

The bachelor thesis deals with current situation of small and middle-size enterprises in the Czech Republic and with possibilities of their development supported by innovations, subsidies and creation of clusters. The first part focuses on competitive advantage, definition of innovation and innovative forms of business. The following section covers the classification of enterprises according to size, the outline of the advantages and disadvantages of small and medium-sized enterprises and analysis of Czech entrepreneurial environment. A significant section is devoted to the subsidy provided by both the Czech Republic and the European Union. The last part deals with cluster initiatives and includes case studies of selected clusters.