu, A., Knapová, B., Dvořáková, D. (2011), Auditing of SMEs: Issues Caused by International Harmonization of Financial Reporting (from Czech Perspective), *International Journal of Mathematical Models and Methods in Applied Sciences*, Vol. 5, No. 3, pp. 517-524.
- Národná agentúra pre rozvoj malého a stredného podnikania (2013), *Správa o stave malého a stredného podnikania v Slovenskej republike v roku 2012*, Bratislava: NADSME.
- Neuberger, D., Rätke, S. (2009), Microenterprises and multiple relationships: The case of professionals, *Small Business Economics*, Vol. 32, pp. 207-229.
- Paseková, M., Bařinová, D., Randáková, M., Strouhal, J. (2011), Some Issues of Bankruptcy Procession: Case of the Czech Republic, *International Journal of Mathematical Models and Methods in Applied Sciences*, Vol. 5, No. 2, pp. 290-297.
- Podnikajte.sk. 2010. *Motívy začatia podnikania*, <http://www.podnikajte.sk/inspiracia/c/18/category/priprava-na-start/article/motivy-zacatia-podnikania.xhtml> (referred on 15/4/2014).
- Podnikatel.cz. 2013. *Většina podnikatelů tráví papírováním celé dny, byrokracie sa prý zvyšuje*, <http://www.podnikatel.cz/clanky/vetsina-podnikatelu-travi-papirovanim-nekolik-dni-byrokracie-se-navic-zvysuje/> (referred on 22/4/2014).
- Podnikateľská aliancia Slovenska. 2012. *Podnikateľské prostredie sa zhoršuje*, <http://spravy.pravda.sk/ekonomika/clanok/199136-pas-podnikatelske-prostredie-sa-nadalej-zhorsuje/> (referred on 22/4/2014).
- PwC (2010), *Pro české podnikatele může být snažší zvládnout hospodářskou krizi, než uřídítrůstvé firmy*, Tlačová správa, <http://www.pwc.com/cz/cs/zkouska-ohnem/zkouska-ohnem-tiskova-zprava.jhtml> (referred on 20/3/2014).
- SITA. 2013. *Tento rok sa má podľa ministerstva „vyčistiť“ podnikateľské prostredie*, <http://www.podnikam.webnoviny.sk/manazment/ukoncenie-podnikania/ubytok-zivnostnikov-vlani-rychlejsi/27880> (referred on 22/4/2014).
- Slovenská obchodná a priemyselná komora. 2014. *Firmy vnímajú podnikateľské prostredie na Slovensku negatívne*, <http://banky.sk/43212-sk/firmy-vnimaju-podnikatelske-prostredie-na-slovensku-negativne.php> (referred on 22/4/2014).

- Soininen, J., Martikainen, M., Puumalainen, K., Kyläheiko, K. (2012), Entrepreneurial orientation: Growth and profitability of Finnish small- and medium-sized enterprises, *Int. J. Production Economics*, 140, pp. 614-621.
- Společnost g82. 2013. Podnikatelé a podnikání v České republice, [http://www.ey.com/Publication/vwLUAssets/Podnikatelsk%C3%BD\\_pr%C5%AFzkum\\_EOY\\_a\\_g82/\\$FILE/EYG82\\_EYPodnikatel\\_roku\\_2013\\_pruzkum.pdf](http://www.ey.com/Publication/vwLUAssets/Podnikatelsk%C3%BD_pr%C5%AFzkum_EOY_a_g82/$FILE/EYG82_EYPodnikatel_roku_2013_pruzkum.pdf) (referred on 22/4/2014).
- Teruel-García, P., Solano-Martínez, P. (2010), Determinants of trade credit: A comparative study of European SMEs, *International Small Business Journal*, Vol. 28, No. 3, pp. 215-233.
- Wahl, M., Prause, G. (2013), Toward understanding resources, competencies, and capabilities: business model generation approach, *Entrepreneurship and Sustainability*, Issues 1(2), pp. 67–80, [http://dx.doi.org/10.9770/jesi.2013.1.2\(1\)](http://dx.doi.org/10.9770/jesi.2013.1.2(1)).