

## ***The Perception of the State's Influence on its Business Environment in the SMEs from Czech Republic***

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**Abstract:** *The state plays a very important role within its business environment. Through its legislative environment, the state can be helpful to entrepreneurs in their activities or it can burden them. This article aims to find out how entrepreneurs of small and medium enterprises (SME) in the Czech Republic perceive the role of the state and its influence on business. The basis for the article were results of a project conducted at Tomas Bata University in Zlín in 2015. The project addressed 1,141 respondents from all regions of the Czech Republic to answer questions about the business environment. The research also considered the period during which the questioned entrepreneur was active in the market. Companies active in the market from 1st to 5th year represented 21%, companies active from the beginning of the 5th to the beginning of the 10th year represented 17%, and companies active for more than 10 years represented 62% of the researched sample. The structure of the researched sample according to the size of companies was as follows: 65% were micro enterprises (<10 employees), 27% were small enterprises (10-50 employees), and 8% were medium-sized enterprises (50-250 employees). This structure reflects the distribution of enterprises in the economy.*

*Three areas of the state's influence on the business environment were selected: the state's help with entrepreneurship, administrative burdens related to entrepreneurship, and corruption and clientelism. These areas were moreover examined in terms of the length of business and company size. It was found out that SMEs perceive the help of the state more than micro businesses. More than 53% of entrepreneurs encountered clientelism. Furthermore, the results confirm that the problem of corruption increases with company size. Encountering corruption and clientelism may be significantly more influenced by the length of entrepreneurship than by company size.*

**Keywords:** *business environment, small and medium-sized enterprises, state, corruption, clientelism.*

**JEL:** *D73, H70, L26, M13, M21.*

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## **Introduction**

It is possible to define several key areas which have a vital impact on business subjects within the business environment. The business environment can include factors such as: laws and government activities, clients, suppliers, competition, improvements in technology, banks, risks, and so on. One of the most important aspects is the role of the state. It is the state who sets conditions for entrepreneurship and can by its activities support businesses or make entrepreneurship difficult.

Business activities are determined by the business environment of the company which forces it to use a specific method of behavior and to choose specific business aims and ways how to achieve them. The social, legal and political environment, which are created by state, play an important role. The positive perception could stimulate financial performance of the companies and can accelerate the positive influence of them on society. (Belás et al., 2015a, b)

According to Kuzmišín (2009), the improvement of business conditions, support of entrepreneurial spirit, flexible labor markets, company and worker adaptability, investments into education and science, research, and innovations, market access, and secure supply of energy – are permanent challenges for all players in the business environment.

A research focusing on SMEs in the Czech Republic was conducted. SMEs were selected because they have a very important role in the world economy and society and they are more resistant to economic crises (Havierníková, Srovnalíková, 2014). As Mathur (2011) states, SMEs play essential role financing welfare of local communities as well as the cultural and sports life in the regions. The loss of an SME as a sponsor or patron due to its crisis makes a substantial effect on the existing social structures. In line with that Henderson and Weiler (2010) state that SME's could be characterised as the most important catalyst for economic growth. 99 % of all companies are from the SME segment in the European Union and the USA (Bhaird, 2010).

The aim of this article is to examine the influence of selected factors (length of the business and size of the company) on the differences in perception of state role in business environment in segment of SMEs in Czech Republic (Belas et al., 2015). There will be identified three analyzed areas – the perception of the state's help to entrepreneurs, perception of administrative burden in relation to entrepreneurship, and corruption and clientelism.

While there can be deficiencies in the institutional framework anywhere, it is normally argued that problems are especially serious in less developed economies. The literature has concentrated on the weaknesses in the rule of law, high levels of state regulation, and corruption (La Porta et al., 1999; Djankov et al., 2002). Estrin et al (2013) confirmed that high growth entrepreneurship will be crowded out by government activism.

Greater government activism also requires higher state revenues, and is associated with more extensive welfare system. These are likely significantly to influence both the opportunity cost and the net financial return to high growth entrepreneurship, affecting it relatively more seriously than entrepreneurship as a whole. (Henrekson, 2007).

### **The state's role in the business environment**

The business environment is influenced by many factors. One of the most important, though, is the state as it determines the country's legislative environment. Through many stimulations, the state can help entrepreneurship or, conversely, create barriers to make it difficult for new businesses to enter entrepreneurship, or to set conditions hindering business activities. Gallup Organization (2007) emphasizes that nearly half of SME in EU consider themselves as operating in an over-regulated environment and detect administrative regulations as the most important business constraint. What aggravates this situation is the scarce awareness, absence of information and time to take advantage of existing support. In addition, Ghobadian and Galler (1996) refer that SME are usually skeptical of outside help. In this respect, businesses have to undertake many risks. It was uncovered by previous research by Kozubíková et al. (2015) that the most significant business risk in the SME segment is a market risk, which led to significant changes in the performance of these companies. Further results of the research show the importance of financial risk and ascertaining that the ability of entrepreneurs to manage financial risks was confirmed by only 28.5% of the surveyed entrepreneurs. (Virglerová et al, 2016).

According to Taraba et al. (2015) is also possible to transfer financial risk to suppliers by way of establishing contractual prices and conditions of fines in the case of contract conditions violation. If the risk occurs, it is possible (e.g. in terms of non-compliance) the associated costs will be refund by the supplier.

Parker (2007) offers an overview of the way in which the various aspects of excessive business regulation impose costs on entrepreneurs and hamper entrepreneurial activity. Greater government spending may provide resources to maintain strong institutions and thereby reduce barriers to entrepreneurial entry such as weak property rights as well as eliminating some of the incentives for corruption by ill-paid officials. However, it can also create major new barriers to entrepreneurship development; for example, a greater level of state expenditure implies weaker budget constraints on government spending. This is likely to create conditions under which non-welfare-related, political motives begin to dominate in government activity, hampering productive entrepreneurship (Hodler, 2009).

Also economic environment has huge impact on business environment.(Androniceanu, 2011).While the annual GDP growth fluctuates around zero, companies are likely to work hard to make a profit and try to cut costs while surviving on the market. Therefore all other activities (such as measuring the

economic effects of design) are considered to be minor. (Kramoliš, 2015). Not only economic environment also better institutional environment can significantly improve SME access to financing. It is not necessarily true that the entry of foreign banks will help domestic firms find access to credit. Therefore, governments in emerging markets may need to be more cautious when encouraging foreign investment in the banking industry. Greater institutional and economic development can substantially alleviate the difficulties SMEs face with respect to financing (Dong et al., 2014). Aterido et al. (2009), Krajiňáková et al. (2015), Demirgüç-Kunt et al. (2006), Laeven and Woodruff (2007), and Love (2003) all indicate that firms face fewer obstacles in countries with better investment climates. In the absence of professional advice, financial decisions taken by the owners are sometimes based solely on personal opinion (Cassar and Holmes 2003).

The two major reasons cited in the literature for this disappointing performance by the SME sector are bureaucratic costs, including corruption, and lack of finance Fries et al. (2003), World Bank (2005) and IFC (2009).

In the past few years, corruption has become a widespread phenomenon in many countries of Central and Eastern Europe, including the Czech Republic. Lízal and Kocenda (2001), Zuzowski (2004), Wallace and Latcheva (2006).

Study on the corruption climate in the Czech Republic conducted by GfK (2010), or the Corruption Perceptions Index, issued yearly by Transparency International (2013), also rank the Czech Republic among those countries with the highest level of perceived corruption. However, the lack of trust in government officials due to perceived corruption is also very high in economically developed countries such as Greece (92%), Lithuania (90%), Portugal (88%) or Italy (86%)

Aidis et al. (2012) present the case that returns to entrepreneurship will be lower when corruption is higher, but do not consider how the impact may vary according to the type of entrepreneur. In fact, Murphy et al. (1993) argue that the disincentive effects of corruption will be particularly serious for high growth aspiration entrepreneurs; that is, while corruption is detrimental to high value-added entrepreneurship, it will not affect subsistence entrepreneurship.

Corruption is an important problem also of the Romanian business environment. Rogoianu and Badea (2011) state that corruption is understood in two ways in Romania: as an illegal conduct or altered behaviour, and as a breach of basic social values (morality, honesty, integrity, ethics etc.). Given the first conventional meaning, the most frequently invoked form of corruption is bribery.

Djankov et al. (2002) stated that corruption levels and the intensity of entry regulations are positively correlated. This could suggest that "low-level" institutional characteristics of governance, notably an inefficient, over-regulated environment, creates the conditions in which corrupt practices thrive, especially where officials are endowed with discretionary power. Even where corruption "greases the wheels of commerce", it typically has a negative effect on economic development (Wei 2000; Aidt 2009).

Freedom from corruption has a positive and significant impact on entrepreneurial entry, although this result is slightly less robust. (Aidis et al, 2012). However, contrary to other findings (Van Stel et al. 2007; McMullen et al. 2008), potential entrepreneurs are only marginally influenced by market freedom,, especially if they do not reside in the sample's richest countries.

Educate the public on the problems associated with corrupt practices and the economic implication especially through the capital market. This the government can do by encouraging and practicing freedom of press and information. (Nageri et al., 2015)

The second problem entrepreneurs often encounter is clientelism. Clientelism, a concept with profound political and economic implications, can be defined as "a pattern of social organization in which access to resources is controlled by patrons and delivered to clients in exchange for deference and various kinds of support" (Hallin and Mancini, 2004, p. 135) Clientelism adopts a binary form, based on individual relations of dependence, and affects all kinds of social, political, and economic interactions. (Hallin and Papathanassopoulos, 2002)

In the societies under question, companies and other organizations tend to have a greater dependence on the government or political parties that have assumed many of the functions of the individual patrons of an earlier era (Piattoni, 2001). However, there are reasons to believe that clientelism is permanent. After all, clientelism fits well with the postmodern idea of the search for flexible solutions oriented toward individual needs (Gunes-Ayata, 1994).

There are a number of features typically clientelistic in today's society – such as the decline of ideologies, the rebirth of localism, and the personalization of political relationships – that could expand clientelistic practices in the twenty-first century (Caciagli, 2006). Clientelistic practices tend to flourish more in less individualistic societies with high levels of power distance, where personal relationships are more important and the state plays a major role in economic life in absence of private capital. That is to say, in most of the non-western world, and in a lesser measure in the western world too, communication strategies are being dictated by supposedly non-strategic factors such as the clientelist relationships and the size of companies. (García, 2015).

### **1. Research aim and methodology**

The aim of this article is to examine the influence of selected factors (the length of business and size of the company) on the differences in perception of state role in business environment in the segment of SMEs in the Czech Republic. From the vast group of individual factors which constitute the business environment, selected were those with direct connection to the state's role. The reason for focusing on SMEs is their importance and flexibility in the economy of the whole Czech Republic. The article shows partial results of the research conducted at Tomas Bata University in Zlín in 2015. The research is supposed to

contribute to the discussion about the position of entrepreneurs in the society and to improve the business environment. The research was conducted on the sample of 1,141 SMEs from the whole Czech Republic. The data was acquired directly from the owners of researched companies.

The structure of the researched sample according to the size of companies was as follows: 65% were micro enterprises (<10 employees), 27% were small enterprises (10-50 employees), and 8% were medium-sized enterprises (50-250 employees). This structure reflects the distribution of enterprises in the economy.

The research also considered the period during which the questioned entrepreneur was active in the market. Companies active in the market from 1st to 5th year represented 21%, companies active from the beginning of the 5th to the beginning of the 10th year represented 17%, and companies active for more than 10 years represented 62% of the researched sample.

The article aims at an analysis of partial results of the conducted research in the following three areas which were surveyed among SMEs as to what is their current attitude to the selected factors of the business environment in the Czech Republic.

### ***1.1 The perception of the state's help to entrepreneurs***

Q1: At least 40% of SME entrepreneurs in the Czech Republic claim that the state helps with entrepreneurship.

Q1a: The perception of the state's help increases with the length of business.

Q1b: SMEs perceive the state's help more than micro companies.

Q1c: The perception of the state's help depends on the length of business and company size.

### ***1.2 The perception of the development of administrative burden related to entrepreneurship***

Q2: At least 20% of SME entrepreneurs in the Czech Republic perceive the reduction of administrative burden connected to entrepreneurship in the last 5 years.

Q2a: Entrepreneurs who have been active in business for more than 10 years perceive the reduction of administrative burden more than other entrepreneurs.

Q2b: Medium size businesses perceive the reduction of administrative burden more than small and medium size businesses.

Q2c: The entrepreneurs' perception of administrative burden depends on the length of business and company size.

**1.3 Encountering corruption and clientelism by entrepreneurs**

Q3: More than 50% of SME entrepreneurs in the Czech Republic encountered corruption and clientelism.

Q3a: Corruption and clientelism are more common phenomena in small and medium size companies than in micro companies.

Q3b: Entrepreneurs active for less than 5 years encounter clientelism more often than entrepreneurs active for more than 5 years.

Q3c: The perception of corruption and clientelism depends on the length of business and company size.

Ordinal mean values – med(x) were determined and discrete ordinal variances – dorvar were calculated for each answer. The Pearson's Chi-squared test was used to test dependencies. X-squared tests were conducted on the 5% significance level. The Monte Carlo simulation was used for underrepresentation of always several groups. This method solves the absence and calculates more precise value of p-value.

**2. Results**

The first research question (Q1) focuses on the analysis of how companies perceive the state's help with entrepreneurship. The perception of the state's help was analyzed in relation to the length of business and company size.

Neutral attitude was indicated by 26.38% of respondents and more than a half (62.49%) disagree with the statement. The research question Q1 – at least 40% of SME entrepreneurs claim that the state helps with entrepreneurship – was not proved.

Table 1 shows the nominal values of researched statements in relation to individual areas of entrepreneurship. It also includes ordinal mean values and discrete ordinal variances.

**Table 1. Contingency table for Q1 and ordinal mean values**

The state helps with entrepreneurship								
Size	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
<10 employees	6	65	186	361	122	740	3.81	0.92
10-50 employees	3	33	90	134	46	306	3.7	0.97
50-250 employees	1	19	25	37	13	95	3.57	1.09
Total	10	117	301	532	181	1141		

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<b>The state helps with entrepreneurship</b>								
<b>Size</b>	<b>completely agree</b>	<b>agree</b>	<b>no idea</b>	<b>disagree</b>	<b>completely disagree</b>	<b>Total</b>	<b>med(x)</b>	<b>dorvar</b>
Length of business	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
from 1 to 5 years	3	29	63	111	39	245	2.25	0.99
from 5 to 10 years	4	16	57	89	25	191	2.29	0.94
more than 10 years	3	72	181	332	117	705	2.21	0.94
Total	10	117	301	532	181	1141		

(Source: Authors, 2016)

The research question Q1a concerns the issue whether the perception of the state's help increases with the length of business. The highest rate of agreement ( $\text{med}(x) = 2.21$ ) with the statement was indicated by companies active in the market for more than 10 years. Also there was identified a relatively high degree of homogeneity of answers ( $\text{dorvar} = 0.94$ ). The lowest rate of agreement ( $\text{med}(x) = 2.29$ ) was indicated by companies with medium-term presence in entrepreneurship (from 5 to 10 years). The homogeneity of answers was also relatively high ( $\text{dorvar} = 0.94$ ). Examining the question Q1a showed that concurring attitude to the state's help with entrepreneurship is higher in first years of entrepreneurship than in medium-term horizon (the lowest rate of agreement). Long-term business activity in the market shows an opposite trend and the positive perception of the state's help gradually increases.

The research question Q1b concerns the issue whether small and medium size businesses perceive the state's help more than micro businesses. Generally, entrepreneurs responded negatively to the examined statement (62.49%). However, in greater detail, the results show that it is possible to claim that companies with more than 50 employees indicated a higher rate of agreement with the statement ( $\text{med}(x) = 3.57$ ). Their responses showed the highest degree of homogeneity ( $\text{dorvar} = 1.09$ ) at the same time. Contrary, micro businesses showed the lowest rate of agreement with the examined statement ( $\text{med}(x) = 3.81$ ) and showed the highest similarity of responses ( $\text{dorvar} = 0.92$ ). To assess the research question, it can be concluded that small and medium size businesses perceive the state's help more than micro businesses.

Table 2 shows the results of dependencies testing during the analysis of research question Q1c – if there is a dependency of the state's help with entrepreneurship on the length of business and company size. The Pearson's Chi-squared test on the 5% level of significance was used.



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**Table 2. Screenshot for Q1 Chi-square Test**

Pearson's Chi-squared test with simulated p-value (based on 5000 replicates)
H0: Variables are independent (no interaction between variables)
H1: Variables are dependent (interaction between variables)
Q1c: The perception of the state's help with entrepreneurship is independent of the company size
X-squared = 15.1189, df = NA, p-value = 0.05179
Q1c: The perception of the state's help with entrepreneurship is independent of the length of business
X-squared = 8.7948, df = NA, p-value = 0.3535

(Source: Authors, 2016)

The results of table 2 show that the dependency of the perception of the state's help with entrepreneurship on either the length of business or company size was not proved.

To conclude the results related to Q1, it is possible to claim that the entrepreneurs' perception of how the state, who co-creates the business environment, helps with their business activity, shows minimal differences for both the length of business and company size.

The second research question (Q2) focuses on the analysis of how companies perceive the development of administrative burden connected to entrepreneurship. The perception of the development of administrative burden was analyzed in relation to the length of business and company size.

The research uncovered that only 11.13% of respondents agree with the statement that the administrative burden connected to entrepreneurship was reduced in the last five years. 78% of respondents disagree with the statement. Neutral attitude was indicated by 10.87% respondents. The research question Q2 – at least 20% of SME entrepreneurs in the Czech Republic agree with the statement that the administrative burden connected with their entrepreneurship was reduced – was not proved.

Table 3 shows nominal values for examined statements in relation to individual areas of entrepreneurship. Table 3 also includes ordinal mean values and discrete ordinal variances.

**Table 3. Contingency table for Q2 and ordinal mean values**

Administrative burden was not reduced in the last five years								
Size	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
<10 employees	11	72	91	389	177	740	4	0.95
10-50 employees	6	27	23	169	81	306	4.07	0.92

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Administrative burden was not reduced in the last five years								
Size	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
50-250 employees	3	8	10	55	19	95	3.98	0.93
Total	20	107	124	613	277	1141		
Length of business								
Length of business	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
from 1 to 5 years	8	22	51	114	50	245	2.14	1.05
from 5 to 10 years	4	22	16	115	34	191	2.03	0.91
More than 10 years	8	63	57	384	193	705	1.92	0.90
Total	20	107	124	613	277	1141		

(Source: Authors, 2016)

The research question Q2a concerns the issue whether entrepreneurs who have been active in business more than 10 years perceive the reduction of administrative burden more than other entrepreneurs. The highest rate of agreement ( $\text{med}(x) = 1.92$ ) with the examined statement was indicated by companies which have been in the market for more than 10 years. At the same time, there was identified the highest homogeneity of responses ( $\text{dorvar} = 0.9$ ). Contrary, the lowest rate of agreement ( $\text{med}(x) = 2.14$ ) can be noticed for entrepreneurs who have been active in the market for shorter period of time (1 – 5 years). Answers of these respondents showed the highest homogeneity ( $\text{dorvar} = 1.05$ ). By examining the question Q2a, it can be stated that companies which have been active in the market for more than 10 years perceive the reduction of administrative burden more than other SMEs.

The research question Q2b concerns the issue whether medium size companies perceive the reduction of administrative burden more than other entrepreneurs. Medium size companies indicated the highest rate of agreement ( $\text{med}(x) = 3.98$ ) with the reduction of administrative burden. Small companies (10 to 20 employees) disagreed with the statement the most ( $\text{med}(x) = 4.7$ ) and their responses are the most homogenous ( $\text{dorvar} = 0.92$ ). The highest heterogeneity in responses show micro companies where the entrepreneur has to conduct all administrative activities. It can be concluded that medium size companies perceive the development of administrative burden connected to entrepreneurship more positively than other entrepreneurs.

Table 4 shows the results of dependencies testing during the analysis of the research question Q2c – if there is a dependence of the perception of administrative

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burden in entrepreneurship on the length of business and company size. The Pearson's Chi-squared test on the 5% level of significance was used.

**Table 4. Screenshot for Q2 Chi-square Test**

Pearson's Chi-squared test with simulated p-value (based on 5000 replicates)
H0: Variables are independent (no interaction between variables)
H1: Variables are dependent (interaction between variables)
Q2c: Entrepreneurs' perception of administrative burden is independent of the company size X-squared = 8.2821, df = NA, p-value = 0.3939
Q2c: Entrepreneurs' perception of administrative burden is independent of the length of business X-squared = 45.935, df = NA, p-value = 2e-04

(Source: Authors, 2016)

The results in table 4 show that the dependence of the perception of administrative burden on company size was not proved. Contrary, for the examined statement in relation to the length of business the dependency has been identified (p-value = 2e-04). In relation to previous results (Q2a), it is possible to see that companies active in the market for longer period are able to adapt better to changes in the area of administrative burden and more perceive positive impacts.

The third research question (Q3) concerns the analysis of whether companies in their activities encountered corruption and clientelism. The perception of corruption and clientelism was analyzed in relation to the length of business and company size.

The research determined that 53.02% of entrepreneurs encountered corruption and clientelism in their entrepreneurship. Neutral attitude to the examined statement expressed 23.14% of respondents. 23.84% of entrepreneurs claimed that they did not encounter corruption in their entrepreneurship. The research question Q3 – more than 50% of SME entrepreneurs in the Czech Republic encountered corruption and clientelism – was proved.

Table 5 shows nominal values of examined statements in relation to individual areas of entrepreneurship. It also includes ordinal mean values and discrete ordinal variances.

**Table 5. Contingency table for Q3 and ordinal mean values**

In my entrepreneurship I have not encountered corruption and clientelism								
Size	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
<10 employees	27	164	165	276	108	740	3.55	1.2
10-50 employees	6	55	74	123	48	306	3.65	1.12

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<b>In my entrepreneurship I have not encountered corruption and clientelism</b>								
Size	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
50-250 employees	3	17	25	37	13	95	3.57	1.13
Total	36	236	264	436	169	1141		
Length of business	completely agree	agree	no idea	disagree	completely disagree	Total	med(x)	dorvar
from 1 to 5 year	17	61	60	75	32	245	2.76	1.28
from 5 to 10 year	4	46	43	65	33	191	2.46	1.21
more than 10 year	15	129	161	296	104	705	2.34	1.11
Total	36	236	264	436	169	1141		

(Source: Authors, 2016)

The research question Q3a concerns the issue of corruption and clientelism being a more often phenomena in small and medium size businesses than in micro businesses. The research showed that the rate of agreement with the statement that they have not encountered corruption and clientelism is higher for companies with up to ten employees ( $\text{med}(x) = 3.55$ ), although their responses are relatively less homogenous ( $\text{dorvar} = 1.2$ ). Other entrepreneurs are more inclined to disagree with the statement. The rate of homogeneity of responses is relative higher in this case. It can be concluded that micro businesses encounter corruption and clientelism less often than small and medium size businesses.

The research question Q3b concerns the issue of entrepreneurs who have been active in their business for less than 5 years and who have been encountering clientelism more often than those who have been active in business for more than 5 years. The research showed that respondents who have been in entrepreneurship for more than 10 years encounter corruption less ( $\text{med}(x) = 2.34$ ) and their responses were more homogenous ( $\text{dorvar} = 1.11$ ). Contrary, entrepreneurs active in the market for less than 5 years identify themselves with the examined statement less ( $\text{med}(x) = 2.76$ ). Therefore, the length of business is an important factor when examining entrepreneurs and their encounters with corruption and clientelism.

Table 6 shows the results of dependencies testing during the analysis of the research question Q3c – if the perception of corruption and clientelism is dependent on the length of business and company size. The Pearson's Chi-squared test on the 5% level of significance was used.

**Table 6. Screenshot for Q3 Chi-square Test**

Pearson's Chi-squared test with simulated p-value (based on 5000 replicates)
H0: Variables are independent (no interaction between variables)
H1: Variables are dependent (interaction between variables)
Q3c: The perception of corruption and clientelism is independent of the company size X-squared = 5.7193, df = NA, p-value = 0.6709
Q3c: The perception of corruption and clientelism is independent of the length of business X-squared = 28.018, df = 8, p-value = 0.0004708

*(Source: Authors, 2016)*

The results in Table 6 show that the dependence between the perception of corruption and the length of business (p-value = 0.0004708) has been proved. The relationship between the examined statement and company size was not proved. These results confirm that encountering corruption and clientelism by entrepreneurs may be significantly more influenced by the length of business in the market than by company size.

### **Conclusions and Discussion**

The conducted research uncovered that the majority of entrepreneurs (62.49%) disagree with the statement that the state does not help with their entrepreneurship. Entrepreneurs whose company has been in the market for more than 10 years disagree with the statement the most (almost 40% of respondents in this group does not perceive any help from the state). In the segment of start-ups, which have been in the market for less than 5 years and need the state's help in order to conduct their entrepreneurial plans, only 13% of respondents perceive the state's help. From the point of view of company size, companies with more than 50 employees agree with the statement about the state's help. It can be concluded that small and medium size businesses perceive the state's help more than micro businesses. This finding corresponds with the previous research (Davis and Henreksson, 1999) which focused on start-ups and found out that "Swedish policies and institutions have strongly disfavored less capital-intensive firms, smaller firms, entry by new firms and individual and family ownership of business". The dependence of the perception of the state's help on both the length of business and company size was not proved.

During the examination of the administrative burden and perception of its development, it was found out that only 11.13% of entrepreneurs agree with the statement that administrative burden connected to entrepreneurship was reduced in the last 5 years. It can include also administration connected with taxes. Based on the research, it can be stated that companies conducting their activities for more

than 10 years perceive the reduction of administrative burden more than other SMEs.

In terms of company size it was proved that medium size companies perceive the development of administrative burden connected to entrepreneurship more positively than other entrepreneurs. The dependence of the perception of administrative burden on company size was not proved. Contrary, dependency was identified for the examined statement in relation to the length of business ( $p$ -value =  $2e-04$ ).

As far as corruption and clientelism go, it was proved that more than 53% of entrepreneurs have encountered the two negative phenomena. Therefore, Q3, stating that more than 50% of entrepreneurs in the Czech Republic encountered corruption and clientelism, was confirmed. It was also proved that micro businesses encounter corruption and clientelism less than small and medium size businesses. This finding can suggest that corruption is a greater problem in larger companies in the Czech Republic. In terms of the length of business it was found out that entrepreneurs operating in the market for more than 5 years encounter corruption and clientelism more often than those who have been active for less than 5 years. The research results confirm that the length of business may significantly influence the probability of encountering corruption and clientelism by entrepreneurs than company size. This result means a great problem for the Czech Republic and is confirmed by previous researches by Lizal and Kocenda (2001), Zuzowski (2004), Wallace and Latcheva (2006).

The presented research has several limitations. The first one is its territorial limitation as it was conducted only within the borders of the Czech Republic and thus its results cannot be applied generally. The asked questions might be formulated wrongly or understood incorrectly by respondents. As for corruption and clientelism, responses may have been intentionally concealed by entrepreneurs.

This research will be compared to other similar international studies in the future to compare the influence of the state on the international scale.

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