Business Attitude Survey

2012 Report

City of Olomouc

- Client: **City of Olomouc**
- Contractor: **Berman Group**
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2 Introduction and Methodology

The Business Attitude Survey whose results are hereby presented is this time slightly different from the surveys that have been commissioned by the City Hall every two years among the major businesses of Olomouc since 2000. It consists of two parts - brief analysis of all the 2,100+ economic entities registered in the city and immediate vicinity, and interviews with 35 managers of the companies located in the new industrial zones, or businesses that have newly invested in Olomouc. Apart from the objectives equal to the previous surveys, i.e. collection of objective data on the companies doing business in the city, and subjective views of the entrepreneurial environment in Olomouc, major topic of the interviews was the issue of corporate innovative potential, competitive strengths of the companies interviewed and the tools the public administration can possibly use to support the development of competitive abilities.

After the introduction follows summary of main findings of the survey, divided in two categories - positive and negative.

Next is the analysis of economic entities in Olomouc and its vicinity, based on the data published in Albertina database as of 31 May 2012 (place of business and number of affiliations, number of employees, sales in the last year and main line of business). The analysis includes all the entities with headquarters in the area of interest, as well as the major employers with subsidiary / plant located here. Information on some 250 most significant companies and institutions were consequently made more accurate by review of annual reports and other documents publicly available at www.justice.cz. The data collected are not exact figures, but informed guesses, yet we do believe they provide true picture of the importance of individual business fields for the local economy.

The fourth chapter includes results of the survey itself, performed on site. This year we have contacted companies located in the industrial zones Keplerova, Pavelkova, Šlechtitelů, Hněvotín and Železniční, including the ones currently planning to invest in these zones. At the same time we included the investors that had launched their business in the already existing premises in other places (i.e. other than "greenfield type" investments). The goal of the survey was to confirm the role the investors play in the local economy, and to find out how satisfied they are with Olomouc as a place for business, and with the assistance provided by the authorities. Berman Group interviewers in cooperation with the Regional Chamber of Commerce have completed 35 interviews with managers and owners of the companies involved. In this respect we would like to appreciate that vast majority of the contacted interviewees gave their helpful consent to the visit and interview. The bigger is the responsibility of the public administration for the results not being neglected, and the views of business community taken into account when defining the strategic targets of the City of Olomouc.

3 Summarized Findings from the Survey

This section consists only of a summary of findings without comments. The results are described in detail in the following chapters.

The positive findings considered most significant:

- ***Corporate development plans.*** The survey was performed in the companies that have invested in Olomouc recently. It is positive that these businesses as a whole continue to plan creation of new jobs and to invest in technologies.

- ***The City's investments in the industrial zones have paid off.*** Major part of the interviewed companies speaks in very positive terms of the assistance they have received from the City, namely the Department of economic development, when locating their investment in Olomouc, or when launching their business here. Companies that would have otherwise ended up elsewhere settled here, because they were offered necessary lands.

- ***Innovation, R&D.*** Most of the interviewed businesses realize their future development is possible only provided that their ability to compete is increased on the basis of research, development and innovations. Companies with their own R&D departments are more active in the field of future investments, being largely export-oriented.

- ***Transport connection of Olomouc.*** The businesses appreciate the geographic position of Olomouc on the junction of major roads, accessible from the East and West of Europe by car and by train.

- ***Quality of life in the City.*** Every survey repeats the conclusion that Olomouc is a city with pleasant environment, culture, history, strong university, generally attractive for living.

There are negative findings from the Survey as well:

- ***View of the current economic and political situation in the Czech Republic.*** The company managers call for a stable and transparent business environment, and despite being quite diplomatic about the issue, they are not happy with the current situation in the country.

- ***Permanent lack of qualified manpower in many specializations.*** The local businesses have repeatedly criticized lack of qualified people in a number of professions and crafts.

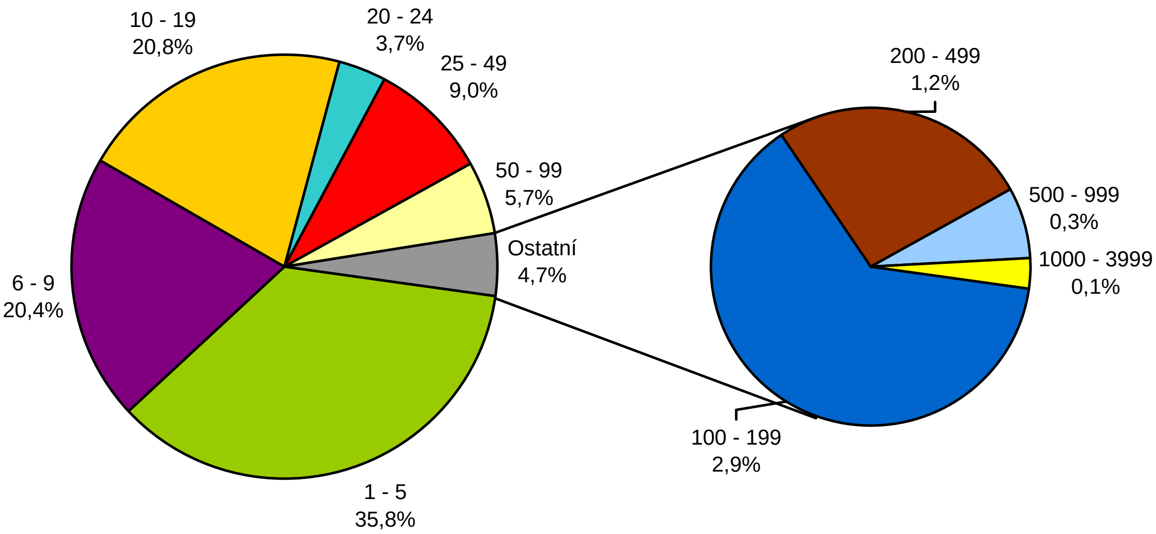
- ***Mismatch between the orientation of Palacky University and most of the local businesses in the processing industry.*** Key industries, such as mechanical engineering, metal working, manufacture of pumps, electric and measuring equipment, have no adequately strong supporting academic facility in the city. However, the authors of this Report do not share the view that technical university (faculty) should be established in the city.

- ***Air connection.*** More and more businesses feel the need of a nearby airport, which their visitors from abroad (clients, suppliers or management) could comfortably use - neither Prague nor Vienna are sufficiently close, and Brno airport does not offer sufficient number of relevant routes.

4 Analyses of Economic Entities in Olomouc

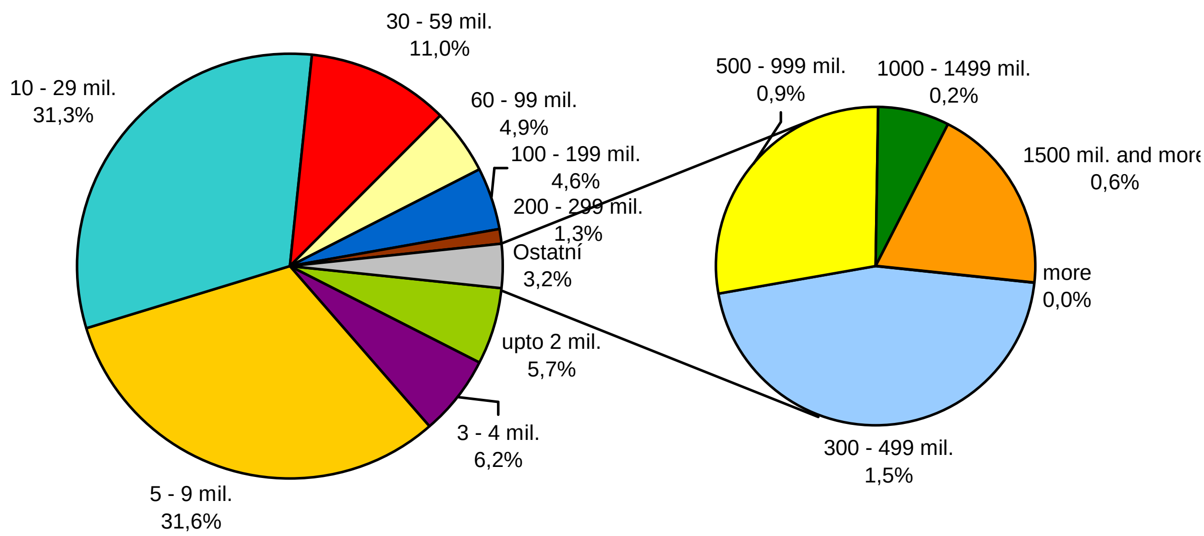
When analyzing the economic entities in Olomouc and its neighborhood the statistical data were used for 2,097 businesses registered in Albertina database as of 31 May 2012, with headquarters (or major plant) in Olomouc or surrounding municipalities (Olomouc micro-region). The analysis did not relate solely to the city, but also to the Olomouc micro-region and its hinterland, as the interviewed businesses were located in the following municipalities: Olomouc, Bystrovany, Dolany, Grygov, Hlubočky, Hněvotín, Lutín, Velká Bystřice, Velký Týnec (few also in the others – Bohuňovice, Horka nad Moravou, Křelov, Hlušovice etc.). For some 200 largest and most important entities the data from Albertina were supplemented (or adjusted) with the data from other open sources, mostly from the annual reports published at www.justice.cz. 58 % of the sample are limited liability companies (employing 43 % of the workforce), 23 % physical entities (7 % of the employed), 7 % joint stock companies (19 % of the employed), and 5 % contributory organizations (21 % of the employed).

Chart No. 1: Size structure of organizations by number of employees



Source: Albertina 2012, Business attitude surveys, annual reports

Chart No. 2: Size structure of organizations by annual sales

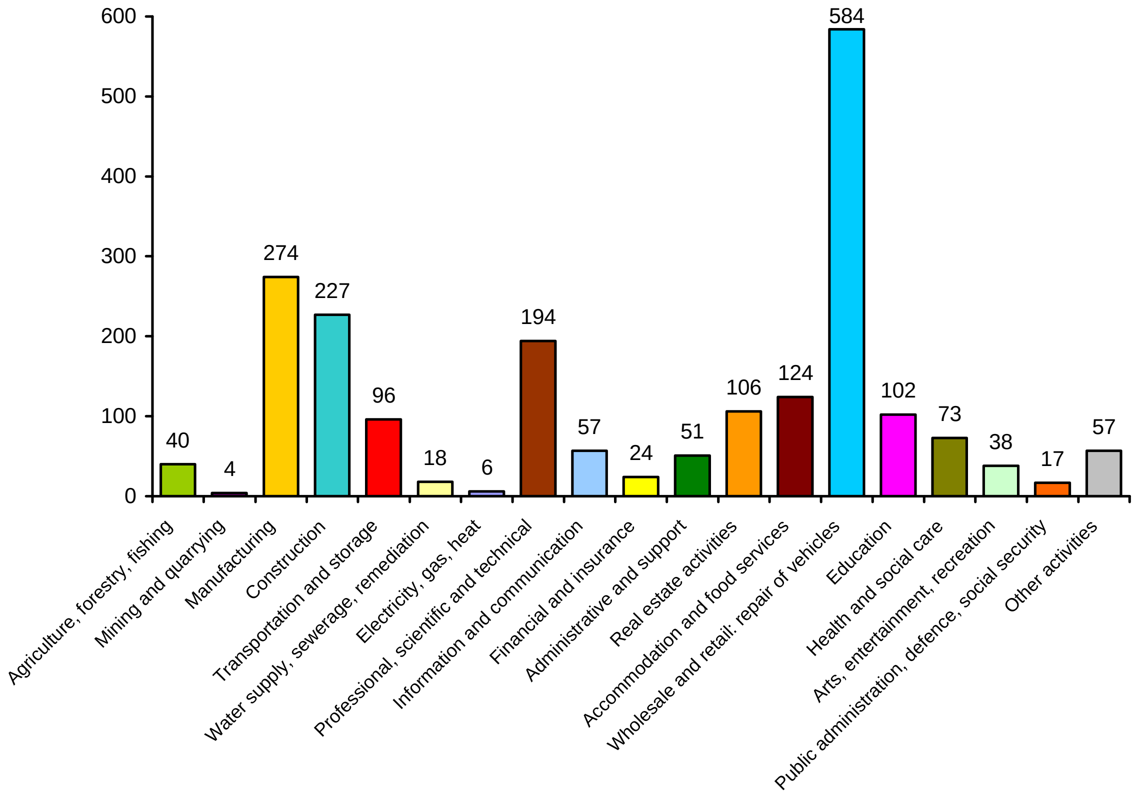


Source: Albertina 2012, Business attitude surveys, annual reports

Regarding the size of economic entities in the micro-region small and medium enterprises (SME) of up to 10 employees prevail, while the charts 1 and 2 show that more than two thirds of all the businesses are represented by organizations of up to 19 employees, or up to CZK 60 million annual sales. The focus on small and medium segment is no bad thing; SMEs may work as an economic stabilizer in the micro-region, because they can be found in all the industries. Yet it is the very industrial differentiation that their survival is based upon. Where the small and medium businesses are oriented at a narrow range of industries, crisis in the specific or related industry could paralyze the entire economy.

Large corporations are missing in the city and its neighborhood. More than 1,000 employees were recorded only in the Faculty Hospital (3,310), Palacky University (2,005) and Honeywell Aerospace (1,350), between 500 and 999 in the industrial enterprises Nestlé, MLS Holice and Mora Moravia, also the City of Olomouc, Olomouc Region and Archdiocese of Olomouc.

Chart No. 3: **Frequency of organizations by activities**

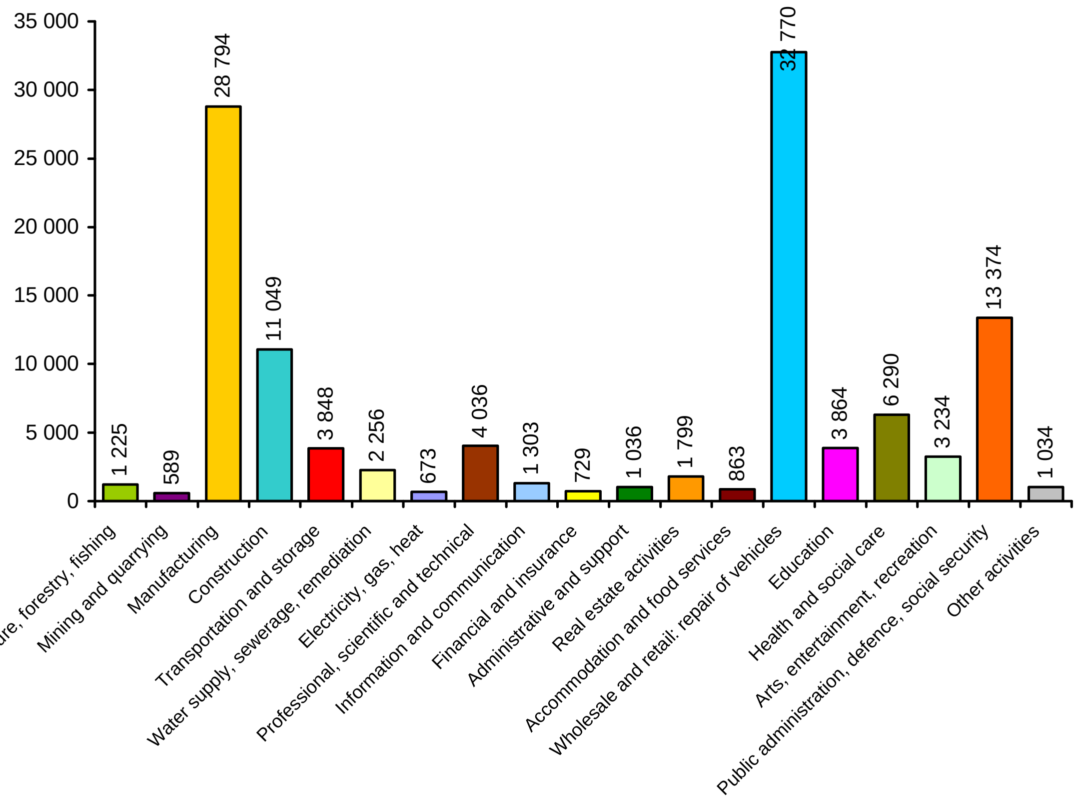


Source: Albertina 2012

Judging by the individual industries, i.e. number of organizations involved in them, the businesses in Olomouc and vicinity focus mostly on (i) wholesale and retail; repair of motor vehicles, (ii) manufacturing, (iii) construction (iv) professional, scientific and technical activities (chart no. 3). These industries are the most important in the micro-region. As displayed in the chart no. 4, these industries (except the scientific and technical activities, being replaced here with the public administration) have the biggest annual sales, thus contributing the most to GDP of the micro-region. Their activities include mainly the less knowledge-intensive ones (except the public administration and the professional, scientific and technical activities). The micro-region is economically concentrated on the industries where the share of added value in the sales is not too high.

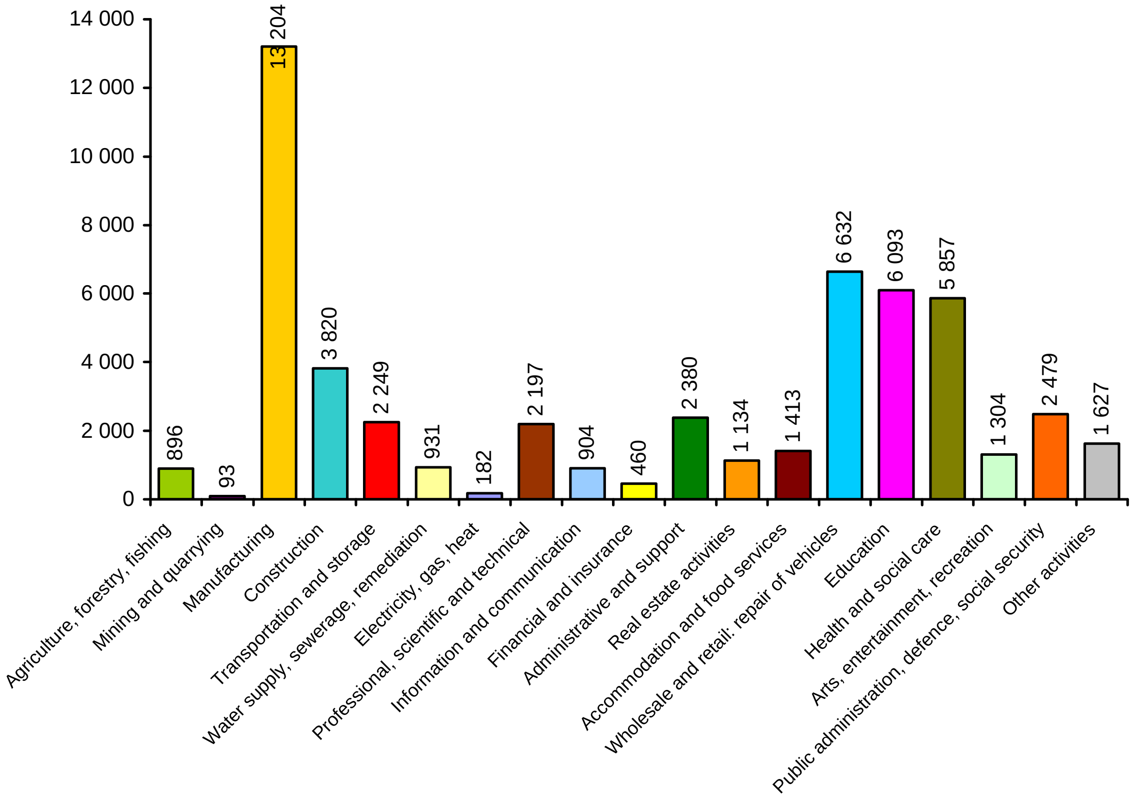
Speaking of employment in the Olomouc area, the manufacturing industry (chart no. 5) is of utmost importance, giving jobs to more than thirteen thousand people. Regarding the employment, other major industries are wholesale and retail trade; repair of motor vehicles, education and health and social work, each with about six thousand people employed. There is clear orientation of the major employers towards manufacturing and basic services, where both the wages and added value are lower. On the other hand the public sector as a major employer in the field of education, health and social care provides more knowledge-intensive services, creating higher added value and offering generally higher salaries.

Chart No. 4: Informed guess - annual sales (CZK million) of organizations structured by economic activities



Source: Albertina 2012, Business attitude surveys, annual reports

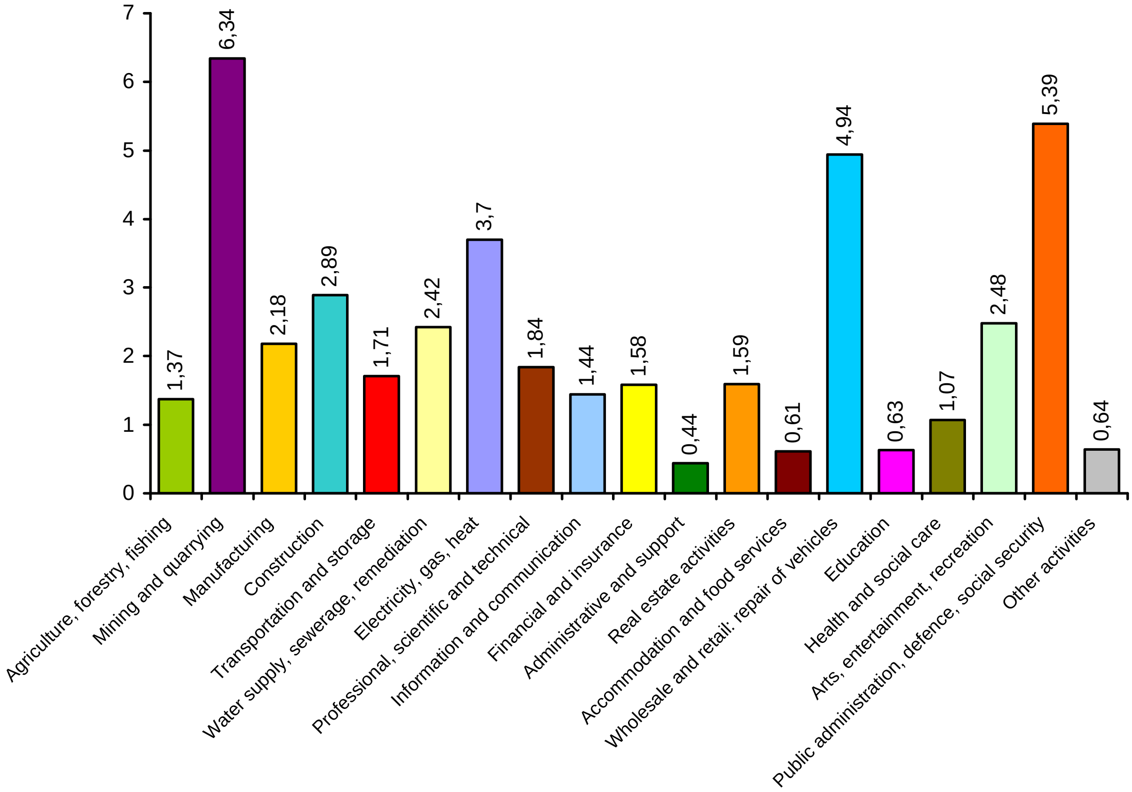
Chart No. 5: Informed guess - number of employees in organizations structured by economic activities



Source: Albertina 2012, Business attitude surveys, annual reports

One of the indicators of economic productivity (chart no. 6) can be the annual turnover per employee, stating how much one employee "brings in". In this respect the most efficient is Mining and quarrying sector, where the non-renewable and comparably rare raw materials generate high profits. Public administration and Wholesale and retail; repair of motor vehicles are also on the top, because quite a lot of money is "made" in these organizations. Despite the high productivity, the Mining and quarrying is of the least importance, contributing very little by annual sales and number of employees to the micro-regional economy.

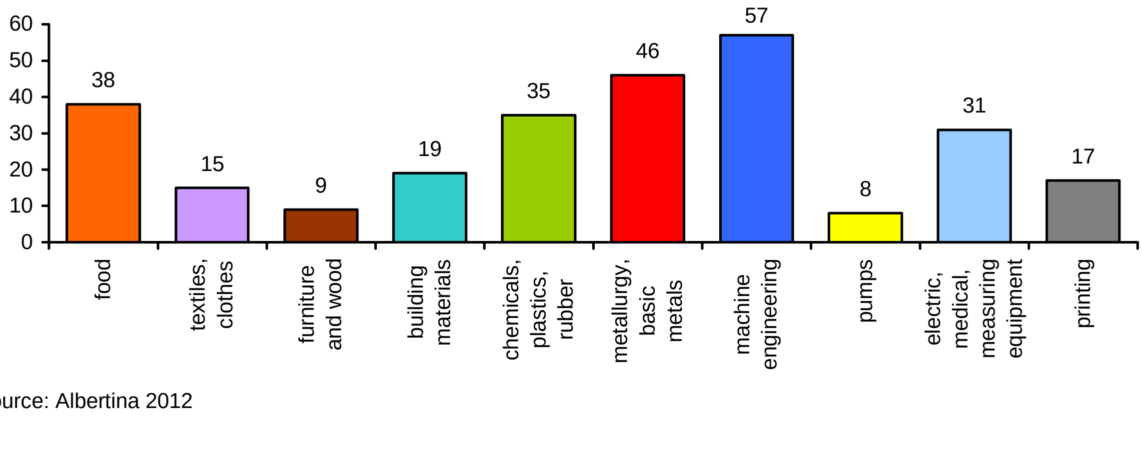
Chart No. 6: Annual sales per employee (CZK million) of organizations structured by economic activities



Source: Albertina 2012, Business attitude surveys, annual reports

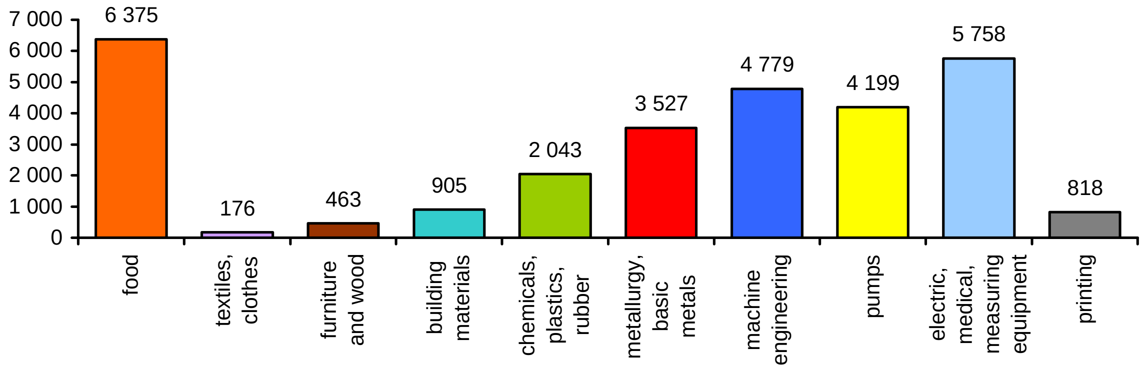
The fundamental industry in Olomouc area is still the Manufacturing, employing the most people and recording the second highest sales. By the internal structure and number of organizations the following dominate: (i) Machinery and transport equipment, (ii) Basic metals, (iii) Food products, followed by (iv) Chemicals, plastic and rubber products and (v) Electro, medical, precise and measuring equipment (chart no. 7). It is quite a colorful scale of activities that should guarantee economic stability in the micro-region. The claim of their importance is also supported by the fact that they create most sales (chart no. 8) in the Manufacturing, and employ the most people (chart no. 9). The last two indicators (sales and employment) emphasize the role of pump manufacturing, and lesser importance of chemistry, rubber and plastics, where mostly small enterprises can be found.

Chart No. 7: Frequency of organizations by manufacturing activities



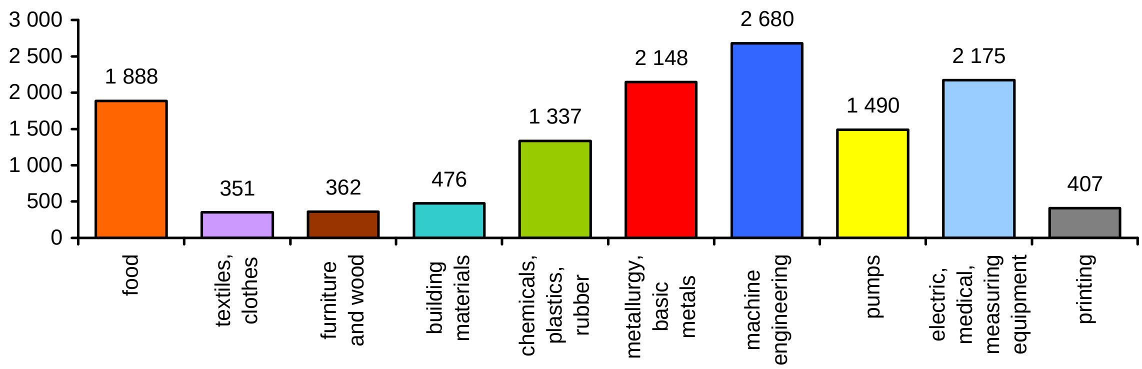
Source: Albertina 2012

Chart No. 8: Informed guess - annual sales (CZK million) of organizations structured by manufacturing activities



Source: Albertina 2012, Business attitude surveys, annual reports

Chart No. 9: Informed guess - number of employees in organizations structured by manufacturing activities

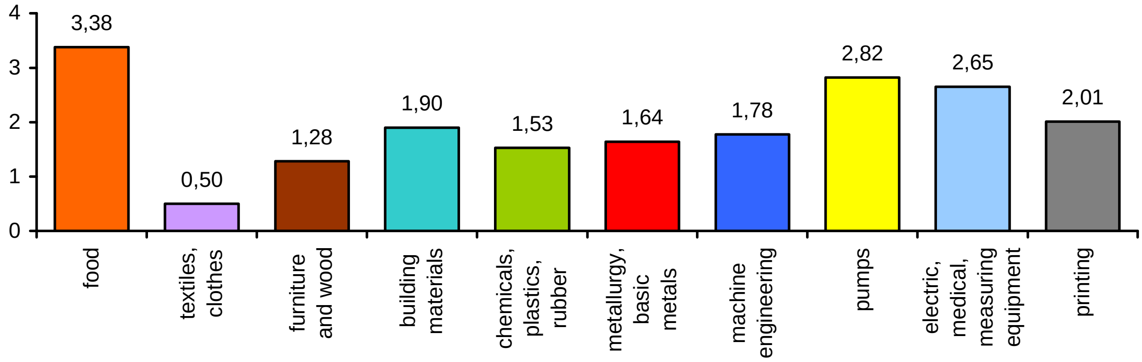


Source: Albertina 2012, Business attitude surveys, annual reports

Annual sales per employee, one of the performance indicators, hints (chart no. 10) that the most powerful in this respect is food production followed by the pumps and electric equipment, medical, precise and measuring instruments. These industries, especially food and pumps production, are the most important among manufacturing activities, as mentioned above. Corporations with tradition in this kind of manufacture are active in the region (Nestlé, Olma, Sigma Group and other enterprises derived from these activities).

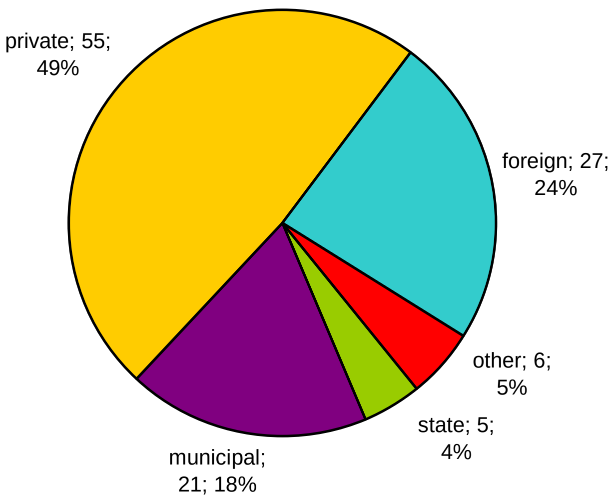
Analysis of ownership structure of companies in the manufacturing business revealed rather interesting phenomenon: almost three quarters of all the companies are owned by domestic / Czech entities (chart no. 11) Major representation of domestic companies is an advantage on the one hand, as the generated profit does not flow abroad, but is retained in the local economy, contributing to its further growth. However, we should be aware of the fact that most of the companies are small and medium enterprises with turnover up to CZK 60 million. Therefore one can assume the largest sales would be created by bigger companies, where the share of organizations / enterprises owned by foreign entities is higher, compared to the result including all the entities with more than 5 employees and sales CZK 5 million a year.

Chart No. 10: Informed guess - annual sales per employee (CZK million) of organizations structured by manufacturing activities



Source: Albertina 2012, Business attitude surveys, annual reports

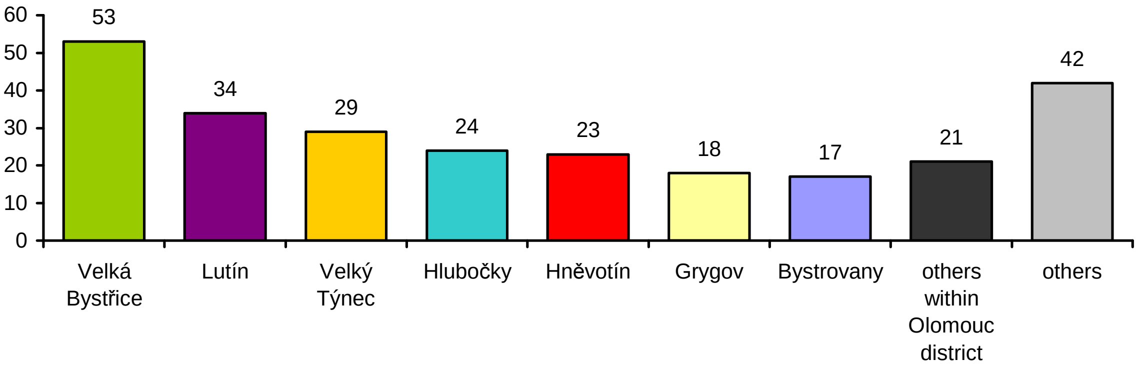
Chart No. 11: Ownership structure of organizations with 100 and more employees



Source: Albertina 2012

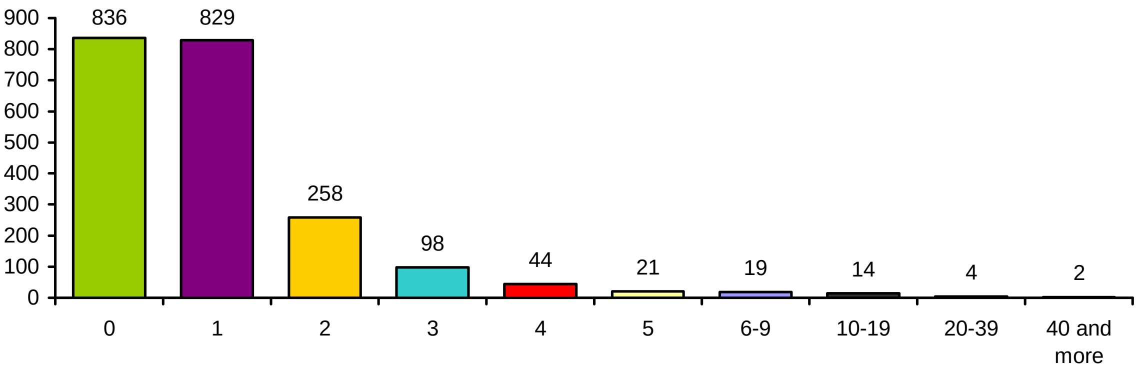
The organizations are highly concentrated in the City of Olomouc, where 88 % of all the businesses in the micro-region have their headquarters (chart no. 12). The remaining economic entities and organizations with place of business outside Olomouc are not markedly differentiated, and their distribution is relatively uniform. There is one slight exception of Velká Bystřice, where about one fourth of the companies with headquarters outside the city can be found. More than half of all the organizations included in the analysis have one or no operation establishment in the micro-region (chart no. 13). This fact may be due to the fact that namely the city works only as an administrative center of given organization, while the production takes place outside Olomouc and its immediate neighborhood. This means the City of Olomouc is sufficiently attractive for the economic entities, i.e. provides more advanced, knowledge-intensive and higher quality services. Another factor that may influence such a distribution is the residence of owners, where the production (outside) and administration (inside the micro-region) are separated.

Chart No. 12: Business locations outside the City of Olomouc



Note: 1,866 organizations have their place of business in Olomouc (within its administrative boundaries).
Source: Albertina 2012

Chart No. 13: Number of operation establishments (not headquarters) of organizations



Source: Albertina 2012

5 Results of the Survey in the Companies

5.1 Basic Characteristics

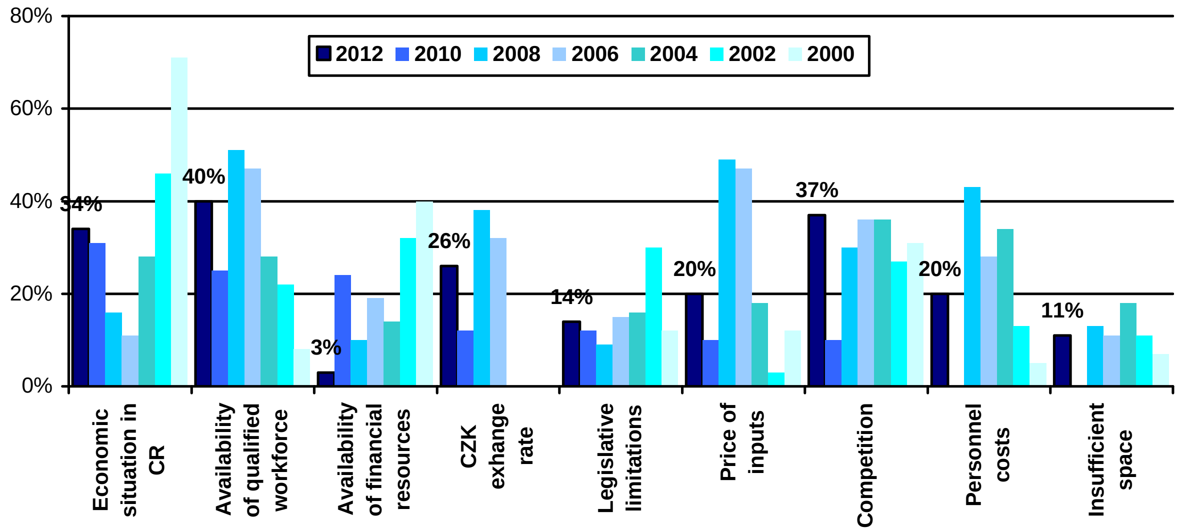
35 companies were visited in the new industrial zones, or investors launching business in the existing premises. The same conclusion can be more or less repeated: similarly to the overall economy of Olomouc the specific industrial zones and new investors focus mostly on machine engineering and the related industries (metal), with strong presence of printing industry. Production of building materials is linked to the construction, trade and services play an important role, too. The sample under survey was divided in five subgroups: Strategic services (7), Machine engineering including pump production (13), metal processing, foundries and metallurgy (4), production of building materials and construction (6) and other industries (5).

There were 6 joint stock companies, 27 limited liability companies, 1 business unit of a foreign corporation, and one physical entity. All the businesses were in this form founded / transformed after 1990, their average age is 15 years. Nineteen interviewed companies have headquarters in Olomouc, while the remaining sixteen are (mostly) manufacturing operations with HQ elsewhere in the EU (9), in the world (the USA, Japan 5), or elsewhere in the CR (2, whereas in one case it is just a formal act, because the actual seat is located in Olomouc). In just one case the company concerned, hundred-percent owned by foreign capital, has place of business in Olomouc, otherwise the foreign investors' enterprises make strategic decisions outside the city / the Czech Republic.

5.2 Barriers of Business Development

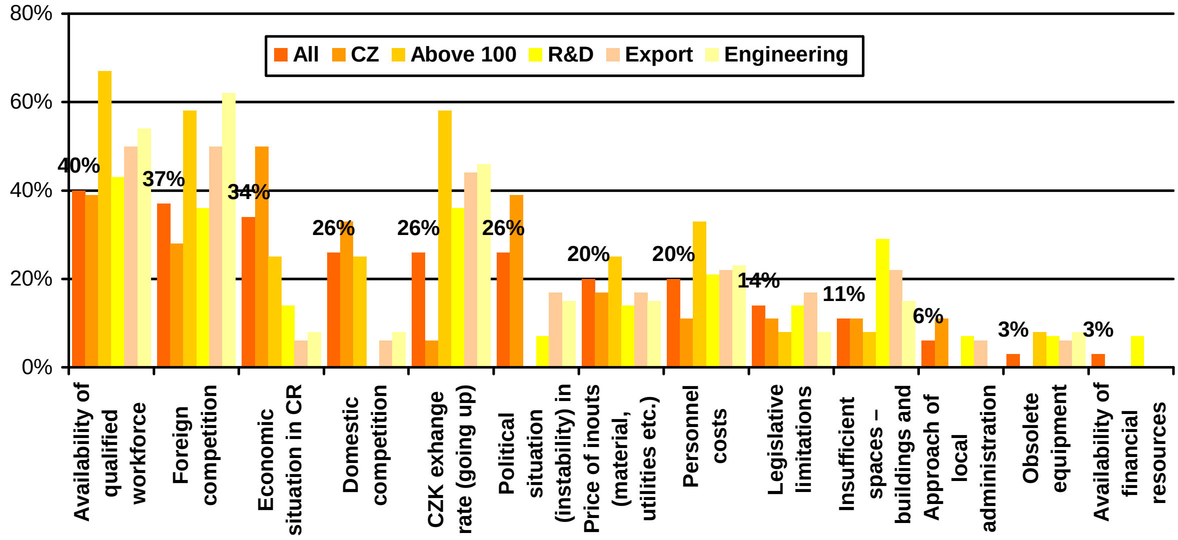
Traditional question asked in every survey is aimed at what prevents the businesses from further development, and what are the most serious problems. The weight of individual factors has been changing throughout the Czech Republic since 2000, and these changes provide more useful information than their mere sequence of importance as we can see in chart no. 14 (comparison with previous surveys) and no. 15 (this year's results by individual categories).

Chart No. 14: Barriers of business development, trends since 2000



The biggest and most frequently mentioned problem is the availability, or lack of it, of the qualified manpower, complained about by 40 % of the interviewed (and almost 70 % in the category above 100 employees). Smaller enterprises often reply that to find a good quality employee is a problem, but as they do not need many of them, this is not a key barrier, and they can "manage somehow". Compared to 2008, when the issue was raised by 50 % of the respondents, one could speak of some improvement, but this is only thanks to the fact the businesses have laid off in recent years, and have not grown at the same pace as before the crisis.

Chart No. 15: Barriers of business development 2012



The second place is taken by foreign competition (37 %, for machine engineering 60 %). However, this "barrier" is a natural issue for every exporter, and can be dealt with mainly by adequate internal policy. Third place: economic situation on CR (34 %, and 50 % among Czech-owned businesses). The trend since 2000, as shown in the chart no. 15, is of a sufficient information value. The difference from previous years is lower importance / share of factors like price of input and labor. The authors of this Report believe this is related to the higher share of export and the companies striving to succeed with higher quality than with price.

Distance to market, available financing and interest rates have not been mentioned at all, or just once. Two of the four companies that mentioned insufficient spaces for business are not located in the new IZ yet, but in cooperation with the municipal authorities they are preparing the move. The other two have a problem with the new master plan (Železniční street).

The comments expressed will provide further insight:

- The most serious problem is the lack of qualified people due namely to the absence of technical university in Olomouc Region and poor motivation of pupils to study technical schools.
- There are more and more "educated" graduates of private universities, but not enough graduates of technical colleges.
- There are numerous problems: legislation including the Building Act, inflexible Labor Code, excessive red tape, frequent changes of laws and tax regulations. Some businessmen have a negative opinion on the regulations in the industrial zone Železniční.
- Maturity of invoices paid by the state and municipalities (90 days and more) – e.g. in the USA law says that invoicing (payment) is continuous, based on the updated reports - that would help us!
- Business environment in the EU and CR - it is impossible to list all the things that are wrong: excessive bureaucracy, senseless regulations, such as prohibition of classic light bulbs, payments of VAT from unpaid invoices, approach of the local tax office (trying to find an error at all cost), complicated laws compiled in a chaotic way that prevents even lawyers from

complete understanding, not speaking of common business people, in short - there is no real rule of law in the CR today.

5.3 Workforce and Employment

There were about 4,370 employees in the interviewed companies in September 2012. The number is by approximately 100 higher than the figures recorded in 2011 and five years ago. However, individual companies have experienced different developments, and seven of them have laid off 10 and more percent of their workforce in the last 5 years. There are seven other companies that have compensated for the decrease with new jobs, and the balance is on the plus side. Most of the jobs were created in machine engineering, in relative terms the increase has been most significant in the enterprises with own R&D departments.

Average wage in 2010 and 2011 was established on the basis of annual reports (analogically to the survey completed 2 years ago), and it was CZK 25,660 in 2011. According to the data provided by managers who disclosed the figures the average wage was CZK 26,600 this year. This information does not confirm the generally shared idea of low income level in the region, partially because the annual reports include all personnel (including the management), while the "publicly available figures" usually exclude the managers' salaries. Comparison in the chart no. 16 shows that companies with own R&D pay the best in average.

Chart No. 16: Average wages

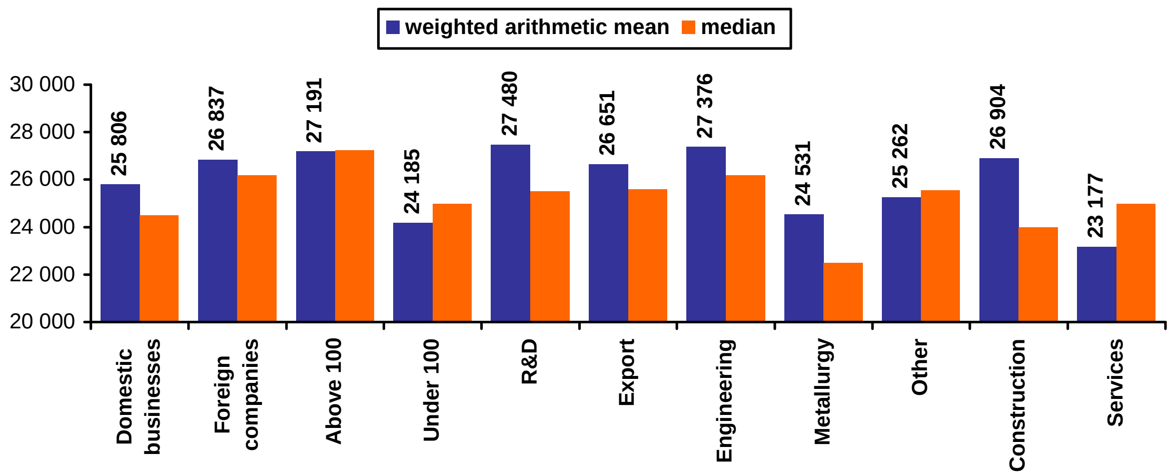
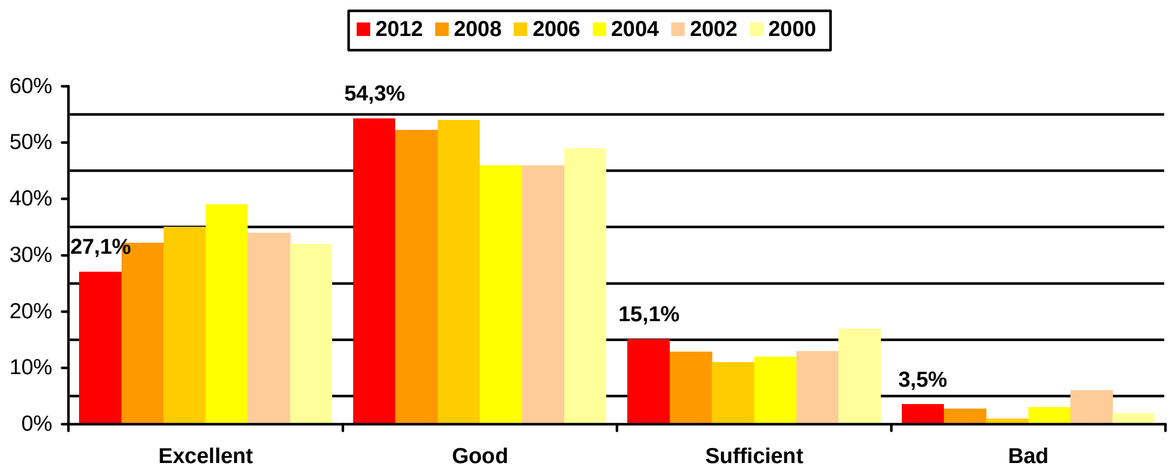


Chart No. 17: Satisfaction with quality of workforce, trends since 2000



Satisfaction of the business community with the quality of local workforce is a subjective indicator, yet in Olomouc it's been traditionally high. Chart no. 17 shows the situation has not changed, even though the willingness of managers to speak of their personnel as excellent has dropped somehow. Smaller and Czech companies are more content this time, on the contrary enterprises with own R&D are more critical.

The satisfaction with employees is one thing, but the (un)availability quite another - and this has been a permanent issue, because up to 75 % of the respondents miss qualified staff with key skills already, or they expect the same in near future. We see no improvement from the last survey, and the list of missing professions (technical, sometimes combination of technical qualification and language skills) has not changed either.

Comments to illustrate the situation:

- Skilled and qualified people have jobs, luckily we do not need so many employees, and we will rather hire a fifty-year old in production who is glad to have a job.
- We have problem with blue collars, there are so many humanities-oriented graduates, but somebody forgot to explain to them that only 20 % of the population can sit in offices, otherwise only immigrants will work and these people will strike to protest against unemployment.
- Nobody wants to be employed in food production, because the work is hard, done in shifts, unappealing.
- Two thirds of our workers are not from Olomouc, but from the neighboring municipalities.
- We had a problem with finding good quality sales staff with experience and language skills, but we have managed - using people from other regions.

It would be only natural to solve the lack of qualified people directly with schools, especially at secondary level. The experience of businesses in this respect varies. Several times good cooperation was mentioned with vocational school in Lutin, Polytechnic High School in Olomouc or Secondary technical school in Lipník nad Bečvou. On the other hand (and more frequently) there is opposite experience:

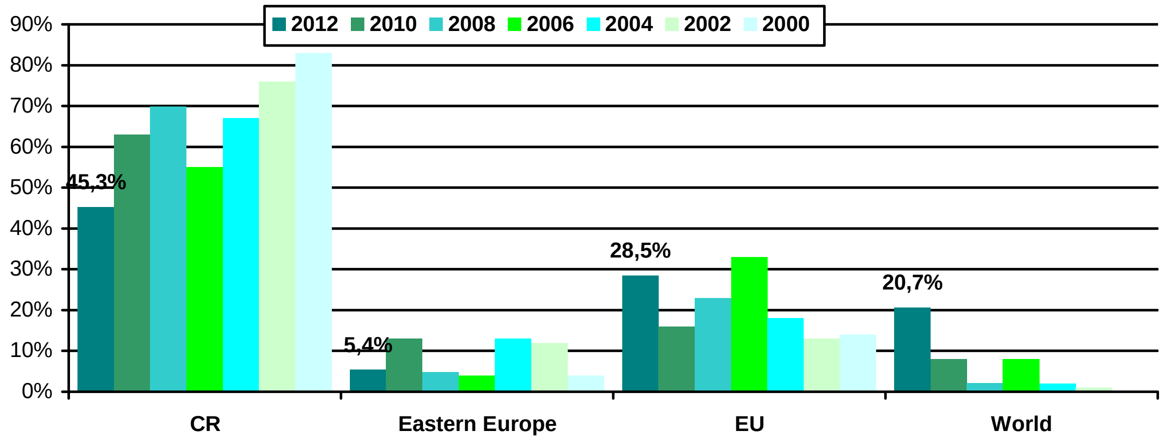
- We wanted to cooperate, but the schools were not interested. And we did offer internships and possibility of future employment.
- It is a demanding process, leading to a lot of administrative tasks - this discourages cooperation.
- We need students for longer internship programs, not just for 2 to 3 weeks.

Palacky University is generally perceived as a high quality establishment, but only two or three of the respondents are able to cooperate with it, due to the orientation of the school. Very often the machine engineering enterprises mentioned VUT Brno as their partner, in particular cooperation in the diploma or other theses. It's been stressed several times how much engineering faculty is missing in the city, and the companies would welcome its establishment. However, we think this option is not realistic, considering how long it would take to create a first-rate academic facility in the competition of other already well settled schools.

5.4 Sales and Export

One of the most important characteristics describing the success of businesses is their turnover, and the ability to achieve their goals in foreign markets. The sales figures have been collected in the annual reports and at justice.cz server, sometimes verified during the interviews. Total sales of the interviewed companies in 2011 were more than CZK 13.5 billion (compare to some 40 billion for all the companies in manufacturing and construction located in the city, see page 8), and according to the estimates of the interviewed managers it will reach almost 14 billion this year. Two mid-sized enterprises expect some decrease of sales by 15-20 %, and there are about 10 companies expecting increase by 10 and more percent. Sales per employee were CZK 3.2 million a year, in the most populated category "mechanical engineering" it is 2.5 million (survey), which is better result than average for the entire micro-region, possibly also due to inclusion of the successful pump producers into the category (page 11).

Chart No. 18: Export orientation

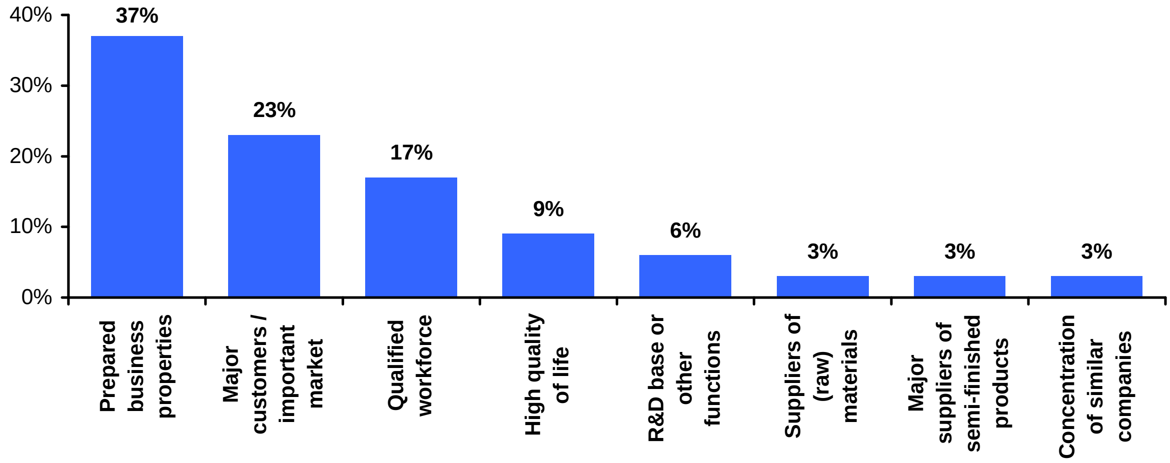


The visited businesses are clearly export-oriented, which is proved by the chart no. 18. In the previous surveys construction companies and enterprises in "services" category had higher share, yet more than 20 % export outside the European Union confirms the fact that some respondents have already utilized the trend of searching for new markets in the so-called BRIC (Brazil, Russia, India, China). 73 % of the export is done by machine engineering businesses, while 55 % of the domestic sales are recorded by construction companies.

5.5 Ties with the Region

Qualified workforce and tradition were the most frequent reasons of locating the business in Olomouc in previous surveys. Chart no. 19 shows how important were the available properties with infrastructure for business, attracting 13 enterprises now located in the new industrial zones. Major customers - important market are important factors for food production, construction and service companies. Comparably low share of "qualified workforce" and "R&D base" will be further elaborated in the following paragraphs on this topic.

Chart No. 19: Ties of companies with Olomouc Region



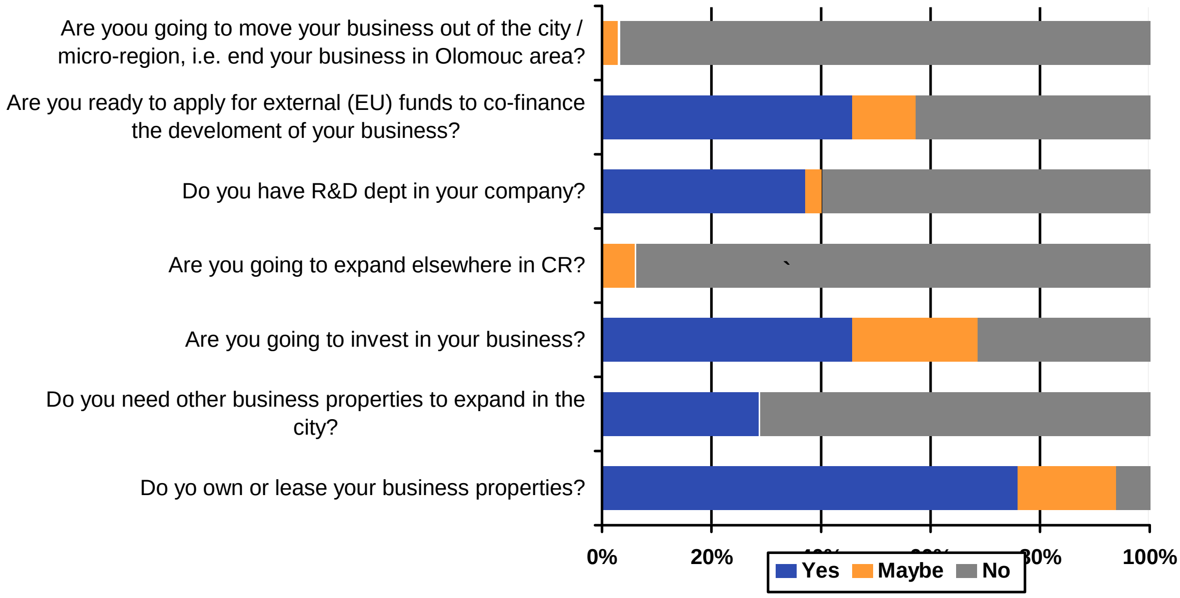
The question whether the initial expectations of the businesses have been fulfilled in Olomouc was answered by two respondents that rather no, especially because of the lack of qualified workforce. Other ten managers / owners have never considered different place of business, because they have family roots in the area. The remaining twenty answers are "rather yes" and "yes", the comments included positives like "lower cost of labor" and "geographic position - strategic location between Prague, Bratislava, Vienna and Katowice".

Ties with the region are directly linked to the issue of available business properties. Considering the focus of the survey it comes as no surprise there is above-average share of companies that own their properties (chart no. 20), reaching more than 90 % (including those owning parts and leasing the rest). Almost one third simultaneously claim they need other business properties to develop their activities (this is mostly solved in cooperation with the City Hall), or to deal with such issues as car parking. In this respect it is only proper to commend on the municipal policy aimed at the preparation of industrial zones that has provides the businesses with possibility to acquire lands with sufficient reserve; the respondents gave very positive feedback on that.

Even though the investment activities have been attenuated in a number of European / Czech companies due to the negative expectations of future economic development, the interviewed businesses' outlook is rather positive. 16 respondents (46 %) are preparing investments, other 8 (23 %) are contemplating it. Total volume of investment under preparation achieves almost CZK 16 million, supposed to create about 110 jobs. These figures are very favorable, considering they come from the companies that have invested recently in greenfield brand new operations, and they can be compared to the expectations in the "last pre-crisis" year 2008. The most active in this filed are the export-oriented enterprises with their own R&D facilities.

16 companies have already utilized EU sources, other 4 are preparing projects. Most often these were "soft" activities aimed at education of the staff or marketing.

Chart No. 20: Properties and investments



Department, or separate office of research and development (usually only development) was confirmed by 13 companies, while one is getting ready to open such department (after the corresponding structures within the concern are adjusted). Share of companies with their own R&D capacities in the mechanical engineering is almost 60 %. The R&D departments are usually small, with up to 10 employees. The problem is that in only one case the company cooperates in development projects with the Palacky University, as the partners are mostly technical universities in Brno, Prague and Ostrava. When implementing the regional innovation strategy the public administration could support the cooperation of local businesses and the local university at least in the fields where it is possible and beneficial (new materials, nanotechnologies, chemistry, biology, medical, food).

As has been mentioned several times in this material, the companies with their own R&D capacities achieve demonstrably better results regarding sales per employee, export, average wage and planned investments. By supporting them the city authorities can better encourage growth of the local economy.

5.6 Business Support Ideas

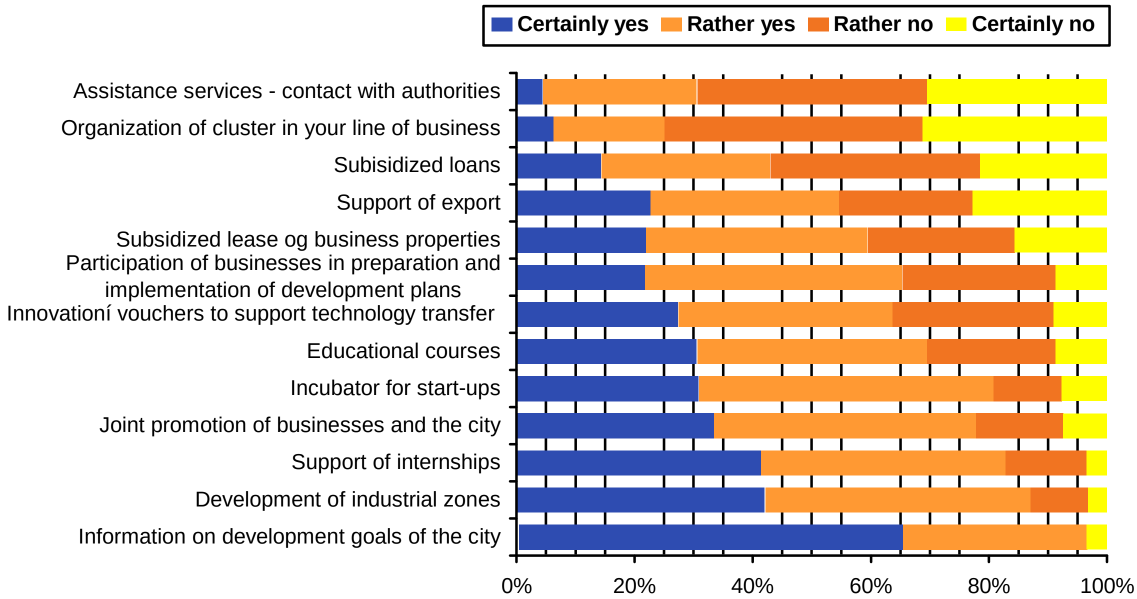
The respondents were asked traditional question: which business support instruments they would welcome from the city authorities / public administration in general. The first part of the answer related to the offered services (the same in previous surveys), while new planned activities like innovation vouchers were included. The results are summarized in the chart no. 21.

As usually, the most popular issue was the communication between the City Hall and the business community, simply formulated as "provision of information on the development goals of the city". The companies wish to be informed of both the strategic targets (master plan, development strategy) and the specific investment projects, because they are interested and would like to participate, and they may use them for their own advancement.

And again - with respect to the group of respondents, strong support for industrial zones did not surprise, even though according to some comments the times of extensive development should be followed by more intensive utilization of the so-called brownfields. Insufficient supply of qualified workforce is connected with the call for support of internships of students in the companies that can have information, organizational and financial form.

The established Technological Park - business incubator was commented rather positively, in many views this is the right way for the public sector to direct its support. The question of innovation vouchers has divided the interviewed in two groups. Despite it being generally welcome idea, there were negative replies, mostly because there is no relevant partner for the companies in this area. In other words, Palacky University and its orientation does not allow the companies to fully utilize these vouchers[1].

Chart No. 21: Business support services



Below are some verbatim comments and views on other possibilities of supporting business. They relate to the information, support for innovations and research, cooperation with schools, business environment and infrastructure.

- **Better information** - we know nothing about the vouchers, and we would be very much interested. Generally speaking, we'd welcome information on the offered possibilities (educational, cooperation with universities), and we would like the population to know about us - we'll do something for the city and the city will do something for us.
- **Improve the information:** 1) E.g. by publishing and mail delivery to the businesses of a monthly newsletter, providing information on public tenders, giving support for the local companies. People in everyday business have no time to browse websites and notice boards. 2) Organize meeting of a wide range of business people, say twice a year.
- **Innovation vouchers** – we have only experience with the University of Ostrava, Palacky University focuses more on humanities, and the vouchers aim mainly at "soft projects" *(see the footnote no.. 1).*
- Support **establishment of shared lab** / measuring center for SMEs lacking the capacity and resources for their own laboratory, yet occasionally in need of using one.
- The businesses don't have enough **qualified people**, they are forced to organize lengthy induction trainings, which means extra costs and worse competitive position. The situation has

[1] In this case the reason is lack of information on the side of companies; according to new rules they can use the services of 12 academic institutions from all around the country.

been getting only worse in the last 12 years. Ministry of Education, Youth and Sport, Olomouc Region and the City Hall have to develop joint **strategy and concept**. It should include: support of grants, support for companies that offer internships for students - incentives aimed at technical studies (interest begins already in kindergarten) - establish technical university / faculty (currently relevant colleges only in Ostrava and Brno).[2]

- The system should be changed and the **student internships** be made easier - those who work in our companies have no chance to improve themselves in anything, they perform tasks nobody else wants or has time for.
- Continuously optimize **public transport system.** The employees are not satisfied with public transport accessibility in Šlechtitelů and Železniční streets, in particular during the afternoon and night shifts.
- **Establish kindergarten** (IZ Pavelkova) – we don't have enough children to open our own, but in cooperation with other companies in the zone such facility would surely do well. It should be open from 6 am so that the parents are able to bring their children with them on the way to work - this could be definitely negotiated and arranged.
- **Continue the development of cycling paths** - expand the infrastructure, especially after the military areas Libavá and Domašov were returned under civilian administration.
- **Repair the roads** - take care of the city and the traffic, prevent congestions, e.g. switch off the traffic lights outside peak hours so that the traffic can run smooth.
- **Improve the infrastructure** – northern bypass, exit to Šternberk, Chválkovice area. This is a limiting factor, because the area is forever congested, and our clients can't get to our premises.
- Develop **city image attractive** for both the tourists and investors.
- Make sure the **public tenders are transparent**, as well as the handling of lands designated for new development. The mission of city administration is to create favorable environment, and most of all manage its operation transparently, i.e. become an example, and then they can expect the business people to behave honestly.
- Pressure on local MPs - develop **rules of decent business conduct and civil coexistence**. Punish failure to pay in time, even when committed by a government entity, thoroughly complete investigation of frauds, and punish the culprits…
- Deal with **safety in the zone** - we've been burglarized several times (mainly IZ Šlechtitelů).

5.7 Overall Impression

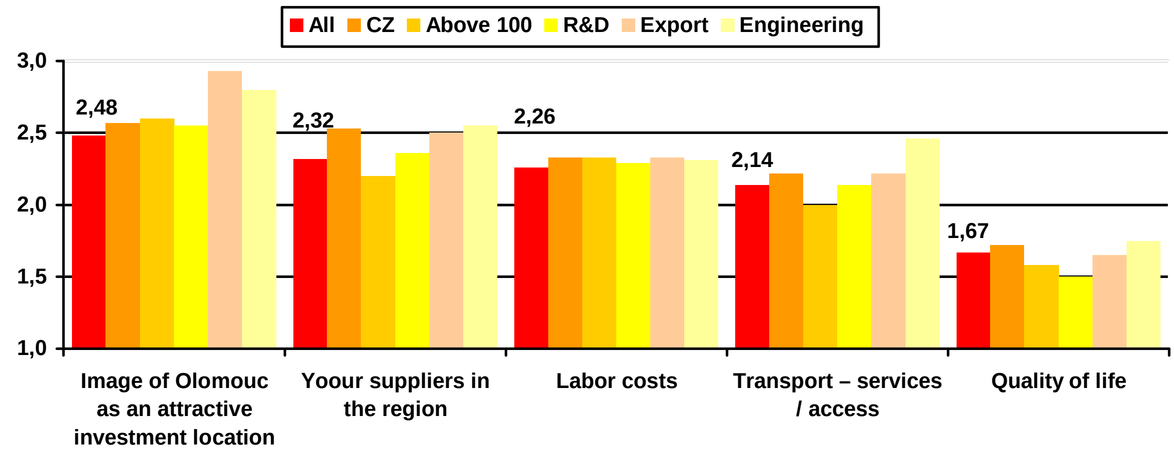
Finally the interviewees were asked to evaluate the City of Olomouc in ten categories, some of which have been touched upon in the paragraphs above. As seen in the chart no. 22, the results are consistent, the best feature being quality of life in the city. It's been confirmed once more that Olomouc with its traditions, heritage sites, environment, university, cultural program and opportunities for active leisure time is found very attractive by its old and new inhabitants. In this category the respondents ticked equally A and B (or 1 and 2 like in school).

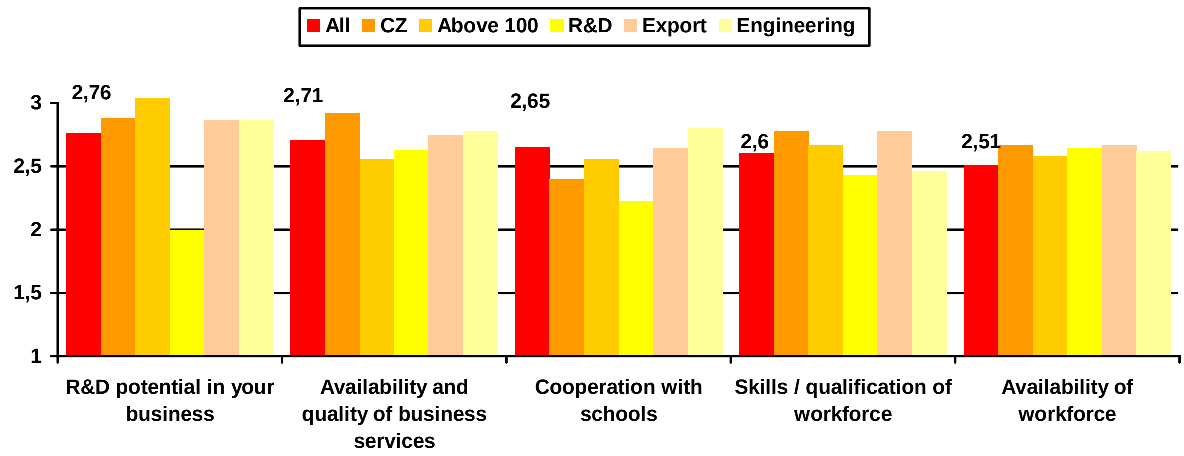
[2] Once again it seems that the companies are not fully informed, number of the activities (apart from establishment of technical, faculty) have been initiated in cooperation with Labor Office, City Hall and Regional Authority - scholarships, technological equipment in schools (the Region has allocated about CZK 12 million for solution).

Transport and accessibility have also been highly appreciated, average mark 2.14 means progress when compared to 10 years ago, when the transport issues were considered critical. Yet even today the satisfaction is not 100 %, in particular with the situation inside the city (parking, public transport), but positive trend is clear.

Third place is taken by positively viewed cost of labor, while the interesting figure is almost complete agreement across all the separately analyzed categories (Czech v foreign owners, above 100 employee v smaller, export- v domestic-oriented and those with/without own R&D).

Chart No. 22: Marks for the City of Olomouc





On the contrary the least satisfaction is related to the potential of research and development in the business of companies concerned, where namely machine engineering enterprises without their own R&D complain they don't have partners for this activity in Olomouc Region. Similarly negative feedback was recorded in relation to the availability of qualified manpower, in most cases the mark given is "three", which also applies to the cooperation with schools.

Overall evaluation of the city as a place for business is very good (average 2.14, while in the previous surveys it was 2.49, 2.43, and 2.47, respectively); 6 companies find Olomouc "excellent", twenty think it "good" place for business, and there were no negative replies ("bad").

There are evergreens among the positive characteristics of the local business environment:

Pleasant environment, specifically:

- Culture, history.

- History, nice landscape, Jeseníky mountains.
- Quality of life.
- Enlivened city due to numerous events (concerts…).
- Renewed parks.
- Interest of the City Hall in the environment in the city and around.
- Positive energy from Svaty Kopeček :-)

Cooperation with the City Hall

- I received assistance from the City Hall when negotiating lands in the industrial zone. My opinion on the cooperation is positive, compared for instance to Zlín it is excellent.
- We appreciate the efforts, and the welcoming approach to us and our needs at the beginning of our business here.
- We see the city mayor very positively, because he was always welcoming, and everything was arranged very fast in the beginning.
- The City Hall is interested in cooperation with the business community.
- Creation of high quality business environment.

Transport access and geographic position

- Accessibility from other regions (highway).
- Transport services - accessibility from all corners of the country. The suppliers appreciate they always find a way to us.
- Transport (good quality of train connection).
- Position (highway, train connection to Prague).
- Traffic node.
- Highway network and suitable available spaces for business development.
- Transport access (middle Moravia, highway).
- Good location, accessibility.

Others

- Infrastructure and relatively low labor cost - but the difference in competitive abilities is decreasing (due to the lack of qualified workforce there is "headhunting" process among the local businesses).
- Sigma company tradition.

Negative characteristics:

Transport

- We need a nearer airport than Vienna, because we have frequent visits by clients and company management.
- Public transport should be better adjusted to the needs of companies located in the industrial zones.
- Transport infrastructure – connection to cycling paths is missing – namely the route Hněvotín - Olomouc with intensive traffic.
- Broken roads.
- Frequent traffic congestions, condition of some roads, lack of car parks.

Workforce

- Lack of qualified workforce in technical professions, no local technical university.
- Absence of technical university, worsening qualification of the employees.

- We've participated for three years in this exercise, and we've seen no changes as a result of the provided information. We recommend more intensive presentation of technical professions in the region and in the press, stressing the good career prospects in industry - city newsletter, regional newspaper, school trips, internships for both students and teachers.
- Absence of technical university / faculty, lack of smaller boarding facilities – for commuters who stay over the working week and go back home for weekend.
- Language skills of the technically qualified workforce; English is minimum.

City Office policy

- Limited support for the local businesses, why does it not buy products from the local manufacturers? When they buy from us, the money stays here, because the company will pay taxes and wages to be spent locally by the employees.
- Brownfields should be used more intensively (abandoned premises of the former barracks), and not occupy more and more land for greenfields[3].
- Concerns about the optimization of Chválkovice industrial zone.
- Some businessmen are not convinced of transparent character of the public tenders, mentioned possible corruption.
- Project of unprofitable aqua park that has been of limited use.
- Unoccupied lands in the industrial zone have adverse effects on our greenery, maintenance costs money and effort.

Other problems

- City image for investors is not as remarkable as for example of Brno.
- Comparably poorer region, number of debtors increasing.
- Certain detached view and more welcoming approach of the public institutions dealing with business needs are missing.
- Lack of optimism among the young people / employees, small enterprises, resulting in lower economic output.
- Lack of large successful corporations that would give jobs to many people, availability of manufacturing services.
- Moving away from traditional values, crafts and industries.
- Poor promotion of the region and city regarding the business opportunities.

[3] This is reference to Neředín barracks, where the ownership and legal relations are complicated, and the conditions for introduction of technical infrastructure are difficult, including remediation of environmental damage.