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Doing Business in Czech Republic after Accession to the EU

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Abstract

Purpose of the article: European Union can be considered as a full integration process including political, safety, social or economic aspects. Economic integration is process of interconnection otherwise separated national markets (by removal of economic borders). This assumes removal of all obstacles (in economy, trade, tax, administration or industrial area) and establishment of common rules for market competition. Basic benefit of economic integration is occurrences of real or potential competitiveness effects.
Methodology/methods: European integration influenced number of factors of business environment mainly in area of legislation, taxes, public competition or harmonization of norms which can result in overall Czech Republic competitiveness abroad. In these papers have been used DB and GCI indexes and their subsequent indicators to analyze competitiveness and business environment in CR.
Scientific aim: The aim of this article is research on impact of European integration on business environment and competitiveness of Czech Republic.
Findings: Growing DTF trend for DB index since 2004 shows improvement of business environment after accession to the EU in contrast with non- EU members (Switzerland, Norway) which remains flat. The biggest benefit for Czech business environment seems to be trade liberalization as Czech companies were able to compete successfully at foreign markets. On the other hand, according to GCI remains biggest challenge non- effective bureaucracy, tax regulation, corruption, political instability and low business sophistication.
Conclusions: Czech Republic should focus, consistently with Lisbon strategy, on qualification of labour forces, increase of innovation capacity and support of more sophisticated businesses with higher added value.

Keywords: doing, business, global competitiveness index, European, integration

JEL Classification: M15, M21

Introduction

Competitiveness can be defined as ability to produce products and services and compete at international markets while increasing real incomes, assuming free trade and fair competition. Deeper meaning of competitiveness can be find in ability to compete, win and gain leading position in market in order to increase market share, profitability and eventually to consolidate commercially successful activities.

Category of competitiveness is defined in a relatively unclear way as a category not objective or exact but rather influenced by subjective approach (Plchová, 2011). Controversial competitiveness category highlighted already Krugman when criticize extended understanding of competitiveness in macroeconomic context at international level. Krugman emphasized microeconomic aspect and importance of entrepreneurship area in competitiveness of country.

For Czech Republic was increase of competitiveness at foreign market important task resulting from fulfilling of economic Copenhagen criteria as a condition when accessing to the EU (ability to compete successfully at foreign market). Competitiveness has not been understood as a certain clearly defined and final status rather than long-term process of growth. Last trend of economic integration of the EU captured in Lisbon strategy, shows clears orientation for increase of competitiveness of member states based on innovations and knowledge economy with key role of human capital.

Information about actual status and changes of indicators of competitiveness are clearly a benefit not only for macroeconomic evaluation, but also for keeping business area updated and providing strong base for highly qualified decisions. Competitiveness at domestic and foreign market strongly influences success in business (Čapek, 2002).

Table 1. Factors of business environment.

Factors with high importance	Typological group	Impact of European integration
Entrepreneurs and knowledge base	Regional and local factor	High
Labor forces accessibility	Labor factor	Medium
Market accessibility	Trade factor	Medium
Accessibility to main customers	Trade factor	Low
Labor force quality	Labor factor	Medium
Factors with middle importance		
Real estate prices	Price factor	Low
Quality or road and railways	Infrastructure factor	Medium
Labor price	Price factor	Medium
Information and communication technology	Infrastructure factor	High
Support services	Trade factor	Medium
Urbanistic and natural activity of the region	Environmental factor	Low
Factors with low importance		
Presence of international competitors	Trade factor	Low
Environmental quality of the region	Environmental factor	High
Public governance quality	Regional and local factor	Low
Accessibility of airports	Infrastructure factor	Low
Labor flexibility	Labor factor	Low

Source: Viturka (2010), own elaboration.

Entrepreneurs should in their long-term goals focus on objective information about international competitiveness of relevant productions, production fields or production services. Keeping management informed about latest trends of international competitiveness enable taking timely decisions regarding trade focus and providing timely necessary needed changes.

Factors of business environment and competitiveness

Business environment includes different factors and influencing items such as:

- Legal forms defining business activities.
- Rules of public competition.
- Taxes, subsidies, donations.
- Rights enforcement.
- Prices, wages, employment.

Further extended definition at global level include also factors such as for example innovation potential. European integration influenced many factors which contribute to creation of business environment in Czech Republic and hence influence development of economic subjects (companies). Viturka (2010) defines factors and typological groups of business environment shown in Table 1.

1. Theoretical part and related work

The contribution of external competitiveness to the export performance of the Czech Republic in European Union can be quantified using an econometric version of Constant Market Shares analysis. Čekmeová (2016) results suggest that the external competitiveness of the Czech Republic has significantly positive effects on its export performance. Positive spillover effect from external to aggregate competitiveness could be reached via increasing productivity.

Galuščák, Sutoris (2016) stated that intensive margin explains most of the aggregate export growth in 2006–2014. The contribution of the extensive margin is smaller, explaining on average 39% of the aggregate export growth in 2006–2007 and around 25% to 30% of that in the post-crisis period. The lower contribution of the extensive margin could according to authors signal a lower rate of convergence of the Czech economy. These results indicate that the crisis had a more severe impact on small exporting firms and that exports to countries outside the EU gained more prominence in the post-crisis years. A more negative impact of the crisis was observed for exports with higher import intensity.

Hanousek (2015) analyzed the effect of the large set of theoretically motivated determinants on international trade among European countries during the period 1992–2008. Selected determinats were covering areas of culture, institutions, infrastructure, and geography, including trade directions. Analyzed was trade in three types of goods such as raw materials, parts and components, and capital goods. Geographical, cultural, and institutional determinants exhibit intuitively correct though varying effects. Soft and hard infrastructures exhibit strong and positive effect. Trade directions between new and old EU members plays a key role in the European trade.

Even though the competitiveness is widely accepted as an analytical concept, a number of problems associated with its current use exist (both in theory and in process of policy formations). According to Krpec, Hodulák (2013) there is confusion between the micro and macro-economic understanding of concept which stems from confusion between individual and national/territorial level of analysis. Even if new trade theory (increasing returns and strategic trade) is taken into account, it is quite problematic to formulate policy recommendation for structural and industrial policy on its grounds. When the assumptions of neoclassical economics are relaxed, the concept of competitiveness might prove valid. Even if this is the case the sensitiveness of the most of recommendations for competitiveness promotion to retaliation and potential damage resulting to international economic regime from its enforcement is rather high.

The important part of globalisation form supranational corporations, which are reaction on the rising competitiveness and need for strategic alliances. The more open is the economy, the more important are the effects of globalisation on the goods and capital flows. This is the case of the Czech Republic, which is vitally dependent on the successful export performance (Rojíček, 2010). The export performance is relatively specialized concerning its product and territorial structure. In the period after EU accession the intensity of international cooperation grew rapidly in all the Central European countries, which is mostly the result of the huge FDI inflow at the beginning of the decade. Generally the process of globalisation has its positive and negative effects. For the Czech Republic the positive aspects of globalisation prevail due to its geographical location, qualified and cheap labour force and EU membership.

Hanousek et al. (2017) analyzed the extent of the impact of FDI on the host economy according to theoretical predictions. Effort was focused to seek and determine if the MNE uses domestic suppliers of intermediate goods or if it purchases its supplies from abroad or from other MNEs entering the downstream sector. Covered have been both Western and Eastern European countries over the period 2001–2007. Reached results show that FDI increases the demand for intermediary goods. However, domestic producers of these goods can benefit only partially from this positive shock, since they are at the same time crowded-out by MNEs entering the upstream sector as well as by importer.

There are existing a lot of indexes such as AB (*Agency Bloomberg*), WB DB (*World Bank- Doing Business*), WEF GCI (*World Economic Forum- Global Competitiveness Index*), ČS index or RCI (*Regional Competitiveness Index*) which describe quality of business environment or competitiveness based on defined factors. Research on those indexes can be considered as quantitative analysis as they are constructed by using hard data or by questioning thousands of relevant respondents at top management level.

According to WB Doing Business can be business environment described by using following factors (World Bank, 2017):

STARTING A BUSINESS

- Procedures to legally start and operate a company (number).
- Time required to complete each procedure (calendar days).
- Cost required to complete each procedure (% of income per capita).
- Paid-in minimum capital (% of income per capita).

DEALING WITH CONSTRUCTION PERMITS

- Procedures to legally build a warehouse (number).
- Time required to complete each procedure (calendar days).
- Cost required to complete each procedure (% of warehouse value).
- Building quality control index (0–5).

GETTING ELECTRICITY

- Procedures to obtain an electricity connection (number).
- Time required to complete each procedure (calendar days).
- Cost required to complete each procedure (% of income per capita).
- The reliability of supply and transparency of tariffs index.
- Price of electricity (cents per kilowatt-hour).

REGISTERING PROPERTY

- Procedures to legally transfer title on immovable property (number).
- Time required to complete each procedure

(calendar days).
- Cost required to complete each procedure (% of property value).
- Quality of land administration index (0–30).

GETTING CREDIT
- Strength of legal rights index (0–12).
- Depth of credit information index (0–8).
- Credit bureau coverage (% of adults).
- Credit registry coverage (% of adults).

PROTECTING MINORITY INVESTORS
- Extent of disclosure index.
- Extent of director liability index (0–10).
- Ease of shareholder suits index (0–10).
- Extent of conflict of interest regulation index (0–10).
- Extent of shareholder rights index (0–10).
- Extent of ownership and control index (0–10).
- Extent of corporate transparency index (0–10).
- Extent of shareholder governance index (0–10).
- Strength of minority investor protection index (0–10).

PAYING TAXES
- Tax payments for a manufacturing company in 2015 (number per year adjusted for electronic and joint filing and payment).
- Time required to comply with 3 major taxes (hours per year).
- Total tax rate (% of profit before all taxes).
- Post filing Index.

TRADING ACROSS BORDERS
- Documentary compliance.
- Border compliance.
- Domestic transport.

ENFORCING CONTRACTS
- Time required to enforce a contract through the courts (calendar days).
- Cost required to enforce a contract through the courts (% of claim).
- Quality of judicial processes index (0–18).

RESOLVING INSOLVENCY
- Time required to recover debt (years).
- Cost required to recover debt (% of debtor's estate).
- Outcome.
- Recovery rate for creditors.
- Strength of insolvency framework index (0–16).

1.1 Global competitiveness index- GCI

GCI index is dedicated for comparison of global competitiveness of individual economies. EWF (World Economic Forum) define competitiveness as a set of institutions, politics and factors, which determines country productivity level which influence as a consequence prosperity, which can be reached at certain economy. Productivity level also influence investment returns in economy, which is fundamental driver for ate of growth, the more is economy competitive, the faster it growths. GCI represent series of components which contributes to the final index based on weighted average. These components are sorted out into 12 pillars of competitiveness (Figure 1).

It is important to emphasize, that results for pillars can be overlapping while result in one pillar can be influenced by similar factors as in another pillar. Structure of indicators for GCI calculation is as following (WEF, 2016).

- *Population and GDP* (population, GDP per capita).
- *Institutions regional level* (Corruption, Quality and accountability of government services, Impartiality of government services).
- *Institutions country level* (Country level corruption perception, Regional level corruption perception, Voice and accountability, Political stability, Government effectiveness, Regulatory quality, Rule of law, Control of corruption, Ease of doing business index, Property rights, Intellectu-

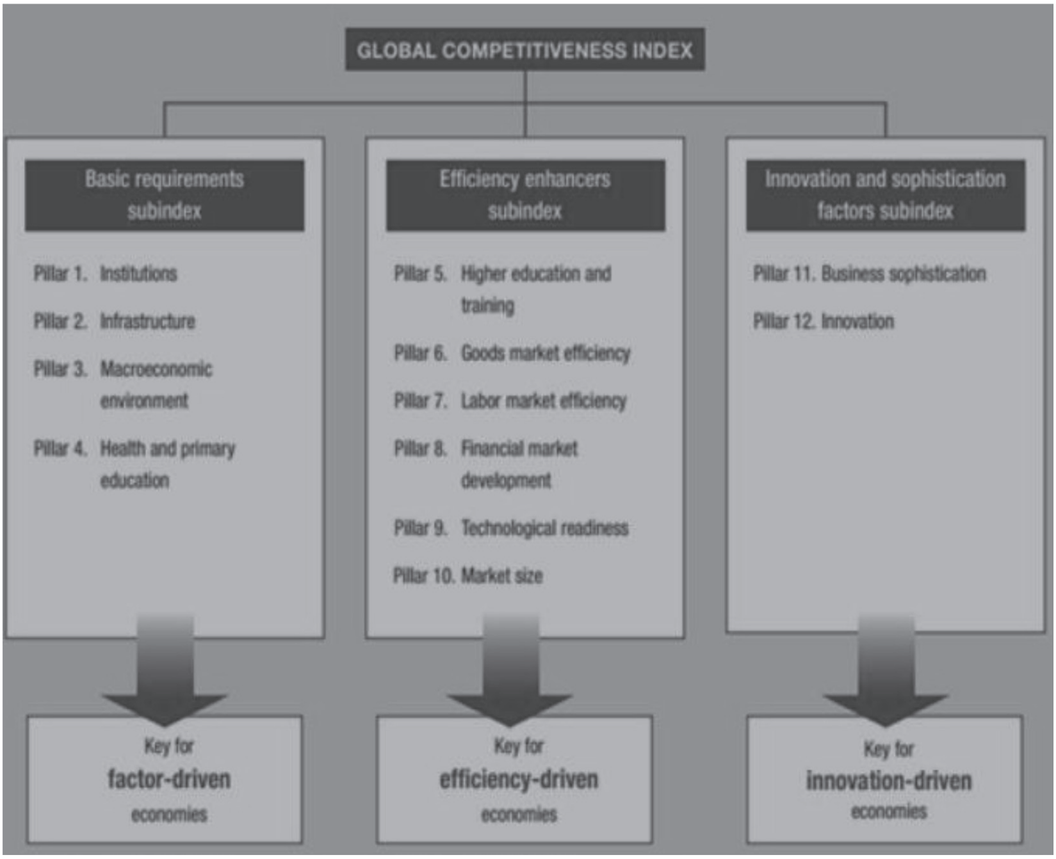

Figure 1. GCI index structure. Source: World Economic Forum (2016).

al property protection, Efficiency of legal framework in setting disputes, Efficiency of legal framework in changing regulation, Transparency of government policymaking, Business costs of crimes and violence, Organized crime, Reliability of policy services).

- *Macroeconomic stability* (Government surplus/deficit, Gross national savings, Government bond yields, Government debts).
- *Infrastructure* (Accessibility of motorways, Accessibility of railways, Accessibility to passenger flights, Intensity high- speed railways).
- *Health* (Road fatalities, Healthy life expectancy, Infant mortality, Cancer disease death rate, Heart disease death rate, Suicide).
- *Basic education* (Low achievers in reading, Low achievers in math, Low achievers in science).
- *Higher education* (Population 25–64 with higher education, Lifelong learning, Early school leavers).
- *Labor market efficiency* (Employment rate, Long-term unemployment, Unemployment, Labor productivity, Gender balance unemployment, Female unemployment, Share of population aged 15–24 not in education, employment or training).
- *Market size* (Disposable income per capita, Potential GDP in PPS, Potential POP).
- *Household technical readiness* (Households access to broadband, Individuals buyer over internet, Households access to internet).

- *Technical readiness enterprise* (Availability of latest technologies, Firm-level technology absorption, Technological adoption, FDI and technology transfer, Enterprises having purchased online (at least 1%), Enterprises having received orders online (at least 1%), Enterprises with fixed broadband access).
- *Business sophistication* (Employment, K-N sector, GVA, K-N sector, Innovative SMEs collaborating with others).
- *Innovation* (Total patent applications, Core creative class employment, Knowledge workers, Scientific publications, Total intramural R&D expenditure, Human Resources in Science and Technology, Employment in technology and knowledge-intensive sectors, High-tech--inventors, ICT inventors, Exports in medium-high/high tech manufacturing).

2. Data and methodology

2.1 Doing Business index

Based on chosen parameters creates Doing Business 2 aggregated measures- distance to frontier (DTF) and ranking in ease of doing business (World Bank, 2017). Distance to frontier compares countries to the best regulatory practice showing absolute distance to the best of each of Doing Business indicators. Distance to frontier presents change of regulatory environment for local entrepreneurs in economy in absolute values while ranking in ease of doing business shows how was changed regulation of business environment relatively to other countries.

Calculation of distance to frontier for each economy includes 2 steps. In the first step are indicators of individual components normalized to the current unit and each of 36 indicators is re-scaled by using linear transformation. Frontier represents best value of indicator in economies since 2005 or third year in which were data for indicator collected. The best and the worst performance are measured every 5 years based on Doing Business data and remain at this level for next 5 years. Hence in an economy can be adjusted frontier for indicator which will not occur for next years in line of current frontier. The best and also the worst values are calculated after outliers value are removed from data group. For indicators with the most variable distribution is used 95th percentile and 99th percentile is used for procedures calculation (World Bank, 2017). In a second step is calculated distance to frontier. Individual score for each indicator and each country is aggregated by simple re-routing to the unified distance to frontier firstly for each area and later for overall 10 measured areas. More complex methods such as principle components or unobserved components lead to almost identical results. Doing Business hence assign to each indicator and each subcomponent equal weights. Distance to frontier for each economy is expressed by the values 0 to 100. Accuracy of the calculation is 5 decimal places. Difference in distance to frontier between previous and actual year presents how much was in an economy increased or decreased status of observed index. Ranking for ease of doing business is in range 1 to 190 (according to number of rated countries) and it is determined according to ranking of aggregated distances to frontier while being rounded to 2 decimal places.

2.2 GCI index

GCI and RCI overall index is based on aggregated score of individual indicators of higher level and calculation based on arithmetic average. Indicators are in case of both indexes the same. Lower level of indexes is on the opposite calculated as weighted average while weights are assigned based on economic development of the country (according to 3 classifications grades). Higher values of individual indicators presents increasing competitiveness (WEF, 2016). RCI is evaluating and comparing level of the European regions while GCI whole countries. Based on overall index value are countries or regions ordered into competitiveness ranking. In case of hard data indicators are values transformed to scale 1–7 (Annoni *et al*., 2017). Disadvantage of GCI is a risk of subjective respondent's judgement while 1/3 of the indicators is based on questionnaire investigation.

3. Results

3.1 Ranking

DB Rank: 27.

Ranking according to DB enables to compare relative quality of business environment with other countries (in total 191 evaluated). From WB DB 2017 spider analysis for Czech Republic at Figure 2 is obvious that Czech Republic was excellent in areas of trading with abroad. Relatively easy is in Czech Republic also getting electricity including prices which positively supports competitiveness of manufacturers. Czech Republic has good results also in areas or insolvency resolving, property registration or getting credits. Worse results can be on the opposite observed in area of construction permits, starting business or enforcing contracts where long-term issue is low quality of Czech justice system. Key aspects of European integration is access to the single market and removal of trade barriers which enabled Czech entrepreneurs trading more easily abroad. Czech companies were competitive enough to win also at the foreign markets.

3.2 DTF score

DB DTF: 76, 71 (annual change of +0,28).

DTF enables evaluation and comparison of Czech entrepreneurship area in an absolute value while benchmarking with the best observed value of the indicator. Spider analysis results on chart 3 are logically linked with countries ranking. For DTF is obvious dominancy in are of trade, electricity and relatively high value of paying taxes parameters. European integration could have positive effects via liberalization on trade or tax harmonization as equal conditions enabling perfect competition on European markets is one of strategic goals of EU.

World Bank dataset does not show ranking of Czech Republic for specific indicators before 2015 and hence it is not feasible to provide time line of individual values. From 2016 and 2017 data comparison is possible to see only small changes in total ranking of individual indicators. It shows long-term character of changes for observed parameters or relatively small changes in all areas. Improvement of Starting business indicator can be possibly linked with EU strategy in

Figure 2. Visualization of Doing Business ranking for Czech Republic in period 2016–2017. Sources: World Bank (2017), own elaboration.

Figure 3. Visualization of DB DTF score of Czech Republic for period 2016–2017. Sources: World Bank (2017), own elaboration.

area of small and medium businesses or establishment of Expert group and its implementation plan for those areas.

From Figure 4 is obvious several growing trends but also constant values for different indicators for period 2004 to 2017. Czech Republic has achieved several significant improvements since accession to the EU in 2004. Separated impact of European integration is difficult to estimate however in line with Lisbon strategy it is reasonable to assume that improvements in tax area,

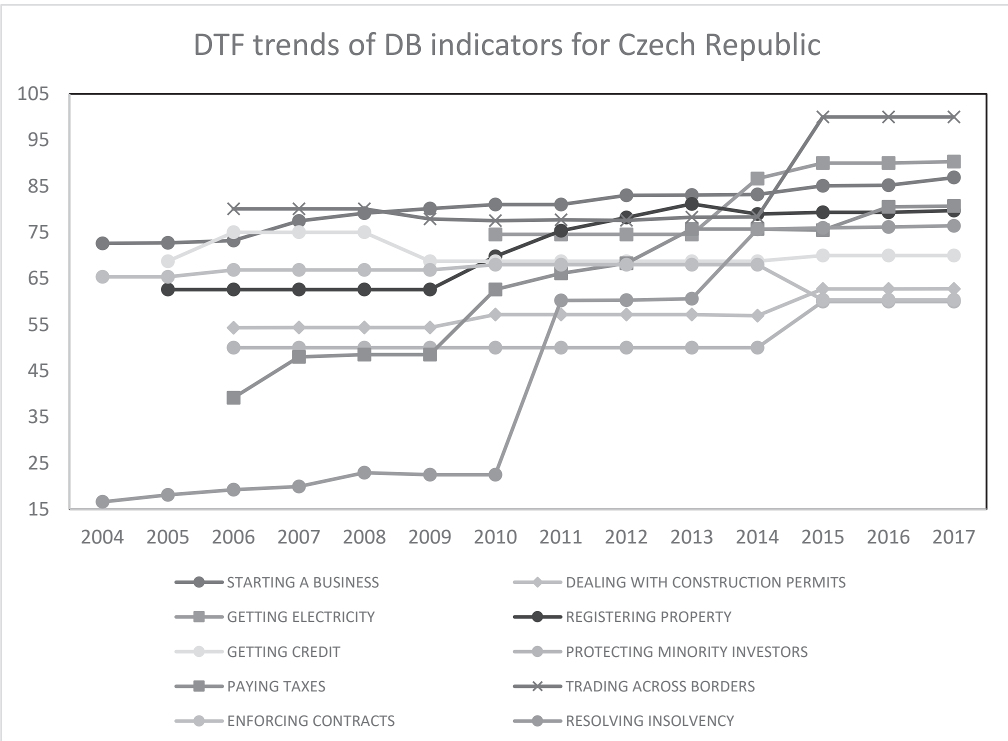

Figure 4. Timeline for DTF indicators of DB index for Czech Republic. Sources: World Bank (2017), own elaboration.

starting business and trading can be linked directly to process of European integration. Tax harmonization, program of support for small and medium businesses and trade liberalization are obvious effects of EU (Baldwin, Wyplosz, 2013). It is not recommended to provide any complex statistics on data sets due to changes in composition of indicators and relatively little data points available.

Available data set in DB database does not included data from period before 2015. From comparison of Czech Republic ranking in 2016 and 2017 are obvious only minor changes which shows long-term effects of this index and its impact on overall ranking of the countries (Bartelsman, Doms, 2000). Obvious leaders are Norway, Switzerland and Germany. However, it is important to highlight that first mentioned countries are not part of EU. From central European economies reached best ranking Poland, Czech Republic and Hungary.

At Figure 5 is obvious growing trend in general for all EU countries which provide evidence on improvements of business environment. On the opposite top developed European economies like Switzerland, Germany or Norway kept constant DTF level. Hence it is obvious that in terms of comparison of quality of business environment EU countries convergence which is in line with EU strategies. Common single market, barriers removal, tax harmonization, common duty politics or legislation positively contributed to equalization of conditions on the EU markets. Legal framework for labor and employment issues is mainly provided for by the Labor Code. Furthermore, there are several Collective Agreements entered between the employers and employees' representatives that provide specific rules for some sectors of economy (RSM, 2012). It is in line with EU principles to ensure equal competition conditions all member states (Bič, 2008).

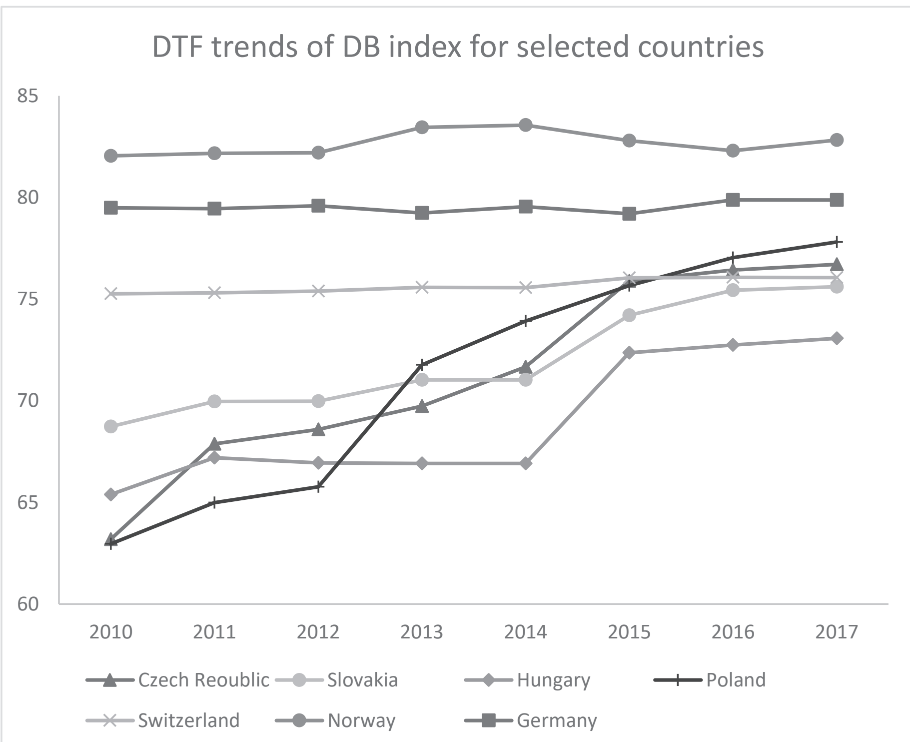

Figure 5. Comparison of DTF trends for Czech Republic and other countries.
Sources: World Bank (2017), own elaboration.

3.3 Evaluation according to GCI

Leaders at global market in terms of competitiveness are North America, western and northern Europe, Australia, China or Saudi Arabia. Strategic target of EU is to ensure competitiveness of European Union member states' companies at global level.

Czech Republic is included between economics based on innovations and hence group of the most developed economies. Key categorization parameter is GDP per head however it is not a rule that all innovation based economies are the most competitive. The main goal of categorization is to highlight existence of specific factors of competitiveness which can help to develop economics in different development phases even further. Visualization for Czech Republic is shown at Figure 6.

Entrepreneurship area plays key role in terms economy competitiveness while a lot of pillars are directly or indirectly influenced by European integration. Czech Republic reached 31st position in GCI index ranking where higher score among all rated countries was reached in segments like macro economy, elementary education and qualification, technical readiness (including accessibility to modern technologies, FDI, transfer of new technologies to home economy, internet quality) or financial market development. On the opposite the worst results were reached in relative comparison to other countries in pillars of institutions or effectiveness of labor market (flexibility for wage determination, impact of labor taxation or regulation of hiring and firing people). From this perspective is Czech Republic 13th most competitive EU country being rated better than PIGS countries, other V4 countries, Malta and Cyprus. From new member states being more competitive only Estonia. Long-term impact of EU integration could be positively reflected to pillars of education or infrastructure due to euro funds possibility (El-Agraa, 2001).

According to survey and respondent opinion is currently biggest issue non effective government bureaucracy, tax regulation, corruption or political instability (Figure 7). From future trends can be issue problematic

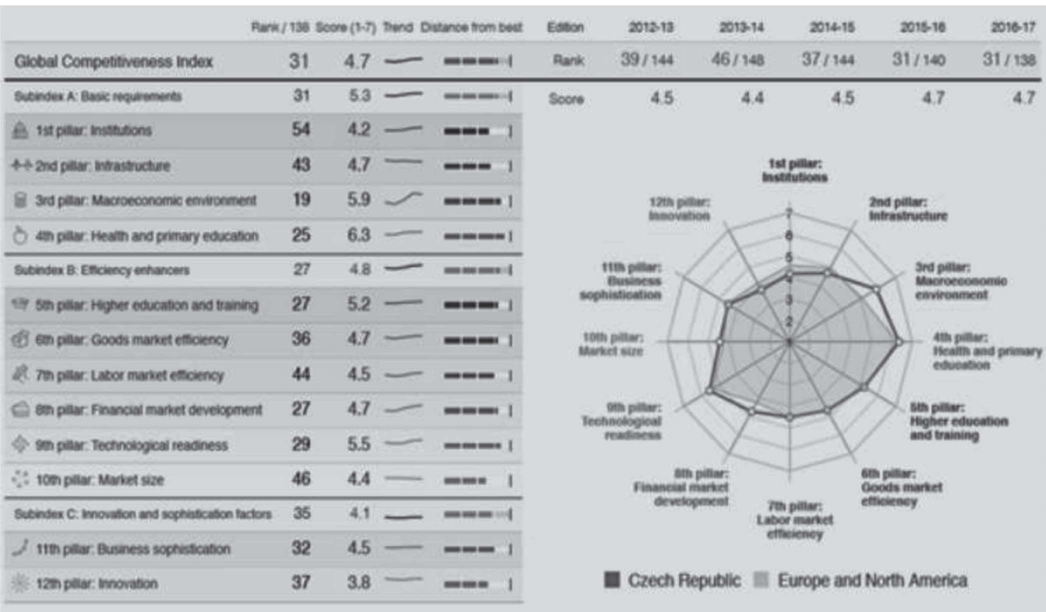

Figure 6. GCI indicators' score for Czech Republic in period 2016–2017.
Sources: WEF (2017), own elaboration.

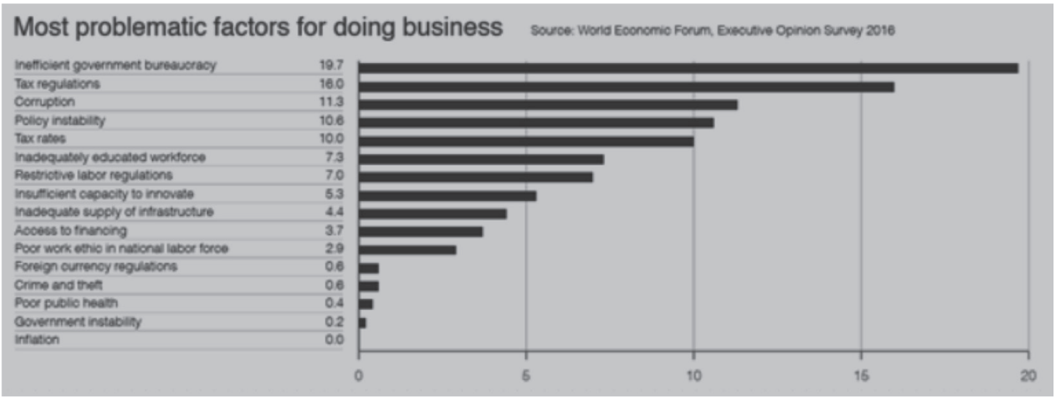

Figure 7. The most problematic factors of doing business in Czech Republic. Sources: WEF (2017), own elaboration.

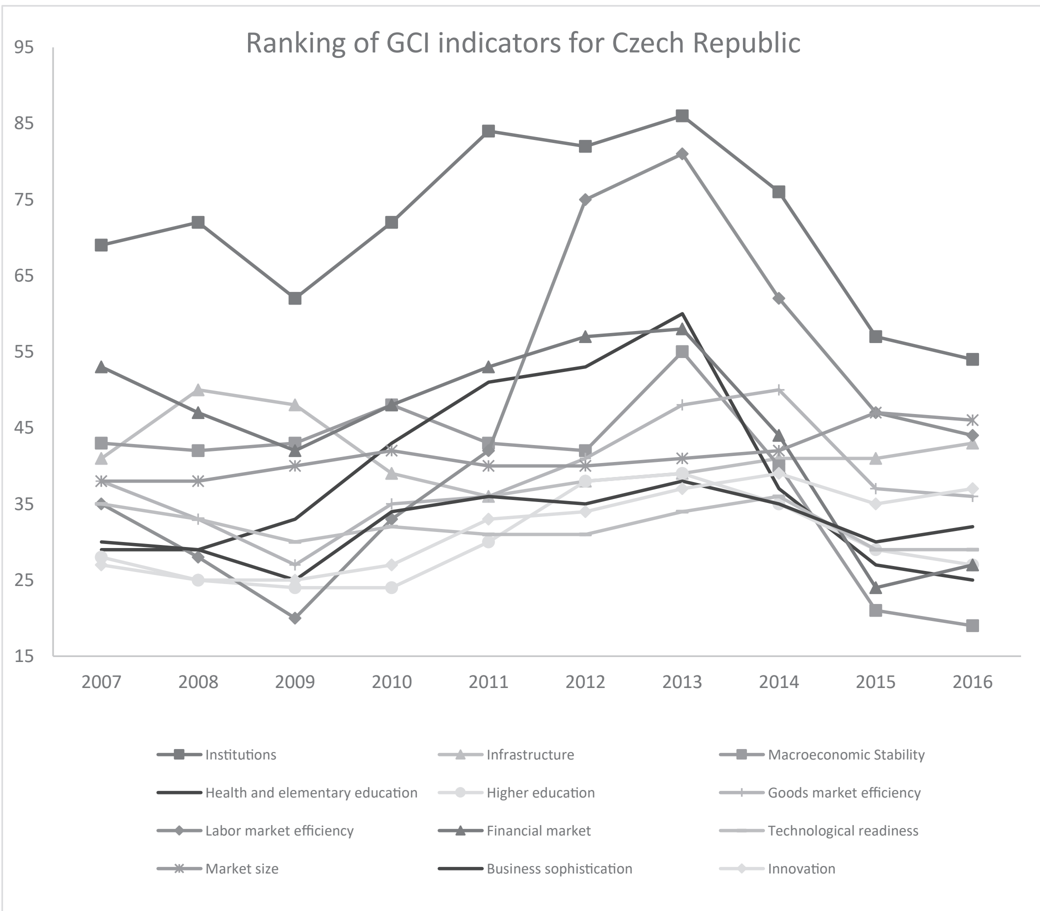

Figure 8. GCI indicators' ranking for Czech Republic. Sources: WEF (2017), own elaboration.

and insufficient innovation capacity, infrastructure or inadequately qualified labor force (Glopolis, 2014). In line with Lisbon strategy should be just those areas strongly supported and hence positive future trends can be expected.

The biggest problem in comparison with other countries is for Czech Republic institutional framework. According to Figure 8 is relatively ineffective labor market but also goods market. Relatively low values can be found in area of business sophistication as Czech companies get focused on areas with lower valued added and lower utilization of qualified labor capital or less sophisticated activities. This is in contract of long-term goals and strategies of EU and also Czech Republic. Industrial products and plants situated in Czech Republic which have grown under FDI effect (but also EU single market access) set up future direction of Czech Republic which should be in the future transformed to economy based on innovations and knowledge.

Trends for GCI indicators at Figure 9 express worst rating in areas of innovations, institutional framework and business sophistication. Czech Republic did not successfully create working ecosystem for support of research and development or hi- tech technologies in spite of strong support of EU and euro funds in this area (Neary, 2010). Beside EU institutions are key players also government institutions, ministries, educational system and historical trend and focus of Czech economy for industrial production. The Czech Republic has a skilled and educated labour force. Labour relations and working conditions are set out in the Labour Code and government decrees (Moore Stephens Europe, 2016). International companies establish in Czech Republic mostly production sites with lower value added while research and development centers remain placed in western economies. Single market, barrier removal or 4 freedoms have supported emphasizing of competitive advantage and sectors specialization.

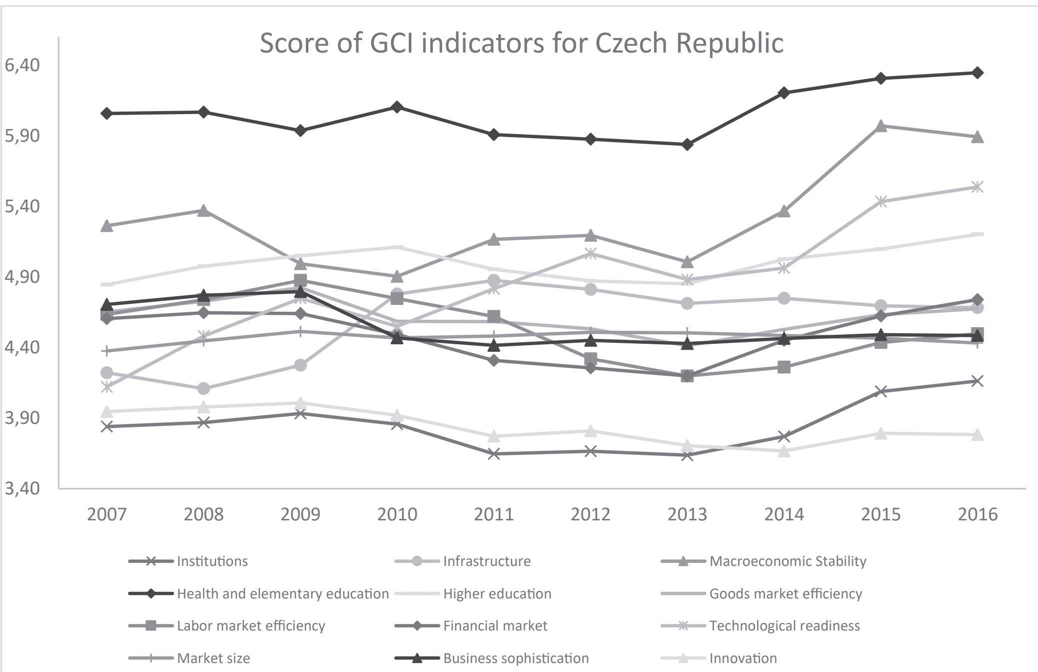

Figure 9. GCI indicators' trends for Czech Republic. Sources: WEF (2017), own elaboration.

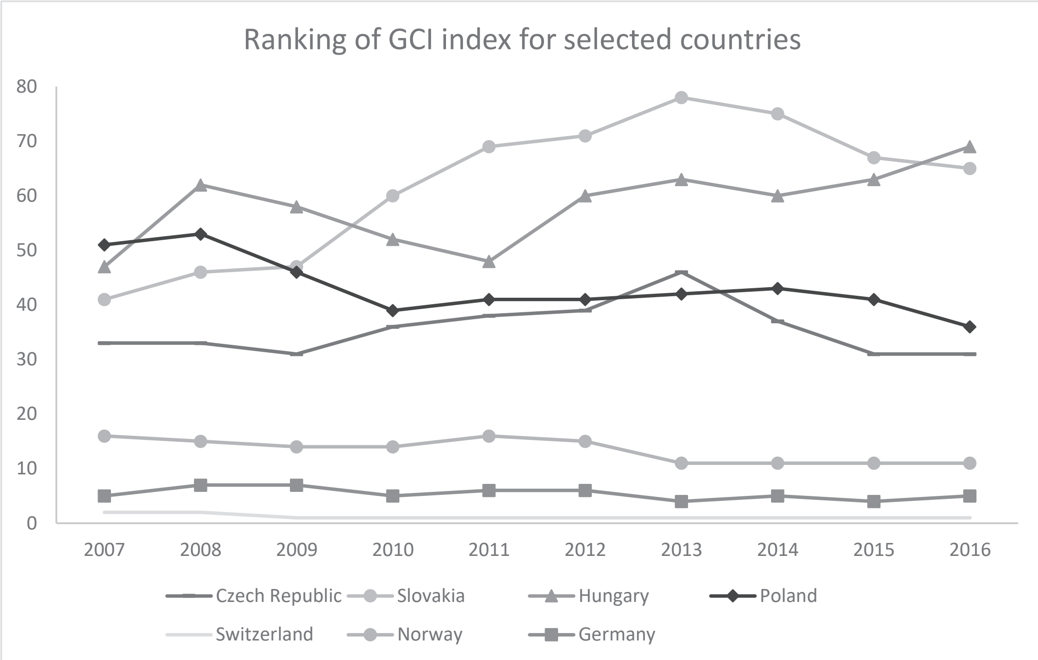

Figure 10. Comparison of Czech Republic ranking according to GCI index with other countries. Sources: WEF (2017), own elaboration.

When comparing competitiveness of central European countries (Figure 10) it is obvious that Czech Republic hold stable position at the 30th place which is best from all central European countries. There is no obvious impact of European integration on changes in competitiveness of Czech economy.

Analogical trends as in the case of country ranking is possible to see also at GCI score trend. However, direct impact of European integration can be only hardly estimated. Relatively stable trend presents sustainable global competitiveness which is based on ability of individual companies to compete at foreign markets.

From GCI analysis is obvious that most competitive economies are countries in Northern Europe (Sweden, Norway), North America (USA, Canada) or Western Europe (Germany, UK) or Switzerland. Some countries of original EU 15 reached worse results in ranking than 30th (Greece, Spain), New member states of EU (central Europe) kept position between 40th to 50th place with better position of Czech Republic and Slovenia. Result of Czech Republic has been thus the best from all central European countries. Overall ranking of new member states countries can be concluded as average. On the other hand most of the indicators shows growing trend and hence improvement of competitiveness since accession to the EU. Some real indicators which can be considered as objective because they are based on hard statistical data shows better trend than multidimensional rating which can be more subjective because of questionnaire survey. Total actual and long-term orientation of policies is captures in Lisbon treaty while obvious is focus on competitiveness growth based on innovations and knowledge economy with dominant role of human capital. The worst rated pillar remains institutional and governmental sector which shows decreasing trend within past years. Reasons are limited number of started reforms, higher corruption level and low justice and jurisdiction system quality. To keep global competitiveness sustainable it is important to keep building transportation infrastructure, information technologies and enable smooth supply of energy for reasonable price, which is necessary needed condition for competitive industry. Existing problems are also obvious in all levels of technical education- elementary school, high school and also universities. The most important factor of competitiveness are innovations which are dominant tool on the way to long-term economic prosperity.

Conclusion

In total evaluation of business environment according to Doing Business reached Czech Republic 29th position (from 191 countries) in year 2017 with DTF value of 76,71. Separated impact of European integration can be only hardly estimated however in line with strategical goals of EU obvious is improvement in area of taxation or starting business. Tax harmonization, programs of support for small and medium businesses or trade liberalization are obvious effects of European integration (Nerudová, 2005). From Central European economic reached the best score Poland, followed by Czech Republic, Slovakia and Hungary, From DTF is obvious growing trend since 2004 which is evident improvement of quality of business environment since accession to the EU. Developed countries such as Norway or Switzerland reached better score but overall trend is constant with stagnation.

In GCI index was Czech Republic rated as 31st country (from total 138 countries) and overall score 4,7 (scale 1–7). It reached best rating from Central European countries. Czech Republic belongs to group of well developed countries where economic growth is based on innovations. Strongly positive results can be observed in pillars of macroeconomic stability, elementary education and qualification, technical readiness or development of financial sector. On the other hand, biggest issues are ineffective government bureaucracy, tax regulations, corruption, political stability but also low business sophistication. Resulting issues in the future could be insufficient innovation capacity, inadequately educated labor forces or insufficient infrastructure. In line with EU long-term goals should be all mentioned areas strongly supported for example via Euro funds.

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