



Ekonomická
fakulta
Faculty
of Economics

Jihočeská univerzita
v Českých Budějovicích
University of South Bohemia
in České Budějovice

University of South Bohemia in České Budějovice

Faculty of Economics

Department of Regional Management

Master thesis

**Cross-border cooperation in entrepreneurial activities
based on business centres**

Author: Bc. Anna Ellingerová

Tutor of master thesis: doc. Dr. Ing. Dagmar Škodová Parmová

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1 Introduction

Nowadays, the globalization tendencies are unimaginable and highly visible. All of us can see it. Some people agree, and they are satisfied, others think that the world is hasty and should be slowed down. But human being is a naturally competitive creature and looking into the past, in each epoch we can find individuals with ambitions to control and to influence constantly larger and larger territory. Over time, this trend has shifted from the political sphere to the sphere of economics. One aspect of globalization is international trade, also related to the movement of investment and capital. And it is just foreign trade, which affects the ability and opportunity of even small economies to grow.

Small and medium-sized enterprises play a key role here. In almost every national economy, they represent an important element, and even the European Union identifies them as the driving force behind innovation, employment and economic and social growth. Nevertheless, despite these pluses and minuses, the general public is still convinced that for the economy are decisive and important the bigger corporations. This is a misconception. Big corporations usually have a significant impact on the development of economy and trends in international markets, the role of small and medium-sized enterprises is clearly irreplaceable.

Thus, we can say that openness to foreign trade and support for small and medium-sized enterprises are very important elements in the development of the country or, more specifically, in the region. These themes are an extensive aspect of the live of all of us, although we do not often realize it. And these issues are discussed in the thesis.

2 Objectives and methodology

The core of the thesis is the issue of cross-border cooperation in entrepreneurial activities based on the support of a particular business centre, particular economic entity that supports these activities. For this economic entity, the author has chosen the CzechInvest – investment and business development agency. It is a state contributory organization subordinated to the Ministry of Industry and Trade of the Czech Republic. This agency has thirteen regional offices throughout the Czech Republic, and in the thesis, it is mainly focused on the Vysočina Region with the office in Jihlava, not only because the author carries out her three-month internship in this regional office, but also because Vysočina is her home, and mapping the issues mentioned above is very interesting for her.

2.1 Objectives

Clients of CzechInvest Agency are not only domestic companies but also diverse entities from abroad. The aim of the diploma thesis is to map the activities of the CzechInvest regional office in the Vysočina Region related to the support of foreign companies and investors. In other words, we wanted to reveal the range of foreign clients of this regional office and find out how and to what extent CzechInvest helps to these clients by its services.

As a secondary objective, this work aimed to present the given issue through a theoretical background and definition of concepts related to entrepreneurship in general, small and medium-sized enterprises and business support in the Czech Republic. Attention was also paid to the topic of international business.

2.2 Methodology

To prepare a literature review, required professional literature and other secondary sources of information published on the Internet were learnt. This part is necessary in the thesis to introduce the reader to the issues related to business in general, to its support in the Czech Republic and the topic of international business found its place there also. In my opinion, for the purpose of this English Summary is not so necessary to speak about literature background, I would rather speak about the objectives, methodology, conclusions and benefit of my diploma thesis.

Afterwards, CzechInvest Agency is more specifically discussed, as well as its regional office for the Vysočina Region in Jihlava. In this part, the information was primarily got from CI's website, as this is where the necessary information is. For the passage dealing with the activities of the Regional Office for the Vysočina Region, the author collected the information from the experience of the local employees. The necessary data were therefore collected in the form of personal communication with one or more employees.

As a method to obtain primary data, the open questioning was used. It was in form of the phone conversation or sending a questionnaire to the respondent by e-mail. The questionnaire survey consisted in questioning foreign clients (more precisely clients who have a parent company abroad and a branch in the Vysočina Region or vice versa) of this regional CI office to map its activities in this field. The aim was to find out how and to what extent the CzechInvest regional office in Jihlava helps foreign clients by its services. The method of questioning has been evaluated by the author as the best for obtaining the required information. The selected sample of companies which were interviewed consisted of 10 enterprises, which was sufficient for the purposes of the thesis. Sampling was not affected by any relationship between CI and companies, whether these relationships exist or not. For the purposes of the diploma thesis, a "Questionnaire for Companies" was created. Reader can find it in Annexe.

3 Research area

As stated above, the core of this work lies in the issue of cross-border cooperation in business activities based on the support of a specific economic entity that supports these activities. For the purposes of this work, the investment and business development agency CzechInvest was selected for the economic entity. This decision corresponds to the selection of the author's three-month internship within the study, which was performed at the CzechInvest regional office for the Vysočina Region in Jihlava city.

3.1 About CzechInvest Agency

A state contributory organization CzechInvest is the investment and business development agency subordinate to the Ministry of industry and trade of the Czech Republic. It supports small and medium-sized enterprises, also innovative start-up companies, the country's business infrastructure, and innovation. The agency arranges for the Czech Republic both domestic and foreign investments in the areas of manufacturing, business support services and technology centres.

CzechInvest promotes the Czech Republic abroad as a suitable destination for investments. Through its services and development programs, CzechInvest contributes to the development of domestic firms, Czech and foreign investors and the business environment as a whole. Services include for example:

- consulting services for foreign investors entering the Czech market,
- assistance during implementation of investment projects
- after-care services for foreign investors that are already operating on the Czech market,
- administration of a business-property database,
- mediation of contact with state administrative bodies and local authorities,
- partnering with entities in the research and development and academic spheres,
- mediation of state investment aid,
- assistance for the development of innovative start-up firms by means of the agency's programs.

In arranging investments, CzechInvest focuses on key sectors of the Czech economy. We speak about manufacturing industry (production) and research, development and services (technology centres and business support services). With its regional and for-

eign offices, CzechInvest Agency operates in all regional capitals in the Czech Republic and also in key destinations around the world.

Figure 1: CzechInvest in the world



Source: Retrieved 28/04/2018 from <https://goo.gl/7YNkhD>

All of CzechInvest's services are provided free of charge. (czechinvest.org, n.d.)

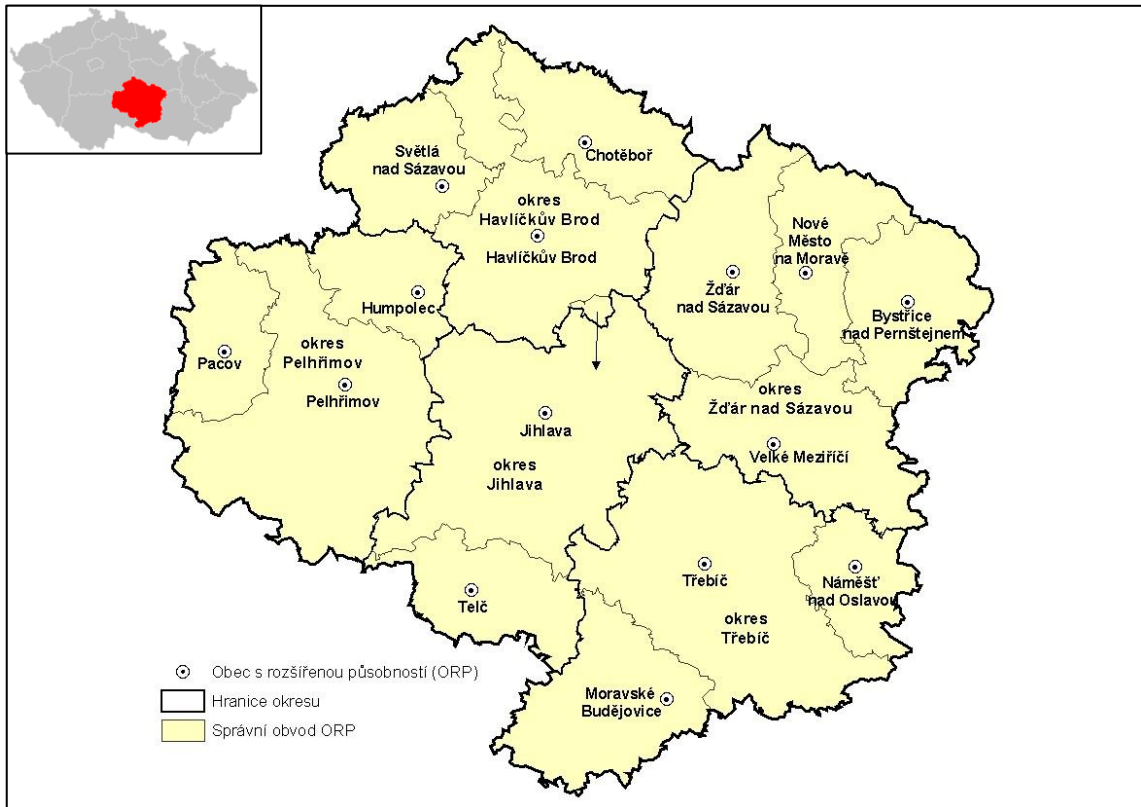
3.2 Regional CzechInvest Office for the Vysočina Region in Jihlava

In 2004, a network of thirteen regional offices was established in all regional capitals in the Czech Republic. CzechInvest is thus closer to its clients and all the provided services are implemented through these regional agencies.

One of these regional offices is situated in Jihlava, the capital of the Vysočina Region. Jihlava is located on the Jihlava river on the historical border between Moravia and Bohemia. The Vysočina Region itself, is an administrative unit of the Czech Republic and has a central location there. It is divided into 5 districts. Vysočina Region borders with four other regions – Jihočeský, Středočeský, Pardubický a Jihomoravský. With Jihomoravský Region, it forms also NUTS II Region with the aim to support regional development. Total area of Vysočina Region is almost 6 800 km², it is therefore the region of above-average size. The 31/12/2017, there were 508 916 inhabitants. The assets of Vysočina include low air pollution and relatively healthy forests. That is why, as

the first region of the Czech Republic, it has become a member of the organization of healthy cities and regions. (businessinfo.cz, 12/2017)

Figure 2: Map of the administrative division of Vysočina Region



Source: ČSÚ. Retrieved 06/06/2018 from <https://goo.gl/tHBXao>

Although the territory of Vysočina Region does not touch directly the national border of the Czech Republic, the southern part of this region reaches its close proximity. Thanks to this, Vysočina with Jihočeský and Jihomoravský Region engages in a wide range of activities in the framework of cross-border cooperation with Austria. (businessinfo.cz, 12/2017)

CzechInvest in Jihlava regional office provides information about CzechInvest's services at first. But it is not the only task. Employees of this office consult with representatives of firms regarding possibilities of business support from programmes of EU structural funds administrated by CzechInvest. They also assist firms that are interested in implementing their investments in the given region and last but not least, they cooperate with representatives of local authorities, schools and other regional institutions in seeking out opportunities for development of the region's business environment. (czechinvest.org, n.d.)

This regional office in Jihlava organises very often many seminars and meetings focused on diverse interesting topics related to business. In this way it helps especially start-up entrepreneurs to get the information they need.

4 Questionnaire survey

In order to achieve the objective, the author decided to choose the questionnaire survey method in particular companies. In her opinion, this method will be the best one to obtain the required information.

The selected segment was formed by companies which have a parent company abroad and branch in the Vysočina Region, or vice versa. The colleague from CzechInvest helped with the selection of companies. The selected segment was targeted at companies that are most visible in Vysočina Region. 15 enterprises were selected, 5 of them unfortunately did not answer the questionnaire. However, the author is convinced that for the purpose of the thesis the resulting number of ten enterprises is sufficient. The main objective is to map the general situation, to get a general overview of how these companies perceive CzechInvest Agency and whether they have some experience with this agency. The results of this survey can thus be a good starting point for further and more specific mapping of relations between CzechInvest and domestic companies as well as those operating in foreign markets.

The questionnaire itself, which was created for this thesis, consists of six or seven questions. If the company's answer about the question whether she had ever contacted CzechInvest was positive, there were three sub-questions, if it was negative, there were two sub-questions. As mentioned above, the questionnaire is designed to provide general, basic information, such as whether the company even knows the CzechInvest Agency, what experience has with the agency or why the company contacted just this agency. The reader can consult the whole questionnaire at the end of this Summary in Annexe.

In order to get the most answers, the author has decided to interview companies by phone. However, this method has not always been successful, so e-mail has also been used. This topic will be discussed more specifically in chapter 4.1 Analysis of obtained data.

In the diploma thesis, there is a literal transcription of the answers received from individual companies. The author tried to do so in a well-arranged way as possible. The reader will be able to have a basic idea about the company thanks to a heading with a few information before each transcription. In this heading, there are information such as

name of the company, the registered office of the parent company, the branches of the company (in which countries they are) and the objects clause.

4.1 Analysis of obtained data

In this subchapter we will pay attention to the answers of the companies on the questionnaire. As has been outlined earlier, in order to ensure more answers, the author has decided to interview companies by phone. However, it was complicated because the contacts for the companies were searched on the Internet, where telephone numbers are mostly to the secretariat or to the reception desk. The called person has therefore most often stated that he or she is not competent to answer these questions. The following scenario was such that the author was either put through to someone more competent (this more competent person either answered the questionnaire or communicated his or her e-mail to which it should be sent) or given the e-mail address of such a person.

Companies 1 to 6 answered the questionnaire by telephone, companies 7 to 10 responded by e-mail. Five companies that were sent the questionnaire did not respond at all. Which way was better? Questioning by phone promise a better chance of getting answers, but if the interviewer ever manages to get in touch with a competent person, this person is very often busy, and either he or she responds curtly or does not respond at all for time reasons. During the phone conversation, the interviewed person also does not have to remember all the important information for the interviewer. If the respondent answers the questionnaire by e-mail, he or she has time to think, but the truth is that the answers come from a lower percentage of respondents. In our case, six companies from fifteen answered by phone, the remaining nine were sent an e-mail. Four companies answered this e-mail, five not. Personally, the author thinks it is definitely appropriate to call the respondent at first. It is possible that the respondent will not answer the questionnaire either by phone or by e-mail, however, in today's administrative workload of companies, we have no choice but to be understanding. Perhaps the only solution to this would be to arrange a personal appointment in the company. This option is likely to be the best choice for more extensive and detailed research.

Let's note now that in the thesis, for each of the ten companies there are countries where the company has branches (these are not the countries where the company only imports the goods). With this information, the reader must remember that this is a demonstrative

list. It has not always been possible to look up all the countries in which the branch offices are located.

In the thesis, in the header of each answered questionnaire, the author wanted to give one more information, namely the size category of the company according to the number of employees. However, this information was a problem, because the data was often different, and the online registers in which the author searched warned that the data was not up to date. That's why the author decided not to give this information.

Let's now focus on the answers of companies themselves. To begin with, let's say that all ten companies already know CzechInvest Agency. As mentioned earlier, the questionnaire consisted of six or seven questions. If the company's answer about the question whether she had ever contacted CzechInvest was positive, there were three sub-questions, if it was negative, there were two sub-questions. Positive answers came from seven companies, negative answers were three. However, it is important to say that two of the three companies that did not contact CzechInvest in the past, these two companies were at least addressed by CzechInvest and asked for a business meeting. These meetings serve to present CzechInvest and its services for the company, or to recommend various procedures and solutions to diverse situations when the company is interested in. This can indicate to us that CzechInvest is well aware of companies located in the whole Vysočina Region, and if a company does not contact it, CzechInvest itself will do so.

If we speak about the companies that have already contacted CzechInvest, six of seven communicated with the Jihlava office and two cooperated with the Prague headquarters CI. One company even stated they contacted the office of CzechInvest in Shanghai. Asked if the cooperation with CI was useful, three companies answered yes and four answered rather yes. Even so, this result is positive. Additionally, three companies add that they are regularly invited and participate in the seminars organized by CzechInvest. Finally, all seven companies would recommend work and cooperation with CI to other companies too. This clearly reflects the rather positive experiences of the companies in Vysočina Region with this agency.

Let's move on to companies that have not contacted CzechInvest yet. These three companies answered that they did not think about cooperation with this Agency. One company adds that she cooperated with CzechTrade, which was sufficient for them. Another

company said they would contact CI in case of expansion of the company. The other two companies did not know any situation or reason to contact CzechInvest. These three companies are aware of the existence of CI, they should be aware of its services also because they had a meeting with an agent from CzechInvest (at least two of three interviewed), but these companies simply do not have any interest in establishing any closer cooperation.

Companies that have not previously contacted CI have been unable to state why they should contact just this agency if needed. By contrast, the seven companies that have already some experience with CI have been quite heterogeneous in answering the question why they contacted just the CzechInvest agency. However, the answers clearly show the fact that these companies are well aware of what CI can do to help them, what services CI offer, and why to ask for help just this agency. Additionally, two companies add that the fact that CI is a state agency contributes to having the necessary contacts with other state authorities and it is able to speed up communication and problem-solving with these authorities.

The last question, whether the company knows other companies that contacted the CzechInvest Agency in the past, only two of ten interviewed companies answered positively. The remaining eight companies do not know such a company.

The answers from these ten companies have at least partially described and outlined the to reality of how the CzechInvest Agency is perceived by firms in Vysočina Region. Companies that have worked and cooperated with CI in the past (and who clearly predominate) have been satisfied and would recommend working with to other companies. Those companies that did not contact CI themselves were at least addressed by this agency, and this fact indicate the tendency and effort of the Jihlava office of CzechInvest to establish new relationships with new clients. According to the author, this initial survey will be a good springboard for future and more sophisticated market analyses. The interviewer will be better able to guess in which direction companies' responses will go and will be able to ask more sophisticated questions to get the requested information. However, it is important to add that companies do not want to talk about a number of business issues, as they include confidential information about their strategy for the future. Therefore, the questionnaire which was created for the purposes of the diploma thesis is rather general and does not include any questions related to specific business experiences of companies with CzechInvest Agency about specific issues.

4.2 Limits of the questionnaire survey

After analysis of obtained data or the answers of the companies, we have several questions here. Why did the results come out in this way and not differently? Are the results burdened by a systematic error? And was it possible to prevent such an error? We have to admit that the source of potential mistakes and inaccuracies in our case are, besides other things, respondents themselves. Whether the questionnaire was answered by a less competent person the author got through to as the first, or more competent person who the author was either put through by phone or who was contacted by e-mail, to what extent do the answers correspond with the real facts? Unfortunately, we must note the fact that a certain percentage of the received answers will be inaccurate just because of contacting or questioning a not enough competent person. For sure, it would be better to prevent this, namely to make a personal meeting with a competent person (this may be, for example, an executive director, representative, business director, it depends on the individual companies which person is tasked with the agenda). In that case, we will be more confident that the obtained data really matches reality, and we also avoid curt answers, as the respondent will know ahead of the meeting and will have time for us.

It is also important to comment on another variable that influences the results of the survey, namely the interviewed part of the companies. As mentioned earlier, the selected segment was formed by those companies which have a parent company abroad and a branch in the Vysočina Region or vice versa. With the selection of companies, a colleague from CzechInvest assisted to the author. Together were trying to select companies that are most visible in the Vysočina Region. Sampling was not affected by any relationship between CI and companies, whether these relationships exist or not. 15 enterprises were selected, unfortunately 5 of them did not respond to the questionnaire. Although, the author is convinced that for the purposes of the thesis, the resulting number of 10 enterprises is sufficient, nevertheless she adds it would be better to have answers from more respondents. Not only we could receive a completely different answers and thus a different view of the thing, but the whole research would be more earnest, serious and credible. But, as has been already said, the research in this thesis was mainly about the general mapping of the situation, about how CzechInvest Agency is perceived by enterprises in Vysočina and whether they have some experience with it. The results clearly show that CI is well-known in the Vysočina Region. If companies have already cooperated with this agency, their experience is positive, and these companies

recommend the agency to other companies. If some of the companies have not work with the agency yet, then they were addressed by CzechInvest itself in order to familiarize them with the provided services. During the internship in the CzechInvest Agency, the author of the thesis also attended one of such briefing meeting. Her colleague from CI was very nice and comprehensibly presented the CzechInvest and its services. The company representative then asked specific questions about the problems they are currently facing as a company and subsequently, he was offered ways how to solve these problems. The author of the thesis thinks that CzechInvest's regional office in Jihlava is clearly trying to expand its clients and endeavours to raise company awareness of their services. The Agency regularly and frequently organises varied seminars on many interesting topics related to entrepreneurship.

4.3 Further survey

After this survey, it is possible to carry out further and more specific mapping of the relations between the CzechInvest Agency and companies not only domestic but also and especially those operating on the foreign markets. Certainly, it would be interesting to focus on specific issues, situations and problems about which CzechInvest is contacted by companies. However, during the collection of data for this work, unfortunately, the experience was that companies did not want to talk about anything specific because this is a confidential information related to their strategy for the future. But it is not excluded that an interviewer could get the requested information in some way, for example by ensuring anonymity of companies that would be properly legally treated and its breach would be punished. Thanks to this, we could look into some backstage and find out what specific problems companies face today and how the CzechInvest Agency is helpful in their solution. The results obtained could be very useful to other companies, not only those already existing, but perhaps especially those just emerging.

5 Conclusion

The aim of the thesis *Cross-border cooperation in entrepreneurial activities based on business centres* was to map the activities of the CzechInvest regional office for the Vysočina Region related to the support of foreign companies and investors. The investment and business development agency CzechInvest is a state contributory organization subordinate to the Ministry of Industry and Trade of the Czech Republic. Author of this thesis tried to reveal the range of foreign clients of the regional office of this agency and to find out how and to what extent this office is supportive to its clients.

The theoretical part of the work was a literary review, which clarifies to the readers the issue through a theoretical background. The terms related to entrepreneurship in general, to small and medium-sized enterprises and to business support in the Czech Republic are defined there. For a purpose of creating a literary search was studied literature related to the field and data from the Internet sources.

The analytical part is based on questionnaire survey in the companies. The sample selection and the research findings are described there. The results clearly showed that CzechInvest is well-known agency for companies in the Vysočina Region. If companies have worked with the agency in the past, their experience is positive, and they recommend CzechInvest to other companies. If some of the companies did not turn to the agency, they were approached by the CzechInvest to inform them about the services they provide. The synthetic section of this work summarizes the findings of the survey, mentions the shortcomings of the research, and propose recommendations.

CzechInvest is real help not only for local clients, but also for those coming from abroad. This agency represents a very important determinant of the international success of companies.

Keywords: CzechInvest, small and medium-sized enterprises, support for business and investment, competitiveness, development of the region, Vysočina Region

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Annexe

Questionnaire for Companies

1. Does the company know CzechInvest?
2. Has CI ever been contacted by the company? (never / once / several times)
 - a. YES: It was the office in Jihlava, or the CI's headquarters in Prague?
Was the cooperation with CI helpful?
Would the company recommend working with CI to other companies?
 - b. NO: Has the company ever thought about the possibility to contact CI?
Is there a situation in which you would contact CI?
3. Why (did/would) the company contact just CI?
4. Does the company know other companies that contacted CI?