ATTRACTIVENESS OF REGIONS AND THE LEVEL OF BUSINESS OPTIMISM VIEWED BY SMALL ENTERPRISES

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Abstract: One of the important prerequisites for successful entrepreneurship is also the choice of an appropriate place of business. Our study analyses Czech regions in terms of their entrepreneurial attractiveness. Our questionnaire research collected 325 responses from entrepreneurs from the whole Czech Republic and looks into what the tendencies are in small companies moving between individual regions of the Czech Republic. We want to establish "What influences the decision of a company that is willing to change its registered office?", "Where do companies want to move to most often?" "Which Czech region features the highest level of business optimism in entrepreneurs?" and "Which region do entrepreneurs move out from most often?" The data analysis shows that Prague and Central Bohemia is the region which differs from other Czech regions in many ways: Prague and Central Bohemia is the region where most businessmen wish to move to; companies which have their registered office in Prague and Central Bohemia show the highest level of business optimism and Prague and Central Bohemia is the region companies most often leave.

Keywords: perception of regions, business optimism, attractiveness of regions.

1 Introduction

Entrepreneurs form an integral part of our economy. They create new jobs, can flexibly respond to the market situation, and contribute to economic growth. However, relatively small attention is paid to them in research. Crecente-Romero et al. (2016) emphasise that the demographic conditions of regions are determined by factors which make it easy to enter and set up businesses. They developed a classification system which allows the development of the perception of business opportunities to be analysed, but also specify cultural examples of entrepreneurship.

Entrepreneurship related to the regional pertinence of a businessman is dealt with by Bečicová and Blažek (2015). They looked into the financial market regional segmentation theory, which anticipates limits to credits available for small and medium-sized businesses having their registered office in peripheral regions. However, the results showed that entrepreneurs do not link discrimination by banks to their regional or peripheral place of business. The problem seems to lie rather in the assessment of their property (business premises). Property prices are generally higher in large agglomerations than in a periphery (in peripheral regions). Banks taking the value of a property as collateral provide a significantly lower assessment.

The willingness to start a business is shown by a considerable number of citizens. Latent entrepreneurship was established by, for example, Blanchflower, Oswald and Stutzer (2001). They concluded that a surprisingly large number of people in industrial countries state that they would prefer being self-employed. Poland (80% of respondents gave a positive answer) stand at the top of the imaginary ladder. A high level was also established in Portugal and the USA. Norway (with 27 % of respondents answering positively), Denmark and Russia came at the bottom of the table, on the other hand. The research also established that self-employed people enjoy significantly higher satisfaction with work than employed people.

Not everyone can start a business, though. The basic condition for starting a business is the willingness to take a risk. Kozubikova et al. (2015) examined the relationship between personality characteristics and the approach to the perception and management of business risks. The study results showed that entrepreneurs feature a high degree of self-confidence in considering their skills to manage financial risks as well as a high intensity of business optimism. The willingness

to take a risk is important, however, it has no influence on the later success or failure in doing business (Gartner & Liao, 2012).

There are also partial studies which analyse the conduct of entrepreneurs in emerging economics (Garcia-Cabrera, Garcia-Soto & Duran-Herrera, 2016). For example, they look into what influences small and medium-sized businesses in their decision-making about the possibility to be involved in international transactions and how important their motivation is.

However, there are no studies available looking into how businessmen perceive their region. In this respect, more attention was paid rather to residents of specific areas. For example, Bonaiuto et al. (1999) studied individual neighbourhoods in Rome and developed a model comprising four main areas: social relationships, architectonic and urban functions, network services and context functions. Coeterier (1994) focuses rather on how people perceive the so-called "gaps in the landscape" (gaps are understood as textures of grass, land, water bodies, slopes, etc.). He says about perceiving the space that it is an integration of perceiving distance and size and is influenced by the prior expertise of the observer. The same author examined perception and assessment of the landscape a year later, and concluded that a great part of the population shared many identical opinions despite the varied landscape and these opinions can be further used for proposing uses of the landscape (Coeterier (1996).

Debbage and Rees (1991) looked into how regions were perceived by entrepreneurs. They wanted to establish how companies based in different places perceive the comparative advantages following from their location. They questioned 160 businesses around Ohio, New York and Pennsylvania. They concluded that the closer to large industrial centres businesses are, the bigger the comparative advantage they appreciate. Similar conclusions were made by Han et al. (2016), who established that Shanghai residents living in the city centre think their quality of life is better. Similar studies focusing on an assessment of the region, city or neighbourhood were made by a number of authors (Llinares, Page & Llinares, 2013; Rahman, Mittelhammer & Wandschneider, 2011; Sanders & Canel, 2015 and others). We could further name many other studies looking into the issues of regions and locations regarding tourism (e.g. Zoderer et al. 2016), however, they do not pay much attention to the regional perception by entrepreneurs, which very often plays a crucial role in regions.

2 Methodology

The objective of our investigation was to identify how entrepreneurs (small businesses) perceive the region in which they do business and identify the factors which influence their real and potential migration within the Czech Republic. We also wanted to assess whether there are any links between the region and level of business optimism.

The selection group was created upon quota choice from the MERK database. The quota criteria were legal form (natural entity or a limited liability company), annual turnover above 1 million crowns (which excluded small traders) and up to 49 employees (which excluded medium-sized and large businesses). The location could be selected from the whole Czech Republic. Further, we selected only companies which showed stability or an increase (progress) in terms of their annual turnover and number of employees compared to the previous period. Businesses which showed a decline in one of the criteria compared to the prior period were excluded from the group.

We used an online interview technique complemented with telephone interviewing (CATI) to obtain information from all Czech regions. The total number of respondents in the selection group was 325.

MS Excel and the Gretl statistical package were used for statistical data processing. To study causal relationships between individual variables we used logit regression models. To select the resulting models the values of the most important criteria were taken into consideration. We monitored particularly the McFadden R-squared value, Akaike criterion and the number of cases correctly predicted by the logit model. For McFadden R-squared it applies that the higher its value, the more accurate the model is. On the other hand, for the Akaike criterion it applies that a lower value indicates a higher quality of the model. For the number of cases correctly predicted it applies that the higher the established percent is, the better. We took into consideration the p-value of the test when working with the model, which for individual explaining variables tests the hypothesis of null respective coefficients. If the p-value is smaller than 0.05, the hypothesis will be rejected and the specific regressor is considered significant. We created final models based on the above-stated procedure, which showed the best combination of values of the above-stated criteria. These models helped us answer the specified research questions.

3 Results

The place where an enterprise conducts business can significantly influence its future success (Crecente-Romero et al., 2016; Bečicová and Blažek, 2015). It is also apparent that moving a company is relatively demanding both in terms of funds, time and administration. Our objective was to identify factors (regressors) which have a statistically significant influence on the future move of a company to a different region from the one it is currently based in. We also wanted to find out if the level of business optimism depends on the specific region an enterprise is based in. Our third objective was to find out which region businessmen leave the most.

The division of regions used in the Czech Republic according to cohesion regions was applied for the statistical evaluation (see Fig. 1), which is used to compare territorial units within the European Union. Borders are identified according to the population within this division (NUTS II). The minimum number is 800 thousand and the maximum limit is 3 million people in one territorial unit. The capital city of Prague was merged with the Central Bohemian Region for our purposes. Even after this correction our adjusted segmentation complies with the basic conditions for comparability of territorial units. Prague and the Central Bohemian Region were merged because they represent a unified agglomeration in terms of business activities.

Fig. 1 Cohesion regions of the Czech Republic

Legend to Fig. 1: CZ 01 – Prague (the capital city of Prague), CZ 02 – Central Bohemia (Central Bohemian Region), CZ 03 – Southwest (South Bohemian and Plzeň Regions), CZ 04 Northwest (Ústí and Karlovy Vary Regions), CZ 05 – Northeast (Liberec, Hradec Králové and Pardubice Regions), CZ 06 – Southeast (Vysočina and South Moravian Regions), CZ 07 – Central Moravia (Olomouc and Zlín Regions), CZ 08 Moravia-Silesia (Moravian-Silesian Region)

3.1 Regressors which influence future moves of businesses

In the following basic logit model 1 we work with a dependent variable "ChangeFuture". It shows if the company is willing to move its place of business in the future (1-Yes, 0-No). Details of the length of the company (how many years it has been on the market) were used as the basic regressors, as well as the fact whether it has ever moved its place of business in the past (ChangePast) and information on where the company's current registered office is. The advantage of this regression model compared to individual statistical tests is the possibility to assess and compare the influence of more regressors. The model shows whether the influence of individual regressors is positive or negative.

Note to Fig. 2: The "n" index before the name of the region means that we work with the information within this model in which region the company has its current registered office (n=now). The individual explaining variables are then dummy variables which either get value 1 (if the company is based in that region) or 0 (if not).

Fig. 2 Basic logit model with a dependent variable "planned change of the company's registered office" (ChangeFuture)

Model 1: Logit, using observations 1-325
Dependent variable: ChangeFuture
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	19.678	14614.9	0.0013	0.99893	
Age	-0.0197108	0.0169095	-1.1657	0.24375	
ChangePast	0.951899	0.475722	2.0010	0.04540	**
nPragueCentral Bohemia	-20.3614	14614.9	-0.0014	0.99889	
nSouthwest	-20.3408	14614.9	-0.0014	0.99889	
nNorthwest	-19.2143	14614.9	-0.0013	0.99895	
nNortheast	-20.205	14614.9	-0.0014	0.99890	
nSoutheast	-20.1555	14614.9	-0.0014	0.99890	
nCentralMoravia	-20.077	14614.9	-0.0014	0.99890	
nMoravia-Silezia	-19.1149	14614.9	-0.0013	0.99896	

Mean dependent var	0.400000	S.D. dependent var	0.490653
McFadden R-squared	0.062389	Adjusted R-squared	0.016671
Log-likelihood	-205.0825	Akaike criterion	430.1649
Schwarz criterion	468.0032	Hannan-Quinn	445.2662

Number of cases 'correctly predicted' = 210 (64.6%)
f(beta'x) at mean of independent vars = 0.491
Likelihood ratio test: Chi-square(9) = 27.2927 [0.0013]
Source: Own processing

Model 2 was created from the above-stated basic model with respect to the established values of individual criteria (particularly the McFadden criteria value, Akaike criterion value, the value showing the ratio of "correctly predicted" cases and p – values) (Fig. 3). The final model shows the fact that the company has already changed its place of business in the past (p-value = 0.00765) is a significant regressor. Hence, if a business has changed its place of business in the past, it will more probably change it in the future as well. Further significant explaining variables are nNorthwest and nMoravia-Silesia. It obviously shows that businesses which have their current place of business in the Northwest Region (p-value =0.00083), and Moravia-Silesia (p-value = 0.00968), tend to change the place of business more frequently. Because these regions show the highest unemployment rate in the Czech Republic, we can assume that the purchasing power of the population is for these businessmen a more important factor than, for example, the available work force. We would like to note here that the group only comprised entrepreneurs who employ a maximum of 49 employees, and, at the same time, we selected only entrepreneurs showing growth or stagnation compared to the prior period (as for turnover and number of employees). Entrepreneurs who showed a decline in any of the specified criteria were not selected for the group.

Fig. 3 Model 2 – Identification of important regressors – future company move

Model 2: Logit, using observations 1-325
Dependent variable: ChangeFuture
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-0.782356	0.144308	-5.4214	<0.00001	***
ChangePast	1.17976	0.442339	2.6671	0.00765	***
nNorthwest	1.0081	0.301664	3.3418	0.00083	***
nMoravia-Silezia	1.08389	0.418953	2.5872	0.00968	***

Mean dependent var	0.400000	S.D. dependent var	0.490653
McFadden R-squared	0.050829	Adjusted R-squared	0.032541
Log-likelihood	-207.6111	Akaike criterion	423.2222
Schwarz criterion	438.3575	Hannan-Quinn	429.2627

Number of cases 'correctly predicted' = 212 (65.2%)
f(beta'x) at mean of independent vars = 0.491
Likelihood ratio test: Chi-square(3) = 22.2354 [0.0001]
Source: Own processing

We asked the respondents who stated they would like to change the place of business in the future to tell us where they would like to move to and why. Entrepreneurs from all regions (outside Prague and the Central Bohemian Region) would most often like to move to Prague. The reasons could be divided into several categories: 1. they expect greater anonymity and less frequent inspections by authorities ("most companies would like to move to Prague. Tax audits are sporadic there. However, they are quite frequent and extremely severe." - a respondent from the Zlín Region. "There are fewer businesses in the Karlovy Vary Region, which means more frequent inspections carried out by public authorities. We have audits carried out by the Czech Agriculture and Food Inspection Authority every year, they visit my competitor in Prague once every 5 years. There is a smaller likelihood of economic terror" - a respondent from the Karlovy Vary Region. "The best place is Prague, people are happy when somebody does something. If you pay more than 0 on tax deductions, you are a hero." - a respondent from the Moravian-Silesian Region, "There are fewer inspections in Prague, i.e., also less time loss. If it was the same everywhere, I would not change anything" - a respondent from the Vysočina Region). This category of responses was the most frequent. The second category of responses is designated as better business opportunities ("Prague is better for business, however, not for quality of life", "bigger market" - both respondents from the South Bohemian Region, "Prague - more clients with better earnings" – a respondent from the Karlovy Vary Region, "Prague, bigger business opportunities.", "Because purchasing power is lower here compared to other regions." - both respondents from the Moravian-Silesian Region, "Better contact with main business partners." - a respondent from the Olomouc Region). The third category "Other" is created only by individual incentives or rather wishes ("The possibility of narrower specialisation, more stable working hours, higher income" - a respondent from the Moravian-Silesian Region, "If I could, I would like to do business in the country, where a handshake means a real commitment and honesty is not just an empty word." - a respondent from the Zlín Region. On the other hand, statements concerning why the businessmen do not want to move occurred only uniquely ("I cannot see the reason for change, the law and rules are valid in the whole Czech Republic, everything is only about people" - a respondent from the Hradec Králové Region).

Even the free responses show that businessmen (small companies) are more bothered by low purchasing power than the availability of work force. If we asked medium-sized and particularly large businesses, the responses would probably be different.

3.2 Level of business optimism

A further part of our research focused on so-called business optimism. We asked the above-stated group of entrepreneurs whether they would recommend entrepreneurship to young people. Entrepreneurs used a 4-grade scale to answer (1-

definitely yes, 2-rather yes, 3-rather not, 4-definitely not). We will consider a positive recommendation as a specific level of business optimism. In the regression analysis we used the original data, i.e., all four types of answers were taken into consideration, however, for the graphic presentation (Fig. 4) we joined two positive and two negative responses. Fig. 4 shows that the highest level of business optimism (i.e., the most frequent recommendation to young people to start doing business), is in the Prague and Central Bohemian Region. The situation in Moravia, both in the regions of Central Moravia and Moravia-Silesia, is different, however.

Fig. 4 Recommendations of entrepreneurs to young people to start up business (relative frequency)

Relative frequency of answers to the question concerning bussiness recommendation
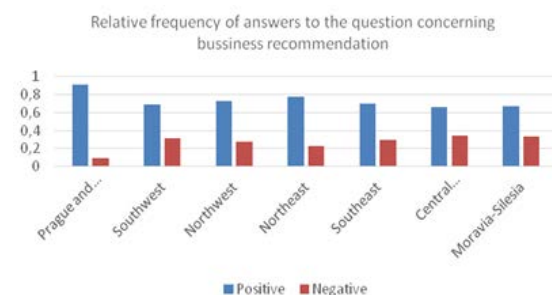
Source: own processing

To confirm the specified descriptive data statistically, we developed a model logit as well. The basic model in this case applies the explained "proxy" variable of the "recommendation to start up business". The age and the current place of business of the company were used as regressors. The "n" index before the name of the region means that we work with the information within this model, in which region the company has its current registered office (n=now).

Fig. 5 Basic logit model with the explained variable (explained variable) Recommendation to do business

Model 3: Ordered Logit, using observations 1-325
Dependent variable: BussinessRecommendation
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
Age	-0.0127885	0.0147256	-0.8685	0.38515	
nPrague Central Bohemia	-2.25155	1.0538	-2.1366	0.03263	**
nSouthwest	-1.37001	1.03527	-1.3233	0.18572	
nNorthwest	-1.52937	1.03206	-1.4819	0.13838	
nNortheast	-1.4928	1.02368	-1.4583	0.14477	
nSoutheast	-1.1387	1.05433	-1.0800	0.28013	
nCentral Moravia	-1.39846	1.03868	-1.3464	0.17818	
nMoravia-Silezia	-1.16506	1.06484	-1.0941	0.27390	
cut1	-2.91623	1.03915	-2.8063	0.00501	***
cut2	-0.62942	1.02792	-0.6123	0.54032	
cut3	1.68695	1.04792	1.6098	0.10744	
Mean dependent var		2.089231	S.D. dependent var	0.774621
Log-likelihood		-365.9645	Akaike criterion	753.9289
Schwarz criterion		795.5510	Hannan-Quinn	770.5403

Number of cases 'correctly predicted' = 165 (50.8%)
Likelihood ratio test: Chi-square(8) = 84.7238 [0.0000]
Source: Own resources

We were looking for the best final model using the above-stated basic logit model. With the progressive elimination of regressors we took into consideration both the respective p-values and the McFadden criterion values, the Akaike criterion value as well as the value specifying the ratio of "correctly predicted" cases. The final model is presented in Fig. 6. The significant regressor here is only a dummy variable showing whether the company has its registered office in the Prague and Central Bohemian Region. The negative value of the coefficient (-0.862487) in this case means that respondents from this region more frequently selected answers with a low value (i.e. definitely yes and rather yes). So, we can say that entrepreneurs from the Prague and

Central Bohemian Regions feature a statistically higher level of business optimism. The already mentioned study (Gartner & Liao, 2012) focused on the importance and meaning of the level of business optimism.

The Prague Region is presumably a more favourable environment for entrepreneurs which offers them more opportunities. However, there are entrepreneurs in Prague who are thinking of moving their place of business out of the region. The analysis of their answers shows they have different reasons than entrepreneurs who wish to move to Prague. One of the respondents is willing to move the place of business to the Zlín Region ("Zlín Region, we will move out in a few weeks. We have a new production shop in Slavkov, so there is no point in keeping the registered office in Prague."). Another respondent gives the following reason for why he wishes to leave Prague: "Opportunities to develop and reduce unemployment." A third respondent said he wanted to move because of "The quality of the transport infrastructure, which should be better in the Czech Republic. Prague is isolated - there is a poor connection to Ústí, Brno, České Budějovice and other regions."

Fig. 6 Model of identification of business optimism regressors

Model 4: Ordered Logit, using observations 1-325
Dependent variable: BussinessRecommendation
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
nPrague Central Bohemia	-0.862487	0.340736	-2.5312	0.01137	**
cut1	-1.3692	0.143057	-9.5710	<0.00001	***
cut2	0.897981	0.127921	7.0198	<0.00001	***
cut3	3.19843	0.295109	10.8381	<0.00001	***

Mean dependent var	2.089231	S.D. dependent var	0.774621
Log-likelihood	-367.9236	Akaike criterion	743.8473
Schwarz criterion	758.9826	Hannan-Quinn	749.8878

Number of cases 'correctly predicted' = 164 (50.5%)
Likelihood ratio test: Chi-square(1) = 80.8054 [0.0000]
Source: Own processing

3.3 Regions entrepreneurs most often leave

Our last objective was to identify which regions are most frequently left by entrepreneurs. We developed a table at first, which shows absolute value related to the number of companies which have already changed their place of business for another region in the past (see Fig. 7).

Fig. 7 Entrepreneurs who have moved their company's registered office to a different region

	Change Past	pRegion	Ratio
Prague and Central Bohemia	7	32	0,219
Southwest	4	57	0,07
Northwest	0	55	0
Northeast	4	70	0,057
Southeast	4	33	0,121
Central Moravia	3	49	0,061
Moravia-Silesia	0	21	0
summary	22	317	

Source: Own processing

We created a graph based on the specified data, which shows the ratio of entrepreneurs who moved out from individual regions. Fig. 8 shows that the highest number of entrepreneurs left the Prague and Central Bohemian Region. On the hand, this number is the lowest for the Northwest and Moravia-Silesia Regions. None of the interviewed respondents left the specified regions. This is a very surprising finding. Accordingly, we wanted to verify statistically the established descriptive data in this case as well.

Fig. 8 Rate of entrepreneurs who left their original registered office
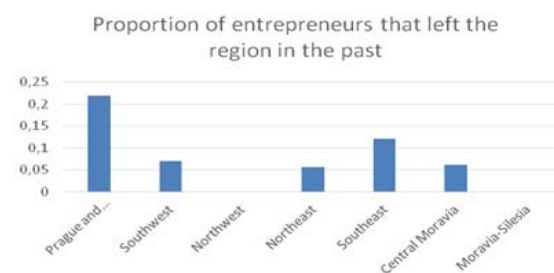
Source: Own processing

We created the basic model logit at first, with all basic regressors. In this case, it was the year the enterprise started a business (start-up) and then a dummy variable for every region, showing whether the company had its place of business in the specific region in the past – when it started business. The "p" index was selected for all names of the regions because it designates the past (p=past). The dependent variable in this model is the change in the place of business in the past (ChangePast). We excluded the Northwest and Moravia-Silesia Regions since no one moved out.

Note: the p index before the name of the region means where the company had its registered office before moving.

Fig. 9 Basic logit model to establish which region companies leave most often

Model 5: Logit, using observations 1-325 (n = 245)
Missing or incomplete observations dropped: 80
Dependent variable: ChangePast
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	19.6637	10086.1	0.0019	0.99844	
Start	-0.0187974	0.0320818	-0.5859	0.55793	
pPrague Central Bohemia	-20.9057	10086.1	-0.0021	0.99835	
pSouthwest	-22.0691	10086.1	-0.0022	0.99825	
pNortheast	-22.016	10086.1	-0.0022	0.99826	
pSoutheast	-21.3919	10086.1	-0.0021	0.99831	
pCentral Moravia	-22.1273	10086.1	-0.0022	0.99825	

Mean dependent var	0.102041	S.D. dependent var	0.303322
McFadden R-squared	0.116785	Adjusted R-squared	0.030085
Log-likelihood	-71.30928	Akaike criterion	156.6186
Schwarz criterion	181.1274	Hannan-Quinn	166.4882

Number of cases 'correctly predicted' = 223 (91.0%)
f(beta'x) at mean of independent vars = 0.303
Likelihood ratio test: Chi-square(6) = 18.8581 [0.0044]
Source: Own processing

We further worked with this basic model in a standard way, i.e., by eliminating regressors, and we took into consideration important criteria values and p-values. Taking into account all the specified values, we created the final model the outputs of which are shown in Fig. 10.

Fig. 10 Model identifying regions from which entrepreneurs most often move

Model 6: Logit, using observations 1-325
Dependent variable: ChangePast
Standard errors based on Hessian

	Coefficient	Std. Error	z	p-value	
const	-2.66869	0.237237	-11.2491	<0.00001	***
pPrague Centr.Bohemia	1.20235	0.511282	2.3516	0.01869	**

Mean dependent var	0.076923	S.D. dependent var	0.266880
McFadden R-squared	0.026606	Adjusted R-squared	0.003914
Log-likelihood	-85.79161	Akaike criterion	175.5832
Schwarz criterion	183.1509	Hannan-Quinn	178.6035

Number of cases 'correctly predicted' = 300 (92.3%)
f(beta'x) at mean of independent vars = 0.267

Likelihood ratio test: Chi-square(1) = 4.68986 [0.0303]
Source: own processing

The results confirm that the region showing a statistically significant value of moving away from is Prague and Central Bohemia (p-value = 0.01869). Hence, the statistical calculation confirmed what the descriptive analysis indicated.

The fact that the Prague and Central Bohemian Regions appears to be significant with a positive influence is very interesting. It means that businesses in Prague and Central Bohemia move to different regions statistically more than businesses from other regions. This suggests that the entrepreneurial environment is highly competitive for small businesses in Prague and Central Bohemia and it is complicated to establish oneself in Prague.

The open question of why respondents left Prague and Central Bohemia was answered by 4 of them. They gave the following reasons: "studying", "purchase of property and moving to own premises", "wife´s job" and "change in residence". Although the reasons can look like "family-related issues" at first sight, it cannot be excluded that the decisive factor could have been the fact they expected to do better in a different region. If their business in Prague or Central Bohemia had been more successful, they would probably have stayed in Prague.

4 Discussion

Entrepreneurs are considered to be the driving power behind business growth (Ribeiro-Soriano and Mas-Verdú, 2015; Forsman, 2011 et. al.). They are thought to be more creative, flexible and innovative compared to medium-sized businesses and corporations (Cheng and Krumwiede, 2012; De Jong and Marsili, 2006; Nassimbeni, 2001). Therefore, we can anticipate they will be able to actively respond to an environment limiting growth of their further business. We collected very interesting and surprising information from our enquiry. Some regions which are generally considered problematic due to a higher unemployment rate, lower purchasing power, lower educational structure of the population and a number of other indices (such as the Northwest or Moravian-Silesia regions) at the same time feature a lower level of business optimism. On the other hand, entrepreneurs remain in these regions and do not tend to move elsewhere. Only one respondent from the Karlovy Vary Region (i.e., the Northwest Region) stated that they were planning to move the company to Germany due to the shortage of work force.

Entrepreneurs who would like to move to Prague have core business in a variety of activities (transport and freight forwarding, e-commerce, IT, tourism, electrical engineering, CNC machining, accommodation and catering services, trade, services, property, sale and transportation of construction materials, telecommunications and brewing, and a number of others). Our group did not show a specific branch focus of the businesses which think they would do better in Prague. The same applies to entrepreneurs who are currently based in Prague or Central Bohemia and are interested in moving to another region. They also feature a wide range of business activities (machinery production, stationer's, IT and others).

Prague and Central Bohemia is the region where companies want to move to the most. At the same time, it is the region most often left by companies, as we have established. The third finding is that businesses remaining here feature the highest level of business optimism. These three findings may look paradoxical at first sight. However, we suggest the following clarification:

Many businesses can see a number of business opportunities in Prague and Central Bohemia. That is why they would like to move there. However, after setting up their business they are confronted with high competition typical of the region as well as high prices in all areas of entrepreneurial activities, including personal life. High competition and high costs in the region is the reason why many businesses have to leave Prague and Central Bohemia. Nevertheless, businesses which can establish

themselves can thrive on the high purchasing power in the region and many opportunities offered by the region. Hence, the high level of business optimism shown by them.

5 Conclusion

We focused on three basic objectives in our research. Firstly, we wanted to identify which factors play the largest role in the future movement of businesses to a different region. Using a specific logit model, we established that the largest role is played by the fact whether the company has already moved in the past, and which region the company is currently based in. The Northwest and Moravia-Silesia proved to be statistically significant in this respect. Entrepreneurs from these regions show more frequent intention to move their business to a different region – particularly Prague and Central Bohemia.

We also wanted to find out if the level of business optimism depends on the specific region in which an enterprise is based. The level of business optimism was derived from whether entrepreneurs would recommend starting a business to young people. We anticipate that successful entrepreneurs having successful companies will more often recommend doing business unlike those afraid of the future of their companies, who would be rather pessimistic. In this case, the descriptive data already showed that the level of business optimism is highest in the Prague and Central Bohemia region. Using regression analysis, we confirmed that the observation proved to be statistically valid and significant.

The third objective was to identify the factors influencing the movement of companies to a different region. For this case, we first used the outputs of descriptive statistics, and verified them using the logit model. The region from which entrepreneurs move out statistically the most is Prague and Central Bohemia.

Hence, the data analysis shows that Prague and Central Bohemia is very attractive for many entrepreneurs. The fact (observed and verified statistically) is that many enterprises leave the region as well. This is presumably due to being confronted with tough competition and high costs. On the other hand, the enterprises which manage to establish themselves here can take advantage of the high potential of the region and are doing well. This is proved by a high level of business optimism.

Our research collected a lot of interesting information. Although we tried to answer qualitative consequences in the specific area at least partly (for example, looking for reasons why businesses moved out, or why they are willing to move in the future and what their expectations from the change are), these questions would deserve further and more detailed examination focused on this.

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