Business Environment Survey – Olomouc

Ordered by: 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 Russian aggression against Ukraine, but also the Covid-19 pandemic. 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.

The resulting report is based on the replies of local companies' owners or top managers, of whom 41 were either personally visited by the consultants of Berman Group, or the interviews took place remotely, during July, August, and September 2024. All interviews were conducted by professional investigators / consultants of the author.

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.

At the outset 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:

- Despite the continuing difficulties caused by the global situation (such as the conflicts in Ukraine and Middle East), the local economy continues to grow according to information provided by the companies interviewed. Businesses have been cautious with their forecasts in recent years, but their turnover and number of employees continue to increase.
- According to current findings, sales growth can still be expected, but similarly to the situation two years ago, this will depend on the development of the economic and political situation. Companies have largely overcome the impacts of the Covid-19 pandemic, yet they still deal with the difficulties associated with the war in Ukraine or other world conflicts.
- In addition to the traditionally mentioned lack of qualified employees (51%), companies are most concerned about high energy costs (51%), which in their opinion remain the same and it will be necessary to get used to them. The impact of war conflicts around the world is also linked to the rising cost of transport, especially maritime transport, as evidenced by the often-mentioned price of inputs (44%).
- There is a continuing trend where businesses, especially due to these economic problems, stop looking for spaces for further expansion. While 40% of the companies surveyed were searching for new plots/areas for expansion four years ago, only 26% have this need now (as in the last survey). In this context, the companies concerned complain about the excessive number of warehouses that are taking up space around the city.
- As of October 2024, a total of 5,181 employees worked in the 41 companies surveyed. Despite the fact that the problem with attracting new labour is still relevant, an increase (+165 persons) was again documented compared to the previous year. The responses from managers indicate that businesses would like to expand by a similarly large number next year.
- Not only the number of staff is increasing in the companies, but also the average gross earnings, amounting to CZK 43,635 in 2024. 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.
- Almost three quarters (71%) of the companies surveyed employ research and development staff members, totalling ca 220 in 2024, with more of them per number of employees working in companies with a domestic (Czech) owner.
- The total turnover of the companies in 2023 reached CZK 17,134 million, and the forecast for 2024 expects a growth to CZK 18,321 million. It is a positive sign that the companies still estimate that the increase in total turnover will continue. A total of 22 (54%) of the 41 companies surveyed expect a growth in the coming years, but this is only true for four out of seven businesses with more than 250 employees.
- Approximately three quarters of the companies surveyed (31) own the premises they use as their head office or manufacturing area, the remaining ten rent the premises. Most of them are not looking for ways to change this situation, as they either have sufficient space in their current locations, or have had to suspend their plans for expansion. Eleven businesses would

like to expand their manufacturing or other facilities, but according to their statements, there is a lack of free space in the city.

- The companies would most appreciate 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.
- Companies are interested in joint solutions to the issues associated with accommodation of foreign workers in the city, training with respect to European Union regulations, and finding a way to keep young people in the city.
- An excellent environment for living, the presence of a university, and the ideal geographical position of the city in the Czech Republic are viewed by the companies as the most positive aspects of the city of Olomouc.
- Companies in Olomouc are primarily worried by excessive bureaucracy, insufficient communication and information from the city, and the fact that the traffic situation has not improved.
- The companies are mostly satisfied with the environment in Olomouc. Twenty-five businesses (61%) stated that they are rather satisfied with Olomouc as a business location, and 12 of them even declared full satisfaction (29%). Only the four remaining companies were rather dissatisfied.

3. Survey Results in the Companies

Basic characteristics of the sample of companies

Forty-one Olomouc-based companies participated in the survey. Of the sample surveyed, seven companies (17.1%) fall under the large company category (with 250+ employees), employing 3,242 people, which represents almost 6% of the total of all the companies surveyed. Then there are 17 medium-sized enterprises – 41.5% (with 50 to 250 employees); and, finally, 14 small businesses (34.1%), with the total staff not exceeding 50. The remaining three companies (7.3%) fall within the category of microenterprises, with less than 10 employees. Domestic (Czech-owned) companies – 33 in total – prevail in the sample. The remaining eight have their headquarters elsewhere in Europe.

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 problems (see Chart 1). Traditionally, the biggest issue used to be the low availability of a skilled workforce, a fact that was not confirmed, however, in the survey conducted two years ago. Problems with workforce availability returned to the fore in the current survey, as 51% of businesses identified it as the biggest barrier. The high price of energy was mentioned just as often, an issue that has continued to plague businesses even more than two years after the outbreak of the war in Ukraine, which triggered it.

> *“We are constantly struggling with expensive energy. When I read in the newspapers that energy prices decrease and people are not troubled by its price, I have a feeling that the decrease does not apply to businesses.”*

> *“We have been gradually reducing the number of employees. Since 2015, when there were about 50 of us, we got to the current 15. It’s more efficient and we can pay people better.”*

> *“This year, the staffing situation unexpectedly improved, apparently by chance. Several interesting people joined our ranks on their own.”*

> *“We mainly lack technical professions. The biggest problem is that engineering students prefer going to Brno or Prague, even though they graduate here in Olomouc. Or they do not return at all, if they study in those cities.”*

> *“I know people who work in the Zlín Region because they get paid better there. Wages have long been below the average in Olomouc and surroundings. This is a huge problem.”*

Ranked third was a problem that was mentioned as the biggest issue in the survey conducted two years ago – the price of inputs, i.e., materials, components, raw materials, etc. (44%). The companies stated that the prices of materials and other inputs did not decrease, and there is also a shortage of these, but the lack of qualified workforce and energy prices are currently more pressing problems.

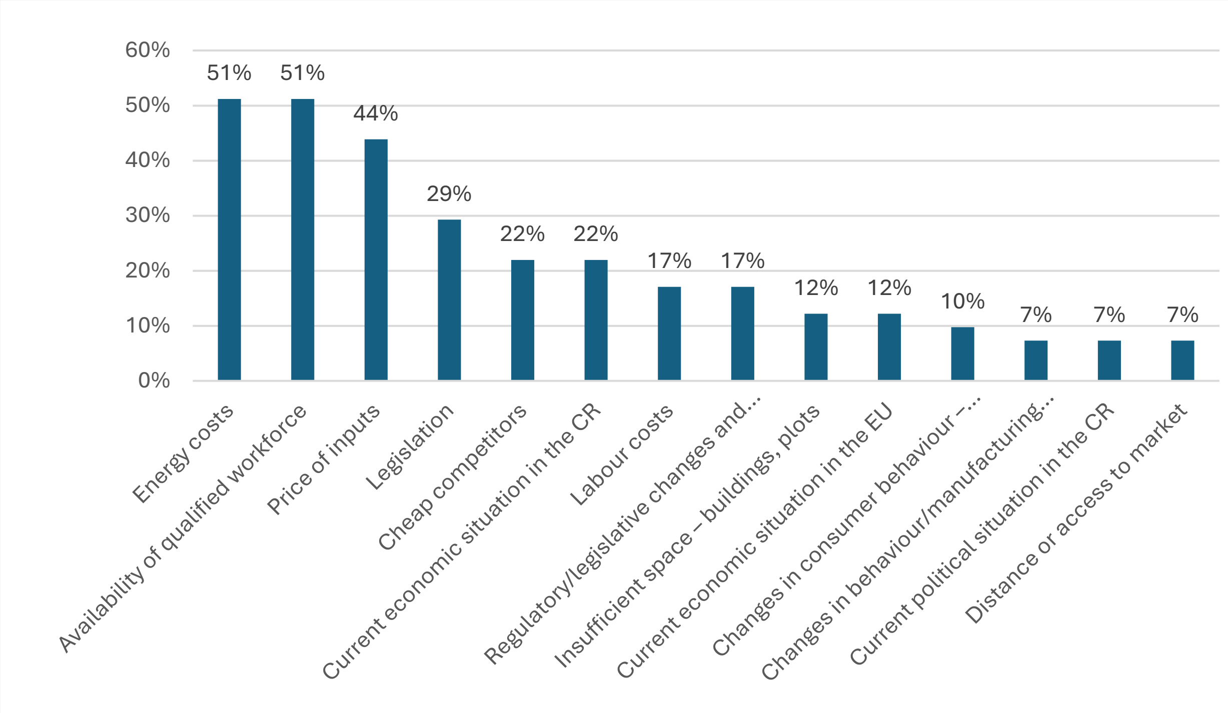
> *“Our suppliers keep the energy prices high. Since the war in Ukraine began. Suppliers keep saying that it’s impossible to reduce them. The prices are fixed and won’t go down.”*

> *“Transport prices from China keep increasing, especially when going round Africa, but we can’t reflect that in customer prices.”*

Problems with recruiting new staff remain. Companies state that in addition to availability, they also have to deal with a lack of willingness of the newly recruited employees to meet their requirements and are frequently faced with the fact that a new employee leaves after several days. The problem here is not the wage offered, as companies have already become accustomed to its increase. Whereas problems associated with wage costs were mentioned by 43% of the companies surveyed in 2020, only 18% of companies stated it two years later, and 17% in the current one. Businesses are not able to address the labour market situation without employing foreign workers.

> *"In recent years, we have established cooperation with Serbian colleagues who are very hardworking and reliable."*

Chart 1 Barriers to company development



Source: The Berman Group.

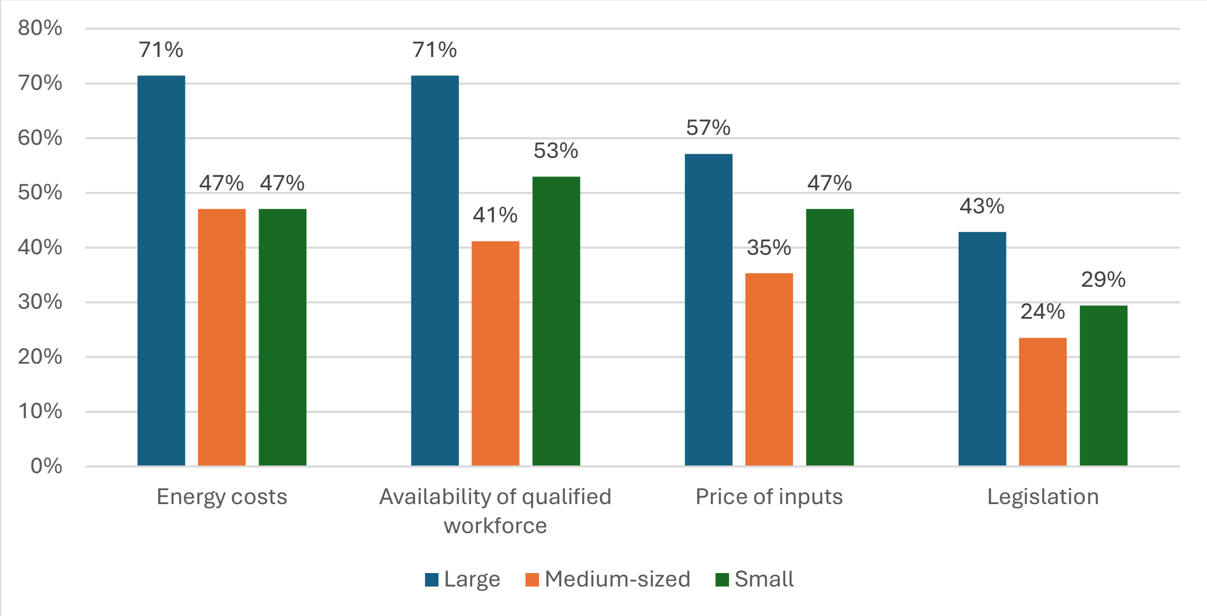
The fourth most common barrier, similarly to the previous survey, were pitfalls and limitations in legislation (29%), both Czech and European. A slight increase compared to the previous survey was seen in the case of insufficient premises (12%), where some companies mention the availability of building plots or accessibility of industrial zones.

> *"It's not easy to find a building plot for expansion. The city is surrounded by warehouses that take up a lot of available space."*

> *"We have moved production to Olomouc from another Moravian city where we couldn't find suitable premises, but succeeded here."*

> *"We are pondering expansion. We rent our premises, but want to move to our own. I am almost certain that our size would double thanks to this. But there's no space. And if there is, by chance, the plot is terribly expensive – five to eight thousand crowns per square metre. We didn't expect this."*

Chart 2 Barriers to company development according to size



Source: The Berman Group.

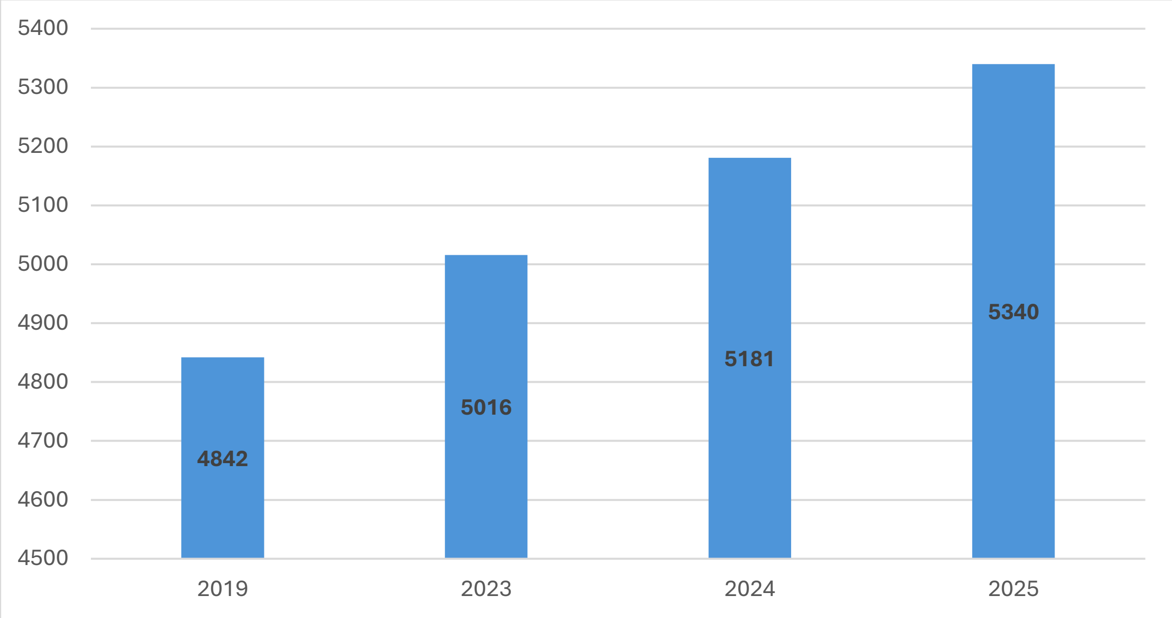
Chart 2 depicts the perception of barriers to development by the companies according to size. It is obvious that in the case of large enterprises (with 250+ employees), problems with the availability of a qualified workforce and energy prices have not changed and continue to be their biggest problems. There has even been an increase as regards energy prices compared to the previous survey, where 43% of large enterprises identified them as a problem in 2022, while now this rate is 71 percent. The availability of a qualified workforce is less worrisome for medium-size companies, which mentioned it as their main problem in 41% of cases and most frequently mentioned the energy prices, but this is also due to the fact that there has been no significant growth.

The prices of inputs, materials, raw materials, and other components are the greatest burden for large enterprises (57%), which usually import them from various parts of the world, but it is also worrisome for small enterprises (47%). They were least frequently mentioned by medium-sized enterprises (35%).

Workforce and employment

A total of 5,181 employees worked in the companies surveyed in 2024. Despite the continued problems with recruiting new employees, an increase (+165 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, as has been usual in the last years, planning to hire at least 150 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

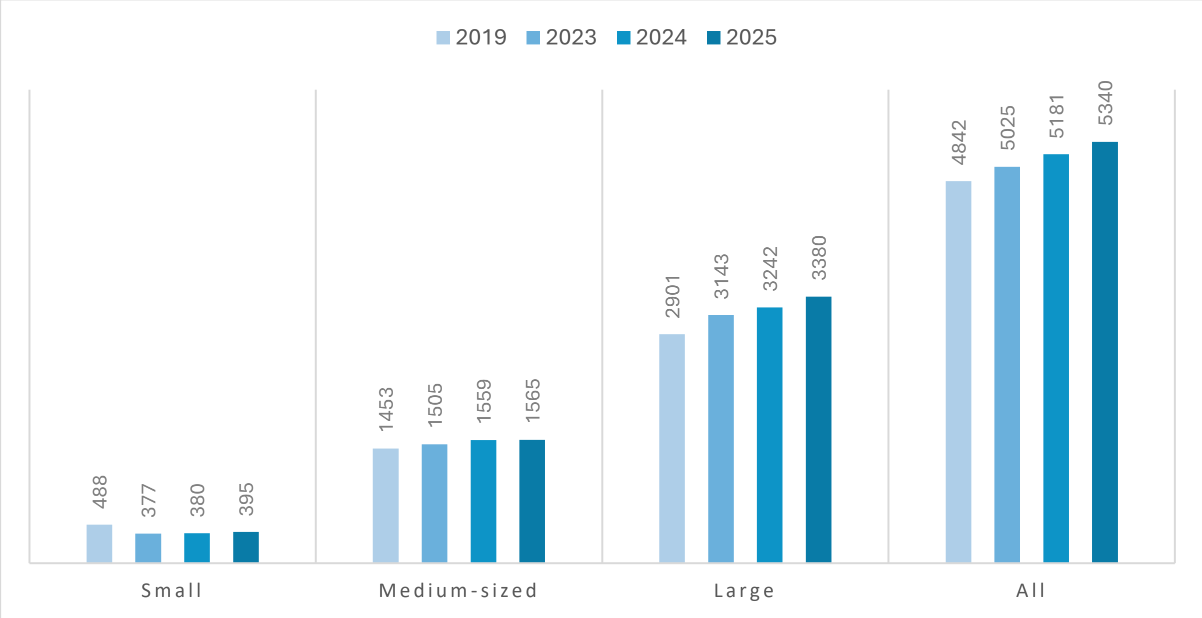


Source: The Berman Group.

> *"Employees remain a problem, but we've managed to improve this thanks to the wave of migration from Ukraine. Yet, this will be a problem in the future because they are not qualified to work in production and will want to have a better job at which they are qualified."*
>
> *"While politicians rejoice about 2% unemployment, they don't know what they're saying. This excessively low unemployment is a big problem for recruiting the necessary workforce."*
>
> *"I don't have the feeling that the labour market situation is getting better with the new generation. Quite the opposite. We've even had a job seeker arrive with his parents speaking for him."*

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 2,901 people in total in 2019, while the number has increased to 3,380 (+16%) in 2024. An increase in the number of staff is seen in medium-sized enterprises (50 to 250 employees), which employed 1,453 people in total five years ago, while their number has risen to 1565 (+7%) this year. As shown in Chart 4, a decrease is seen in small enterprises in contrast to previous surveys, but this number is affected by a situation in one specific company where there has been a substantial reduction in the number of employees.

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

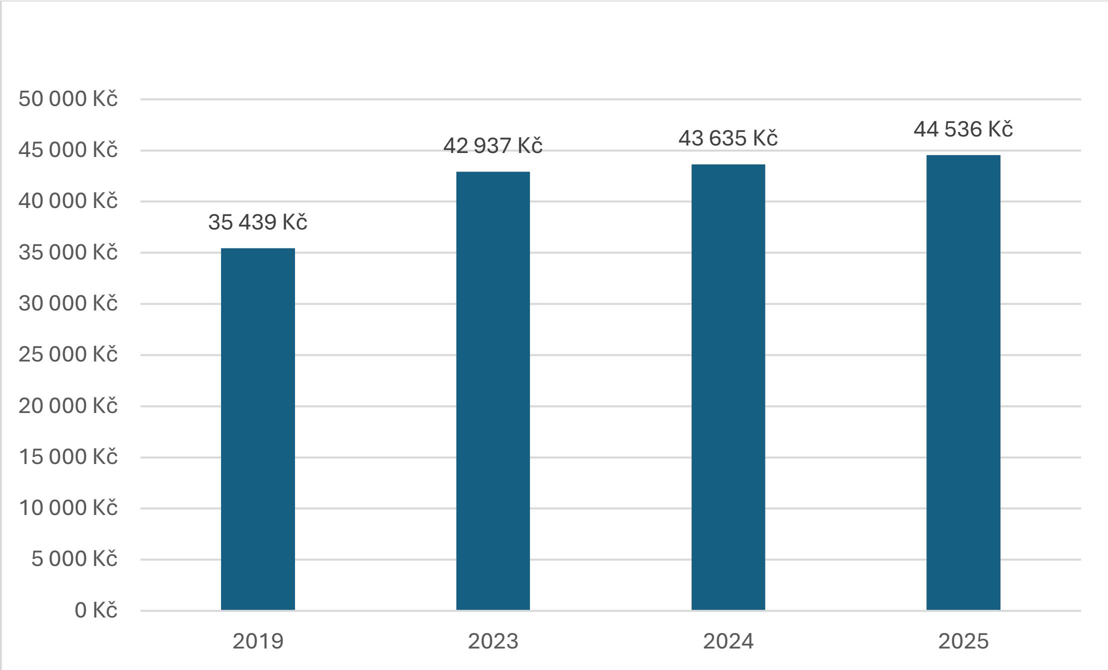


Source: The Berman Group.

According to the managers who responded to this question, average wages this year amounted to CZK 43,635, an increase compared to last year (2023) when they were CZK 42,937. Compared to the situation five years ago (2019), average wages in the companies surveyed have increased by roughly 23% (from CZK 35,439). The managers envisage a slight increase for the next year, but this will depend on the further development of the economic situation.

> *"Employees still have high demands, and this is supported by another fact: It is not good that salaries in the public sector are higher than in the private sector. This is what's wrong in this republic."*
>
> *"Constant increase of the minimum wage is not helping the companies. In general, the Labour Code is no help to us at all."*

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 surveys. However, there has not been a significant difference in the sample of companies surveyed compared to the previous one. The difference between the domestic and foreign companies is a long-term trend and amounted to more than CZK 11,000 in 2017 (based on information from the previous survey), but the current difference is dramatically lower (ca CZK 3,000). As with other results, this figure is influenced by the sample of companies surveyed.

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, but also college-educated experts, especially those with engineering training.

> *"The state focuses on education in the humanities, and engineering suffers from this, but technology won't disappear from our lives, quite the opposite. It is already hard to make high-schoolers study engineering programmes."*

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 24 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 17 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. It must be added, however, that direct hiring of new employees through this kind of cooperation remains an unfulfilled ambition in the vast majority of companies involved.

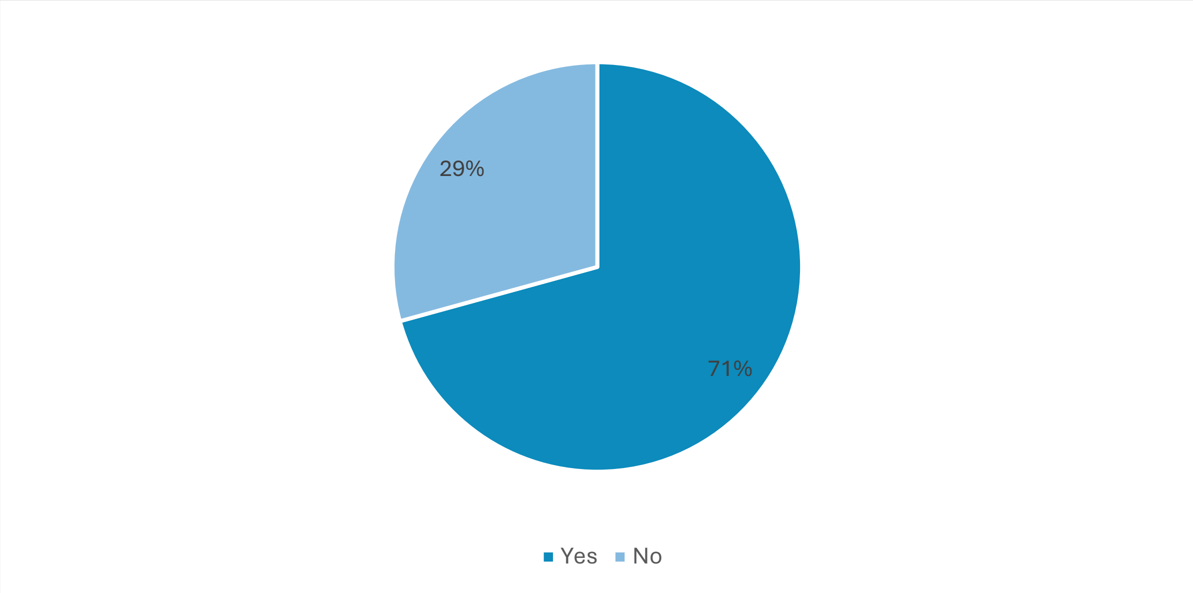
> *"We encountered total disregard when trying to establish cooperation with Palacký University. We wanted to offer a temporary job to someone, directly at the department related to their studies, but nothing happened. They didn't even contact us after that."*

> *"There is some cooperation with schools. But of 25 temporary workers, only one or two come to apply for a job afterwards. The success rate is negligible in this regard."*

> *"We don't have anyone to cooperate with, as the local university doesn't offer technical training. Prospective high-school students go to study in Brno or Prague, and then there's no coming back for them. Maybe from Ostrava, but certainly not from Brno. It's due to the huge pay gap."*

Twenty-nine (71%) of all the 41 companies surveyed employ research and development (hereinafter, also "R&D") staff. The companies surveyed employed 220 R&D personnel in October 2024, most often software programmers or developers, application creators and innovators of company products, and design engineers. This ratio has not changed significantly compared to previous surveys, even depending on the sample of companies visited.

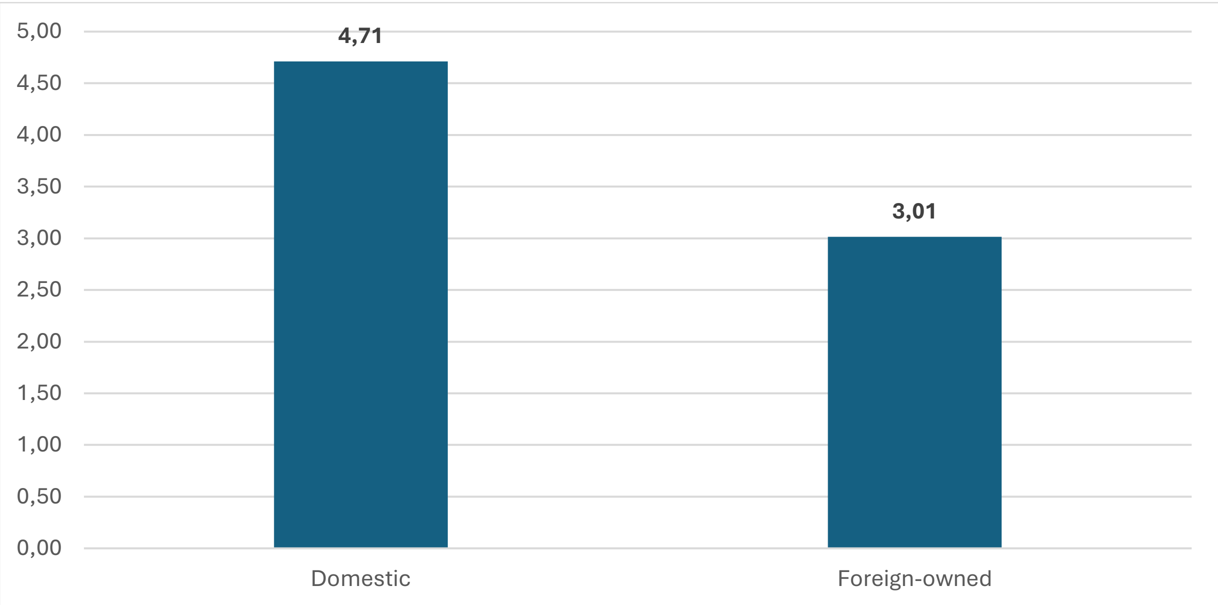
Chart 7 Do you have research and development staff?



Source: The Berman Group.

What has changed as compared to the previous survey is the fact that more research and development personnel are employed by domestic companies (with a Czech owner) in this sample of companies surveyed. In 2024, they were employing 3,588 persons, 169 of whom of whom pursued R&D activities, constituting nearly 5 personnel per 100 employees (4.79). Among foreign-owned companies, this ratio was lower (3.01), with a total of 48 R&D employees. The situation was opposite to that of the survey carried out two years ago, but a similar one was found in the 2020 survey.

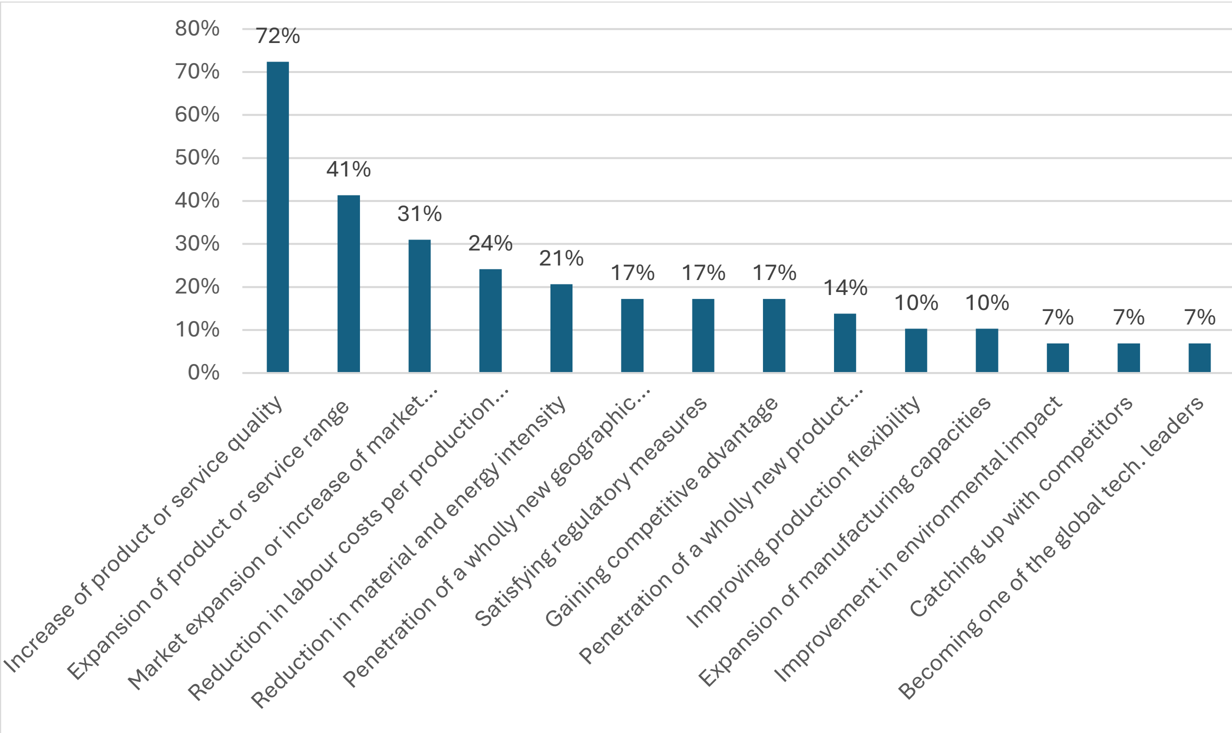
Chart 8 Number of R&D staff according to company ownership



Source: The Berman Group.
Note: The above is a conversion to 100 employees.

72% of companies stated that improvement of quality of products or services followed by extension of the product (or service) range (51%) 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 31% of the companies with research and development activities. The fourth most common factor was the reduction of material and energy intensity. This order of importance of R&D activities has remained unchanged since the previous survey. The positive finding is that this year, 17% of answers indicated a desire to penetrate a completely new geographic market.

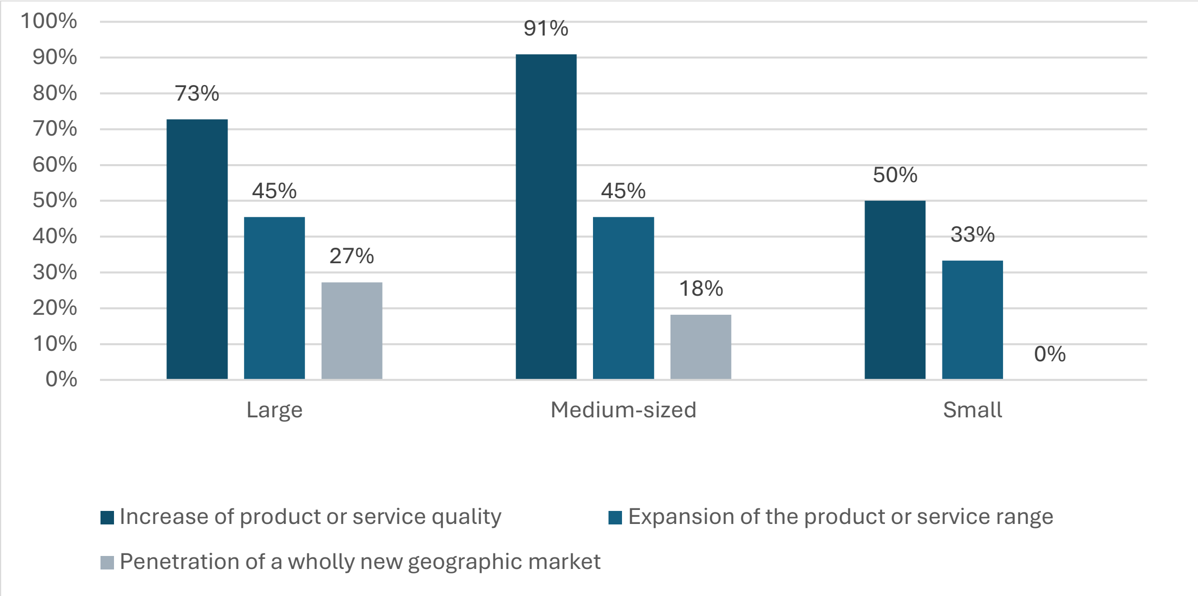
Chart 9 Importance of R&D activities for the companies



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 45% of large enterprises, these activities represent an opportunity for expanding their range of products and services. Twenty-seven of them would like to penetrate a completely new geographic market. On the contrary, small enterprises did not state this motivation at all. 17% of medium-sized enterprises would like to win new markets thanks to new products, as improving the quality of products or services is absolutely essential for them (91%).

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

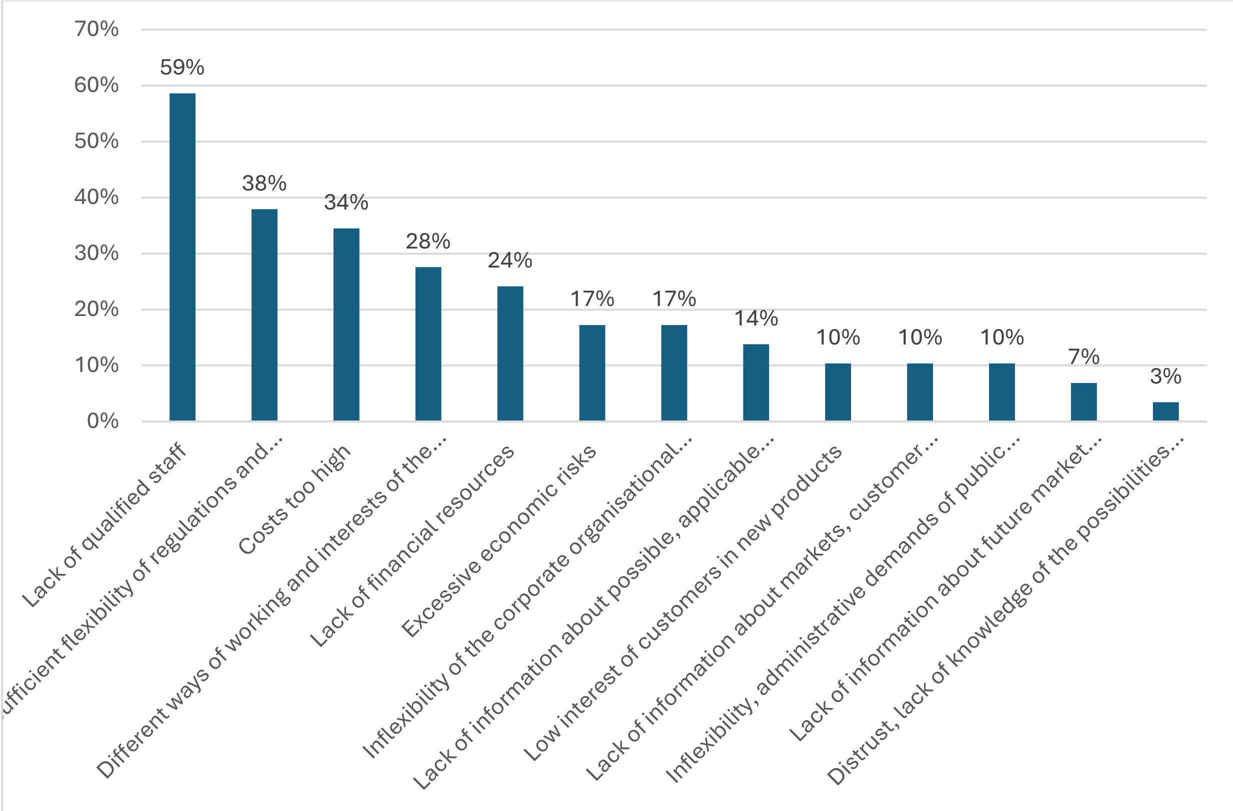


Source: The Berman Group.

More than one half of the companies surveyed (59%) stated that the main barrier to R&D activities is the lack of qualified staff, and 38% of them also mentioned insufficiently flexible regulations and standards. Compared to the previous survey, the ratio of those who consider high costs as being a barrier also increased (34%). Twenty-eight percent of companies with research and development activities also indicated that different ways of working and public sector interests (universities, academia) as being barriers, which is related to the fact that only 12 of the 29 companies with R&D activities have established cooperation with this sector. In this regard, the companies mentioned different deadlines, but also the lack of interest from universities.

> *"It's not easy to cooperate with universities on R&D activities. They have their own deadlines and different objectives of the work than we do. It's not easy to reconcile this."*

Chart 11 Barriers to R&D activities

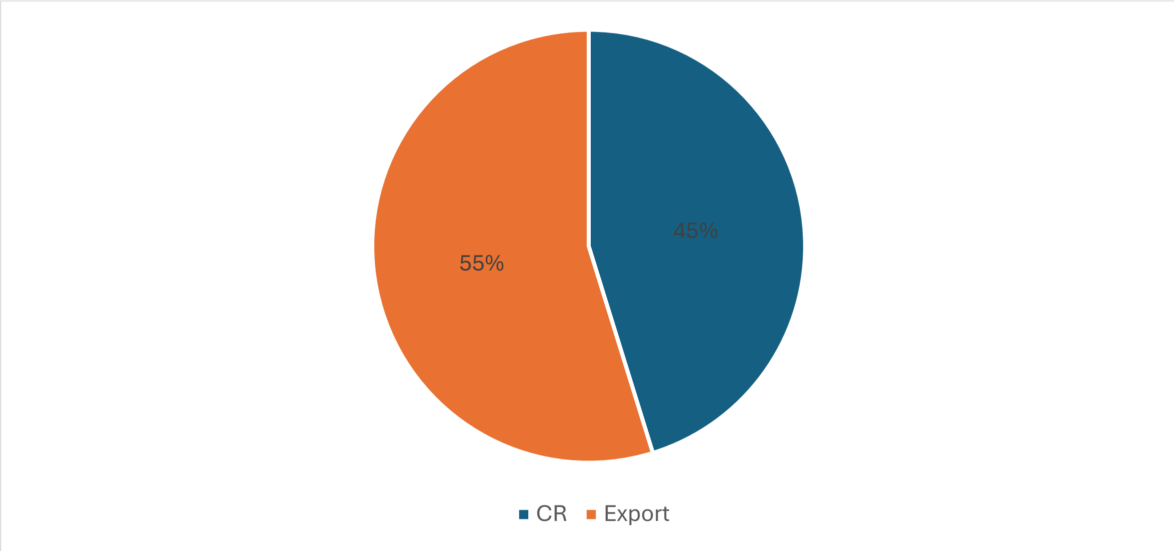


Source: The Berman Group.

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 17,134 million in 2023, and the estimate for 2024 expects an increase to CZK 18,321 million. A positive sign is that the companies estimate an increase of their total turnover. 22 (54%) of the 41 enterprises surveyed expect further growth in the next few years, a fact that also holds true only of four of the seven companies with more than 250 employees. Thirteen more enterprises expect stagnating turnover in the coming years, and six envisage a decrease.

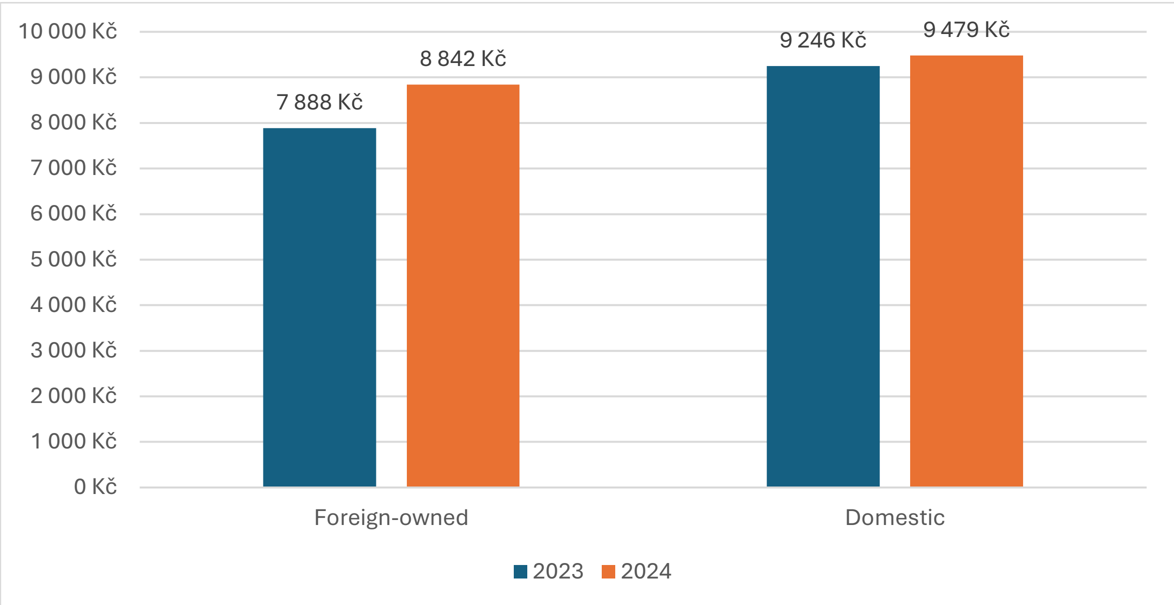
Chart 12 Markets of the local companies



Source: The Berman Group.

In 2023, the companies surveyed produced most of their revenue (54.8%) on foreign markets, and this ratio even reached 80% in the case of large enterprises (with 250+ employees). Strong orientation to domestic markets (70%) was discovered in medium-sized enterprises. In terms of export orientation, the EU is the most important market for local companies. As expected, the most important countries of export comprise neighbouring Slovakia, Germany, and also Poland.

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 slight increase in turnover in 2024. In terms of company ownership (Chart 13), it is obvious that this increase is especially expected in foreign-owned companies, while domestic enterprises were more conservative in their estimates. Yet, they expect an increase in the total. Czech-owned companies generated a turnover of

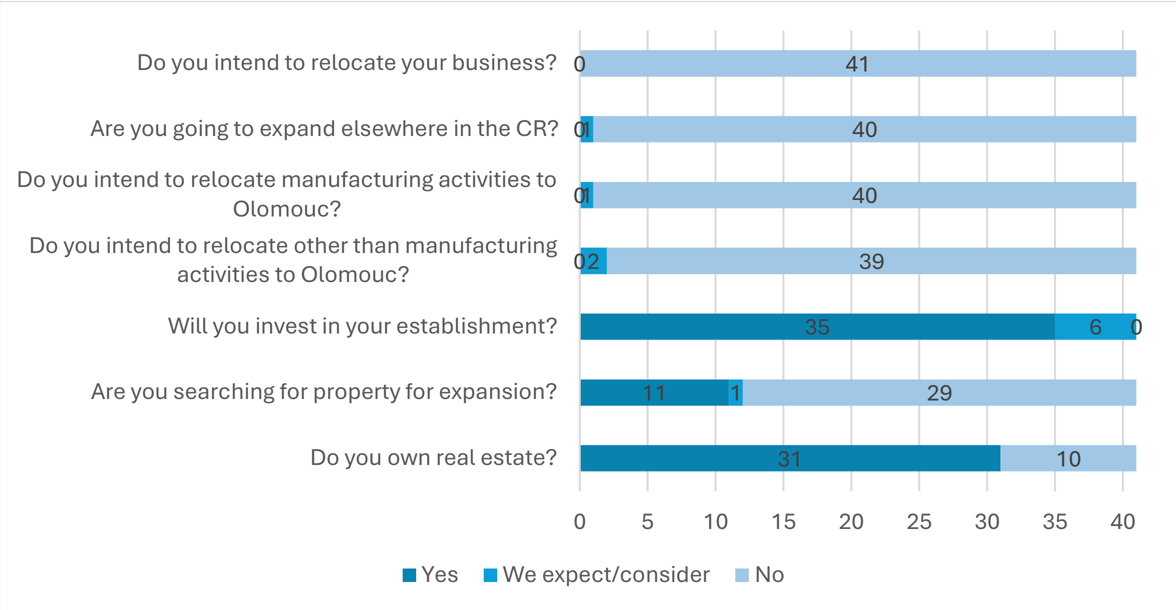
CZK 9,246 million in 2023, and this year they expect turnover to amount to CZK 9,479 million. Foreign companies already in July, August, and September expected an increase from last year's value of CZK 7,888 million to CZK 8,842 million.

Regional anchoring

The issue of real estate property for business is naturally related to regional anchoring and the local business environment. Approximately three quarters of the companies surveyed (31) own the premises they use as their head office or manufacturing area; the remaining ten companies rent their premises. Most of them, just like two years ago, are currently not looking for ways to change this situation, as they either have enough space at their current location, or had to abandon plans for expansion. Eleven 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. One company ponders expansion. This confirms the situation from the previous survey, where there was a change in this respect. In 2020, most enterprises were actively seeking new premises, but that was not the case two years ago.

The situation remains unchanged in the case of planned investment. The companies still intend to implement investments, as confirmed by the fact that 35 companies (85%) responded positively to this question, while the remaining six are considering these steps. No company answered in the negative this time. Similarly to the situation two years ago, the managers in most case were prudent in the quantification of these planned investments, which is related to the caution caused by market developments.

Chart 14 Property, investments, expansion



Source: The Berman Group.

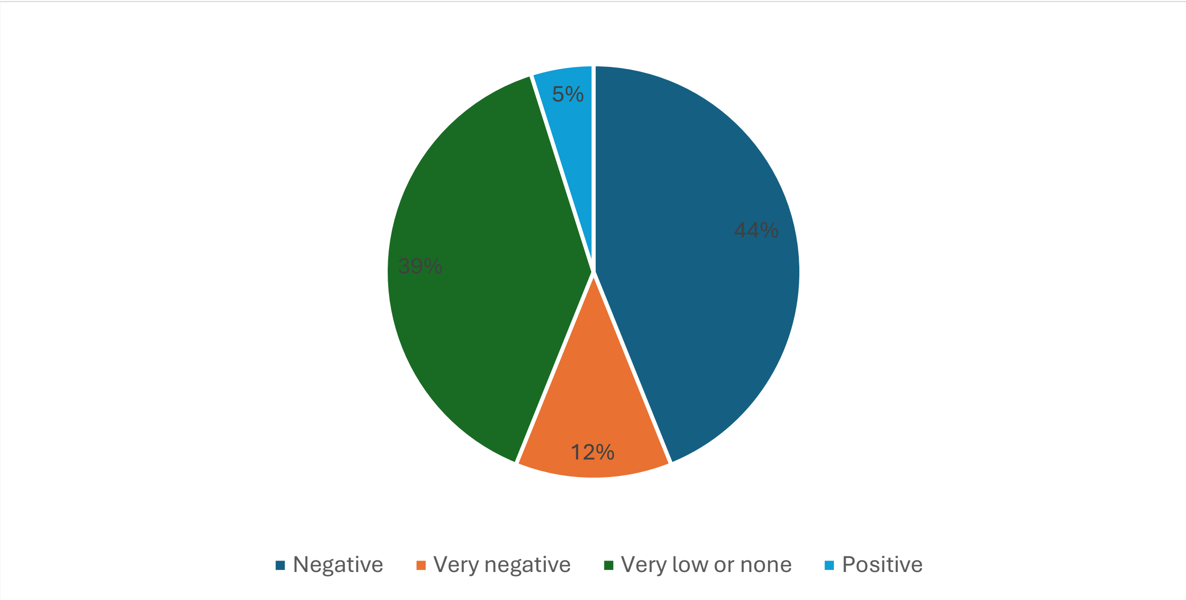
Two companies are considering transferring other than manufacturing activities to Olomouc. One company has long been planning to transfer manufacturing activities to Olomouc in the future due to the ever-increasing costs of transport, especially maritime. In contrast to the previous surveys, the current sample of companies does not contain any that consider quitting doing business in Olomouc to move elsewhere. Interviews with the managers revealed that the availability of a professionally trained (especially technically educated) workforce is better in Brno or Prague, but the current situation does not require transferring the company.

"I've had a plan for a long time to transfer manufacture from Asia directly to Olomouc. We have sufficient premises for that, but it's still a long-term plan. Labour costs are key, naturally; only work with time pressure stays in Europe."

Impacts of Covid-19 and the war in Ukraine

Another question focused on the impacts of the ongoing war in Ukraine, and whether the companies still face consequences of the Covid-19 pandemic. Most companies (44%) stated that the impacts were negative. In most cases, the answers more likely referred to the current military conflict, while some companies stressed that this does not only involve the war in Europe, but the global situation – especially in view of rising transport prices. The companies frequently associated their answers with high 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. This situation has remained unchanged two years later.

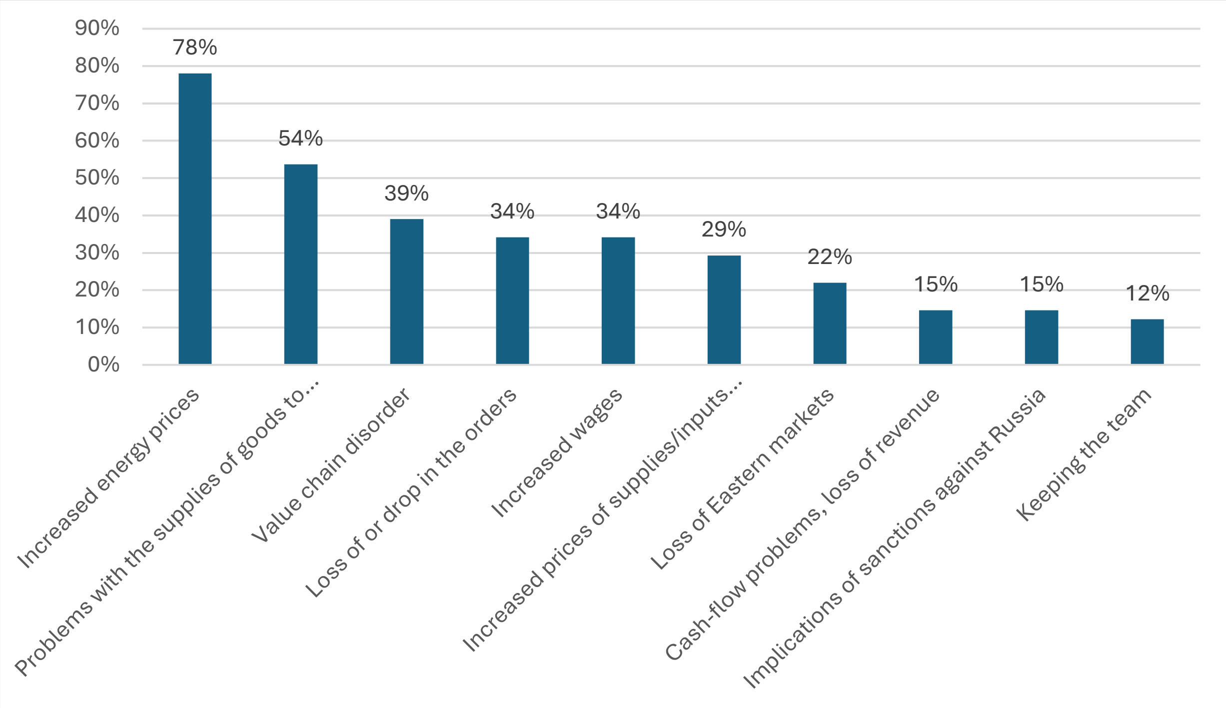
Chart 15 Impacts of the war in Ukraine (and of the Covid-19 pandemic)



Source: The Berman Group.

A group of similar size (39%) stated that the impacts of the crisis have been (or continued to be) minor or none. The impacts of the current crisis were seen as extremely negative by five companies (12%), mostly those with energy-intensive operations or dependant on the supplies of raw materials from Asia. Two companies then stated the impacts 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. In this regard, the results are similar to the survey two years ago, a fact that the companies hinted at in many interviews. The situation has not changed significantly, and they have gotten used to it, so to say.

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 war in Ukraine was the rise in energy prices, which seem to stagnate at present, but has not been corrected in any way (76%). Problems with supplying goods to customers ranked second (54%), followed by the overall disruption of the value chain (39%). Similar gravity (34%) was attributed in this survey to the loss or reduction of orders, relating most probably to the current economic situation on the European market, primarily in Germany, the impacts of which are now also felt by Czech companies directly linked to the automotive industry.

> *"Ukraine's impact manifested later, we are very aware of the collapse of the steelworks in Ostrava, with heavy impacts on the automotive market. Uncertainty."*

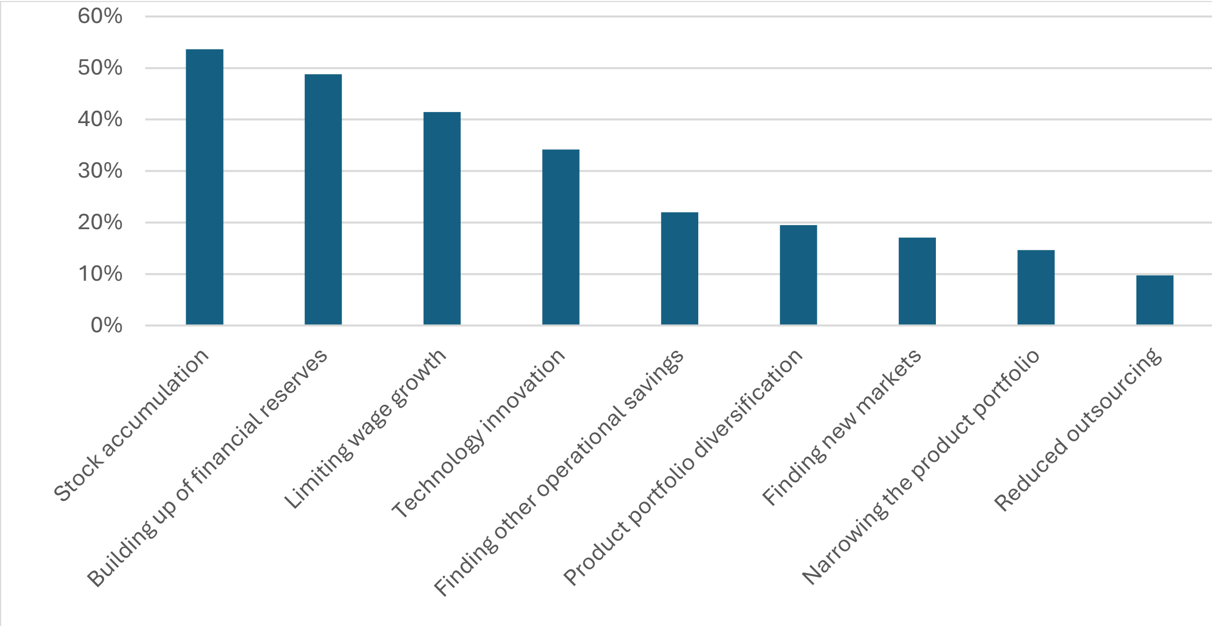
> *"Before Covid, a container from Asia cost about USD 2,500, now we pay 20 thousand dollars. We bear part of this, part is reflected in the price, part we warehouse. We have had to mark up every three months."*

The companies also have to face the growing cost of labour and the requirements for wage increases (34%), which is complicated by the loss of, or reductions in, business contracts, or their already unbearable increase. Some companies have lost their sales outlets due to sanctions against Russia.

> *"We've lost the Belarusian market due to the sanctions. We had to abandon it. Czech companies had to leave, but French and German firms could stay. Interesting. Of course, they immediately replaced us."*

More than one half of the companies surveyed (54%) are trying to prepare for the effects of changes due to the current global situation by creating and holding greater amounts of stock regarding inputs, materials, and components. But the companies add that it is difficult because there is a risk of unused material/goods remaining in stock for a longer period of time. Almost half of the companies are trying to create financial reserves (49%), which is also associated with slight reductions in the wage increases (41%).

Chart 17 How are you preparing for the repercussions of the war in Ukraine?



Source: The Berman Group.

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 34 (83%) of them. The forms of support do not change, most frequently comprising support of various social enterprises and sporting or cultural events.

> *"We support various charity events in Olomouc. We want the city where we live and work to benefit from the profits of our business."*

> *"We sponsor some sports organisations. Most recently, we bought new jerseys for a basketball team."*

> *"We provide support to various kindergartens, institutions and so on twice a year. We used to subsidise assistance vehicles for the disabled. Even though we were in the red for two years."*

Suggestions for the support of business

This survey newly included the possibility to propose joint activities to be implemented with the city in order to improve the business environment in Olomouc.

The following are the most interesting suggestions from the representatives of the companies:

- **Joint solution of accommodation and care of foreign workers**

  "It would be helpful if the city could organise a meeting (and then of course implementation) regarding problems with the accommodation of foreign workers. All of us who need blue-

collar occupations know well that we can't do without foreign workers. And we need to offer them accommodation of corresponding quality, ideally near their place of work."

"Problems with accommodation of foreign workers could be resolved either by building workers' hostels that would be at least decent, because at present this is a business that thrives off the books. This is not ideal in private hands."

"A foreign worker also needs assistance. They often don't know the language, require help at the doctor's, when dealing with authorities, and so on."

"With new workers' hostels, the city would take advantage of the concentration of these persons in one place – better oversight in health and social aspects."

- **Training for companies**

  "We would appreciate if the city could organise training for the companies on current requirements and regulations, in particular from the European Union, which cause problems especially for small businesses (such as carbon footprint, and so on)."

- **Joint meetings and discussions**

  "It would be beneficial if the city organised a meeting on how to keep young people and students in Olomouc even after their graduation. There is apparently the impression that Olomouc is a small city, and if you want to get a place to live and a decent salary, you have to leave."

  "If there is a group dealing with transportation and traffic, how repairs are planned or how it all works in general, we'd have a lot to say about that."

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 public administration, transport, education, and the attitude towards local companies.

Functioning of public administration

- The duration of the building permit procedure is a big problem. It takes an awfully long time and complicates everything.
- Speed up the building permit procedure. We waited three years for permission to expand operations. Over that time, the reasons why we wanted to expand have passed and we have lost the contracts that motivated us.
- I find it unacceptable that salaries in the public sector are higher than in the private sector. This does not send a good signal.
- We don't expect any major support for our business, but it would be nice if the authorities at least wouldn't make our lives unnecessarily difficult.
- Would it be possible to have at least one day for public offices to work late, for example from 4 pm to 8 pm? And the other day schedules would compensate for it? People working in factories don't have many options to visit public offices.
- It is very frustrating for employees to come to a public office at noon on a Friday only to learn that the office has already closed. A company manager can set aside some time and then make up for it, but not a person working in production.

Transportation

- I don't have a feeling that anything has improved since the last survey. Not much has changed, but it's true that the situation is not getting worse. This must be taken as a positive thing.
- The traffic situation in the city is inconvenient due to constant road closures. Olomouc surely is no exception among Czech cities, but it would be nice if the repairs were planned better and logically followed each other.
- Build the by-pass to Šternberk as soon as possible. Heavy traffic heads to the city centre. There's a continuous line of vehicles there all the time, and it's hard to even cross the road. This is also detrimental to tertiary and other roads.

Housing

- Housing affordability is still a problem. Young people need affordable housing. Wouldn't it be possible to make it simpler for the companies to build their own flats? Would it be possible in Olomouc?
- Housing development stagnates. Yet it's absolutely essential for the city's prosperity. Then we mustn't be surprised that young people move elsewhere.

Relations between the city and local companies

- Better communication. How can it be that we learn about a road repair and its closure in front of our premises only the night before, when road workers erect No Entry signs? We'd like to have earlier information so we could make arrangements.
- 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. But I've already said this the last time.
- Better support for small enterprises. We'd appreciate interest from the city, we'd like to have someone to visit us to learn what companies operate in Olomouc. I don't feel like the city knows.
- Better communication of changes to public transport schedules – there are several businesses in our industrial zone, so this could be taken into account.

Overall impressions of Olomouc

In closing, representatives of the companies were asked to point out the pros and cons of Olomouc. The following is a summary of what was mentioned.

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

- Olomouc has a good location within the Czech Republic and is thus easily accessible from all directions.
- Olomouc is a perfect city to live in. Life here is excellent.
- The presence of UP has a positive effect on the mood of the city. Younger people are generally more satisfied.

- The operation of the Olomouc District Chamber of Commerce has improved tremendously in recent years. It seems to me that this institution substitutes for the city, and if we have a problem, we prefer to contact them.
- Services in the city work very well, and this makes it a good place to live and do business.
- This is not Prague, and so we have lower labour costs. The advantage is a more intimate environment, where, for example, whole families work with us.
- Continuously improving accessibility to Prague (and thus to the whole world).
- The city has a wide offer of cultural and sporting activities.
- We've never encountered an international partner who wouldn't like the city. It is a representative city, good for our reputation.
- Our customers are literally excited by the number of pubs and bars in the city. They are also satisfied with the quality of the hotels.
- The quality of restaurants has tremendously improved compared to a few years ago.
- Presence of an industrial zone.
- In terms of business opportunities, I welcome the construction of warehouses in the vicinity of the city.
- Good cooperation with secondary schools. One principal in particular has realised how things should be, and he actively contacts us offering cooperation.
- Well-functioning flood protection measures – continue this work.

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

- Mess caused by trucks around the industrial zone.
- Poor parking facilities in Olomouc, which is not taken into consideration by the city police. How can it be that when a tradesman comes to our company to make a repair, they get fined within five minutes when still unpacking things?
- Absence of a cycling route to the industrial zone.
- High price of new housing.
- Absence of available areas for business.
- The transport infrastructure is not growing in proportion to the number of people.
- Excessive bureaucracy. An official doesn't like something, and the whole project, the work of numerous people, gets stuck.
- Insufficient communication and flow of information from the city.
- Technical services are not working as they should. After a complaint, they only offer a possible solution, but they never rectify the situation.

- Olomouc is a university and regional administration city. It lacks people who would work in manufacturing.

- Housing construction in the city is absolutely not working.

- We live off our history. Compared to Italy or Spain, we're going to face tremendous problems, as they don't have a labour problem. Is there anything more we can offer in the future?

- Cooperation with UP doesn't hold a candle compared to cooperation with VUT or other technical universities.

- Absence of a by-pass from the Globus shopping centre to prevent traffic through the city centre.

- Companies lack a completed transport infrastructure. Mainly the by-passes.

- Bureaucracy – everything takes a long time… approval procedures: before anything is approved, those who started it are already retired.

- High labour taxation in the Czech Republic, tax burden on the companies. This also prevents higher wages.

- Condition of the road at Sladkovského Street. This has been going on for years, something should be done about it.

- Little support for technical education.

- The city acts from a position of power and is not open for discussion.

- We are restrained by the urban development plan, especially the still unfinished Addendum 10. Developer projects worth billions are delayed by this.

- Little openness of the city to foreign workers.

4. List of Abbreviations Used

BES	Business Environment Survey
CZK	Czech koruna (crown)
EU	European Union
Kč	Czech koruna (crown) – local acronym
R&D	Research and Development
UP	Palacký University Olomouc
VUT	Brno University of Technology