SELECTED APPROACHES TO THE BUSINESS ENVIRONMENT EVALUATION

Helena Chládková[1]

[1] Department of Management, Faculty of Business and Economics, Mendel University in Brno, Zemědělská 1, 613 00 Brno, Czech Republic

Abstract

CHLÁDKOVÁ HELENA. 2015. Selected Approaches to the Business Environment Evaluation. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis,* 63(2): 515–523.

This paper contains views of managers on the quality of business environment and also reflects the results of the World Bank, which annually assesses the conditions for doing business in different countries, including the Czech Republic. The business environment of the Czech Republic was evaluated based upon the results of the World Bank, which assesses conditions for doing business in various parts of the world. Secondly, views of SME managers on the quality of the business environment were presented.
The World Bank's „Doing Business 2011" report puts the Czech Republic in the 63rd place (out of 183 examined countries) when it comes to the quality of the business environment. The Czech Republic improved its score in two categories (Property Registration and Ending a Business) compared to the same evaluation conducted in 2010.
SME managers evaluated the business environment with SWOT Analysis. „Technical and technological development along with increase in demand for innovated products made by new technologies" was perceived as the most significant opportunity (82%) while „Competition and rivalry in the industry" was identified as the most significant threat by almost all respondents (92%) in their 2010 evaluation.

Keywords: business environment, external environment, opportunities and threats, small and medium-sized enterprises

INTRODUCTION

Business environment is a fairly general term with a wide spectrum of synonyms and parallel expressions that are frequently used. Sources, which engage in business competition, specify the business environment as general external conditions where any business implements its activities. As described in Grublová (2001): „Business environment must be perceived as a set of external factors having impact on the economic position of a company, motivation and behaviour of individual entrepreneurial subjects. The business environment is made up by a wide spectrum of conditions for doing business in the area of legislation, institutional infrastructure and market operations."

All businesses (regardless of their size) need strategic analysis of the external business environment for their strategic management. That provides vital information to company's owners and management about the position of the company in the external environment, opportunities that can be exploited and threats having impact on the very existence of the business.

The analysis of the external business environment and its results make foundation for decisions about a company's strategy, especially in today's discontinuous external environment which changes ever so often (Guinn *et al.*, 2009).

Small and medium-sized enterprises are exposed to strong competition on one hand but also to a great number of new opportunities on the other. If those are not taken advantage of to increase performance (increase in added value) then the chances for success in extended Europe are slim.

The external business environment can be examined by focusing on its parts (STEPE Analysis), scope of its impact (international, national, regional and sectoral), controllability by management (controllable, uncontrollable), and its relationship to a company (threats, opportunities). Threats

and opportunities change with time and location. The same sort of situation can be perceived as an opportunity at the time while it can become a threat in three or five years for instance. Also, a situation which is an opportunity in some region can act like a threat in some other at the same time. Therefore, threats and opportunities must be understood in the context of a particular company, product or service. As the same situation can become an opportunity for one particular company while it is a threat for another.

Additionally, only the factors that have influence on a company at the time or in the near future are significant for the needs of strategic analysis, as pointed out by David (2001).

According to Meffert (1996), and also in my own experience, performing analyses can be fairly complicated due to a lot of information, its intricacy and, sometimes, wrong interpretations of the results.

According to Drucker (1992), every analysis should answer these basic questions:

What restrictions and option limitations make the company vulnerable or stay in the way of its efficiency and lower its economic results? What are we afraid of? Where do we see a threat to the company and how can we turn it into an opportunity?

The aim of this paper is to evaluate conditions of the Czech business environment both for the purposes of international comparison and further based upon views of SME managers and owners. The reason behind the theme of this paper is increasing significance of SME, which have been influenced by the ongoing economic recession the most. But because of their elasticity, new opportunities like searching for new markets and production programs can be brought about.

MATERIALS AND METHODS

This paper works with the terms micro, small and medium-sized enterprise as specified in the Article 1, Commission Regulation (EC) No 800/2008. The definition of SME is vital for establishing equal conditions for all entrepreneurial subjects and enabling statistical comparisons within EU (European Commission, 2012).

Article 1 – Micro, Small and Medium-sized Enterprise

Micro, Small and Medium-sized Enterprise (SME) is a businessman or businesswoman who: employs less than 250 employees and his or her assets do not exceed 43 mil. EUR (in CZK equivalent) or his or her turnover/revenues do not exceed 50 mil. EUR (in CZK equivalent).

Small-Sized Enterprise is a businessman or businesswoman who: employs less than 50 employees and his or her assets or his or her turnover/revenues do not exceed 10 mil. EUR (in CZK equivalent).

Micro-sized Enterprise is a businessman or businesswoman who: employs less than 10 employees and his or her assets or his or her turnover/revenues do not exceed 2 mil. EUR (in CZK equivalent).

The business environment's sources of information were mainly the World Bank and Transparency International (TI). Views of SME managers were used to evaluate the business environment in the Czech Republic. 70 SME SWOT Analyses were implemented in order to acquire respondents" views on the quality of the business environment. These were conducted by part-time students who work at middle or basic managerial positions. Additionally, 226 SME SWOT Analyses were performed by the students of the Faculty of Business and Economics at Mendel University in Brno and also by the students of B.I.B.S., a. s., in 2010. 89 managers of micro-sized enterprises, 83 managers of small-sized enterprises and 54 managers of medium-sized enterprises were questioned in 2010. The sectoral structure of these enterprises in 2010 (and the number of SME) was as follows: Transport, storage, communications (8), Forestry, fishing and related business activities (1), Real Estate, Renting and Related Business Activities (5), Retailing Business, Motor Vehicles and Consumer Goods Repair and Maintenance (61) Other Community, Social and Personal Services (24), Civil Engineering (11), Accommodation and Food Services (17) Public Administration and Defense, Compulsory Social Security (1), Utility Sector (electricity, gas and water) (2), Education (4) Health and Social Care, Veterinary Services (3), Agriculture, Hunting and Related Activities (32) and Manufacturing (57).

„Threats and Opportunities Table" was implemented as a tool for identifying threats and opportunities along with determining the probability of occurrence and their influence on a company. The perspective of presence, near future and more distant future was applied. Also, a priority matrix was put to use.

Statistical methods were applied in order to assess links between individual qualitative traits. Mainly contingency tables, square contingency and contingency coefficients were implemented in order to test relations between variables. The contingency coefficients are constructed in a way that their value is dependent only on the intensity of correlation.

Pearson's coefficient of contingency: This coefficient scales the chi-square statistic to a value between 0 (no association) and 1 (maximum association).

Cramér's coefficient of contingency: Its value falls between two nominal variables, giving a value between 0 and 1. The value is established by taking the smaller number created by lowering the number of rows or rather/and columns by 1 (Budíková et al., 2010).

Data was processed by Microsoft Excel and Unistat for Excel.

As the scope of this paper is limited the respondents' answers regarding Situational Analysis of the internal environment (companies' strengths and weaknesses) were not included.

RESULTS

Evaluation of the Business Environment's Conditions for the Purpose of International Comparison

The business environment is influenced by a wide spectrum of conditions from the area of legislation, institutional infrastructure and market operations. It is a goal of all governments in advanced countries to improve its business environment. When entrepreneurs and companies thrive; so does economy. The rate of unemployment decreases and the living standard goes up.

The World Bank evaluates the business conditions worldwide every year. It takes 10 key indicators into consideration:

- Doing Business Rank;
- Starting a Business;
- Dealing with Construction Permits;
- Property Registration;
- Getting Credit;
- Protecting Investors;
- Paying Taxes;
- Trading Across Borders;
- Enforcing Contracts;
- Closing a Business.

The World Bank's yearly report „Doing Business 2011" evaluated 183 countries of the world (from June 2009 till May 2010). The best conditions are, traditionally, found in the industrially advanced countries with high standards of living. However, developing countries try to improve their positions every year. There has been an ongoing global trend to facilitate the process of starting a business with lowering the amount of necessary bureaucracy, the business start-up costs and improving the performance of the domestic

state administration. The best business conditions (according to the last report of the World Bank) are met in Singapore, Hong Kong, New Zealand, The United Kingdom and The United States. Minimal bureaucracy, low regulations, and lean and effective state administration creates propitious business environment.

The Czech Republic has also improved its conditions for doing business and advanced by 19 positions in the report. While it belonged to 82nd place in the „Doing Business 2010" report, it succeeded in reaching the 63rd position in the same report in 2011. The reason behind such development lies in improving two evaluated categories (Property Registration and Closing a Business). On the other hand, the Czech Republic achieved the worst evaluation when it comes to the areas of: Starting a Business and Paying Taxes. It is interesting that Doing Business rank was 75 in „Doing Business 2014" report (Ranking of Starting a Business was 146).

Tab. I shows summary of „Doing Business 2009–2011" reports for the Czech Republic. The first table lists the overall "Ease of Doing Business" rank (out of 183 economies) and the rankings by each topic.

The following table (Tab. II) shows comparison of key indicators in 6 countries of EU that have similar amount of inhabitants like the Czech Republic (in millions of inhabitants: Greece 11.2, Portugal 10.6, Belgium 10.6, Czech Republic 10.5, Hungary 10.0, Sweden 9.1, Austria 8.3 in 2010).

The worst conditions for doing business can be encountered in Greece as shown in Tab. II. The second worse position for doing business is taken up by the Czech Republic. The best conditions for doing business are set in Sweden and Belgium. The Czech Republic suffers from the worst business conditions when it comes to paying taxes, but it also experiences difficulties in the area of enforcing contracts and starting a business.

The most popular indicator worldwide for assessing the quality of business environment is the Corruption Perception Index (CPI). The German company Transparency International (TI) has been

I: *Summary "Doing Business 2011" data for the Czech Republic*

Topic Rankings	Doing Business 2011	Doing Business 2010	Doing Business 2009	Change in Rank 2011/2010
Doing Business rank	63	82	66	+19
Starting a Business	130	127	91	−3
Dealing with Construction Permits	76	75	85	−1
Registering Property	47	62	67	+15
Getting Credit	46	44	41	−2
Protecting Investors	93	92	88	−1
Paying Taxes	128	121	124	−7
Trading Across Borders	62	57	50	−5
Enforcing Contracts	78	78	85	no change
Closing a Business	32	115	115	+83

Source: Doing Business report

II: *Evaluation of key indicators in chosen countries ("Doing Business 2011")*

Country	Doing Business rank	Starting a Business	Registering Property	Getting Credit	Paying Taxes	Enforcing Contracts
Greece	109	149	153	89	74	88
Portugal	31	59	31	89	73	24
Belgium	25	31	177	46	70	21
Czech Rep.	63	130	47	46	128	78
Hungary	46	35	41	32	109	22
Sweden	14	39	15	72	39	52
Austria	32	125	33	15	104	9

Source: Doing Business report

III: *Corruption Perception Index (the number in the bracket indicates how many countries were involved in the survey that particular year)*

Country	2001 (91)	2003 (133)	2005 (159)	2006 (163)	2007 (180)	2008 (180)	2009 (180)	2010 (178)	2011 (183)	2012 (176)	2013 (177)
Greece	4.2	4.3	4.3	4.4	4.6	4.7	3.8	3.5	3.4	3.6	4.0
Portugal	6.3	6.6	6.5	6.6	6.5	6.1	5.8	6.0	6.1	6.3	6.2
Hungary	5.3	4.8	5.0	5.2	5.3	5.1	5.1	4.7	4.6	5.5	5.4
Belgium	6.6	7.6	7.4	7.3	7.1	7.3	7.1	7.1	7.5	7.7	7.5
Czech R.	3.9	3.9	4.3	4.8	5.2	5.2	4.9	4.6	4.4	4.9	4.8
Sweden	9.0	9.3	9.2	9.2	9.3	9.3	9.2	9.2	9.3	8.8	8.9
Austria	7.8	7.8	8.4	8.7	8.6	8.1	8.1	7.9	7.8	6.9	6.9

Sources: Transparency International – Corruption Perception Index 2013

publishing its findings regarding the index every year since 1995. TI identifies corruption as misuse of the public authority for personal gains such as bribing the officials, paying commissions for winning public tenders or embezzlement of public resources, these are considered as negative factors of economic efficiency (Lambsdorff, 2000).

A country/territory's score indicates the perceived level of public sector corruption on the scale of 0–10, where 0 means that the country is perceived as highly corrupt. 10 means that the country is devoid of corruption.

Note: Corruption: 0 – maximum, 10 – minimum (zero).

The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide.

The Tab. III shows that there is a strong corrupted environment in the Czech Republic. When it comes to index comparisons between the Czech Republic and the countries with similar number of inhabitants within EU, the Czech Republic achieves the second worse score (after Greece). The perception of corruption based upon the corruption index is, however, based upon subjective views of the respondents and their personal values, and can also reflect how often media pay attention to this problem. Nonetheless, a country's long-term insufficient position (or its significant worsening)

in international corruption comparisons probably means a negative development regarding this matter.

Czech Business Environment and its Evaluation by SME Managers

The Czech business environment was evaluated based upon conducted analyses by SME managers. The SME managers and owners identified threats and opportunities for their businesses. The analyses were performed within situational analyses of the external environment in the Czech Republic.

226 SME managers defined 1036 opportunities in total in 2010 (average: 4.6 opportunity per manager), out of which 405 were identified by micro-enterprise managers, 370 by small-enterprise managers and 261 by middle-enterprise managers. That means that the micro-enterprise managers defined 4.6 opportunities on average for their business while the small- and middle-enterprise managers identified 4.5 and 4.8 opportunities on average per manager. Therefore, there is a significant difference between the number of identified opportunities dependant of the size of a company. The following table presents the most frequently defined opportunities (see Tab. IV). As a matter of interest, the table also shows the results from the business environment evaluation done by SME managers in 2004 after the Czech Republic had joined EU (Kučerová and Pošvář, 2005).

The most important opportunity identified by SME managers in 2004 was „integration of the Czech Republic into EU" which facilitated its

IV: *The most frequently defined opportunities in 2004 and 2010*

Opportunities	Answer Frequency (%)	
	2004	2010
1. Integration into EU, international cooperation, cancellation of custom duties, globalization	77	46
2. Economic progress, increase in demand and the standard of living	69	67
3. Technical and technological development, increase in demand for innovated products	53	82
4. Subsidies for SME	40	45
5. Change of life style and its impact on demand, pressure to protect the environment	34	39
6. Free/unoccupied areas in the market, weak competition in the area, industry/field's attractiveness	17	38
7. Legislation and regulations	-	27
8. Unemployment, graduates, qualified labour supply	-	26
9. Organizing trade shows, expositions, contests, conferences and other social events	-	24
10. Tourism development, traditions	-	14

Sources: SWOT analyses conducted by SME managers (2004, 2010) and own work

V: *The most frequently identified opportunities by SME managers in 2010*

Opportunities	Micro		Small		Medium	
	number	%	number	%	number	%
Integration into EU, international cooperation, cancellation of custom duties, globalization	33	37	39	47	31	57
Economic progress, increase in demand and the standard of living	69	78	48	58	34	
Technical & technological development, increase in demand for innovated products	74	83	70	84	42	78
Subsidies for SME	33	37	45	57	23	43
Change of life style and its impact on demand, pressure to protect the environment	25	28	35	42	29	54
Free/unoccupied areas in the market, weak competition in the area, industry/field's attractiveness	19	21	27	33	14	26
Legislation and regulations	24	27	20	24	18	33
Unemployment, graduates, qualified labour supply	19	21	22	27	17	31
Organizing trade shows, expositions, contests, conferences and other social events	26	29	15	18	13	24
Tourism development, tradition	12	13	3	4	1	2

Sources: SWOT analyses conducted by SME managers (2010) and own work

entrance into European markets. This answer was given by 77% of respondents. This answer ended up as the third most important opportunity in 2010. The most significant opportunity of the year was „Technical and Technological development and increase in demand for innovated products made by new technologies" (82%). „Economic progress and higher standard of living (followed by increase in demand)" scored as the second most important both years. 69% and 67% SME managers recognized its importance in 2004 and 2010. Particular opportunities (that emerged in greater frequency) came in the picture in 2010 (there was almost no such occurrence in 2004), these have been related to the positive development of the Czech business environment. (156 opportunities (15%) were placed into the category „other" in 2010).

The following table shows the most significant opportunities identified by micro, small and medium-sized enterprise managers in 2010 (see Tab. V).

The most significant opportunity „Technical a technological development, increase in demand for innovated products" was defined by all SME managers regardless of the size of their company (83% of micro-sized enterprise managers, 84% of small-sized enterprise managers and 78% of medium-sized enterprise managers). It should be noted that it was the medium-sized enterprise managers who had found Czech integration into EU, life style changes influencing demand, legislation and regulations, and qualified labour supply as the most important opportunities more frequently. The small-sized enterprise managers preferred subsidies for SME and free/unoccupied

markets and attractiveness of the industry/field as the most significant opportunities. The micro-sized enterprise managers, on the other hand, found the following opportunities the most important: economic progress, higher living standard and demand, organizing various events and tourism.

Correlation Between „Opportunities" and the Size of SME

Statistics: Chi-Square Test = 47.0042.
Degrees of Freedom = 34.
Right sides probability = 0.0681.
Fí = 0.2130.
Cramér's V = 0.1506.
Pearson's Contingency Coefficient = 0.2083.

Considering that the level of significance is almost 7%, it should be noted that the data could be often obtained even in case of zero hypothesis validity. Therefore we cannot exclude the possibility that the zero hypothesis is true which means that we cannot prove any correlation between the identified opportunities and the size of SME. Thus, SME managers perceive opportunities from the external environment similarly, irrespective of their company's size.

1 091 threats were defined by SME managers in 2010. Each SME manager identified 4.8 threats on average. The micro-sized enterprise managers defined 415 threats, the small- and medium-sized enterprise managers identified 398 and 278 threats. That means that the average number of identified threats is 4.7 (micro-sized enterprise managers), 4.8 (small-sized enterprise managers) and 5.1 (medium-sized enterprise managers). No significant difference was found between the number of identified threats depending on the size of the company.

The following table (see Tab. IV) shows the most frequently stated threats (145 threats, 13% threats, were placed in the category „other" in 2010)

It should be noted that the most significant threat (most frequently identified by SME managers) in both years (2004 and 2010) was the threat of „Competition and rivalry in the industry." 64% of

VI: *The most frequently defined threats in 2004 and 2010*

Threats	Answer Frequency (%)	
	2004	2010
1. Competition and rivalry in the industry	64	92
2. EU laws and regulations, EU competition	54	27
3. Government's interventions, legislation	46	66
4. Increase in input costs and greater difficulties to obtain loans	46	55
5. Bargaining power of customers and increase in customers' requirements, financial indiscipline and insolvency	31	39
6. Technical and technological development, substitutes	27	12
7. Financial and economic crisis	-	67
8. Decrease in demand, changes in customers' preferences	-	34
9. Insufficient supply of qualified labour	-	14
10. Demand for ecological production, pressure to protect the environment	-	12

Sources: SWOT analyses conducted by SME managers (2004, 2010) and own work

VII: *The most frequently identified threats by SME managers in 2010*

Threats	Micro		Small		Medium	
	number	%	number	%	number	%
Competition and rivalry in the industry	82	92	73	88	52	96
EU laws and regulations, EU competition	27	30	17	20	18	33
Government's interventions, legislation	61	69	56	67	32	59
Increase in input costs and greater difficulties to obtain loans	40	45	47	57	37	69
Bargaining power of customers and increase in customers' requirements, financial indiscipline and insolvency	29	33	33	40	26	48
Technical and technological development, substitutes	10	11	12	14	6	11
Financial and economic crisis	52	58	65	78	35	65
Decrease in demand, changes in customers' preferences	26	29	27	33	24	44
Insufficient supply of qualified labour	13	15	12	14	7	13
Demand for ecological production, pressure to protect the environment	7	8	13	16	7	13

Sources: SWOT analyses conducted by SME managers (2004, 2010) and own work

the SME managers identified this threat in 2004, and the number further increased to 92% in 2010. Another frequent threat of 2004 was also „EU laws and regulations, EU competition" while it was „Financial and economic crisis" and „Government's interventions, legislation" in 2010.

Competition and rivalry in the industry was the most frequently indentified threat in the industry, especially for medium-sized enterprises (96%) and micro-sized enterprises (92%). Government's interventions, legislation was most frequently defined as a threat by micro-sized enterprises (69%). Financial and economic crisis was perceived, on the other hand, as a significant threat by small-sized enterprise managers (78%). „Decrease in demand, changes in customers' preferences" was most frequently identified by medium-sized enterprise managers (see Tab. VII).

Correlation Between „Threats" and the Size of SME

Statistics: Chi-Square Test = 35.9018.
Degrees of Freedom = 44.
Right sides probability = 0.8025.
Fí = 0.1814.
Cramér's V = 0.1283.
Pearson's Contingency Coefficient = 0.1785.

Considering that the level of significance is 8%, it should be noted that the data could be often obtained even in case of zero hypothesis validity. Therefore we cannot exclude the possibility that the zero hypothesis is true which means that we cannot prove any correlation between the identified threats and the size of SME. Thus, SME managers perceive threats similarly, there are no threats that would threaten micro-sized enterprises more than medium-sized ones for instance.

The SME managers named „Technical and technological development, increase in demand for innovated products" and „Economic progress, increase in demand and the standard of living" as significant opportunities within the conducted Situational analysis. These results also correspond

with the survey performed by the Czech Chamber of Commerce in March 2011. It concluded that (based upon SME's views on economic development) the economic situation improved for an increased number of small- and medium-sized enterprises. (These results are a part of an actual survey: „Small and medium-sized enterprise (SME) business barometer" that is conducted by the Czech Chamber of Commerce for the European Association of Craft, Small and Medium-sized Enterprises CZ).

The SME managers named 2 127 factors within the Situational analysis in 2010 that had influence on their companies coming from the external environment. Based upon the number of identified factors 48.7% were opportunities, 51.3% threats which indicates that the SME managers tend to realize threats slightly more often than opportunities.

DISCUSSION

As opportunities and threats change in time and space they can be perceived differently – as threats in a particular location and time while they can become opportunities at different times and/or place. Additionally, situation that is an opportunity within a particular region can be a threat in another and vice versa. Therefore, opportunities and threats must be assessed in relation to a particular company, product or service. As the same factor can be an opportunity for one company while acting like a threat for another. It is possible to use the following table „Opportunity and Threat Identification" as an opportunity and threat identification tool with determining probability of their occurrence and influence on a company (see Tab. VIII). The probability of opportunities' and threats' occurrence and influence can be evaluated, for instance, as follows: low – 1, middle– 2 and high – 3. This evaluation enables us to construct a priority matrix for opportunities and threats and set ranking for a company's reaction to the external environment changes (see Tab. IX and Tab. X).

VIII: *Opportunities and Threats Identification (Occ. = Occurrence, Infl. = Influence)*

Opportunities and Threats		Probability of Occurrence and Influence					
		now		1–2 years later		3–5 years later	
		Occ.	Infl.	Occ.	Infl.	Occ.	Infl.
Czech integration into EU	O	2	2	1	1	1	1
Economic progress	O	1	2	2	3	3	3
Technical and Technological development	O	3	2	3	3	2	3
Subsidies for SME	O	3	3	2	3	1	3
Competition and rivalry in the industry	T	3	3	3	2	3	2
Government's interventions, legislation	T	3	3	3	2	2	2
Financial and economic crisis	T	2	3	2	2	1	2
Technical and technological development	T	3	2	3	2	3	1

Sources: Own work

IX: *Present Opportunities Priority Matrix*

Probability of Opportunity Occurrence	Probability of Opportunity Influence		
	High	**Middle**	**Low**
High	Subsidies for SME	Technical and technological development	
Middle		CZ integration into EU	
Low		Economic progress	

Sources: Own work

X: *Present Threats Priority Matrix*

Probability of Threats Occurrence	Probability of Threats Influence		
	High	**Middle**	**Low**
High	Competition and rivalry in the industry Government's interventions, legislation	Technical and technological development	
Middle	Financial and economic crisis		
Low			

Sources: Own work

SME should mostly reflect external environment's factors with high occurrence and influence in their strategies (those that are placed above the diagonal), also they should pay attention to the factors with „middle" occurrence an influence (the diagonal placement).

CONCLUSION

Small and medium-sized enterprises are exposed to strong competition on one hand but also to a great number of new opportunities on the other. If those are not taken advantage of to increase performance (increase in added value) then the chances for success in extended Europe are slim.

The aim of this paper was to evaluate conditions of the Czech business environment both for the purposes of international comparison and further based upon views of SME managers and owners. The reason behind the theme of this paper is increasing significance of SME, which have been influenced by the ongoing economic recession the most. But because of their elasticity, new opportunities like searching for new markets and production programs can be brought about.

The paper was mostly focused on the external business environment including the assessment of its quality. Firstly, it includes results and conclusions from the assessment of the external environment performed by the World Bank („Doing Business 2011"), secondly, it presents the views of SME managers on the Czech business environment, its quality and development in 2004 and 2010. It can be maintained that the business environment will be one of the most significant factors having a great influence on the SMEs' competitiveness. Therefore, business environment should be stable with simple rules, easy-to-follow administrative requirements and minimal regulations.

The paper verified the applicability of the situational analysis of the external SME's environment. Based upon the examination of this area, it can be recommended to the SME owners and/or managers to apply the Opportunities and Threats Identification table while taking the factors' probability of occurrence and influence into consideration. The aspect of time (and its influence on a company) should be taken into account as well. Also, Opportunity and Threat Priority Matrix can be applied in order to set the opportunities' and threats' order of importance and address them accordingly.

REFERENCES

BUDÍKOVÁ, M., KRÁLOVÁ, M. and MAROŠ, B. 2010. *Průvodce základními statistickými metodami.* 1 vyd. Praha: Grada.

DAVID, F. R. 2001. *Strategic management: concepts & cases.* 9nt Edition. Upper Saddle River, New Jersey: Prentice Hall.

DRUCKER, P. F. 1992. *Management – budoucnost začíná dnes.* 1. vyd. Praha: Management Press.

EUROPEAN COMMISSION. 2012. *Small and medium-sized enterprises (SMEs).* [online]. Available at: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition. [Accessed: 2012, March 28].

GRUBLOVÁ, E. et al. 2001. *Podniková ekonomika.* Ostrava: Repronis.

GUINN, A. et al. 2009. *Podnikatelské prostředí v ČR.* Kunovice: Evropský polytechnický institut, s. r. o.

KUČEROVÁ, R. and POŠVÁŘ, Z. 2005. Business Environment in the Czech Republic before and after the Integration into the EU. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 55(4): 16–22.

LAMBSDORFF, J. F. 2000. *Framework Paper to the 2000 Corruption Perceptions Index. Transparency International.* [online]. Available at: http://gwdu05.gwdg.de/~uwvw/downloads/2000_CPI_FD.pdf. [Accessed: 2014, April 28].

MEFFERT, H. 1996. *Marketing Management.* 1st Edition. Praha: Grada.

THE WORLD BANK. 2012. *Doing Business 2011.* [online]. Available at: http:// www.doingbusiness.org/. [Accessed: 2012, March 28].

TRANSPARENCY INTERNATIONAL. 2014. *CPI Index – tj. Index vnímání korupce.* [online]. Available at: http://cpi.transparency.org/cpi2013/results/. [Accessed: 2014, March 12].

HOSPODÁŘSKÁ KOMORA ČR. 2012. *Barometr MSP.* [online]. Available at: http://www.komora.cz/stale-vice-strednich-firem-hodnoti-svou-situaci-pozitivne-negativismus-u-velkych-podniku-ale-nadale-roste.aspx. [Accessed: 2012, March 28].

Contact information

Helena Chládková: chlad@mendelu.cz