BermanGroup

Business Environment Survey – Olomouc

2020 Report

City of Olomouc

Contracting entity: **Statutory City of Olomouc**

Supplier: **Berman Group**

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1 Introduction and Methodology

The Business Environment Survey (BES) has been conducted in Olomouc since 2000 in regular, biennial intervals. Similar Business Environment Surveys, utilising the same methodology, have been conducted by the Berman Group in Czech cities and regions since 1995. The individual questions are adjusted for each survey in accordance with the gradual changes in the business environment and economy of the Czech Republic, especially the sources of its international competitive abilities.

The present survey newly comprises questions regarding the consequences of the Covid-19 pandemic, the most serious hit on the economy since the crisis year of 2008. When formulating the questions, we have used company surveys conducted abroad as well as in the Czech Republic in the months preceding the survey in Olomouc. Under certain conditions and with caution, readers are able to compare the effects of Covid-19 on companies in Olomouc with the effects on companies in other developed countries.

Corporate social responsibility was also newly included in the survey.

The resulting report in based on the replies of the local companies' owners or top managers, of whom 40 were either personally visited by the consultants of Berman Group in cooperation with the Olomouc District Chamber of Commerce, or the interviews took place remotely, during August, September and October 2020. Teleconferences were used as a result of the current epidemiological situation, either due to the requirements of the companies, or as a result of the government measures or recommendations against the Covid-19 epidemic. All interviews were conducted by professional investigators / consultants of the author, including employees of the Olomouc District Chamber of Commerce who cooperated in the survey.

In addition to information about the companies, their aspirations and market position, investment and development plans, research and development activities, quality of the business environment, and attitude toward the city development, the interviews also focused on the assessment of services provided by the local (public) administration.

In this context, it is necessary to appreciate the helpfulness with which most of the companies addressed agreed to the interview, providing information about their companies, as well as their valuable insights and recommendations regarding the condition of the business environment.

The final Business Environment Survey report comprises aggregated responses provided by the representatives of the companies. The individual responses will not be disclosed by the author and the completed survey forms will be retained by the author.

2 Summary of the Survey Results

The following are the most important findings of the survey:

- Based on the replies from the companies interviewed, the local economy continues to grow. Although the businesses forecasted two years ago that they were approaching the limits of their growth, their staff numbers as well as revenues have since increased.
- According to the outlooks of company managers, a slight increase can be expected, but this will depend on the development of the current economic situation and consequences of the pandemic. The economic situation worries 20% of the companies surveyed, while less than 10% of the companies expressed similar concerns two years ago.
- The companies continue to be largely bothered about insufficient numbers of qualified employees (65%) and, at the same time, about labour costs (43%). In this regard, the situation remains unchanged compared to the previous survey in 2018. Some companies expected slight improvement after the economic crisis in the spring, but this has not come to pass so far, in their opinion.
- Somewhat surprisingly, labour costs represent a burden for a smaller number of small businesses (with up to 50 employees) than for larger businesses. This is apparently caused by the fact that small businesses are also fairly innovative, as research and development activities are important for them.
- Numerous companies (16, i.e. 40%) also struggle with insufficient size of their premises, limiting their growth. Due to this impediment, one of the companies intends to leave the city altogether in the next two years. Others still keep searching for new places and would appreciate better availability of plots in industrial zones for small and medium-sized companies.
- As of September 2020, a total of 5,301 employees worked in the 40 companies surveyed, an increase of more than 260 employees compared to the previous year. The companies plan to hire approximately 130 more employees in the next year.
- The number of employees in local businesses correlates with the average gross earnings, amounting to ca CZK 35,534 in 2020. The companies expect a slight increase in earnings will continue in the years to come, yet it still holds true that this factor imposes a high burden on their business activities. The average gross earnings in the selected sample were higher than the average for the Olomouc Region in Q2 2020, as published by the Czech Statistical Office, and also higher than the average for the whole CR in the same period.
- Three quarters (30) of the companies surveyed employ research and development employees, more than 240 (4.5% of all employees of the companies surveyed) in 2020. A larger percentage of R&D employees work in Czech-owned companies.
- The total turnover of the companies reached almost CZK 25.5 billion. More than half of them expect an increase in the years to come, a fact that also holds true of six of seven companies that employ more than 250 people. Almost a third of the companies' revenues come from international markets; the most important being Slovakia, Germany, Poland, but also Great Britain and Italy.

- Thirty companies surveyed own the premises they use as their head office or manufacturing area. 32 companies plan, and 4 are considering, investments in their establishments in the following years. One international parent company intends to move other than manufacturing activities to Olomouc, and three others are considering doing the same.
- Seventeen companies (42.5%) stated that the consequences of the spring crisis caused by the Covid-19 pandemic only led to minor or even no problems on their side. On the contrary, 15 companies (37.5%) stated the consequences were negative, and six others (15%) described them as highly negative. One company even had to suspend production. The remaining two companies stated that the situation led to an increase in revenues thanks to their orientation on high-demand fields.
- Most often, the companies have been struggling with a loss or reduction in orders, or with additional costs relating to compliance with hygiene measures. As regards the future, a high degree of uncertainty weighs heavily upon them.
- The companies would most appreciate acceleration and streamlining of public administration, improvement of the city's transportation infrastructure, including the implementation of key constructions, and last but not least, they would welcome better support of technical and vocational teaching.
- A pleasant living environment, rich cultural and sporting life, and the feeling of security are viewed by the companies as the most positive aspects of Olomouc. They also accentuated the good geographical position of the city, with the resulting good transport accessibility. The great number of university students was also considered as a positive factor.
- Companies in Olomouc are worried by poor connectivity within the territory of the city, the current situation at the Faculty of Science of Palacký University Olomouc, the absence of technical fields of study, and the overall condition of technical teaching. Drawbacks also include limited possibilities for further expansion.

3 Survey Results in the Companies

3.1 Basic characteristics of the sample of companies

Forty Olomouc-based companies participated in the survey. Of the sample surveyed, seven companies (17.5%) fall under the large company category (with 250+ employees), employing 2901 people, which represents almost 55% of the total of all the companies surveyed. Then there are 19 medium-sized enterprises – 47.5% (with 50 to 250 employees); and finally, 11 small businesses (27.5%), with the total staff not exceeding 50. The remaining three companies (7.5%) fall within the category of microenterprises, with less than 10 employees.

Domestic (Czech-owned) companies – 37 in total – prevail in the sample. The remaining three have their headquarters elsewhere in Europe. Thirty-four companies have their headquarters in Olomouc, while the remaining three Czech companies are based on the territory of the Olomouc Region (1) or elsewhere in the CR (2). In terms of the legal form, limited liability companies (29) outweigh joint-stock companies (11).

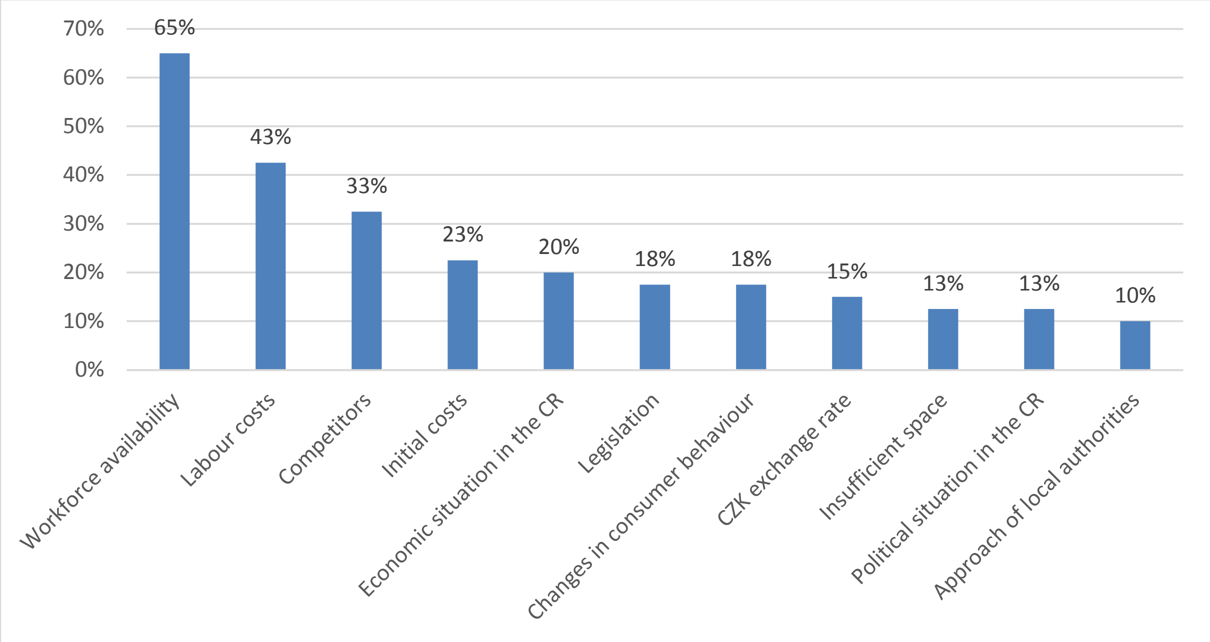
3.2 Barriers to company development

One of the first questions of the survey was what prevents the enterprises from further development and what pose their biggest problems (see Chart 1). The biggest issue is, traditionally, the low availability of a skilled workforce (65%), mentioned in some extent by an overwhelming majority of companies. In comparison with the last survey, conducted two years ago, this means a slight increase (61%). The problem of high labour costs, frequently in the form of unrealistic expectations of newly hired employees, is usually mentioned in relation to the lack of a skilled workforce. Similar to the previous survey, this barrier ranks second (43%). By contrast to the first case, this result means a slight decrease from 47.1%, but compared to the numbers from 2016 (21.6%), this situation still worries a great number of companies.

> *“The state policy in this area is generally problematic. When administering work permits for foreign workers, the employee is forced to return home for half a year after entry training and orientation, before all the bureaucratic matters are processed. That’s a long time.”*
>
> *“We’re trying to retain all employees, which means also second-rate employees stay with us. Not completely terrible, but second-rate.”*
>
> *“Because of staff unavailability, we could not accomplish the planned extension to 100 workers, and there are roughly 80 of us now.”*

Domestic or international competitors, typically those with cheaper or inferior goods, were identified among the main challenges by a third of the companies surveyed. This problem especially worries large enterprises (with 250+ employees), as 75% of them indicated this answer.

Chart 1 Barriers to company development



Source: The Berman Group.

Although problems linked to legislation and bureaucracy were mentioned by more than 45% of companies surveyed in 2018, only 18% mentioned them in the current survey. However, the comments suggest that the situation has not improved dramatically; it rather seems that companies have other, more serious concerns due to the spring coronavirus-related crisis. In addition to the comment below, this is also confirmed by the fact that 20% of the companies qualify the current economic situation as one of the main problems, compared to less than 10% in the previous survey.

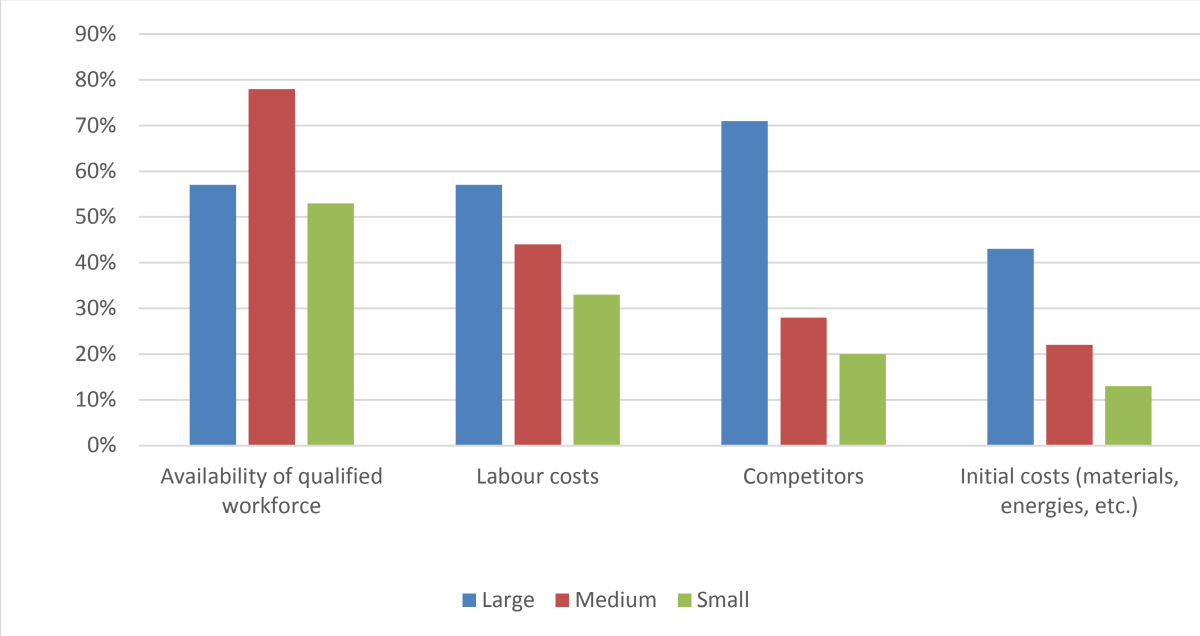
> *"The problems specified are troubling us, but there are other, more pressing concerns now. The coronavirus situation has hit us very hard, primarily due to our export orientation. People were at home, we have retained them only by paying them even when they weren't working."*

A slight increase compared to the previous survey is seen in the issue of insufficient premises (13%), in respect of which some companies mention the availability of plots or accessibility of local industrial areas for SMEs.

> *"There's not enough space, and land in Olomouc is expensive."*

> *"We need areas for company development. We currently rent a lot of real estate. But this is not a viable solution for the future."*

Chart 2 Barriers to company development according to size



Source: The Berman Group.

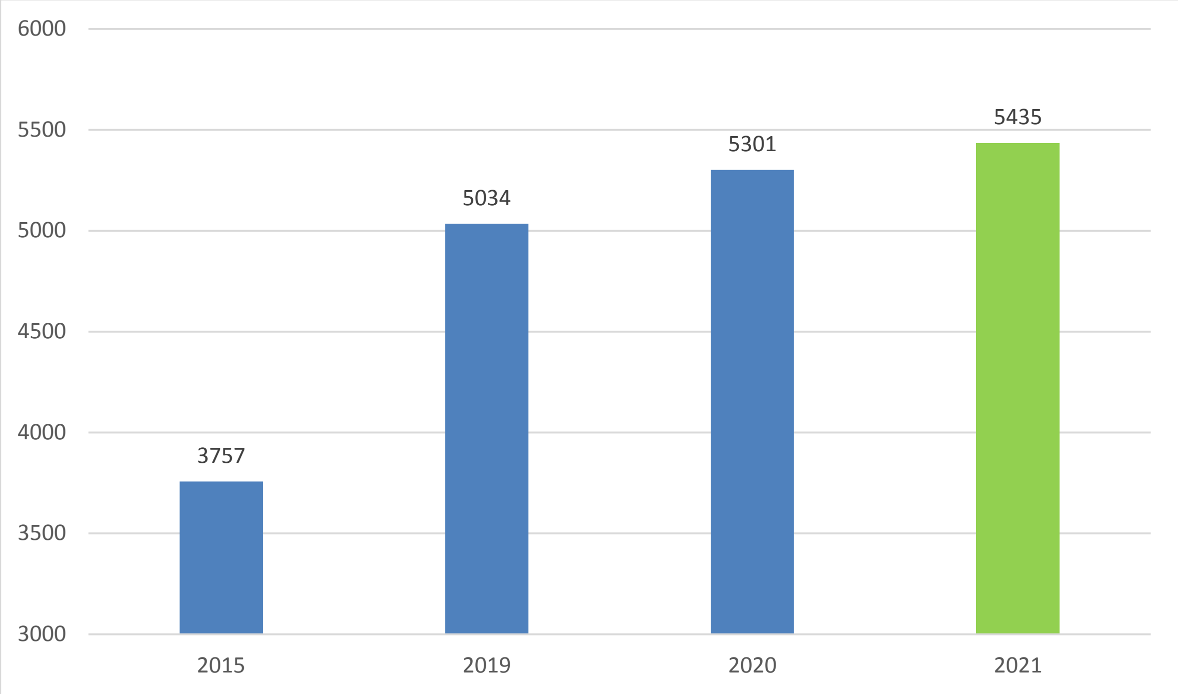
Chart 2 depicts the perception of barriers to development by the companies according to size. It is obvious that the availability of a qualified workforce, mentioned most frequently in general, is not that worrisome for large companies (57%), who mostly stated that they are able to acquire employees thanks to their good name. In comparison with SMEs, large enterprises are considerably more worried about their competitors (71%), especially those manufacturing cheaper and inferior goods.

Availability of a qualified workforce is seen by medium-sized enterprises as their greatest problem (78%). Of all size-related categories, small companies (up to 50 employees) are the best in dealing with labour costs, bothering only 33% of them. Similarly, this also applies to problems with competitors (20%) and the price of initial costs (13%).

3.3 Workforce and employment

A total of 5301 employees worked in the companies surveyed in 2020. Despite the spring restrictions related to the coronavirus pandemic, which even forced some companies to lay off employees, an increase (+267 persons) was once again reported in comparison with the previous year. This increase has taken place despite the companies' long-term complaints about the unsustainable increase in staff numbers and related financial costs. Moreover, the outlook of owners / managers of local companies remains optimistic, planning to hire at least 130 new employees next year. This is, however, conditioned by positive development, in view of further prospective state-wide (or even world-wide) measures against the spread of the coronavirus.

Chart 3 Development of employment figures in the companies surveyed

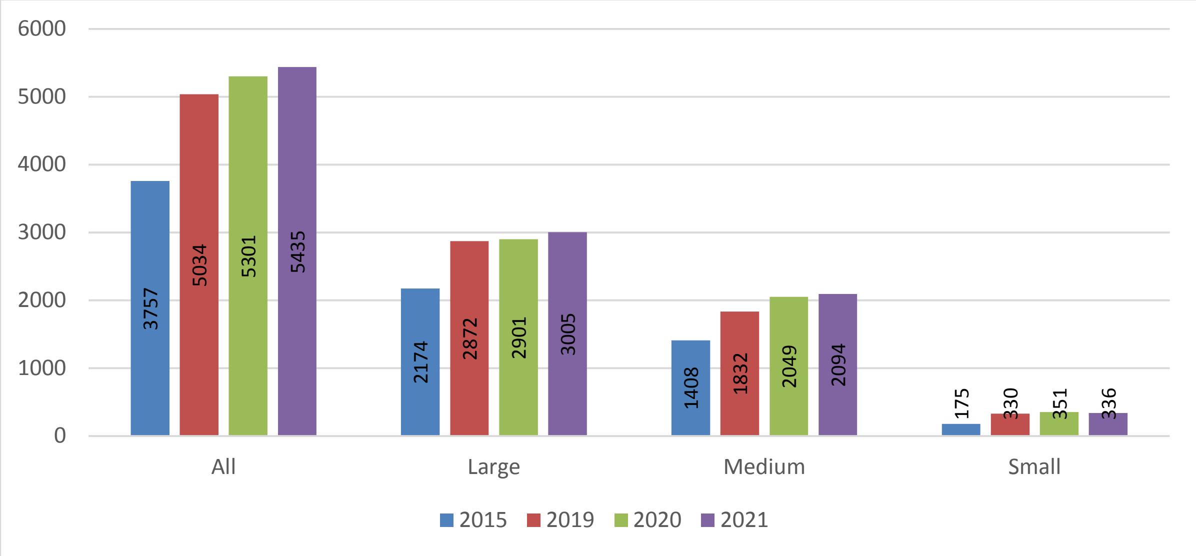


Source: The Berman Group.

> *"As a company, we want to continue to grow. We have no ceiling as to the number of employees, it all rather depends on their availability."*
>
> *"The situation has improved slightly over the last two years. It is nice to see people who have worked with us in the past return to our company, and many others come here on the recommendation of their friends or family. This says a lot about our company's goodwill."*
>
> *"Olomouc is an important regional centre, a fact that is very good for business. It is still possible to recruit people here."*
>
> *"In our opinion, Olomouc shows a good ratio between staff quality and labour costs."*

In terms of company size, the greatest increase in the number of staff over the last five years is reported in small enterprises (up to 50 employees), which employed 175 people in total in 2015, while the number has increased to 336 (+ 92%) in 2020. A similar increase is seen in all company size categories. Large companies (with more than 250 employees) have increased by roughly 38%, while medium-sized ones have increased by 48%, as shown in Chart 4.

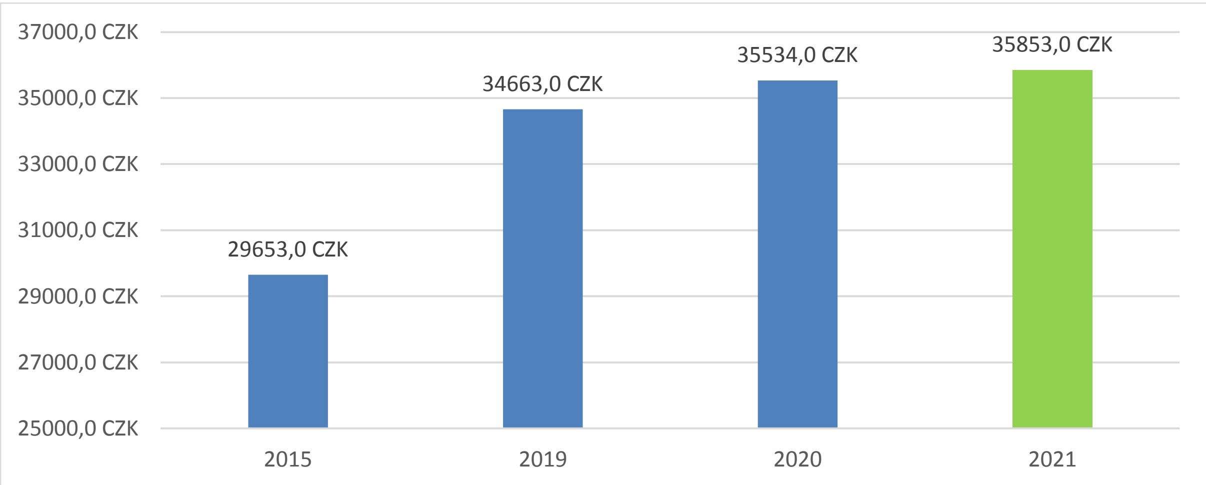
Chart 4 Development in the number of staff in companies according to size



Source: The Berman Group.

According to the managers who responded to this question, average wages in 2019 amounted to CZK 34,663, increasing to CZK 35,534 this year. Compared to the situation five years ago (2015), average wages in the companies surveyed increased roughly by 20% (from CZK 29,653). The managers envisage a slight increase for the next year, but this will depend on the further development of the economic situation.

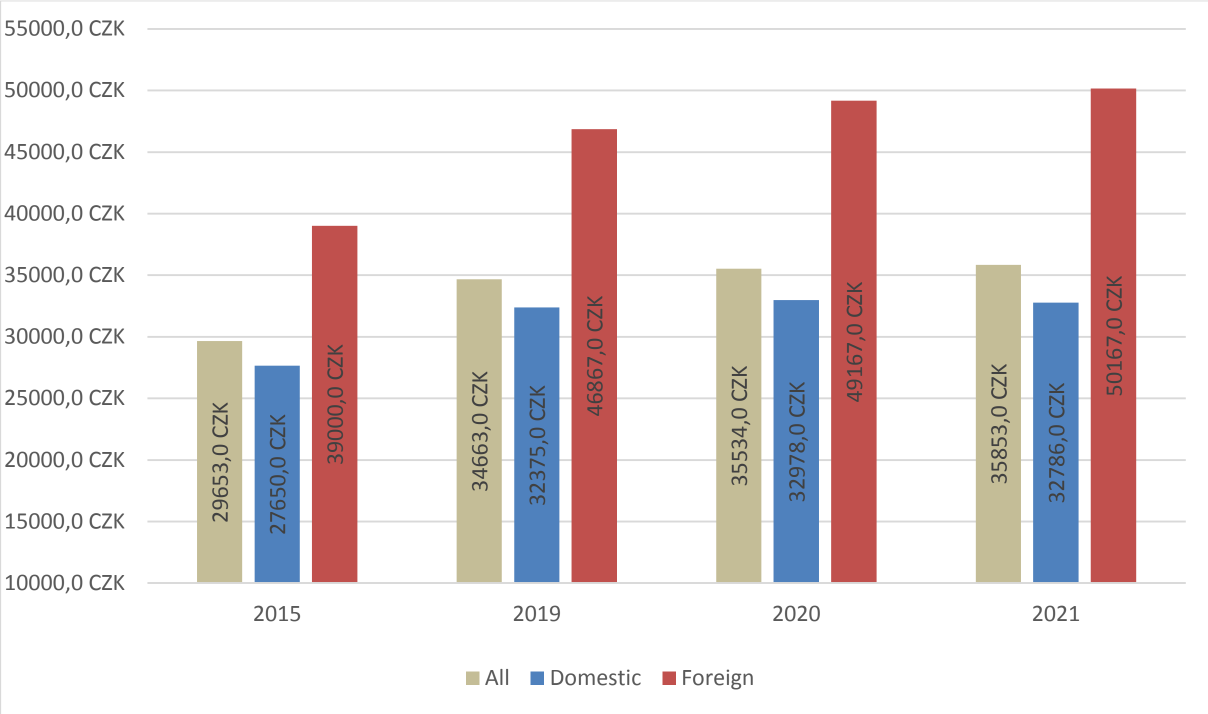
Chart 5 Development of average gross wage



Source: The Berman Group.

The following chart (Chart 6) clearly shows that foreign-owned companies pay higher average gross wages than Czech-owned companies. Whereas the average gross wage in all companies surveyed was CZK 35,534 this year, foreign-owned companies paid CZK 49,167. In this case, the difference between the domestic and foreign companies is a long-term trend, and amounted to more than CZK 11 thousand as early as 2015.

Chart 6 Development of the average gross wage in companies according to ownership



Source: The Berman Group.

As already stated in the section on the barriers to company development, local companies perceive the availability of a qualified workforce as a fundamental limiting factor (65%). They primarily lack specialised blue-collar workers (electricians and printers are often mentioned), but also college-educated experts, especially those with engineering training.

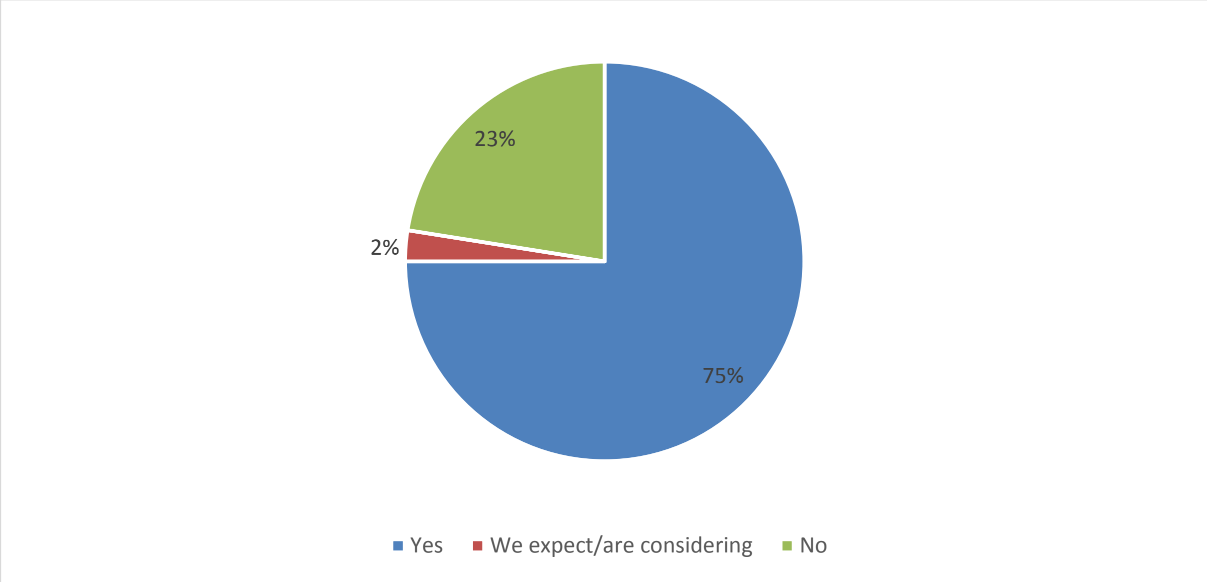
> *"We lack technically educated professionals. In general, there is a shortage of technologists, FEM specialists and design engineers."*
>
> *"We lack CNC programmers, locksmiths, and also electricians."*
>
> *"We need a Russian-speaking person who is familiar with the conditions there."*
>
> *"It was impossible for us to employ anyone until last year. There was a lack of staff, and when we hired someone, they turned out to be unreliable. They frequently left after one day at work. This year, we hired 25 foreigners, which was very burdensome administratively, but there was nothing else we could do. We simply don't have the people here."*
>
> *"We lack qualified workers for production. Everyone wants to work in an office, people don't like to work with their hands. We lack warehouse workers, electricians, machine operators, locksmiths; and people also lack personal accountability, independence."*
>
> *"For now, we have hired people thanks to the company's good name. You can do it without agencies, but it's not easy. An interesting company profile and orientation is an asset for people around here."*

The companies strive to deal with the lack of a qualified workforce through cooperation with local secondary and tertiary schools. Cooperation of this kind directly in Olomouc has been established by 55% of the companies surveyed. Almost half of them (43%) also cooperate with some sort of a school, most frequently a university, located elsewhere in the Czech Republic (Brno, Prague). Sixteen enterprises (40%) that have not established such cooperation frequently state that some schools are simply not interested. In one case, a company has established cooperation with a school abroad, and two companies actively seek cooperation with a local school, expecting it should start in the near future.

> *"We are not keen in cooperating with schools. Yes, we hired a few graduates through agencies, but they have other ideas at the start of their professional lives and they feel Olomouc is too small for them. Moreover, there are almost no fields of study interesting for us at UP."*
>
> *"We would like to cooperate with UP (Palacký University Olomouc), but they show no interest. They are trying to acquire as many grants as possible, and have no funds left for cooperation with the private sector – or refuse to spend them. When we ask for 150 thousand, they answer they have no money. And there is a lack of quality students, so any cooperation seems irrelevant."*
>
> *"We cooperate with UP on development projects. It's a good cooperation, we can't complain. But there are no technical fields, so we cooperate with VUT – the Brno University of Technology more closely."*
>
> *"We cooperate with the Secondary Technical and Business School through their practice training lessons. But the quality of the graduates is poor – which is not a problem of this particular school, as the problem is universal here."*
>
> *"We have cooperated with the local vocational school for several years now. The students receive a scholarship from us, we offer them practice training lessons, and then they get a job in our company. If not, they have to return the scholarship. There is no other way."*
>
> *"We seamlessly cooperate with the graphic arts vocational school."*
>
> *"We have not established direct cooperation, but we try to be seen at UP and some secondary schools, so that the students know about us."*

Thirty (75%) of all the 40 companies surveyed employ research and development (hereinafter, also "R&D") staff. One other company plans to introduce these activities in the near future. The companies surveyed employed 241 R&D personnel in September 2020, most often software programmers or developers, product creators and innovators, and design engineers.

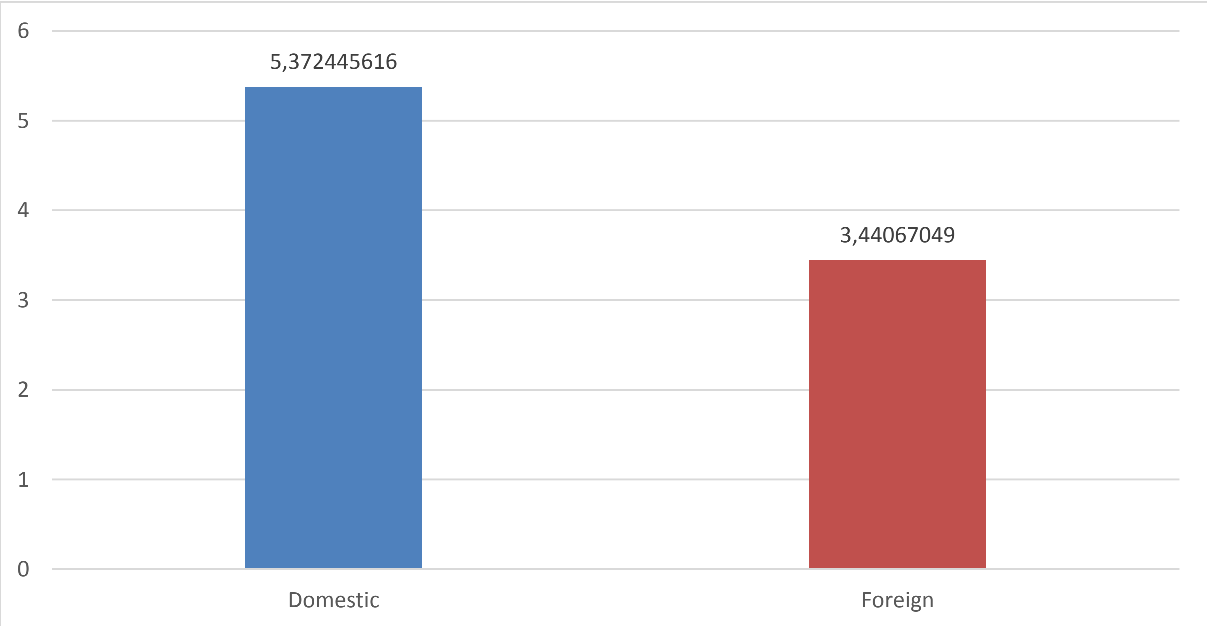
Chart 7 Do you have research and development staff?



Source: The Berman Group.

More research and development personnel are employed by domestic (Czech-owned) companies. In 2020, they were employing 3034 persons, 163 of whom pursued R&D activities, constituting more than 5 personnel per 100 employees (5.37). In the case of foreign companies, this ratio was lower (3.44), a total of 78 R&D employees.

Chart 8 Number of R&D staff according to company ownership

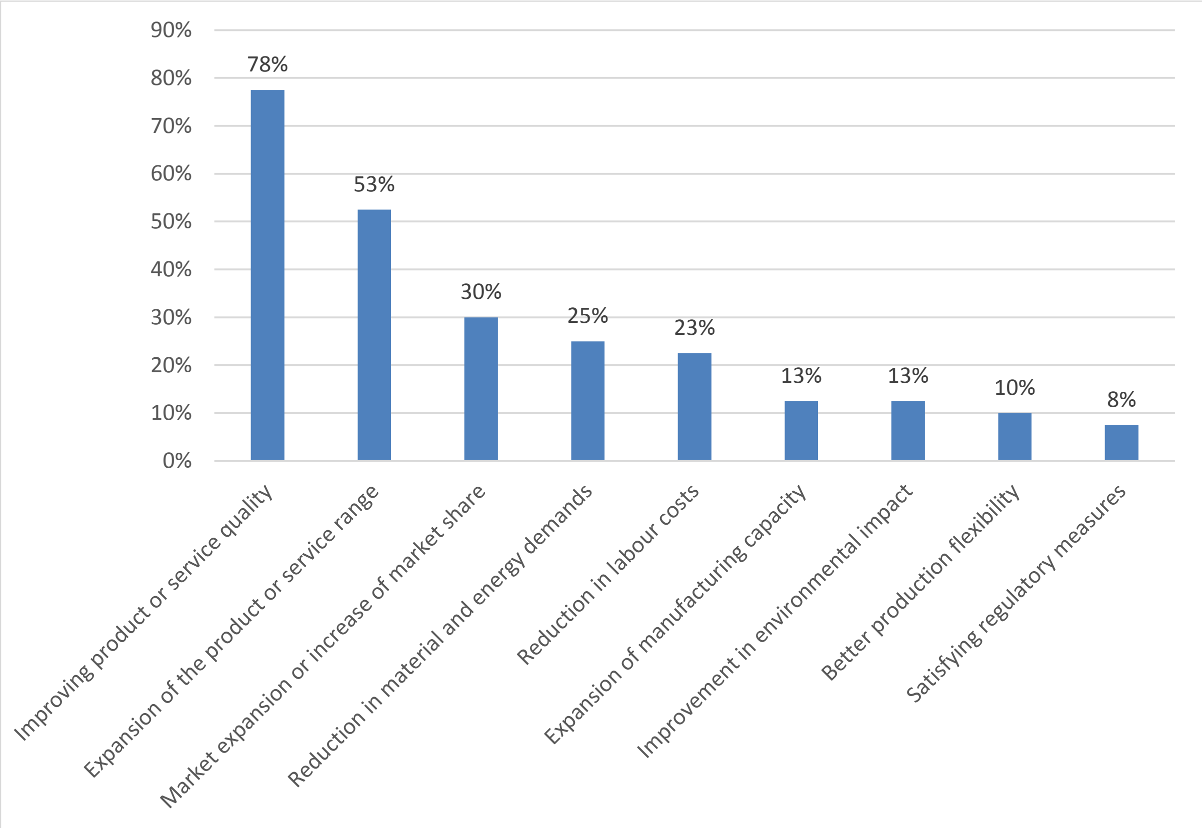


Source: The Berman Group.

Note: The above is a conversion to 100 employees.

78% of companies stated that improvement of quality of products or services followed by extension of the product (or service) range was the principal goal behind research and development activities. The third most frequent motivation is the effort to expand the market or increase the company's market share. A quarter of the surveyed companies with R&D activities stated that they implement them in order to reduce material and energy overhead. Only eight percent of the companies stated that they implement these activities to satisfy regulatory measures.

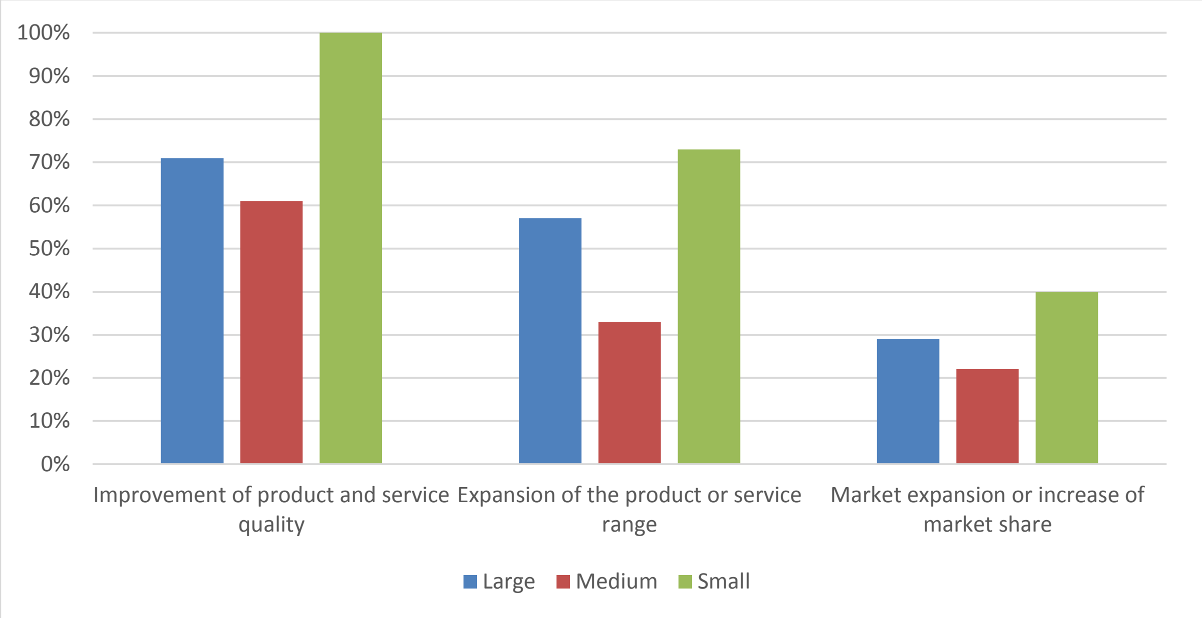
Chart 9 Importance of R&D activities for the companies



Source: The Berman Group.

The importance of research and development activities does not differ from the overall results in terms of the company size classification. The most important factor is improving the quality of products and services; this option was indicated by all small companies having research and development activities. For 73% of small enterprises, these activities represent an opportunity for extending the product and/or service range, and 40% of them stated that they implement R&D with the view to expanding their markets or increasing their market share. However, this option was only important for 29% of large companies and 22% of medium-sized enterprises.

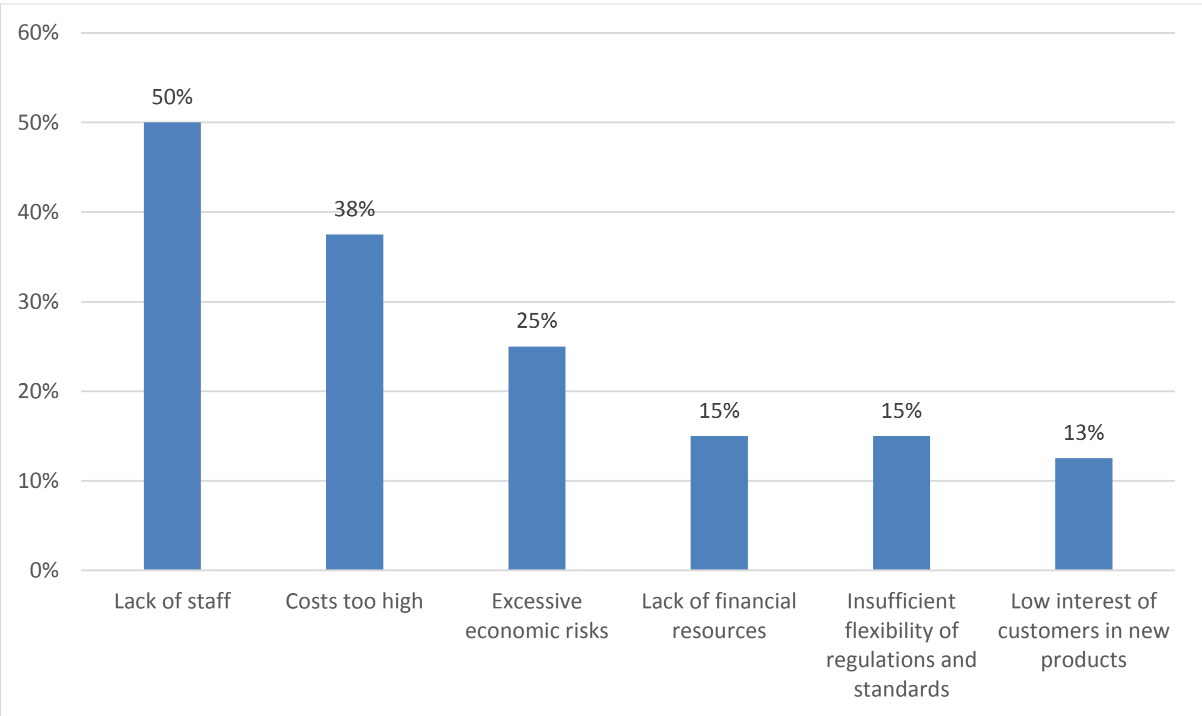
Chart 10 Importance of research and development for companies according to size



Source: The Berman Group.

Half of the companies surveyed stated that the main barrier to R&D activities is the lack of qualified staff and 38% of them also mentioned high costs. Excessive economic risks, stated in a quarter of companies, are related to this answer. A least frequently cited barrier was little interest of consumers in new products (13%).

Chart 11 Barriers to R&D activities



Source: The Berman Group.

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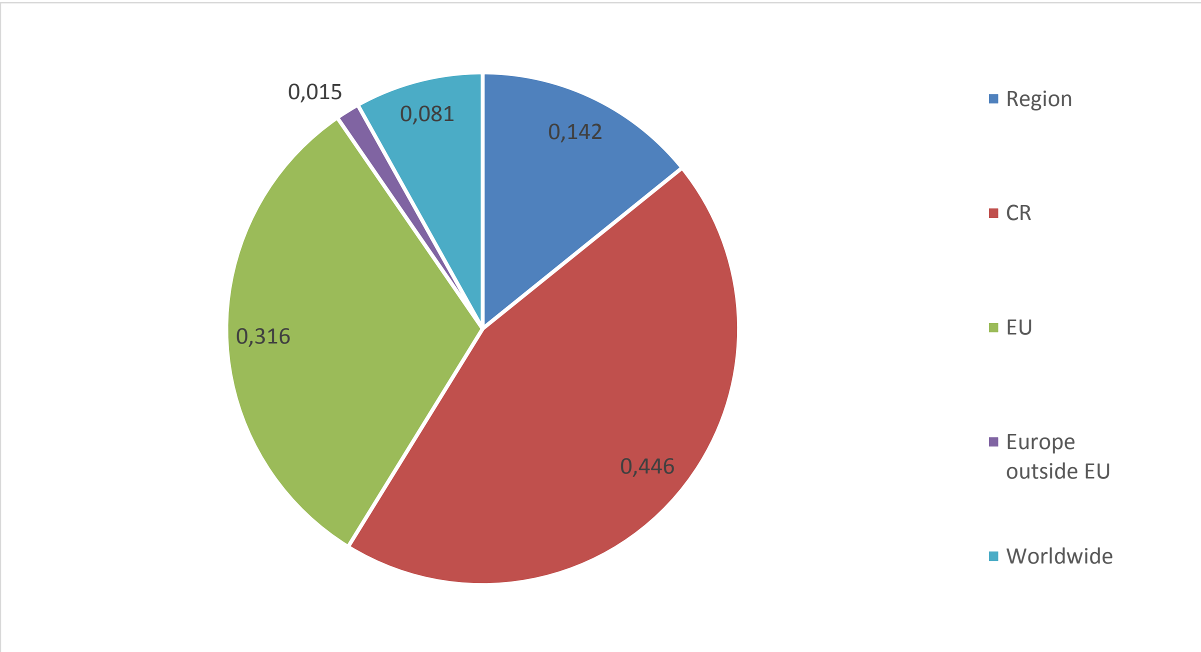
economic development services

3.4 Turnover and export

One of the key features in the success of a company is its performance and ability to position itself on the domestic and foreign markets. The total turnover of the companies surveyed amounted to CZK 25,462 million in 2019, and the estimate for 2020 expects a slight increase, to CZK 25,749 million. A positive sign is that despite the spring economic crisis caused by the coronavirus pandemic, the companies estimate maintaining turnover above CZK 25 billion. 21 of the 40 enterprises surveyed expect further growth in the next few years, a fact that also holds true of six of the seven companies with more than 250 employees. Fifteen more enterprises expect stagnating turnover in the coming years, and only four envisage a decrease.

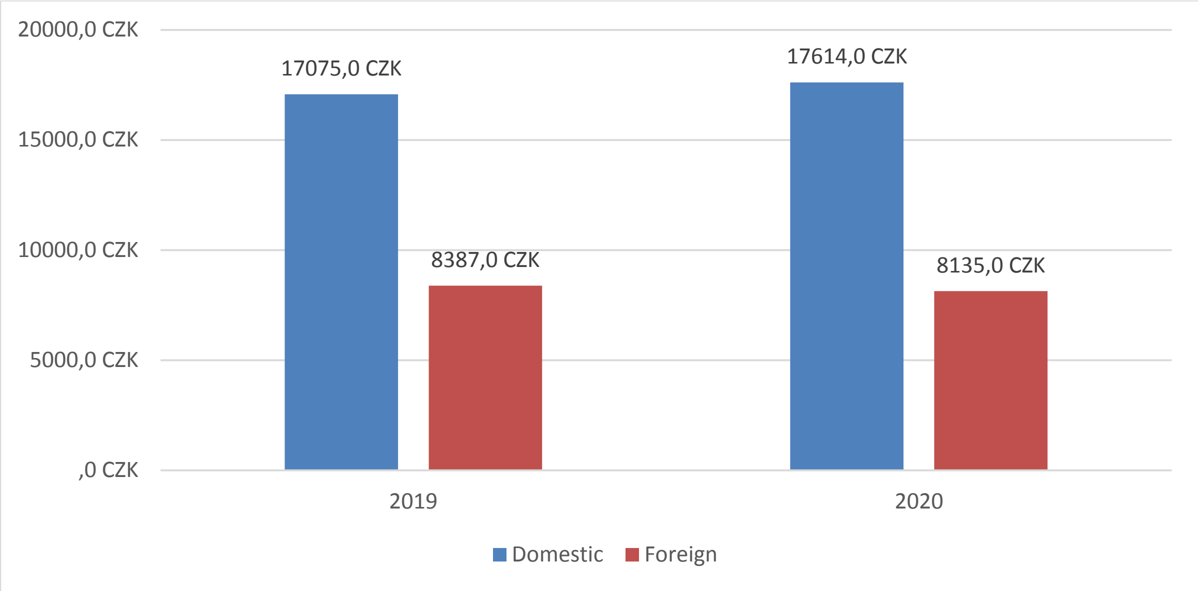
Chart 12 Markets of the local companies



Source: The Berman Group.

The companies surveyed produced most of their revenue (58.8%) on domestic markets, while 14.2% of their sales were made directly to the Olomouc Region. In terms of export orientation, the principal market for local companies is the EU (31.6%). As expected, the most important countries of export comprise neighbouring Slovakia (12), Germany (10), and also Poland (8). Principal markets also included Russia in five cases, and USA and Hungary in four cases. Three companies also mentioned Great Britain, which is important, as two large enterprises (with more than 250 employees) ranked this country as their principal country of export.

Chart 13 Development of company turnover according to ownership (thousands CZK)



Source: The Berman Group.

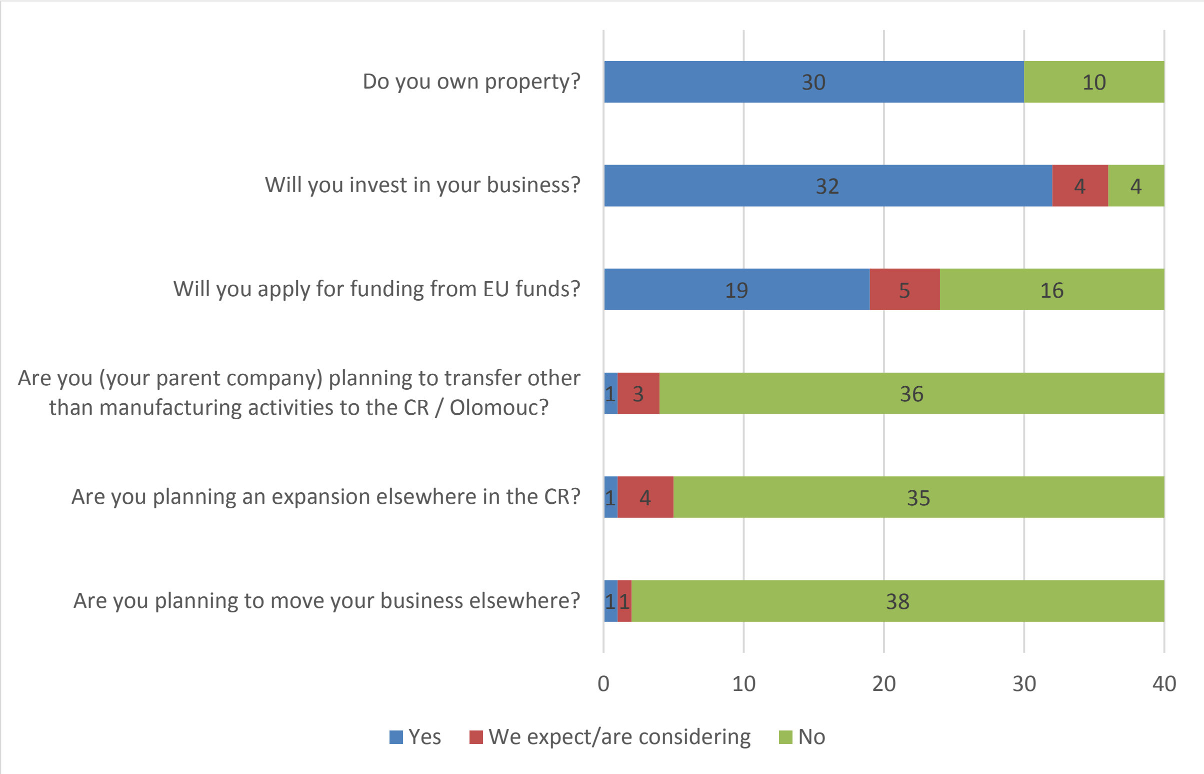
As stated in the beginning of this section, the companies surveyed expected only a marginal increase in turnover in 2020. In terms of company ownership (Chart 13), it is obvious that this increase is especially expected in domestic companies, while foreign-owned enterprises were more sober in their estimates. This is because Czech-owned companies generated a turnover of CZK 17,075 million in 2019, and this year they expect turnover to amount to CZK 17,614 million. On the contrary, foreign companies already in August and September expected a drop from last year's amount of CZK 8,387 million to CZK 8,135 million.

3.5 Regional anchoring

The issue of real estate property for business is naturally related to regional anchoring and the local business environment. Three quarters of the companies surveyed (30) own the premises they use as their head office or manufacturing area, the remaining ten companies rent their premises. Most of them are currently looking for ways to change this situation, but they run into problems with insufficient open spaces in the territory of the city. However, this is not just the case of companies that do not own their property, as 16 (40%) of the 40 companies surveyed struggle with insufficient space for their expansion, a fact that in one way or another affects their business.

Despite the unfavourable economic situation, the companies still intend to implement planned investments. This question was answered in the affirmative by 32 establishments (80%), and four others are considering these steps. Only four companies answered in the negative.

Chart 14 Property, investments, expansion



Source: The Berman Group.

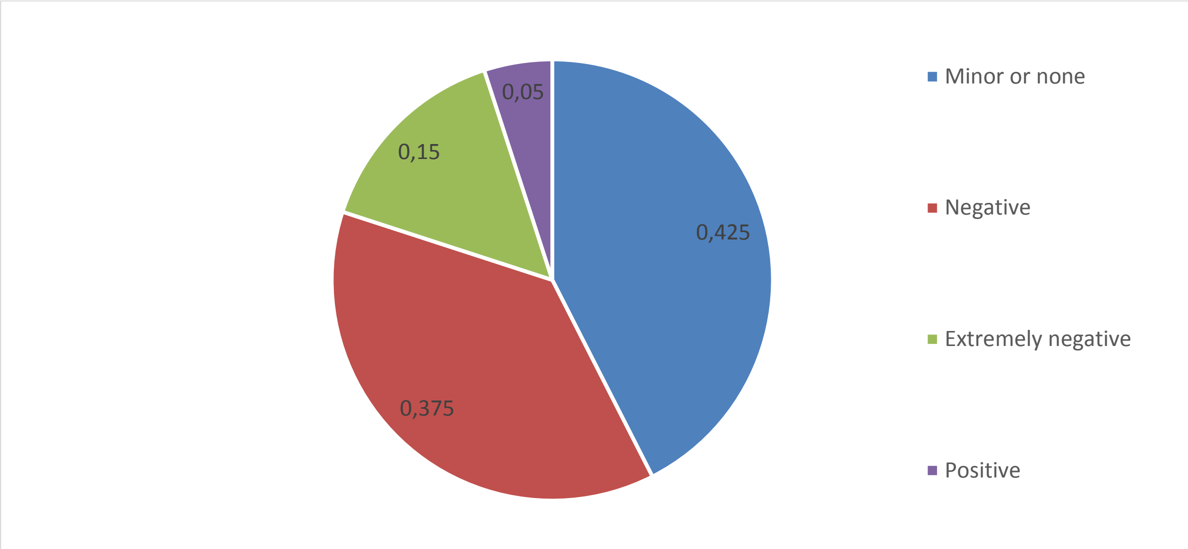
Most companies are experienced in utilising investment incentives and funding from EU structural funds for domestic programmes. Yet only 19 establishments (47.5%) are prepared to use public support to implement their investment projects, while some do not intend to repeat these activities due to high administrative burdens and uncertainty they had faced in the past.

The parent company of one (foreign-owned) establishment is prepared to move non-manufacturing activities to Olomouc, and three others are considering doing the same. Only one company stated it was about to quit doing business in Olomouc and move elsewhere. The reason behind this decision is the aforementioned shortage of space for expansion.

3.6 Covid-19 implications

Another question focused on the implications of the Covid-19 pandemic, specifically the effects of measures adopted to slow the spread of the disease, which also affected the economy, with an emphasis on the state of emergency. Most companies (17, i.e. 42.5%) stated that the implications were only limited or even none. They frequently mentioned that while there actually was a decrease in revenues, they succeeded in eliminating or at least substantially reducing the loss over the last few months. Many of them said that they had overcome the crisis almost painlessly thanks to the record-breaking start of the year.

Chart 15 Implications of the spring Covid-19 pandemic

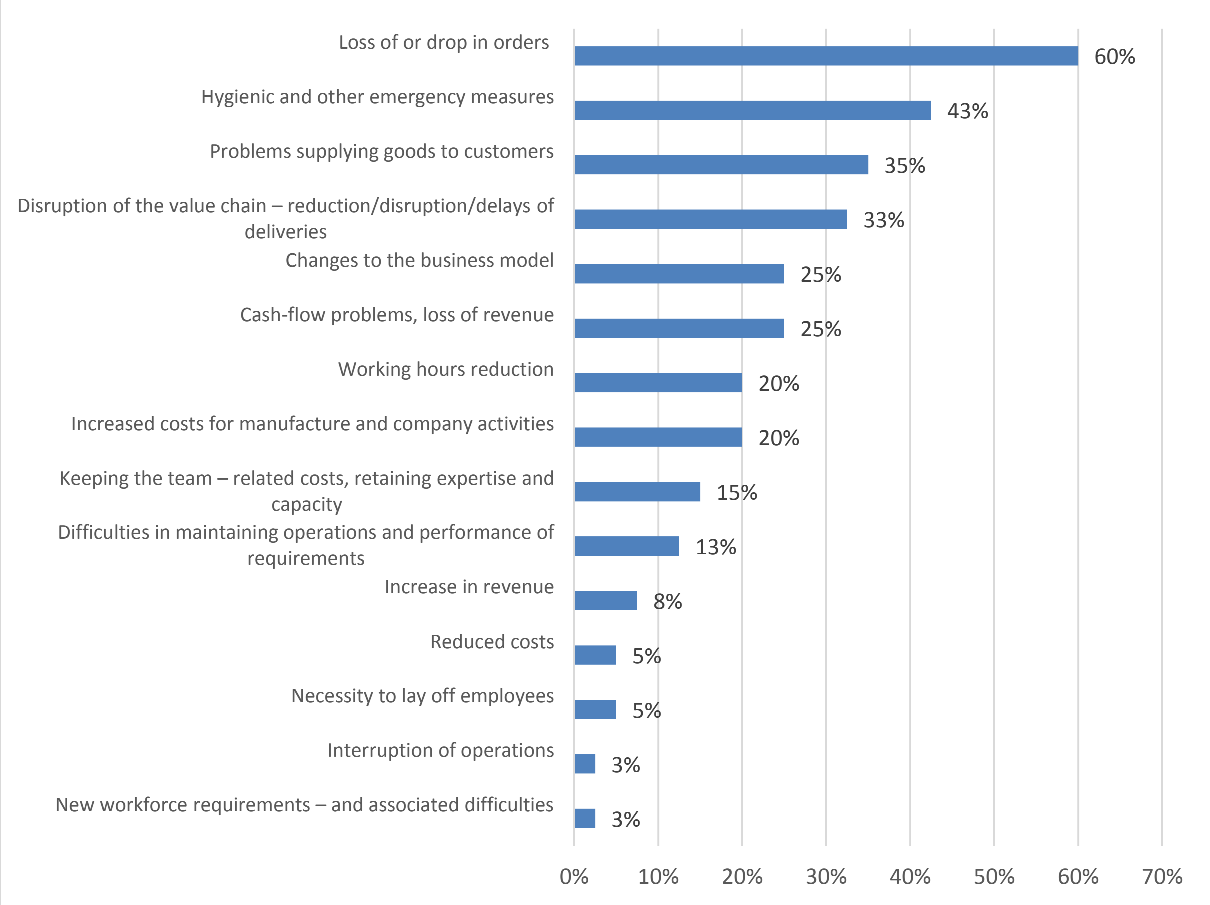


Source: The Berman Group.

Unfortunately, a group of similar size (15, i.e. 37.5%) stated that the implications of the crisis has been (or continued to be) negative or extremely negative (6, i.e. 15%). Some establishments mentioned the situation could have influenced them by its momentum, because they endured the spring crisis thanks to their savings, which, however, could not last for long. Two companies then stated the implications of the crisis were positive for them, especially thanks to doing business in sought-after fields.

> *"In order to be able to cover the contracted order, we had to subcontract work to our competitors."*
>
> *"Closed shops meant a drop in revenues for us because we only could sell a part of our goods via our e-shop. We had the capacity to sew face masks, but a big company from around here had ultimately chosen a three times more expensive offer from a foreign firm."*
>
> *"We lost half of our orders from Scandinavia because the state allocated them to local companies there."*
>
> *"The Covid situation had severe implications for us as we are an export company. We weren't able to export our goods, resulting in a drop to 20% for several months. But we hope it will get better soon."*

Chart 16 The most frequent problems caused by the Covid-19 pandemic



Source: The Berman Group.

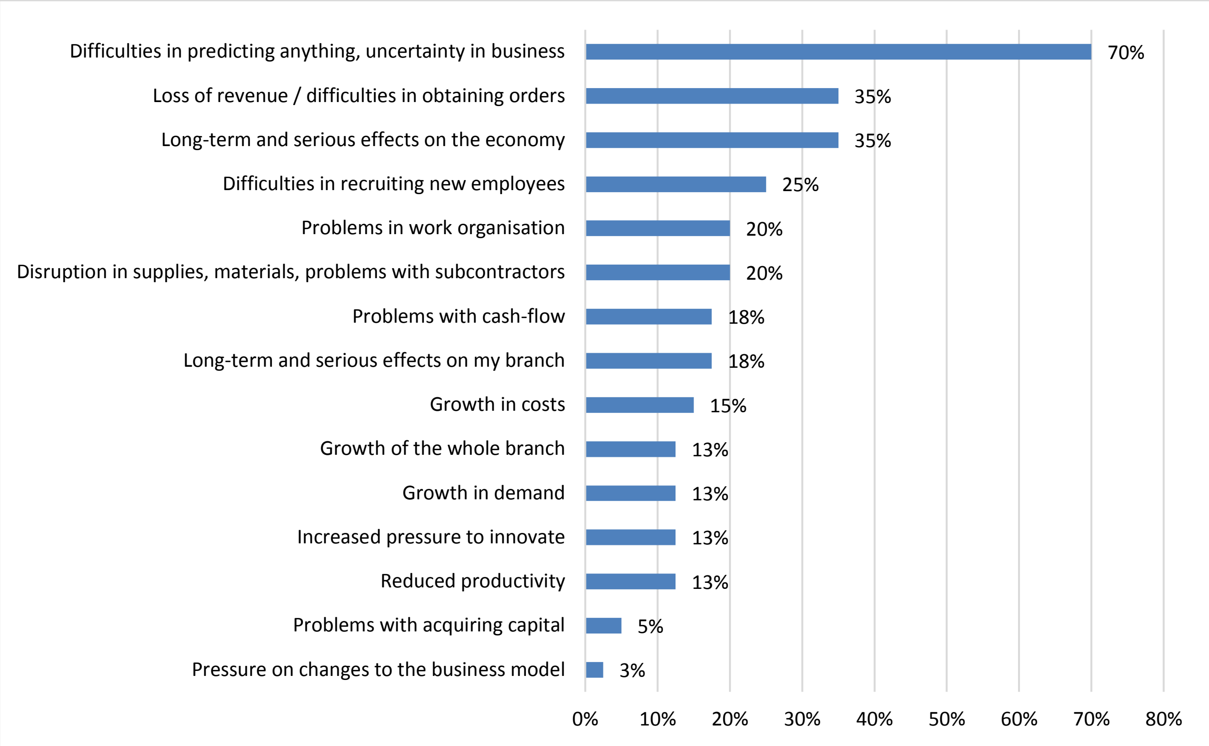
The most frequently mentioned problem caused by the Covid-19 pandemic was the loss of or drop in the overall volume of orders (60%). Difficulties related to complying with hygienic and other emergency measures ranked second (43%), and problems with the supplying goods to customers ranked third (35%), as documented by the following comment:

> *"We were able to produce, but there either was nowhere to sell, or there was a shortage in people to ensure delivery."*

The companies also had to frequently cope with disruption of the value chain (33%), specifically, with disrupted or late deliveries. Cash-flow problems caused by the loss of revenue qualified as the biggest problem in a quarter of the establishments (25%). Two of the forty companies surveyed were forced to lay off some of their employees, but only one of them had to stop their business activities altogether.

> *"We had difficulties regarding the foreign technicians who maintain our machines. They could not come here due to the border closures."*
>
> *"We are only feeling the impact of the current crisis now that our affiliated company abroad (our sole customer) has suspended their orders. It seems we will be forced to slightly reduce our workforce."*

Chart 17 What are your greatest fears for the future?



Source: The Berman Group.

Most companies' (70%) answer to the question about their greatest fears for the future was that it had become very difficult to predict anything and that the degree of uncertainty in business had increased considerably. More than a third of the establishments (35%) are afraid of losing revenues and they expect difficulties in obtaining new orders. The same number expressed concerns about long-term and serious impacts on the economy.

> *"None of us knows what will follow. It is difficult to plan anything during times like these. We have to believe a similar situation will not return."*

In a quarter of cases, the companies expressed their concerns that it still would not be easy to attract new staff even though major companies were forced to lay off employees during the first crisis.

> *"Hundreds of people were reportedly dismissed here, with others to follow. But this is definitely not showing on the market. Maybe only foreign employees were dismissed."*
>
> *"We fear borders will be closed again. This would have a devastating impact on us as an export-oriented company."*
>
> *"We expect a slight increase in orders in the autumn. Companies had funds ready for automation – our line of work – and they will be ready to spend them."*

3.7 Corporate social responsibility

In comparison with previous surveys, the current one asked whether a company addresses corporate social responsibility activities. The results clearly indicate that companies are highly active in this regard – positive replies were given by 38 (95%) of them. Most frequently, this comprises support of various social enterprises, sporting or cultural events, but also employment of people with reduced working capacities. Some companies stated that they make payments as part of the facultative compensation.

> *"We employ people with reduced working capacities (some even work in production). In this regard, we closely cooperate with the Labour Office."*
>
> *"We spontaneously donate to various events (such as youth camps), civic associations, and we also provide assistance in certain situations, for instance, during the June floods."*
>
> *"We provide sponsorship to the wheelchair club, and our customers include a sheltered workshop, to which we offer bargain prices."*
>
> *"Our cleaning and security staff includes people with disability pensions, etc. But this is not possible in our normal production activity, that work is very demanding."*
>
> *"As part of the fight against Covid, we donated 40 thousand Euros for the purchase of pulmonary ventilators."*

3.8 Suggestions for the support of business

In the next part of the interview, the companies were asked to suggest which types of business support by the local authorities (and the public sector in general) would they welcome, or what is their experience in this regard. The enterprises were mostly satisfied with the fact that the municipality does not negatively interfere with the private sector. Suggestions for business support mostly dealt with the functioning of the public administration, transport, education, and the attitude towards local companies.

Functioning of the public administration

- If anyone wants to support entrepreneurs, it is not necessary to create all sorts of allowances and move money from A to B. Focus on the proper function of the public administration. It must be efficient and fast. This will help entrepreneurs the most. Could authorities pass on information to each other? Should that be a problem in the 21st century?
- Ensuring direct information sharing of the city's measures in matters that involve the company, especially in terms of zoning and connectivity. Posting information on a display board is not sufficient in our opinion.
- The city should have the ambition to be the best. If the law states a 60-day period to issue a decision, let's have the goal in Olomouc to have it done in 30.
- Continue the work already begun. In contrast to previous political representations, the current administration is not harming anyone.
- It is necessary to make things simpler, not bloat the administration to absurd levels.
- We had to hire a man just to do official business with the authorities for us. Everything takes incredibly long. But this obviously is not a problem of Olomouc alone.
- It would be great to introduce digital public information boards.

Transportation

- More preventative programmes for children (but also for other citizens) on safe behaviour in the city. Every day I witness dangerous traffic situations caused by pedestrian behaviour.
- Convince people to make greater use of public transport and electric bicycles. There're too many cars here.
- Resolve the traffic situation in the city. Construct the bypasses to Přerov and Šternberk.
- Resolve the exit from the industrial zone at Technologická Street. The situation there has worsened in the last two years.
- The location of our company at Chválkovická Street is an encumbrance for us when looking for employees. We've encountered numerous rejections due to poor accessibility of this place.
- Ensure better coordination of road construction and repairs.

Education

- Provide more support to education, as it now generates disinterested, apathetic people. Focus on the support of other fields of study, especially technical. The situation is poor in this regard in Olomouc.
- Clearly – increase pressure on the improvement of school infrastructure. Technical education is undersized and on a low level. It would be great to introduce at least one technical field at the local university.
- Better leverage on the educational system. It is desirable to provide more support to apprenticeships and technical schools.

Relations between the city and local companies

- Do not sell areas in industrial zones to large investors who only speculate with them. It may be acceptable for big businesses, but it's a problem for the small ones.
- If the city wants to actually provide support to the businesses, it must first start to give the same treatment to everyone. It is not acceptable that some businessmen do what they please here. We have no level playing field. Words about supporting local businesses are meaningless in this light.
- The city should give preference to local businesses for construction projects.
- Greater support for regional companies in the case of local projects.

3.9 Overall impressions of Olomouc

In closing, representatives of the companies were asked to point out the pros and cons of Olomouc. The interviews traditionally revolved mostly around transportation and education.

The companies stated the following among the most frequent positive aspects of the business environment:

- Olomouc is a major regional centre, which is very good for business. You can always find the right people here and the location is also advantageous from the point of view of our customers. Moreover, Olomouc is well accessible within the Czech Republic.
- A good place to live.
- Plenty of various shops, rich cultural and sporting life.
- Compared to nearby Prostějov and Přerov, Olomouc is a safe city.
- Good accessibility from Prague and the whole world. The problem is rather within Prague with the accessibility of the airport – no direct trains go there.
- A representative city. We almost exclusively cooperate with international partners for whom we organise various training courses. There's always enough to show them in Olomouc. We stand in for the guides here a bit.
- The city itself is a very good advert for the company.
- The best place to live in the whole world. It is safe, and the transport infrastructure is good, too.
- Olomouc is a great place to live; a beautiful city in a good location, with decent connectivity.
- Great location of Olomouc within the Czech Republic.
- A nice place to live, with plenty of greenery, rich cultural life, and history.
- A nice place to live, but it turned out during the coronavirus times that people are able to live sufficiently in smaller towns and do not necessarily need a hub like Olomouc. This also applies to our business – I was able to address orders from home. The city would like to have people live and start families there, but it should try harder in this respect. Housing is under the thumb of big investors.

The companies view positively, as usual, the presence of two universities and good availability of workforce.

- Qualified workforce is widely available here thanks to the presence of two universities.
- There's a university here, which means a lot of young people, and this maintains the positive mood of the city.
- The city thrives thanks to the students as well. Without them, half the local pubs would go broke.
- The local university is an interesting business partner for us.
- The university is an added value for the city.
- Positive is mainly the fact that Olomouc is a university city. The large number of students still constitutes a great potential for housing development.

- The local industrial school. Although we cannot use it due to our specialisation, we believe it produces quality people full of enthusiasm. The graduates are skilful because the school is practice-oriented.

Local companies also appreciate the existence of several industrial zones.

- The fact that we are in an industrial zone. We've been here since 2007, and thanks to this we have no trouble with further development.
- Industrial zones (Šlechtitelů, Hněvotín) are great, but they should also be available for small and medium-sized enterprises.

Various:

- The operation of the Olomouc District Chamber of Commerce. It finally seems something good is happening. They organise various business meetings, which is a good thing. During the crisis, they even helped us advertise that we make face masks, which helped us a lot.

The most frequent negative aspects of the local business environment comprised the following:

Negative comments from the companies were directed especially toward education, transportation, lack of space for development, as well as poor availability of housing and amount of bureaucracy.

Education:

- The situation at Palacký University smacks of a nationwide disgrace. The behaviour of some of its representatives, especially those from the Faculty of Science, is outrageous.
- The faculty poaches our employees, offering them high salaries from grants and work on machines obtained with taxpayers' money.
- We are able to hold our own against Indian or Chinese competitors, but we cannot compete with the local university that sets up in business.
- The situation at UP, where the dean is taking legal action against his colleagues, is embarrassing and harms the city's image.
- UP, in general, is a university that produces low-quality graduates (at least in our field). It is striking that when visiting the university, the researchers there ask us what's new in our field and where we are heading. Shouldn't it be the other way round? Shouldn't the university be a source of this information? At the same time, they are barely interested in cooperating with us.
- Competition with the university. They compete with us thanks to the low prices they can afford because they do not live off this income, and in this way, they are spoiling the market.
- We lack a technical university here, but it would be advisable to improve the quality of technical secondary schools as well.
- Despite the existence of two universities, there is a lack of qualified staff in technical fields of study.
- Technical education is in a deplorable state.
- It would be advisable to boost promotion of apprenticeship to ninth-graders.

- We lack an English school for the children of our international colleagues.
- The local university is the most "flow-through" uni in the CR. Students frequently leave the city soon after graduation and they have no interest in staying.
- We are interested in organising school instructional trips in our facility, but there is no-one to cooperate with.

Transportation:

- Parking at the housing estates is tragic. You want to support electromobility? So, do I have to buy a kilometre-long cable I'd have to throw from my window, because I cannot park closer to my home? Plus the police are keen on handing out parking tickets there.
- The so-called "sea of red lights" is common at the bypass. Is that standard operating procedure nowadays? Is there no-one to calculate and program the traffic lights, so that the city is easy to drive through? Take the example of Hradec Králové – where everything works just fine in this regard.
- It's really difficult to ride a bicycle in the city. You want people to cycle to work – but are there corresponding conditions for this? The city lacks cycle paths, and so riding a bike means gambling with your own life. Very dangerous.
- Public transport? Not so great. The manners of the passengers are terrible, who would be keen on travelling this way?
- Absence of the bypass to Šternberk. Will they ever build it?
- Too many cars in the city. The increasing standard of living is adding disproportionate amounts, especially of passenger cars. But to make people travel by mass transport, you'd first have to increase its quality.
- A bypass to Šternberk would be very helpful.
- Our employees come primarily from this part of Olomouc. People from the other side of the city, it seems, refuse to work here because they know their commute would take at least half an hour. This is unacceptable in a city of this size. So, moving to the other side of Olomouc is unimaginable for our company, as we'd likely lose people who work with us now.
- The Šlechtitelů IZ has no conception. Bus lines give the impression that one bus operates in May, and the other on Mondays. Wouldn't a pavement be a good idea? You could come here on roller-skates maybe, but when employees need to catch a bus (which comes sporadically, let's be honest), should they have to trudge through nettles?
- Finish the bypass to Přerov.
- Two bridges in the city centre are being repaired for four years altogether.
- Absence of a railroad overpass from Holice to Šlechtitelů IZ.
- Our location at Chválkovická Street actually means an encumbrance when recruiting new employees, as they explicitly say they do not want to commute here.

Areas for business and building development:

- Sites for housing are available to developers only.
- High real estate prices.
- Insufficient areas for the companies. No brownfields, open spaces.

- Only big companies, or various profiteers, are able to acquire spots in local industrial zones.

Various:

- The city virtually goes to sleep come 8 pm.
- The city is full of pawnshops and bars.
- It is necessary to renovate the municipal ice arena. This is a poor advertisement for the city.
- Poor water quality, having a negative impact on our machines.
- It is rumoured that the city is badly in debt, yet they unceasingly start more and more projects.
- The water mains at Přerovská Street are in disrepair. This causes great difficulties as we want to rebuild our production hall. The fire department has their requirements, but we cannot meet them due to the condition of the water mains. It seems the city washes their hands of this. It should be addressed now.
- All in all, the bureaucracy is bloated. A better approach from the public administration would be more than welcome. Take the example of the Netherlands, where it all works on a partnership basis; for instance, the tax office also serves as advice centres, they assist you, show the proper practices, etc. It does not work like this here (not just in Olomouc).

4 List of Abbreviations Used

BES	Business Environment Survey
CNC	Computer numerical control (automated control of machining tools)
CR	Czech Republic
CZK	Czech koruna
EU	European Union
IZ	Industrial zone
R&D	Research and development
SME	Small and medium-sized enterprises
UP	Palacký University Olomouc
USA	United States of America
VUT	Brno University of Technology