

CHANGES OF THE AGE STRUCTURE OF ENTREPRENEURS IN SLOVAKIA COMPARED TO THE CZECH REPUBLIC

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Abstract

Small and medium-sized enterprises (SMEs) play a vital role in the economy of both the Czech Republic and Slovakia. They account for a significant share of GDP and employment in both countries. Entrepreneurs are the driving force behind SMEs, and their qualities can have a major impact on the success of their businesses. It is important to examine the demographic characteristics of entrepreneurs, such as their age, gender, and education level, in order to understand the entrepreneurial landscape in a country. This information can be used to develop policies and programs to support entrepreneurs and promote economic growth. Our research goal of analyzing the age group distribution of entrepreneurs in the Czech Republic and Slovakia and its changes over the past 5 years is very relevant. By understanding how the age structure of entrepreneurs is changing, policymakers can better design programs and initiatives to support entrepreneurs of all ages. Young entrepreneurs are often the most innovative and risk-taking, and they can play a key role in driving economic growth. However, young entrepreneurs also face several challenges, such as lack of experience and access to financing.

Key words: age structure, entrepreneurs, Slovakia, Czech Republic

JEL Code: J10, J11, L26

Introduction

Small and medium-sized enterprises play an important role in countries development and success. This is why the European Union and developing economies have long been paying close attention to the situation of SMEs and their development opportunities. Countries are taking various provisions in order to ensure the most favorable conditions for small and medium-sized enterprises (Gavurova et al., 2020). There are many explanations for why such enterprises are considered one of the most important economic pillars in the European Union, including SMEs help create jobs in their region, have local economic effects and increase the

gross domestic product (GDP). SMEs contribute to job creation in the respective countries, they provide 67% of jobs in the Czech Republic, 72% in Slovakia, 68% in Poland and 69% in Hungary (Kotasková, 2020). The proportion of small and medium-sized enterprises compared to all enterprises in Slovakia and in most European Union countries is almost 99% (Sobeková Majková, 2016).

Researches have analyzed that the personality of the entrepreneur also influences the success of the business. Based on this, the aim of our work is to get to know the characteristics of the managers of small and medium-sized enterprises, especially regarding their age in relation to the Czech Republic and Slovakia. In addition, we pay special attention to the situation of young entrepreneurs and the measures to support young people introduced in each country.

1 Theoretical summary

Small and medium-sized enterprises (SMEs) form the backbone of individual market economies (Sobeková Majková, 2016). Entrepreneurship in Slovakia and the Czech Republic has a shorter tradition compared to the states of Western Europe (Kozáková, 2018). After the system change, entrepreneurial behavior slowly came into the public consciousness, despite the fact that strong social changes took place (Závodská et al, 2019). The European Union and the Slovak government recognize the importance of promoting entrepreneurship and are therefore taking extra care and proactive measures to improve the regulatory environment in order to help entrepreneurs develop their businesses and the sector (GEM, 2021). Furthermore, Slovakia has shown promising results in the development of tailored entrepreneurship policies that are increasingly accessible to key target groups such as women and young people.

The majority of Slovakia's population has a positive view of today's Slovak entrepreneurs - approximately 64% of them are supportive. Entrepreneurs of the younger age groups view Slovakia's business environment significantly more positively, among them the most positive are young people under the age of 24. However, 70% of the population thinks that Slovak entrepreneurs should improve. (Go4insight, 2019). The small size of SME is often the reason why they are much more exposed to financial and other credit risks (Belás, 2015).

Entrepreneurs should be understood as personalities, their characteristic features make them unique and distinguish them from each other. His personality is made up of biological, psychological and social aspects (Kozubíková et al, 2020). Researching the demographic

characteristics of entrepreneurs is important from several points of view. Based on many studies, the skills of successful entrepreneurs can be divided into two types, skills that improve with age and skills that deteriorate. Young entrepreneurs are more creative and come up with more ideas thanks to the fact that they have more social interaction (Liang et al, 2018). At the same time, it can be said that older entrepreneurs have more opportunities and tools compared to younger entrepreneurs (Kautonem, 2008), and they are also less willing to devote time to activities that have a long or uncertain success (Hatak et al, 2015). Several studies support the fact that the survival rate of businesses founded by entrepreneurs belonging to the older generation is higher than those founded by younger entrepreneurs. At the same time, based on research, older people are significantly less motivated to start a business than younger people (Kautonem, 2008).

2 Research methodology

The aim of our research is to examine the demographic characteristics of businesses operating in Slovakia and the Czech Republic. More precisely, in the case of the two countries, we compare the demographic data of the entrepreneurs of the last 7 years from 2016 to 2022. In addition, the aim of the work is to examine how the proportion of young entrepreneurs has developed in comparison to other entrepreneurs and, in this regard, the differences between the data of the two countries. To examine this question, we chose a secondary research method. In the theoretical part of our research, we get a general picture of the current situation of small and medium-sized enterprises, the importance of SMEs and the characteristics of each entrepreneurial age group. The data included in the study come from the Slovak and MPO and the DATACUBE database containing the main statistical data of the countries. In the first half of our work, we present the economic situation of each country in general, focusing on the characteristics of businesses, as well as the programs that help young entrepreneurs operating in each country. I illustrate the obtained results graphically. All data is based on secondary data. We preliminarily assume that in the last 7 years there has been a change in the distribution of entrepreneurial age groups in the case of the two countries.

3 Research results

Based on data from the Statistical Office of the Slovak Republic, there were 634,309 active small and medium-sized enterprises in the country at the end of 2021, which represents a 6.2 percent increase compared to the previous year. The most dynamic growth occurred in the

category of micro-enterprises, the number of such enterprises increased by a total of 6.4% compared to the previous year. In 2021, the ratio of micro-enterprises to the number of active enterprises was 97.3% (SBA, 2022).

In the case of the Czech Republic, there were approximately 1.18 million active enterprises in 2020. 99.85% of these companies were SMEs, each with fewer than 250 employees, based on the division accepted in the European Union. Micro-companies dominated the business world, similar to most countries, accounting for 96.4% of all SMEs in 2020. The total number of employees of SMEs decreased by 42.8 thousand in 2020 compared to 2019, i.e. by 1.8%. (OECD, 2020).

Recognizing the importance of businesses, the Czech and Slovak governments offer a number of measures to support entrepreneurs and young entrepreneurs, even though their future strategic plans only include targeted support for young entrepreneurs. There are currently grants that help startups, venture capital funds that invest in startups with high growth potential, acceleration programs and tax incentives.

The government programs listed below are available in Slovakia and the Czech Republic. Both countries offer many programs to support young entrepreneurs and SMEs.

Slovakia:

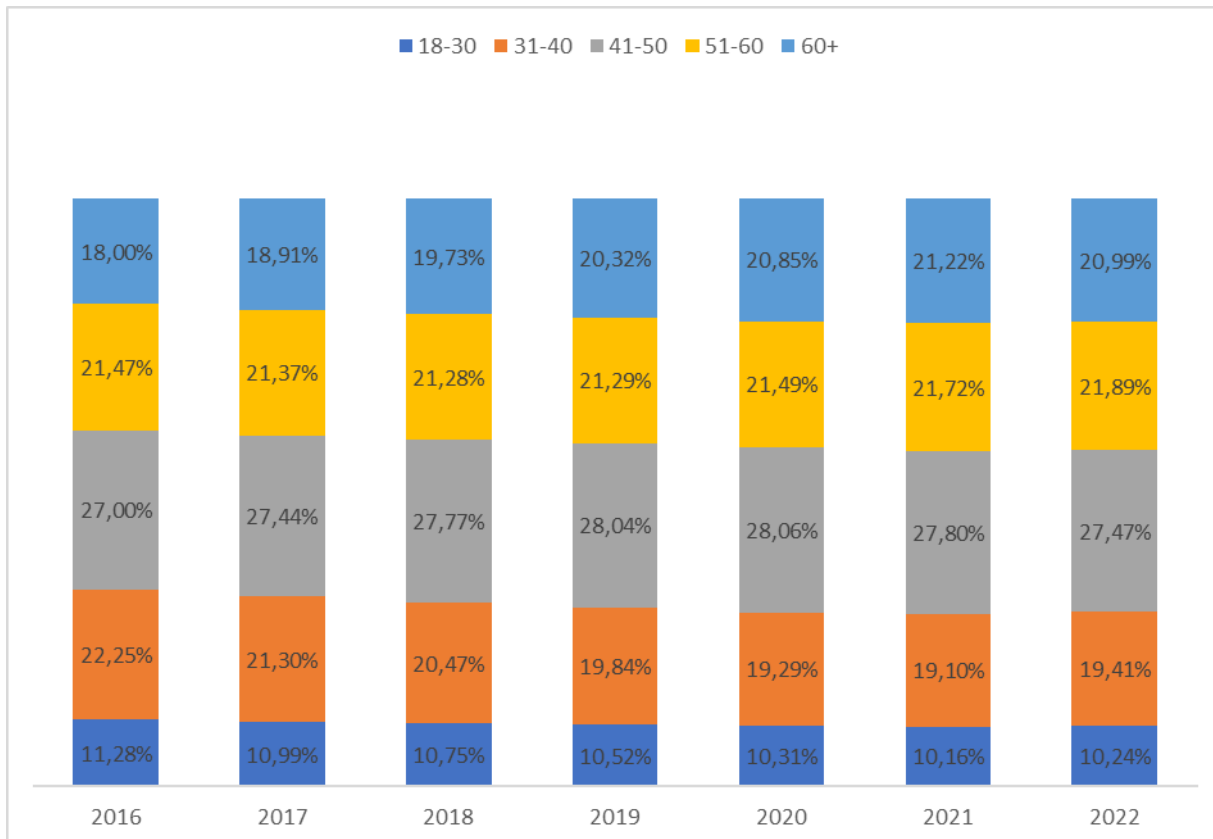
- StartLab: This program provides financial assistance, mentoring and training to young entrepreneurs to help them start and grow their businesses.
- Startup Fund: This fund invests in startups with high growth potential.
- SME Start program: This program provides financial support and training to SMEs to help them start up and grow their business.
- SME Growth Programme: This program provides financial assistance and training to SMEs to help them grow and expand their businesses.
- SME export incentive programs: The Slovak government offers a number of programs to help SMEs export their products and services. These programs include financial support, training and market research support

Czech Republic:

- Startup Voucher Program: This program provides financial support to young entrepreneurs to start their own business.
- Venture capital fund for startups: This fund invests in startups with high growth potential.
- Business Innovation Fund: This fund provides financial support to SMEs for the development and introduction of new products and services.

- SME guarantee program: This program provides guarantees to banks that lend to SMEs.
- Export promotion programs: The Czech government offers a number of programs to help SMEs export their products and services. These programs include financial support, training and market research support.

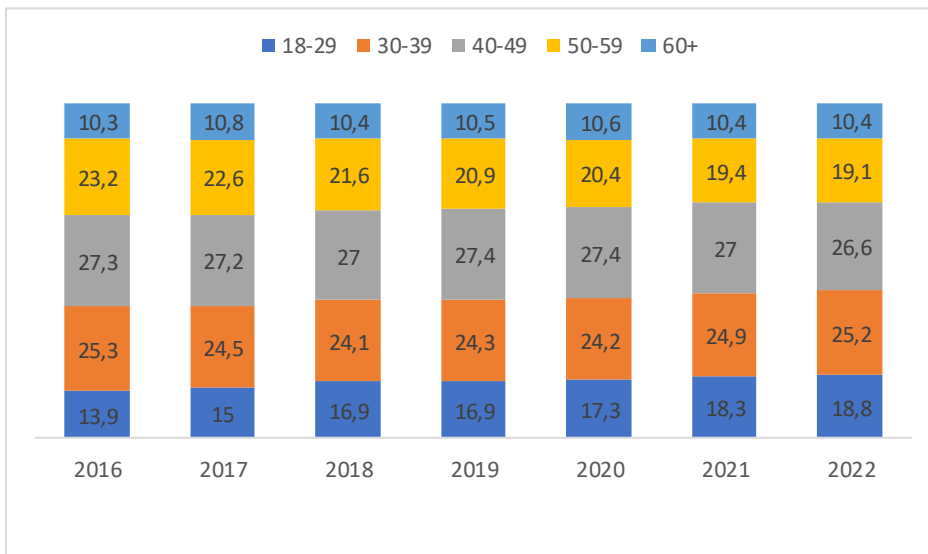
Fig. 1: Entrepreneurs age in Czech Republic



Source: own editing

Based on the data of the MPO, below I present the demographic data typical of entrepreneurs in the Czech Republic from the last 7 years. Based on the figure, it can be said that in the case of the Czech Republic, the proportion of young entrepreneurs is quite constant, in 2016 it was 11.28%, and in 2022, a decrease is observed, to 10.24%. In addition, the proportion of entrepreneurs aged 31-40 has also decreased in recent years, but the number of residents of the Czech Republic over 60 has increased during the examined period.

Fig. 2: Entrepreneurs age in Slovakia



Source: own editing

In the case of Slovakia, it can be said based on the figure above, which I made based on Datacube data and illustrated graphically, that we experienced different results. In the case of the proportions of the 18-30-year-old age group, an increase can be seen in the examined period. In the case of the 30-39 and 40-49 age groups, they are present in a relatively constant proportion in the case of small and medium-sized entrepreneurs. At the same time, there is a decrease in the 50-59 age group. People over the age of 60 are also self-employed in a relatively constant proportion in Slovakia.

Conclusion

Small and medium-sized entrepreneurs are of great importance to the economy of a country, which is why their analysis and the analysis of the entrepreneurial environment are important. The personality and qualities of the entrepreneur are not negligible in the life of the business. Based on several studies, the entrepreneur's age also has an influence on his abilities and perception.

In the case of Czech Republic, it can be said that the proportion of young entrepreneurs in the Czech Republic is relatively constant, but at the same time, the percentage of elderly entrepreneurs has continuously increased during the examined period. In the case of Slovakia, the proportion of young entrepreneurs has been rising continuously in the recent period. Both countries are placing more and more emphasis on supporting young

entrepreneurs and more and more programs are helping to increase the entrepreneurial spirit of young people.

Our present study gives a more superficial picture of the demographic situation of entrepreneurs, in order to obtain more accurate results, it would be worthwhile to examine the recognition and utilization of individual programs that help young people.

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