



## PRESS RELEASE

# Entrepreneurship is not Interesting for the Unemployed

The number of new entrepreneurs coming from the unemployed has significantly decreased in the Czech Republic. This data originates from international research done by “Global Entrepreneurship Monitor” (GEM), which measured entrepreneurial activity in 67 countries in 2013. It shows that creating a business is no longer a viable alternative for the unemployed to get a job. On the contrary, the number of new entrepreneurs increased among students. Knowledge of the latest technologies, language skills and IT skills – these major competences – help students significantly to succeed in business.

**Prague, 20 May 2014**

Of the adult population, 7.33% is involved in a new business, i.e. approximately 513,000 people. In comparison with other European countries, the Czech Republic ranks among the countries with lower business activity. Higher business activity exists, for example, in Ireland, the Netherlands and most countries in Central and Eastern Europe – including Poland and Slovakia. A positive trend can be seen in the fact that Czechs decide to run a new business more because of perceived market opportunities than out of necessity. New entrepreneurial activity decreased in industry and the construction industry and increased in services for end customers, for example in e-shops and cosmetic services. New companies are started 2.6 times more often by men than women.

The really radical decline in new entrepreneurial activity occurred in the unemployed. In 2013, entrepreneurial activity in this group had only a 2.8% rate. But in 2011 it reached 9.2%, and in 2006 even 18.9%. *“In the situation when the number of unemployed people is significantly higher than in the past, and when it’s obviously more difficult to find a job as an employee, the decrease of entrepreneurial activity among unemployed people has become a serious problem,”* says the main author of GEM, Martin Lukeš of the University of Economics, Prague. In his opinion, it is mainly the high quality coaching and consultancy oriented toward successful business models that are necessary to reverse this negative trend – not only the financial support.

Unlike the unemployed, the new entrepreneurial activity among students increased. While in 2006 the rate of students who ran a business was 4.2%, in 2011 it was 6.6%, and in 2013 it increased to 8.1%. *“It’s a very positive message because the entrepreneurial activity of students helps to resolve the problem of unemployed young people, which all European countries know nowadays. Above that, students with start-ups often have higher ambitions because they establish their business strategy on the knowledge of the latest technologies and language skills,”* Lukeš said regarding this trend.



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Unfortunately, the increasing number of young entrepreneurs still hasn't repaired the traditional bad image of entrepreneurs in the Czech Republic. Only 47.8% of Czechs associate high social status with successful entrepreneurs. For example, in Finland, 80% of the population associates high social status with successful entrepreneurs, and in Poland 60% of the population. According to experts, the situation in the Czech Republic is complicated mainly because of the lack of entrepreneurial education at primary and secondary schools.

Czech entrepreneurs see the biggest problem of their businesses in insufficient quantity of orders and a lot of competition. According to experts, these problems are related to their inappropriate business models; 16% of growth-oriented entrepreneurs see their biggest problem in hiring qualified and reliable staff. There are also bureaucratic and administrative burdens, a complicated tax system and frequent legal changes mentioned by GEM as among the barriers to business.

*The Global Entrepreneurship Monitor regularly measures the entrepreneurial activity, attitudes and aspirations in the world. It measures the differences between countries and also changes over time. GEM also proposes measures to support entrepreneurial activity. The Czech Republic participated in GEM in 2006, 2011 and 2013. Research is conducted by a team of experts from the University of Economics, Prague with support from the Ministry of Trade and Industry and the Technology Agency of the Czech Republic. Regular monitoring focuses primarily on capturing trends in entrepreneurial activity and attitudes towards entrepreneurship.*

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**The University of Economics, Prague** (Vysoká škola ekonomická v Praze) is the leading university in the field of management and economics in the Czech Republic. The University of Economics, Prague is composed of more than 20,000 students and has six faculties – five in Prague and one in Jindřichův Hradec in South Bohemia. These include: the Faculty of Finance and Accounting, the Faculty of International Relations, the Faculty of Business Administration, the Faculty of Statistics and Informatics and the Faculty of Economics and Public Administration. The faculty based in Jindřichův Hradec is specialized in management. Graduates of the University of Economics, Prague occupy responsible positions in the private as well as in the public sector. Most of them are employed in the sectors of industry and services, trade, marketing, banking, public administration, accounting, audit, tourism and the field of information technology. Many significant Czech and foreign economists have obtained the University's honoris causa title; for example, the Nobel Prize winner Prof. Robert A. Mundell, Prof. Milton Friedman and Prof. Gary S. Becker. More information at <http://www.vse.cz/index-en.php>.

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