BermanGroup

# Business Environment Survey – Olomouc

2022 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 and the Russian aggression against Ukraine. Both of these external shocks represent 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 two years preceding the survey in Olomouc. Under certain conditions and with caution, readers will be able to compare the effects of Covid-19 and the war in Ukraine on companies in Olomouc with the effects on companies in other developed countries.

The resulting report is based on the replies of local companies' owners or top managers, of whom 45 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 September, October, and November 2022. All interviews were conducted by professional investigators / consultants of the author, including, in this case, also 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 interviews, 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 in recent years 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 still be expected, but this will depend on the development of the current economic and political situation and economic consequences of the Covid-19 pandemic and, in particular, of the war in Ukraine. The economic situation worries 22% of the companies surveyed, while less than 10% of the companies expressed similar concerns four years ago.
- The companies continue to be largely bothered about insufficient numbers of qualified employees (51%), but this barrier was not indicated as the largest – for the first time since 2010. The largest, according to the companies' replies, are the growing prices of inputs (58%), followed by energy prices (56%), while the companies relate both factors to the impacts of the Covid pandemic and the war in Ukraine.
- Due to these economic problems, the companies are less worried about the insufficient size of their premises for further expansion. While 40% of the companies surveyed were searching for new plots/areas for expansion two years ago, only 26% have this need now. However, the companies' replies make it impossible to state whether situation in the Olomouc territory has improved in this regard.
- As of November 2022, a total of 6,396 employees worked in the 45 companies surveyed, an increase of more than 220 employees compared to the previous year. The companies plan to hire approximately 60 more employees in the next year.
- The number of employees in local businesses correlates with the average gross earnings, amounting to ca CZK 40,539 in 2022. 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 them and this intent is likely to be negatively influenced by the continued increase of material prices, etc.
- Almost three quarters (32) of the companies surveyed employ research and development employees, totalling more than 250 (3.9% of all employees of the companies surveyed) in 2022.
- The total turnover of the companies reached almost CZK 16.7 billion, while more than two thirds of the companies expect an increase in the years to come. Said increase is mainly expected by domestic companies; those with foreign ownership provided more conservative estimates, and they rather expect a slight decrease in the total. Almost a third of the companies' revenues come from international markets, the most important being Slovakia, Germany, but also Great Britain and France.
- Thirty-five companies (78%) surveyed own the premises they use as their head office or manufacturing area. 32 companies (71%) plan, and 10 (22%) are considering, investments in their establishments in the coming years. Negative responses only came from three

companies (7%), but in contrast to the previous years, companies are now more prudent in quantifying planned investments due to the current crisis.

- Seventeen companies (38%) stated that the consequences of the Covid-19 pandemic and the current war in Ukraine were negative for them, while sixteen (35%) described them as minor consequences or none. For eight companies (18%), the consequences were very negative. The companies usually associated their responses with the growing energy prices and expenses in general. On the other hand, the continuing problems in the supplies of goods and materials, or even the overall lack of them, are still considered a consequence of the pandemic by them.
- The companies would most appreciate acceleration and streamlining of public administration, improvement of the city's transportation infrastructure, and last but not least, they would welcome greater interest of the city in small and medium-sized enterprises.
- A pleasant living and business environment and an ideal number of inhabitants, enriched by large numbers of students, are viewed by the companies as the most positive aspects of Olomouc. They also accentuated the good geographical position of the city with respect to good accessibility of other significant centres of the Czech Republic.
- Companies in Olomouc are worried by poor connectivity within the territory of the city, the absence of technical fields of study at the local university, and insufficient accommodation capacities. The companies also resent the arguably increasing frequency of inspections by state authorities (Regional Health Office, etc.).
- The companies are mostly satisfied with the environment in Olomouc. Thirty companies (67%) stated that they are rather satisfied with Olomouc as a business location, and 12 of them even declared full satisfaction (26%). Only three companies (7%) were rather dissatisfied, and none was very dissatisfied.

# 3 Survey Results in the Companies

## 3.1 Basic characteristics of the sample of companies

Forty-five Olomouc-based companies participated in the survey. Of the sample surveyed, seven companies (15.6%) fall under the large company category (with 250+ employees), employing 3635 people, which represents almost 57% of the total of all the companies surveyed. Then there are 21 medium-sized enterprises – 46.7% (with 50 to 250 employees); and, finally, 15 small businesses (33.3%), with the total staff not exceeding 50. The remaining two companies fall within the category of microenterprises, with less than 10 employees.

Domestic (Czech-owned) companies – 35 in total – prevail in the sample. The remaining ten have their headquarters elsewhere in Europe. Thirty-two 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 (33) outweigh joint-stock companies (12).

## 3.2 Barriers to company development

One of the first questions of the survey was what prevents the enterprises from further development and what poses their biggest problem(s) (see Chart 1). Traditionally, the biggest issue used to be the low availability of a skilled workforce, and it continues to be mentioned in some extent by the majority of companies. However, another problem came first this time – the price of inputs, i.e., materials, components, raw materials, etc. (58%). The change in the trend in this calendar year was indicated by a similar survey carried out in Kopřivnice in May, in which companies also stated the growing prices of inputs as being the greatest barrier. This is also related to the second biggest problem that now troubles companies (not just) in Olomouc – energy prices (56%). This means a significant increase compared to the survey carried out here two years ago, during which only 23% of the companies surveyed stated the price of inputs as one of their main problems.

> *“This is a completely unique situation. This year’s increase in the prices of raw materials, packaging materials, and energies were unprecedented, especially in our industry. All we can do is hope that next year will be better.”*

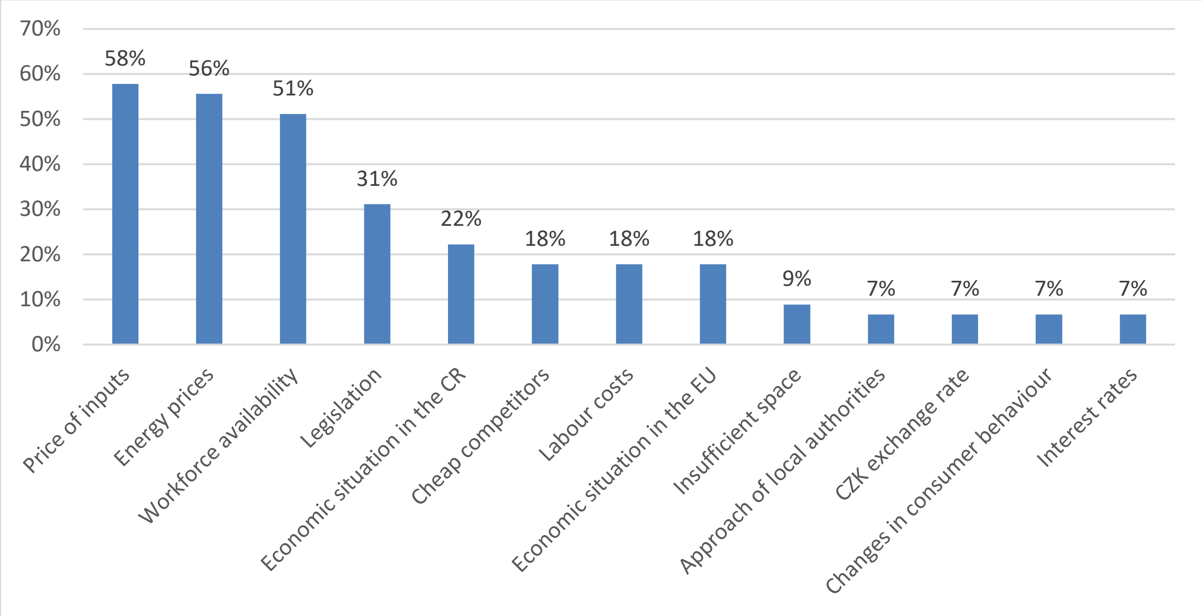
> *“The conditions keep changing – the business sector receives one blow after another, plus the incredible energy expenses. It is getting harder to keep on going.”*

> *“The increase in the energy prices does not bother us much, but I can imagine that it has become unbearable for others. Our production is non-energy-intensive and the share of energy in our revenue had been around 1%, and now it is at 3%. That’s three times as much.”*

> *“The last two years have been very turbulent: Covid, war, interrupted supplies of materials, increasing prices of inputs, escalating wages. Are the media to blame here to a certain extent? Employees think they can make demands, and they abuse this. We cannot reflect that in our sales prices.”*

And problems with recruiting new employees remain. The companies rank them as the third most common barrier to their development (51%). This means a significant decrease compared to the previous survey (65%), but this does not mean that the labour market situation has improved from the companies’ perspective. More often than in previous years, there are also statements that the number of employees has stabilised.

**Chart 1 Barriers to company development**




Source: The Berman Group.

Although problems linked to labour costs were mentioned by more than 43% of companies surveyed in 2020, 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 got used to frequent increases in wages and that they have other, more serious concerns due to the current economic and political situation. In addition to the comment below, this is also confirmed by the fact that 22% of the companies qualify the current economic situation as one of the main problems, compared to less than 10% in the previous 2018 survey.

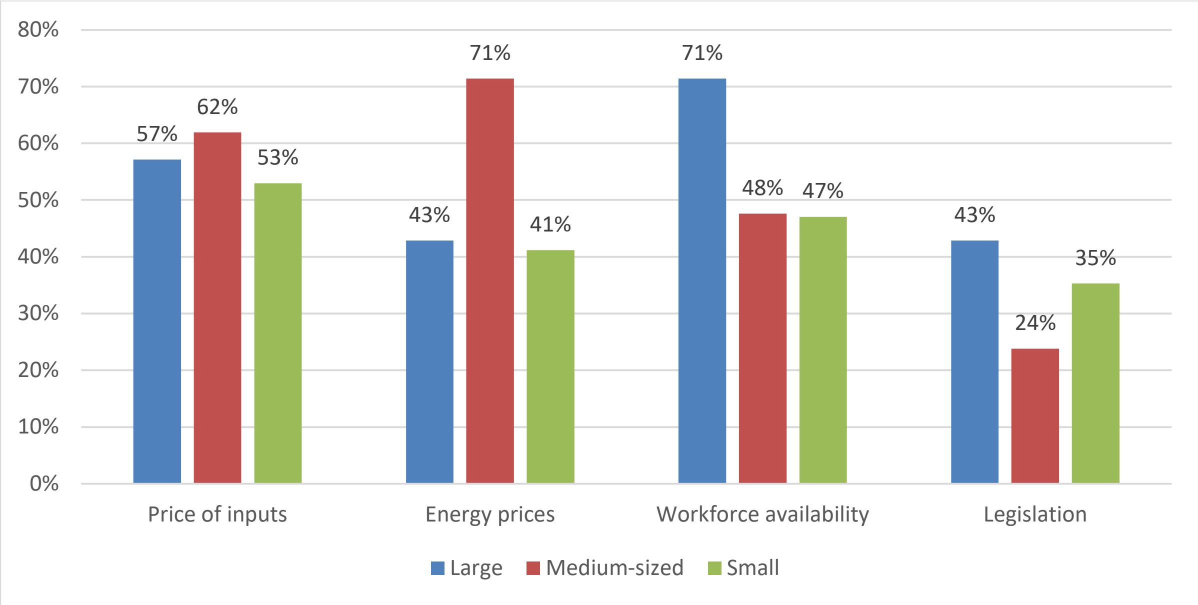
> *"People have had very distorted ideas about wages for a long time now. This trend has been observed for a number of years, through it is true that their demands continue to increase. We offer above-average remuneration, and yet we cannot compete with some large companies."*

A slight decrease compared to the previous survey is seen in the issue of insufficient premises (9%), in respect of which some companies mention the availability of plots or accessibility of local industrial areas for SMEs. However, as documented by the following comments from managers, it cannot be clearly argued that the situation in the city has improved in this regard.

> *"We were planning to find a plot for our new headquarters, but, unsurprisingly, we had to put these ambitions aside and delay them indefinitely in light of the current situation. Our customers aren't building anything, we won't either."*

> *"We were searching for a plot for our new building before Covid and the current crisis, but work habits changed. People work from home, and the lack of premises does not bother us anymore."*

**Chart 2 Barriers to company development according to size**




Source: The Berman Group.

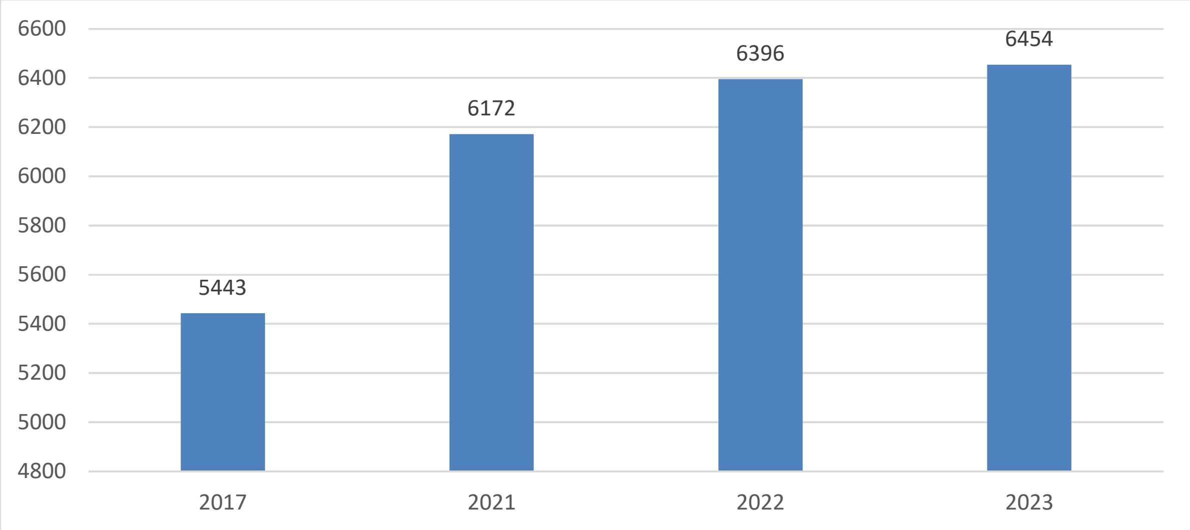
Chart 2 depicts the perception of barriers to development by the companies according to size. It is obvious that in the case of large enterprises (with 250+ employees), problems with the availability of a qualified workforce have not changed and continue to be their biggest problem. There has even been an increase in this regard compared to the previous survey. In 2020, only 57% of large enterprises stated problems with the availability of a qualified workforce, arguing that they were able to acquire employees thanks to their good name. The availability of a qualified workforce is less worrisome for small companies, which mentioned it as their main problem in 47% of cases, pointing out that they have stabilised this situation or emphasising the advantages of a smaller, well-established collective, to which they can add the right people thanks to their contacts.

Energy prices are the greatest burden for medium-sized enterprises (71%), which tend to employ more energy-intensive production than small enterprises, but their economic force is inferior to that of their bigger (often multinational) competitors. By contrast, companies across the size spectrum are in agreement that the increasing prices of inputs pose a serious problem.

### 3.3 Workforce and employment

A total of 6396 employees worked in the companies surveyed in 2022. Despite the continued problems with recruiting new employees, an increase (+224 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 60 new employees next year. This is, however, conditioned by positive development, in view of the current economic and political situation.

**Chart 3 Development of employment figures in the companies surveyed**




Source: The Berman Group.

*"We want to significantly increase the staff numbers next year. Most likely, all new employees will be foreigners."*

*"The situation with the lack of workforce has not changed in our company. I have so many orders that I could easily give work to 100 more people. But where am I supposed to find them?"*

*"Currently, we are not worried about being understaffed, as we managed to rustle up a lot of workers over the past few months, but not so good in terms of quality. Do we have to keep poor workers? Of course we do."*

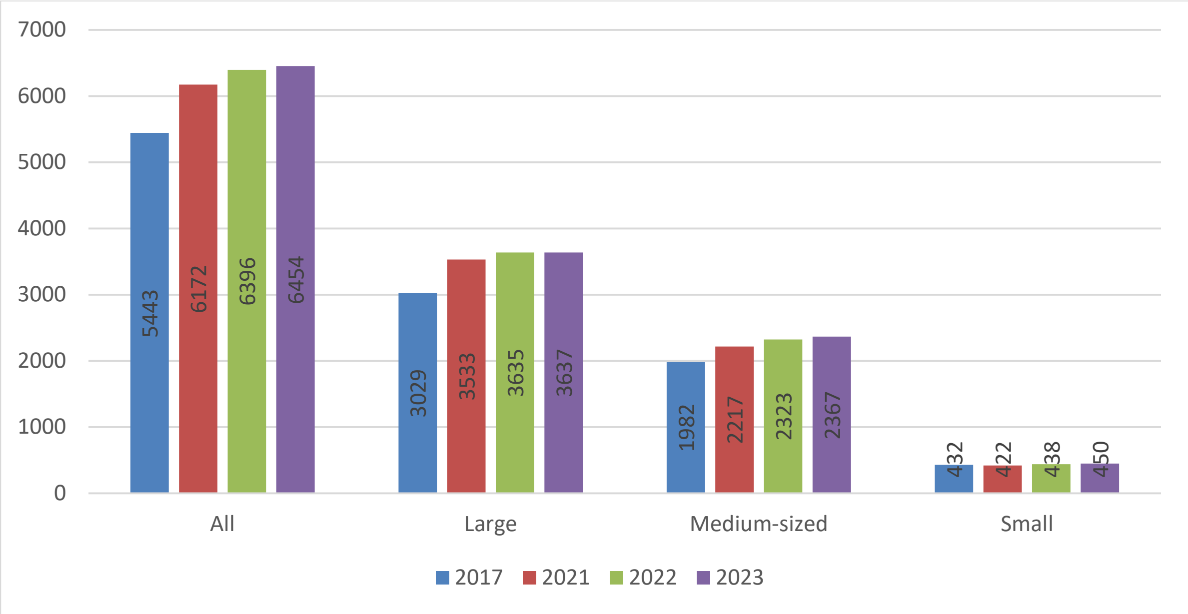
*"There are enough people on the labour market, at least in our business. However, their expectations are unrealistic and willingness to work not so high. The first information they tell us during the job interview is that they want to be home by 4 pm at the latest."*

*"We keep reducing the staff numbers and aim to focus on robotisation. This is not financially advantageous for us, but there is no other way."*

In terms of company size, the greatest increase in the number of staff over the last five years is reported in large enterprises (with more than 250 employees), which employed 3029 people in total in 2017, while the number has increased to 3635 (+20%) in 2022. A similar increase in the number of staff is seen in medium-sized enterprises (50 to 250 employees), which employed 1982 people in total five years ago, while their number has risen to 2323 (+17%) this year. As shown in

Chart 4, increase is seen in all company size categories. The changes were not so striking compared to the previous survey in 2020.

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

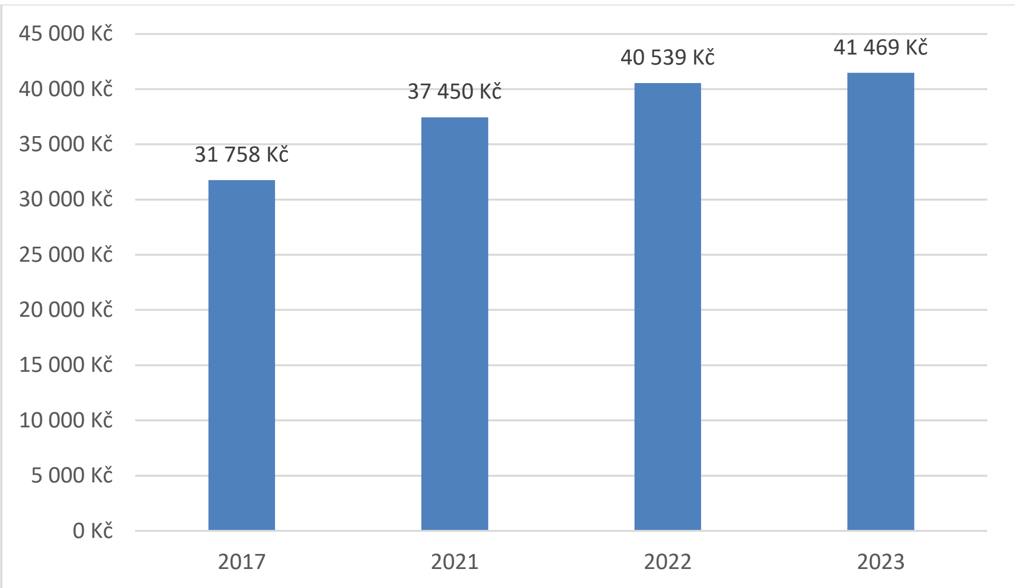



Source: The Berman Group.

According to the managers who responded to this question, average wages in 2021 amounted to CZK 37,450, increasing to CZK 40,539 this year. Compared to the situation five years ago (2017), average wages in the companies surveyed increased roughly by 28% (from CZK 31,758). The managers envisage a slight increase for the next year, but this will depend on the further development of the economic situation. However, especially small and medium-sized companies warn that continuous wage increases are not sustainable in the long term.

*"We can't raise wages endlessly. We are limited by contracts with our customers."*

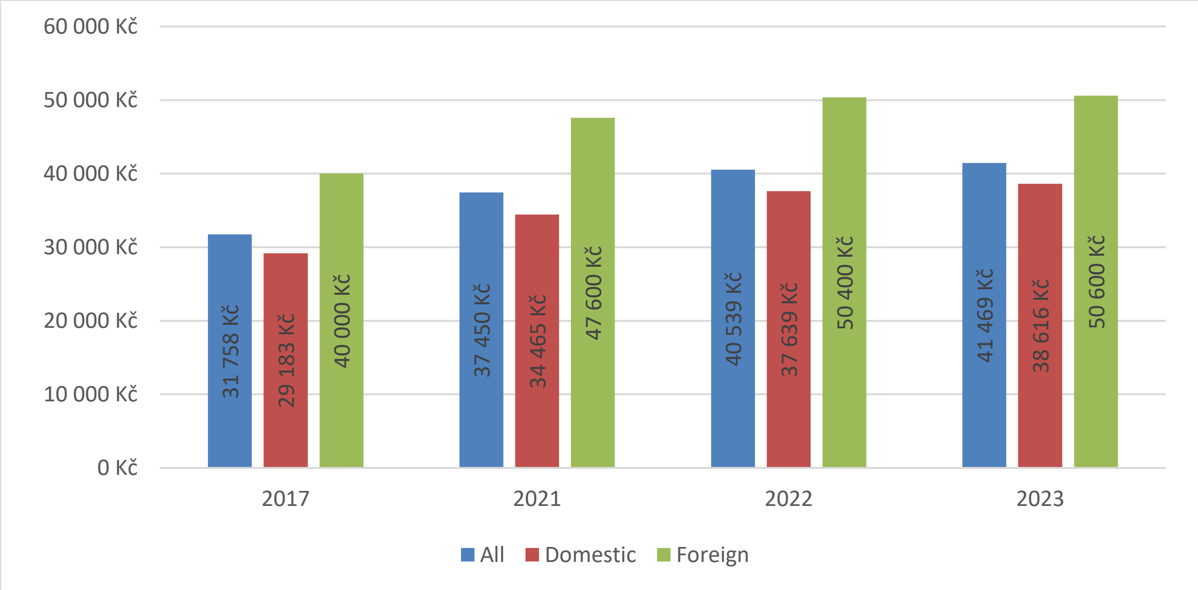
**Chart 5 Development of average gross wage**




Source: The Berman Group.

The following chart (Chart 6) clearly shows that foreign-owned companies pay higher average gross wages than Czech-owned companies, a fact that was also confirmed by the previous survey. Whereas the average gross wage in all companies surveyed was CZK 40,539 this year, foreign-owned companies paid CZK 50,400. 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 2017.

**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 one of the fundamental limiting factors (51%). They primarily lack specialised blue-collar workers (electricians, printers, construction workers, welders, metalworkers), but also college-educated experts, especially those with engineering training.

> *"We lack technically-educated professionals. Departure of the current key workers would mean a big problem. And when they retire, we'll have to close up shop."*
>
> *"There's a lack of welders, metalworkers, and so on. People lack energy, perseverance, the drive to do something."*
>
> *"There's a lack of people in areas like robotics, digitalisation. People lack the sense of belonging to the company, greater commitment to the job."*
>
> *"We lack technically-savvy people. They go study elsewhere and do not return to Olomouc."*
>
> *"There is a great need for programmers and IT professionals in general in Olomouc."*

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 23 companies surveyed. Seventeen companies cooperate with some sort of a school, most frequently a university, located elsewhere in the Czech Republic (Brno, Prague). A frequent answer among the 20 companies without any such cooperation was that there is no suitable school for them in the city. Or that they cooperated with a school in the past, but to no avail.

*“We lack lab technicians. The local secondary medical school opens this programme only once every two years. Has the city any say in this? The graduates then frequently go to university, which is not necessary for their work, and then either live elsewhere, or we have to employ them in another job according to the index-related salary.”*

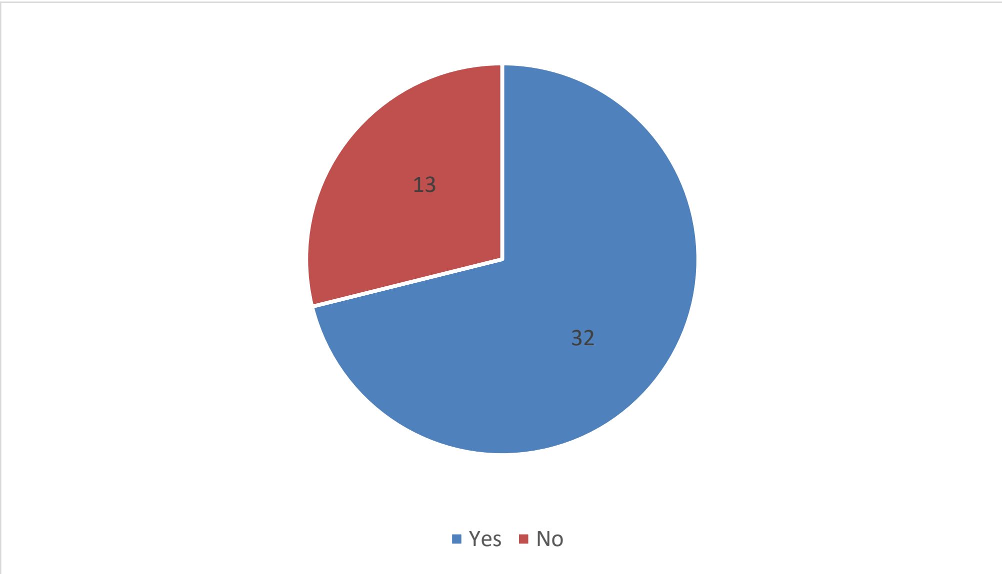
*“We considered such cooperation, but then colleagues shared their experience, saying that out of six apprenticeship graduates, only one was able to perform the work properly.”*

*“We cooperate with a technical high school, but most of its graduates then continue to a university, aspiring to other jobs than those we need and which a technical high school should produce.”*

*“Right now, we’ve started promising cooperation with UP’s Faculty of Science, but we lack more technical fields we could cooperate with.”*

Thirty-two (71%) of all the 45 companies surveyed employ research and development (hereinafter, also “R&D”) staff. The companies surveyed employed 253 R&D personnel in November 2022, most often software programmers or developers, application creators and innovators of company products, and design engineers.

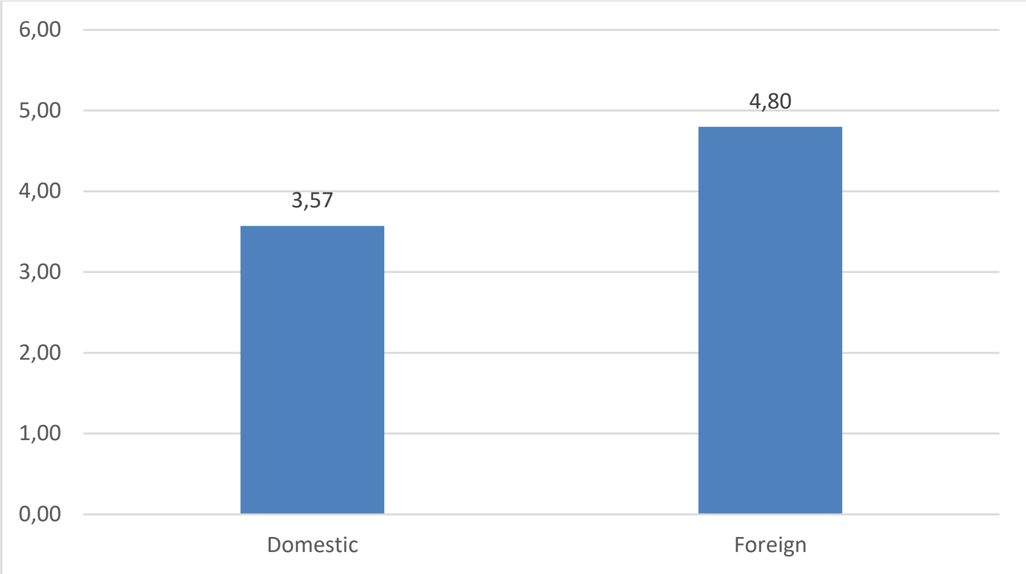
**Chart 7 Do you have research and development staff?**




Source: The Berman Group.

More research and development personnel are employed by foreign-owned companies. In 2022, they were employing 2001 persons, 96 of whom of whom pursued R&D activities, constituting more than 5 personnel per 100 employees (4.80). In the case of domestic companies, this ratio was lower (3.57), a total of 157 R&D employees. The situation was opposite to that of the survey carried out two years ago, but this always depends on the sample of companies surveyed.

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

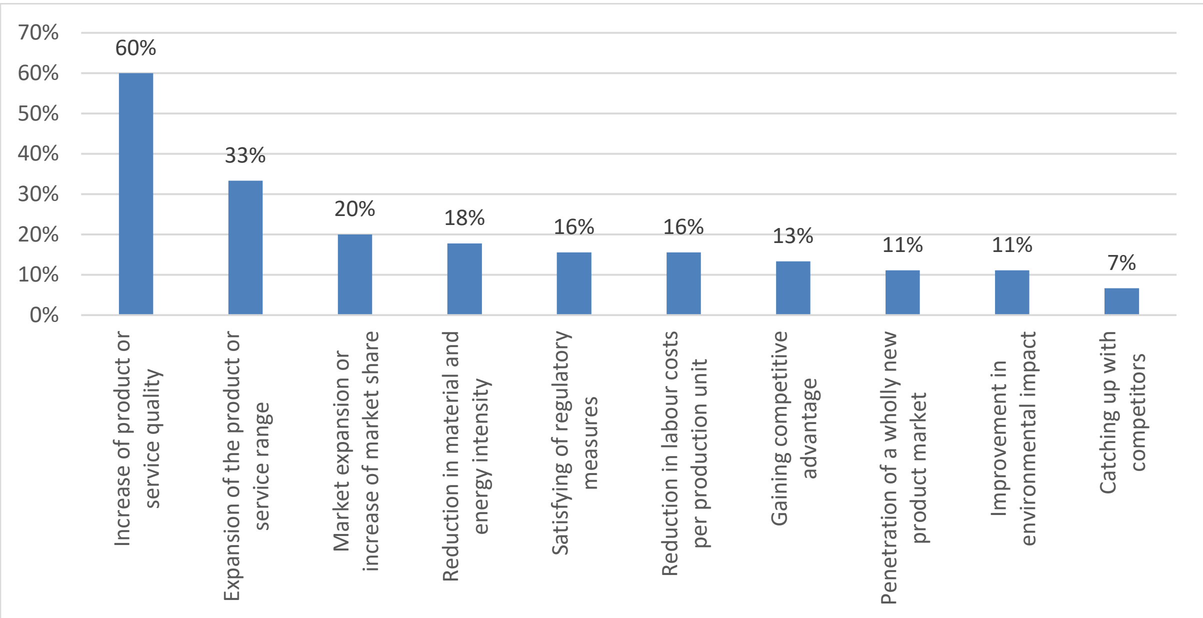



Source: The Berman Group.

Note: The above is a conversion to 100 employees.

60% of companies stated that improvement of quality of products or services followed by extension of the product (or service) range (33%) 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, as stated by 20% of the companies with research and development activities. The fourth most common factor was the reduction of material and energy intensity. Compared to the previous survey, the share of companies to which R&D activities help comply with regulatory measures has doubled (16%), and motivation of the companies to reduce labour costs was of the same importance based on the answers.

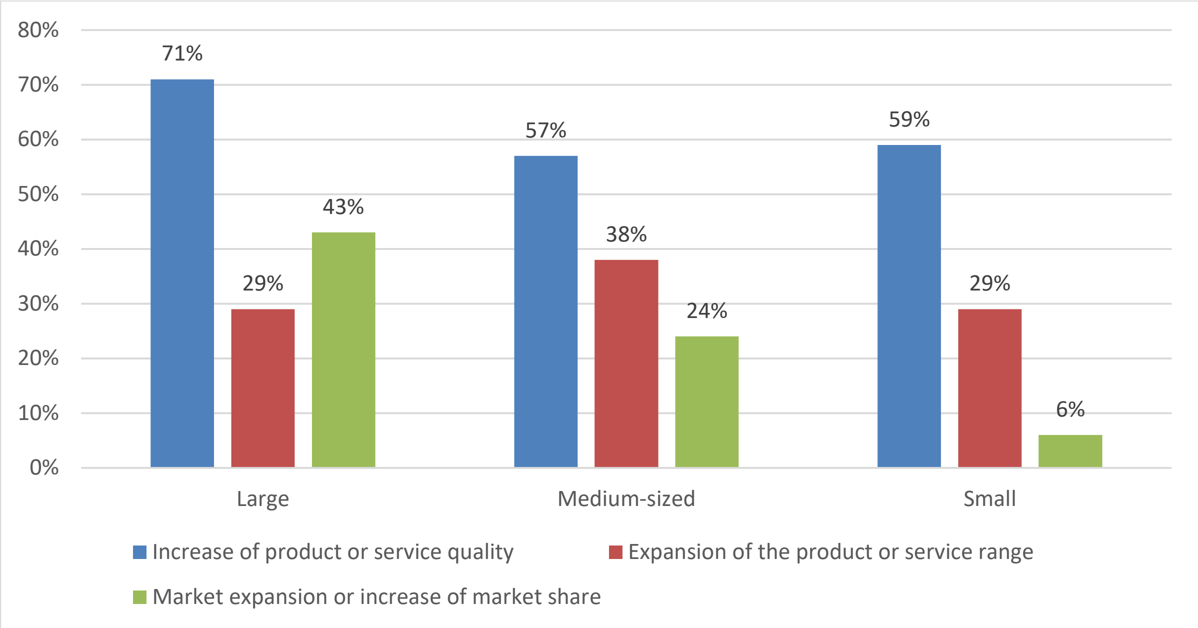
**Chart 9 Importance of R&D activities for the companies**




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. For 43% of large enterprises, these activities represent an opportunity for expanding their markets or increasing their market share. On the other hand, small companies stated this motive only in 6% of the cases, while 29% of them indicated that R&D activities represent an opportunity for them to reduce high labour costs. In the case of large companies, the answer "Increased environmental performance" was rather frequent (43%), while this variant was only mentioned in 11% of answers in total.

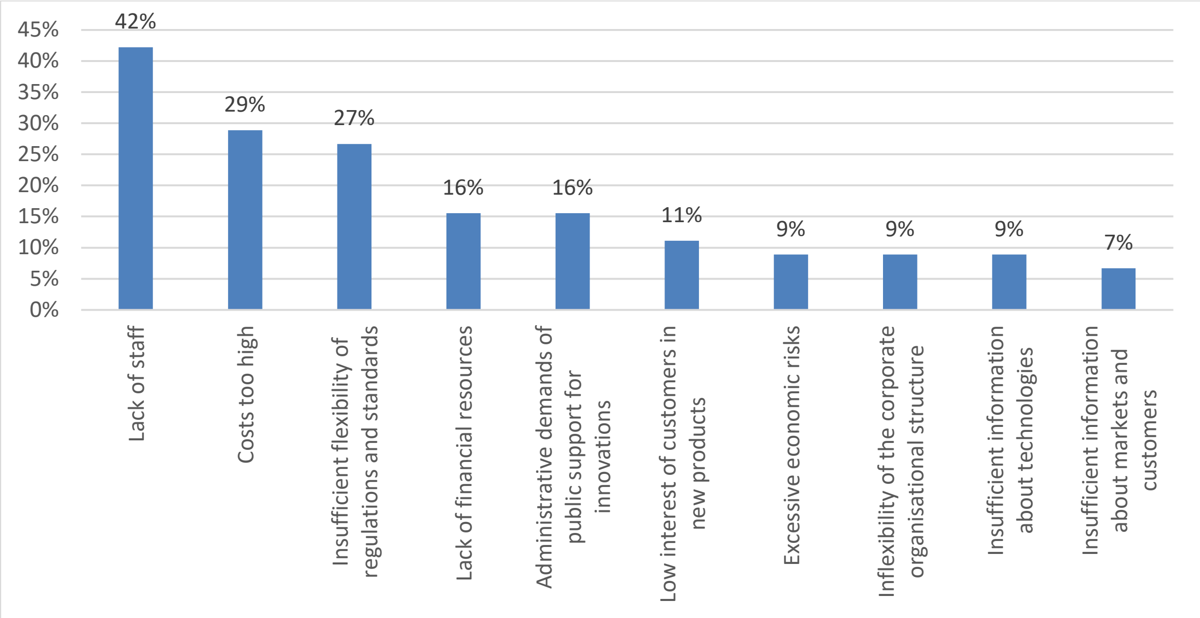
**Chart 10 Importance of research and development for companies according to size**




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 29% of them also mentioned high costs. The lack of financial resources, mentioned in 16% of cases, and excessive economic risks (in 9%) are related to this answer. More frequently than in the survey made two years ago (15%), the companies were now complaining about insufficiently flexible regulations and standards (27%).

**Chart 11 Barriers to R&D activities**

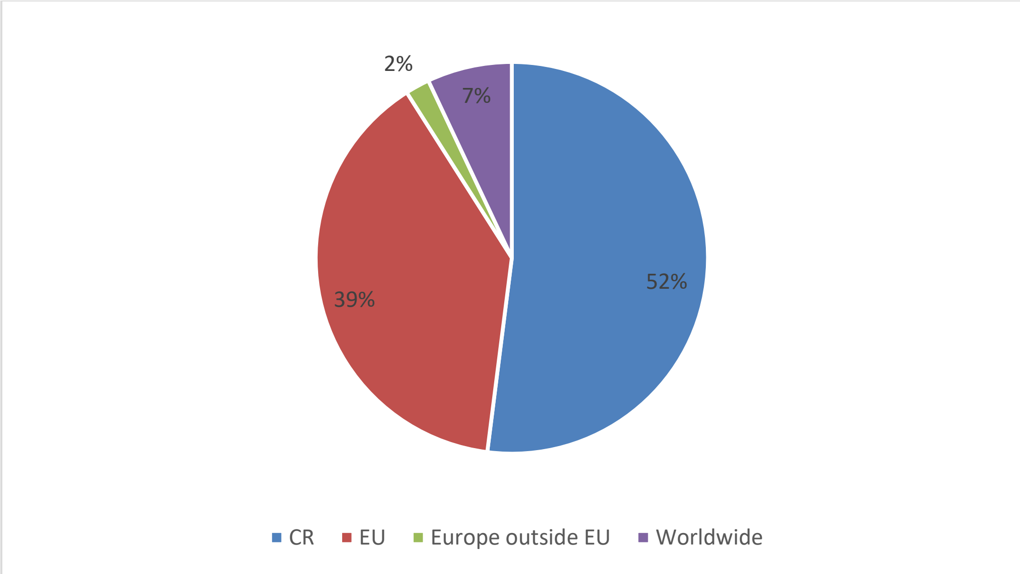



Source: The Berman Group.

### 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 16,742 million in 2021, and the estimate for 2022 expects an increase to CZK 17,570 million. A positive sign is that despite the economic and political crisis caused by the recent coronavirus pandemic and the current war in Ukraine, the companies estimate an increase of their total turnover. 27 of the 45 enterprises surveyed expect further growth in the next few years, a fact that also holds true of three of the seven companies with more than 250 employees. Twelve more enterprises expect stagnating turnover in the coming years, and six envisage a decrease.

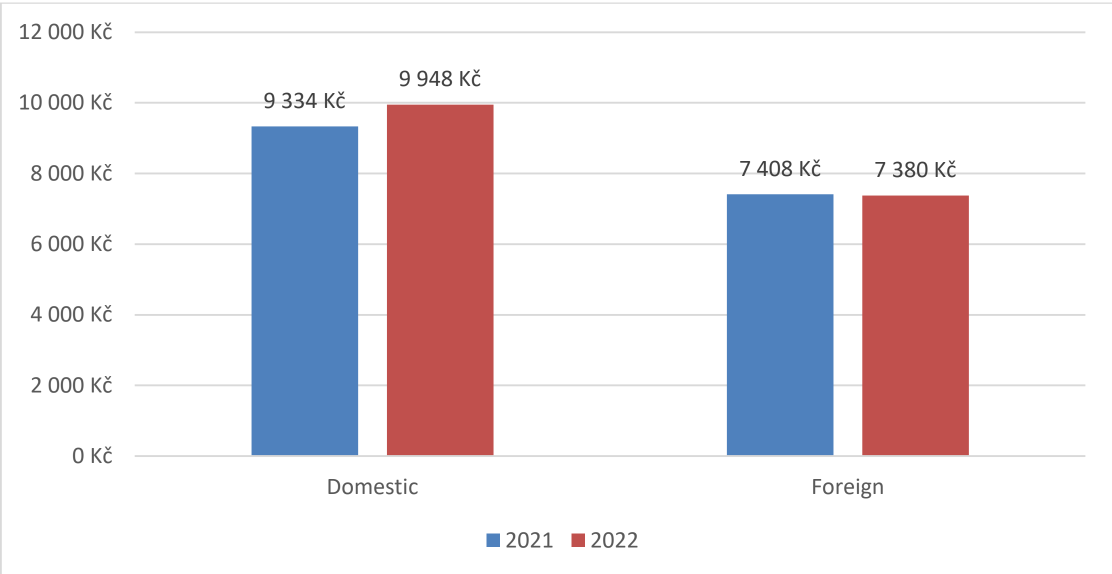
**Chart 12 Markets of the local companies**




Source: The Berman Group.

In 2021, the companies surveyed produced most of their revenue (52%) on domestic markets. In terms of export orientation, the principal market for local companies is the EU (39%). As expected, the most important countries of export comprise neighbouring Slovakia (8), Germany (8), Austria (5), and also Poland. Principal markets also included the USA in six cases, and France and the UK were mentioned several times. Large enterprises (with more than 250 employees) also mentioned Spain, Turkey, and Mexico in addition to countries stated above.

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




Source: The Berman Group.

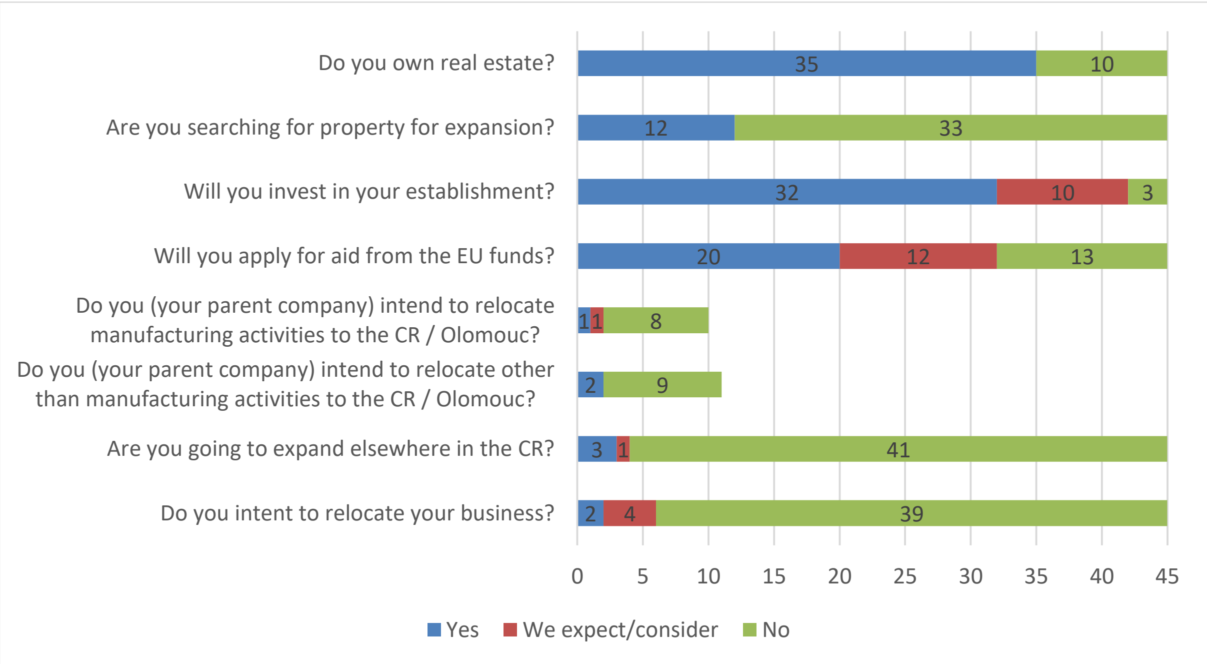
As stated in the beginning of this section, the companies surveyed expected only a marginal increase in turnover in 2022. In terms of company ownership (Chart 13), it is obvious that this increase is especially expected in domestic companies, while foreign-owned enterprises were more conservative in their estimates, expecting a slight decrease in the total. Czech-owned companies generated a turnover of CZK 9,334 million in 2021, and this year they expect turnover to amount to CZK 9,948 million. On the contrary, foreign companies already in August and September expected a drop from last year's amount of CZK 7,408 million to CZK 7,380 million.

### 3.5 Regional anchoring

The issue of real estate property for business is naturally related to regional anchoring and the local business environment. Over three quarters of the companies surveyed (35) own the premises they use as their head office or manufacturing area; the remaining ten companies rent their premises. Most of them are currently not looking for ways to change this situation; they either have enough space at their current location, or had to abandon plans for expansion. Twelve companies, on the other hand, would like to expand their manufacturing or other facilities, but they run into problems with insufficient open spaces in the territory of the city. In comparison with the previous survey, where most companies were actively searching for new spaces, this change is clearly related to the current economic situation.

Despite the unfavourable economic situation, the companies still intend to implement planned investments. This question was answered in the affirmative by 32 establishments (71%), and four others are considering these steps. Only three companies answered in the negative. Unlike in previous years, the companies are more prudent in the quantification of these planned investments, often pointing out that this will depend on the market situation.

**Chart 14 Property, investments, expansion**




Source: The Berman Group.

Most companies are experienced in utilising investment incentives and funding from EU structural funds or domestic programmes. 20 of them (44.4%) are prepared to use public support to implement their investment projects. Several companies stated that they do not intend to repeat these activities due to high administrative burdens and uncertainty they had faced in the past.

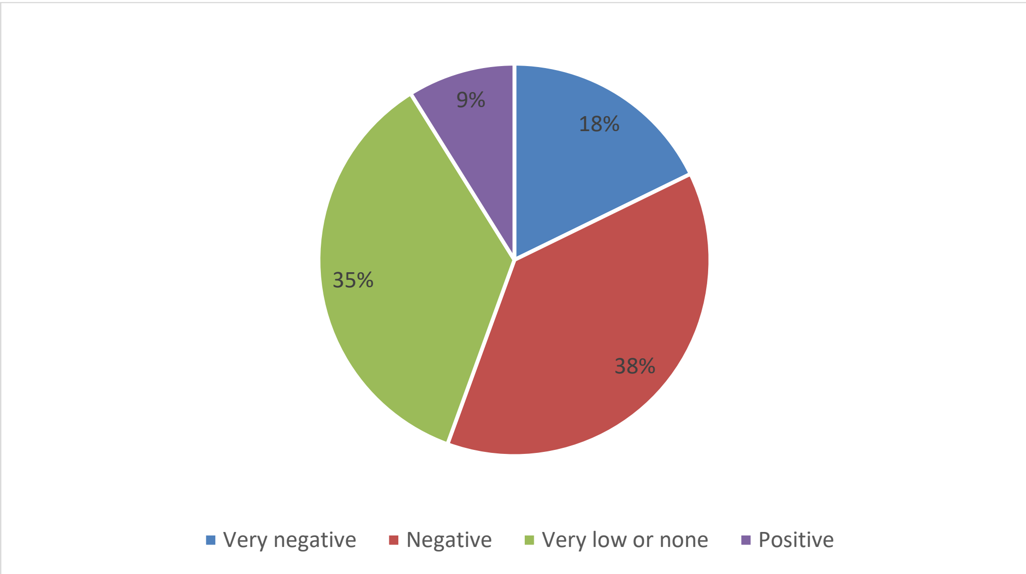
In case of two (foreign-owned) establishments, the parent company considers (or even plans) to move non-manufacturing activities to Olomouc. Two companies plan to move non-manufacturing activities to the CR or even directly to Olomouc. Two companies stated they were about to quit doing business in Olomouc and move elsewhere. In one case, the reason behind this decision is the economic and political situation in the CR and the destination is to be another country; while in the other case, the company intends to move to Brno due to better availability of technical staff.

> *"It's too late now. The move has already been arranged. There's a shortage of IT-educated people in Olomouc. The city has no interest in small businesses. This is the first contact we've had since we've started our business. It might have been different if someone came to us six years ago. Cooperation of start-ups, small enterprises, and the university does not work as well in Olomouc as it does in Brno. This might be a topic for the city to provide better support for these 'hubs'."*

### 3.6 Implications of Covid-19 and Russian military aggression against Ukraine

Another question focused on the implications of the Covid-19 pandemic and the ongoing war in Ukraine. Most companies (17, i.e., 38%) stated that the implications were negative, while in most cases, the answers more likely referred to the current military conflict, and not to the recent restrictions to mitigate the impact of the pandemic. The companies frequently associated their answers with rising energy prices and costs in general. On the other hand, the continuing problems in the supplies of goods and raw materials, or the lack thereof, are still seen as a consequence of the pandemic.

**Chart 15 Implications of the Covid-19 pandemic and war in Ukraine**




Source: The Berman Group.

However, a group of similar size (16, i.e., 35%) stated that the implications of the crisis have been (or continued to be) minor or none. The implications of the current crisis were seen as extremely negative by eight companies (18%), mostly those with energy-intensive operations. Four companies then stated the implications of the crisis were positive for them, especially thanks to doing business in sought-after fields or being able to implement certain changes in their business.

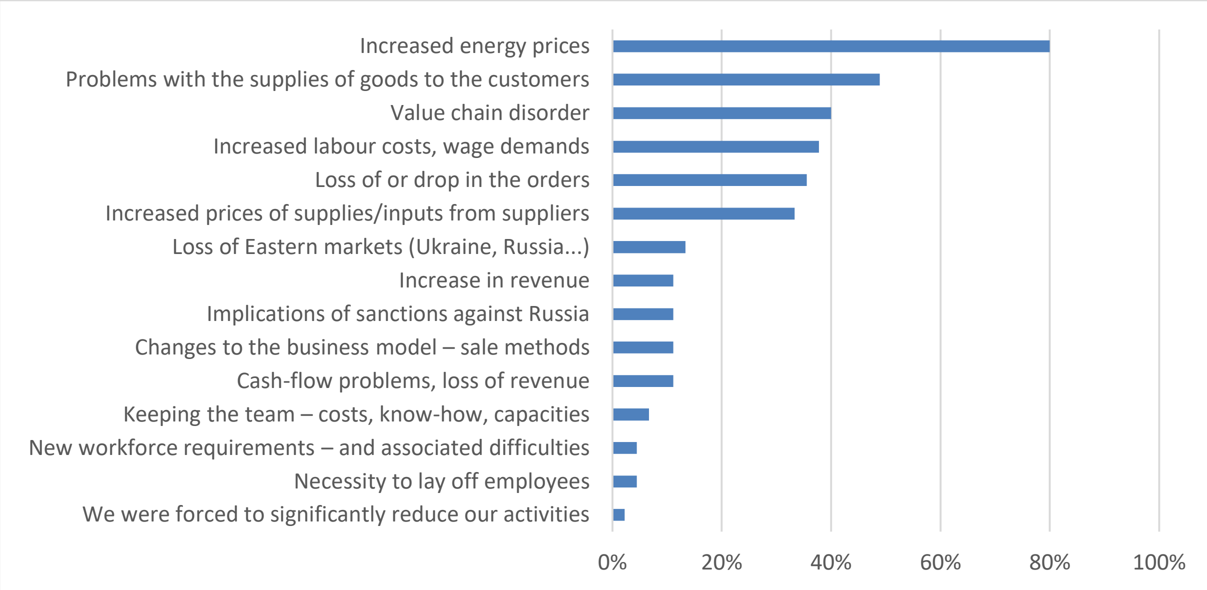
*"Covid had a positive impact on our industry. People started to order more goods from e-shops, and therefore demand for paper packaging has increased."*

*"We specialise in individual sports, which experienced a considerable increase after, and in fact also during, Covid. On the other hand, there were some losses due to the closure of sporting grounds, and now private activities will decrease due to energy prices because the rentals of gyms will rise, etc."*

*"For us, the Covid pandemic meant a decrease in the number of customers, because we deliver to general practitioners and other doctors 'in the field'. A third of them never reopened their offices, and others have worked remotely ever since."*

*"We lacked space before Covid because we employ a large number of people. But they learned how to work from home, remotely, and these problems disappeared. Everything got simpler thanks to it."*

**Chart 16 The most frequent problems caused by the Covid-19 pandemic and the war in Ukraine**




Source: The Berman Group.

The most frequently mentioned problem caused by the Covid-19 pandemic or the war in Ukraine was the rise in energy prices (80%). Problems with supplying goods to customers ranked second (49%), and the overall disruption of the value chain ranked third (40%).

*"The conflict in Ukraine has had plainly negative implications for us. Energy prices are soaring, inflation and interest are on the rise, but consumption is dropping."*

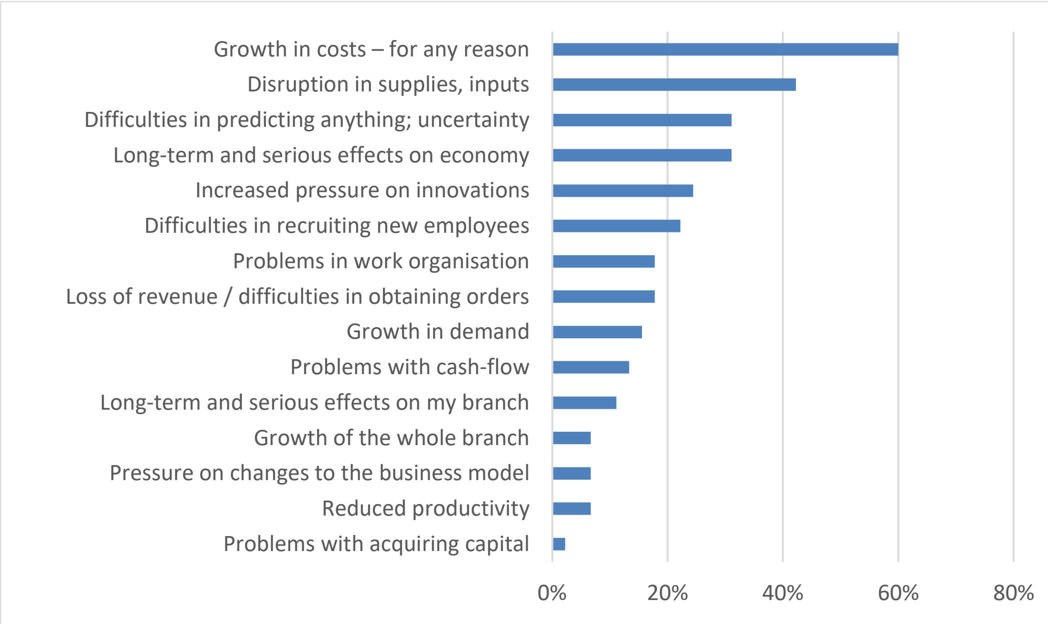
*"Energy is a major cost item in the paint shop. The prices are tragic. Moreover, basic materials like aluminium and steel are unavailable on the market. The quality of materials from Asia is generally declining."*

*"Times are tough. If Covid lasted any longer, we would have to be forced to close shop. Our turnover was so low for three months that we had no money for the employees' wages, but we couldn't ask for government support. We can't halt production like Škoda Auto. We needed employees in order to have at least 50% turnover."*

*"Lack of material due to the war in Ukraine caused us significant investment in stock on hand (20 million higher now), but we have to constantly make further stock."*

The companies also have to face the growing cost of labour and the requirements for wage increases (38%), which is complicated by the loss of, or reductions in, business contracts (36%). Due to the sanctions against Russia, some companies lost their markets or were forced to reconsider their future expansion plans.

**Chart 17 What are your greatest fears for the future?**

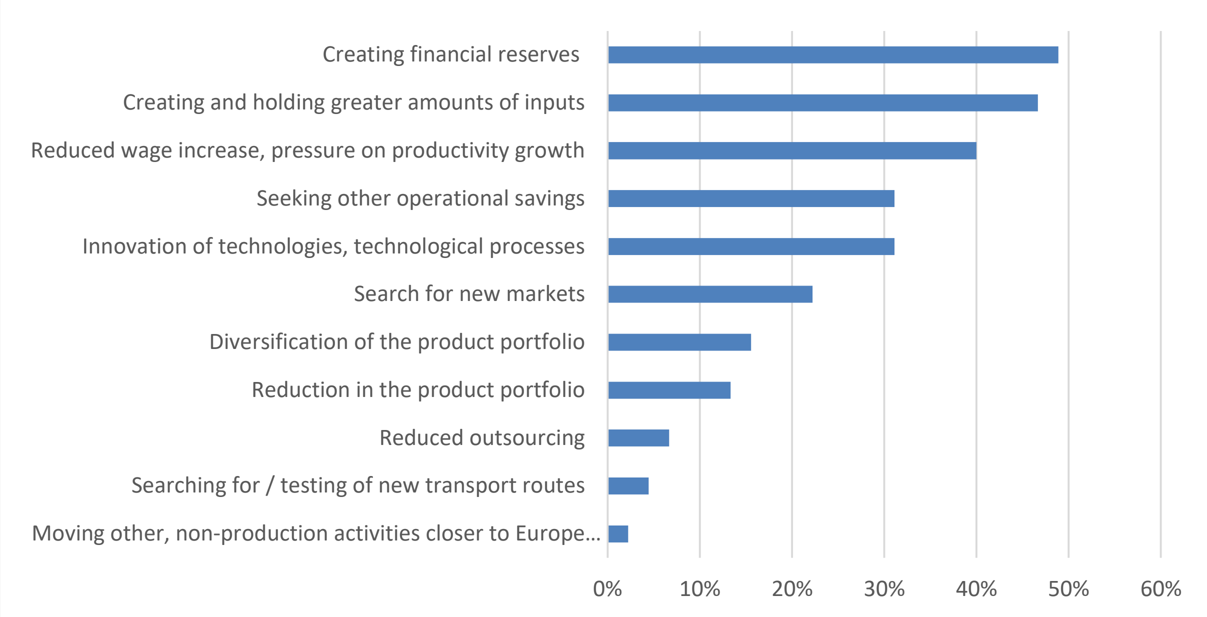



Source: The Berman Group.

Most companies (60%) stated that their greatest fear for the future is the increase in costs, which may involve virtually anything. Forty-two percent of the companies surveyed expect continuing problems in the supplies of goods and their limited availability on the market. 31% of establishments still feel that it has become very difficult to predict anything since the start of the pandemic and to prepare in advance for possible scenarios. Yet, sixteen percent of the companies expect a rise in demand in their segments, and an increase in sales.

Almost a half of the companies surveyed (49%) are trying to prepare for the effects of changes due to Covid-19 and the war in Ukraine by creating financial reserves or by creating and holding greater amounts of stock regarding inputs, materials, and components (47%). But the companies add that it is not always possible due to the market situation. Forty percent of the companies surveyed stated that they would have to reduce the wage increases and to put more pressure on productivity growth, despite it being difficult due to the general lack of qualified staff.

**Chart 18 How do you prepare for the implications of Covid-19 and the war in Ukraine?**




Source: The Berman Group.

### 3.7 Corporate social responsibility

Similar to the previous survey, 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 (84%) 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 support various sporting clubs, and, in addition to professional hockey, also children's football clubs in the region. When employees come to us saying they are volunteer fire-fighters, we will also make contributions to their brigade."*

> *"We sponsor social, cultural, as well as sports organisations, clubs, various regional activities. We also support the development of the business environment, special conferences, the Olomouc District Chamber of Commerce, and others."*

> *"We support non-profit civic societies, zoos, and various charities like the Olomouc volunteer charity 'Dobré místo pro život'."*

> *"We founded our own endowment fund – companies contribute to it, and it supports people in need, persons with disabilities, etc."*

> *"We support the Catholic charity, the Malý Noe Foundation, the planting of trees, we provide mini-grants for our employees, support various civic societies, etc."*

### 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***

- It is necessary to make things simpler, not more complicated. This is not yet happening, despite various promises.
- A more flexible approval process, less bureaucracy, and better attitude are necessary.
- The current public administration is outrageously bloated. All governments make promises to reduce the numbers of state officials, but the opposite is true. And when we need to resolve something and come to certain departments on a Friday, we see hardly anyone works there. How does that look, then?
- Let me reiterate what I said the last time. The city should have an ambition to be the best. If the law prescribes, for instance, 60 days to issue a decision, let's make it our aim in Olomouc to have it ready in 30. Let's try.
- The officials should treat everyone (not just entrepreneurs) equally. My wife needed to get certain permissions, but they treated her outrageously at the bureau. When I arrived there, everything was different. Maybe I was just lucky that a nice lady took an interest in us, but shouldn't they all behave like that?

***Transportation***

- Improve the traffic situation in the city. Nothing has changed over the last two years. On the contrary, it has gotten even worse.
- It is logical that if every family were to own two cars, they wouldn't be able to cram them all in here. But the city would certainly benefit from investments in parking facilities.
- Support for projects like bike sharing. This would improve the traffic situation in the whole city.
- The traffic situation is affected by numerous closures and repairs. I understand that there is nothing that could be done in many cases, but the planning of these projects seems irrational from the outside.
- Departures and arrivals of public transportation should be coordinated with the start and end of work shifts in certain locations.

***Education***

- More activity in the education system. It is necessary to provide more support to apprenticeships and technical education. Tell them that the firms will pay them in gold. Well, it will be true anyway, just a matter of time.
- Start improving education already at the primary-school level. The city can make an impact there and raise awareness that not everyone needs to be a lawyer or a doctor.

***Relations between the city and local companies***

- I understand the city cannot contact everyone who lays interlocking pavement. But if someone is a specialist, you could contact them, couldn't you? Why do we have to supply to other cities, but here we can't? If the city mapped the local companies, if they knew what locals can do well, they could contact them if needed.
- It would be really good if the city actually reflected upon the results of this survey. It feels like they ask the questions once every two years, but do not live up to the results.
- The city does not support medium-sized companies at all. These are just empty proclamations, nothing's going on.
- Better support for regional companies for local contracts.
- More interest in smaller companies, not just the large ones.

## 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:**

- The size makes Olomouc a very good place for living and doing business.
- Olomouc is an attractive and representative city for international partners.
- Olomouc is a university city, a fact that is positively reflected in the local cultural and social life during the school year.
- A good location within the country, with decent access to the motorway and excellent connection to rail.
- A well-functioning public transportation network.
- Good-quality public amenities and a great potential for housing construction.
- Olomouc is a good place for business with a very good transportation availability.
- We are satisfied in Olomouc. People like to complain a lot, but they miss the big picture. We are doing very well here compared to other cities.

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

- Labour costs are not as high here as they are in Prague, for example.
- Qualified workforce is widely available here thanks to the presence of the university.
- The local university is an interesting partner for us.

***Local companies also appreciate the existence of several industrial zones.***

- Industrial zones at the outskirts are very accessible, and it's just a pity that there aren't more of them.
- The zone in Holice is ideal for us as a company in terms of access to the motorway. We are also satisfied with the availability and operation of the public transportation system.

***Various:***

- The operation of the Olomouc District Chamber of Commerce. It seems the city has not so much competence for efficient business support, and it is good that this intermediary operates here.
- Thanks to DCC, the Mayor visited our premises.

**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 the amount of bureaucracy.

***Education:***

- People graduate here in Olomouc, but do not stay here. Wouldn't assistance with rental housing be helpful?
- Absence of technical fields of study at the local university. Students with this focus leave Olomouc and seldom come back.
- The Faculty of Science is excessively oriented on theory, there's a lack of cooperation.
- We have a university here, that's true, but its benefits for the companies and business are marginal. Other fields of study are needed here, too.
- There is a need for a school with greater and finer focus on civil engineering.

***Housing:***

- 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 the big investors.
- Young people head to Brno because housing is more accessible there. Inspire changes here.
- There is a big problem with accommodation capacities for employees in Olomouc. Even if I found more workers, I wouldn't be able to accommodate them.

***Transportation:***

- Parking in the centre is virtually impossible.
- Absence of the eastern by-pass.
- The condition of the road in Sladkovského Street not even worth commenting on. The city should intervene there, and it would show immediately.

- The overpass of the railway to Přerov should have long been in the works. Instead, it's being postponed all the time. It's a real screw-up.
- Traffic in the local part of Chválkovice is utterly tragic. We are constantly suffering. Time how long it takes to drive one kilometre here.
- Will we ever see better connection to Šternberk?
- A better connection to the Vienna airport, for instance, would be beneficial.
- The city should show more support to alternative transportation projects, otherwise nothing will change. Bike sharing works in large Czech cities, and gets all kinds of support. But not here.
- Olomouc must start to think into the future. The city centres will gradually ban the entry of cars, there is no other way. So, alternatives are necessary. Why haven't you thought of this during the long redevelopment of the two bridges? There are no bike lanes.
- Újezd, Žerotín, Chomoutov – the quality of roads is getting worse, and no-one seems to care.
- The railway to Příkazy is now being completely overhauled. They are making very deep foundations, but only light trains are going there. Isn't this just a project to waste public money?
- The repair of the bridge near the Bristol Club didn't work out so well. The traffic there has even gotten worse.

***Areas for business and building development:***

- Absence of open development areas.
- High real estate prices.
- Insufficient areas for companies. No brownfields, open spaces.
- More and more warehouses are being constructed in open spaces. But this also affects the labour market – where could we recruit a warehouse worker?

***Various:***

- The city wastes money and is a poor planner. It should not invest in professional hockey and football. They should earn enough money themselves.
- There's a lack of courage and ambition to be the best. Satisfaction with the average rules here.
- There is a need for a multi-purpose sporting complex.
- Overall decline in people.
- Disrespect toward craftsmanship. The rhetoric must improve.

# 4 List of Abbreviations Used

| | |
|---|---|
| BES | Business Environment Survey |
| CNC | Computer numerical control (automated control of machining tools) |
| CZK | Czech koruna |
| DCC | District Chamber of Commerce |
| EU | European Union |
| IZ | Industrial zone |
| R&D | Research and development |
| UP | Palacký University Olomouc |
| USA | United States of America |
| VUT | Brno University of Technology |