

INFORMATION ABOUT BUSINESS BACKGROUND LIKE NECESSARY CONDITION OF THE EFFECTIVE AFTERCARE POLICIES

Jan Stejskal, Miloš Charbuský
Univerzita Pardubice, Fakulta ekonomicko-správní

1. Introduction

The investment economic asset is indisputable. Its defensibility is not so obvious and the same trends, what could motivated the foreign investors in past to dislocate their enterprises from west European countries to the Czech Republic, can contribute their dislocation more to the East. The high economics of many western countries are the sources of the new (direct) investments. In these countries there the local and central governments care about the investors to the more extent. The nationality of the investment is not so important, because also the national entrepreneurs can be the source of the economic development and many working places.

The goals of the public policies focused on the “aftercare” can be:

- the support and ease the firm expansion,
- the solving the problems with the development of the enterprises,
- the restructuring of the activities and labour learning (training),
- the support of the attracting the activities with the high value added of the multinational corporations to Czech Republic (for example: research, development, design, centres of experts, centres of the shareable services etc.),
- the support of the making network among the business,
- the generation of the clusters (the excellence centres with the global competition),
- and many others.

All these specified activities can be realized by the financial support from the structural funds from the European budget and by the operating programmes also in Czech Republic. The specialized agency CzechInvest (aftercare department) can help to the entrepreneurs and coming investor with the orientation in the support sources.

The municipalities and also the regions have actively started to attract the investors. They have started to build some industrial zones, make the marketing and public relation materials, participated in many international fairs, make the direct marketing and especially active cooperation with the agency CzechInvest. The regions and municipalities have made the special teams for the entrepreneurs and coming investors.

We must ask also two important questions

- Have the municipalities and regions cared about the located investors so actively?
- Has the public sector (also in the regional and municipal level) list about the expansion the local investors or integration of the new activities or leaving the Czech Republic?

These questions have been also the matter of the research named “The analysis of the aftercare in Czech Republic”. Some results of this big research are presented in this article.

2. Survey methodology

The Department of the Public Administration and Law of the Faculty of Economics and Administration of the University of Pardubice have been pursuing the research in the municipalities and regions in Czech Republic already five years. The research team has focused on the aftercare policies of Czech municipalities and regions in May 2005.

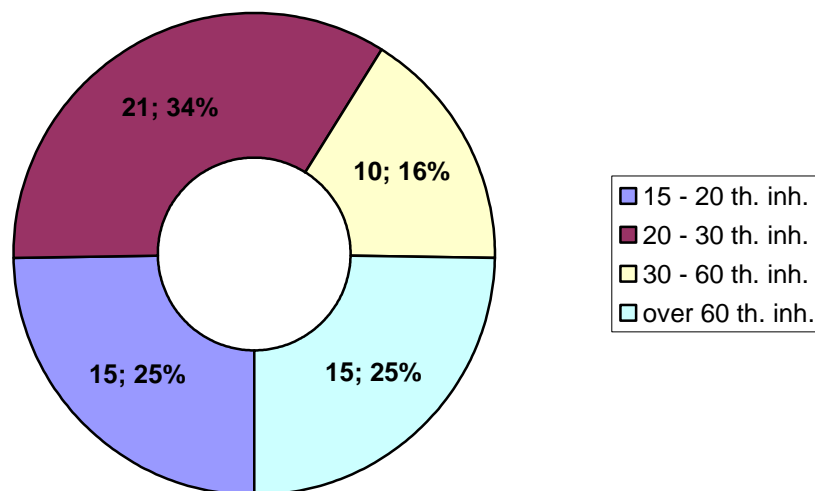
The information from the municipalities and regions has been picked by the question form. This form was made by the research team and economic development agency Berman group from Prague. This agency for example creates the municipal strategic plans not only in the Czech Republic.

The question form has been taken to the respondents by the students of the Faculty of Economics and Administration of University of Pardubice. The students have been taken up with the sense and importance of this survey.

Among the respondents there were 61 municipal civil servants and 10 regional office clerks. The smallest town in target group is Ústí nad Orlicí with 15 thousand inhabitants, the biggest is city Brno. We have also filled forms from the 32 representatives of the investors. They have been attracted into Czech Republic in several years ago with CzechInvest help.

In regions in the target group there live more than 50% inhabitants of our country. This number is according to our opinion enough for generalization our research results.

The list of the municipalities (towns and cities) in the target group is located in chart No. 1. The size of the municipalities is identified by the number of inhabitants.



Source: results of own survey

Chart No. 1: Municipalities in the target group

This article deals with the presentation of the basic results from this big research. In the chapter number three there you can find the list of the information of the regions and municipalities about “their” entrepreneurs. In next parts there you can see the summarized results of the information about foreign investors and investments. Some other results you can see for example in [1-3].

3. The entrepreneurs background in municipalities in Czech Republic

3.1 The information about local entrepreneurs surrounding from regions point of view

The first group of the questions deals with the basic information about the local entrepreneurs surrounding what the regions keep at disposition (and also their recency).

We have found these results:

All ten regions (from the target group) have specialized department (or departments) which deal with the communication with the entrepreneurs and firms. We have found that the more often there are: regional development department, European integration department, internal affairs department, developmental programs department, project management department, strategic development department, funds and programs EU department, investments and grants department and so on.

From presented facts there it leads that the regions have located in the first place to the information and support in these zones:

- A. Regional development (including strategic development management)
- B. European financial resources using (including funds, grants and programs of the European Union)
- C. Project management, project making to obtain some money from the external sources.

The average number of employments in these departments is 25. We must mark for exceptions regions Jihomoravský and Královéhradecký. Their representatives have said that about the communication with the entrepreneurs and firms there only three or seven employees take care.

We can say from this fact that not every region takes the same care about the communication with the entrepreneurs surrounding. But we know that many forms of the communication in the region offices can be marked matter of course. We think also about one more latent problem. We suppose that every employee must know right communication channels in their office because the investor can ask for help everybody and any time. We can recommend to offices to have mapped these channels in some internal documents and also to take care about the quality of staff information about these problems.

We have very interesting facts from the question about the basic goals of these departments in the relations with the entrepreneurs. The answers you can find in the table No. 1 also with the names of the regions.

Table No. 1: The list of the basic goals of the departments deal with the communications with the entrepreneurs

Region	The basic goal of the departments
Středočeský	Grant support, consultancy, initiations of the cooperation, presentation of the region, cooperation with the agency CzechInvest and also municipalities to attract the investors, solving the brownfield problems, management of the trading licence agency
Jihomoravský	Conceptual skills and matters, seminars, conferences, fairs, teaching, foreign missions, support programs, grants, research, innovations, data mining, GIS, developmental zones, incubators
Královéhradecký	Cooperation with the Regional economic association, making of the support programs for the entrepreneurs
Moravskoslezský	Indirect support in the form of presentations of the investment and cooperation occasions, direct support – grants

Karlovarský	Information about the support programs, investment occasions, the making of the grants programs in the regional level, analysis, studies, databases, presentation, cooperation with the important industrial and economic subjects in the region (for example in the cluster initiatives, technological park and so on), the databases of the free zones for the entrepreneurs activities, for industrial and multifunctional zones (including brownfields) in cooperation with municipalities and entrepreneurs
Liberecký	Grants, helping with the financial consultancy for EU, finance from the state budget, support programs for the small and middle entrepreneurs, making the developmental documents

Source: results of own survey

We must say that in the table No. 1 there you can not find every from ten regions in the target group. We had to set aside some answers.

We can summarise obtained information and supply some other activities of the regional offices which goals in the investments support. There are:

- A. Regional development (including strategic development management)
 - new investors attraction
 - cooperation with the industrial and economic subject in region area
 - cluster initiatives, support of the technological centres creation
 - support and scoring of the industrial zones and free zones for entrepreneurs
 - brownfield problems solving
 - the creation of the developmental or strategic documents for the region area
- B. European financial resources using (including funds, grants and programs of the European Union)
 - grant support (direct support)
 - financial funds and programs creating
 - complement financial sources searching (for the cofinancing of the regional development projects)
- C. Project management, project making to obtain some money from the external sources.
 - teaching, consultancy, some courses for employments of municipal offices (how to obtain money from the external sources for cofinancing our activities)
 - fundraising (project management)
 - cooperation with Regional development agencies and associations

We also have found out the recency of information about the local entrepreneur surrounding what is available for regions. Only six regional offices have taken place some survey of the entrepreneurs surrounding for their own activities (for example for their better and more qualified decisions, strategic management and conceptual planning). Eight from ten regions use from own needs the entrepreneurs lists and summaries from the statistics Czech Statistic Office.

We also wanted to know the complexity of obtained information. The second part of the question were focused on the using others information resources – for example Ministry of Labour and Social Affairs. Only half of respondents know about using ministry informative sources. We think that the regional offices would use more information from this source – for example about the labour forces, projects and supports programs of the creating new working places and so on.

In the regional level there they can use also others information sources about the entrepreneurs surroundings and their needs. Trades Licensing Offices have also much important information about entrepreneurs, firms and organizations in the region area. These resources are out from point of regions view. Only four respondents (i.e. regions) use this information. We suppose that it is not easy to obtain requested information from TL Offices. The reasons can be: bad format of the cared information, large agency of TL Offices, firms data security and so on.

The summarized result: only three regions use currently all analyzed informative resources.

We can count many others informative resources for using in the entrepreneurs activities:

- web sites of the Ministry of Industry and Trade of CR, agency CzechInvest
- own surveys in the labour force market, analysis from the specialized agencies and universities
- information systems obtained by outsourcing ways
- registry of the Regional Economic Associations, Regional Development Agencies and so on.

Before choosing the suitable informative source the regions must do some analysis of the basic (key point) problems appeared in their region area. Only three respondents have been able to define the regional basic problems. We count from the results some examples:

Moravskoslezský region:

- 1) disharmony in qualifications of the high school graduates with the employers needs
- 2) administrative barriers
- 3) limited law prosecuting

Karlovarský region:

- 1) limited financial sources for the beginning firms and entrepreneurs (i.e. with less than 10 employees) – very difficult access to the bank loans and a little possibility grants and sources for this group of firms (in general it is for all Czech Republic; Karlovarsky region is on of the financial weakness region)
- 2) unfit and low labour force qualification
- 3) limited vocational and space force mobility (and also unfit traffic infrastructure)

We have no ambition to judge the basic problems of our regions. We have not presented all relevant information about their social and economic situation, historical origins and many others factors. We have stated that the employees of the regional offices would know something about these problems. It is because they (like employees of the offices) can influence a bit this situation.

3.2 The information about local entrepreneurs surrounding from municipalities point of view

We have asked the same questions the representatives from the municipalities. These questions have found out some information about entrepreneurs surroundings, their sources and recency.

We have found out these survey results:

Almost every respondent representing their municipality has some idea about the departments what communicate with the entrepreneur surrounding. In practise there these departments deal with the communication:

- territorial and economic development department

- strategic planning and territorial development department
- town property and investment department
- Town Construction Administration and Trades Licensing Office
- and others.

Some towns and cities have not dedicated the main department responsible for the communication with entrepreneurs. The investors can have many problems in communication with the offices' department.

We can present here one example - town Most. The departments of Most town hall which are responsible for communication with investors and firms are:

- Town Construction Administration
- Trades Licensing Office
- Town property department
- Traffic and town economy department
- Environment department
- Extra incident department
- Development and investment department.

Only 13 (21% of respondents from the target group) respondents said, that their office has not special reserved department and responsible for entrepreneurs and firms. We can count for example towns: Havířov, Mladá Boleslav, Kadaň, Jirkov, Kroměříž, Znojmo and many others.

We can also generalize the survey results and present main departments in town for firms and entrepreneurs:

- A. regional development (including strategic development management)
- B. local administration and investment planning
- C. administrative activities

We have very interesting facts from the question about the basic goals of these departments in the relations with the entrepreneurs. The answers you can find in the table No. 2 also with the names of the towns or cities.

Table No. 2: The list of the basic goals of the departments deal with the communications with the entrepreneurs

Some cities list:

City/town	The basic goal of the departments
Ostrava	Creating of the conditions for investments in the city, city presentation for investors, acting with potential investors in Ostrava and Moravskoslezský region, fairs, helping with support from funds EU, grants and so on
Olomouc	Investments marketing, communication with investors; creating coordination of the industrial zones in the city, making the price land maps, cooperation with Regional development agency, Economic Association, fairs, marketing materials for investors in multilingual version; administration of the database with statistic data and information about free zones and firms in city; web sites only for entrepreneurs; creating of the strategic plan of the city; making projects to the EU funds
Liberec	Communication with the entrepreneurs, strategic planning, helping with documentation of the building projects, discussing of the territorial plan in the city; creating of the industrial zones

Pardubice	Industrial zone management, inform about national and OPMP programs, administration of the immovable and unemployment databases and so on. Cooperation with: <ol style="list-style-type: none"> 1) finding out the investors to the industrial zones 2) presentation of the city and entrepreneurs background 3) helping, service and care about firms 4) entrepreneurs meeting organizing 5) inform and consultation support for foreign investors; grant policies, financing from the structural funds EU
Karviná	<ul style="list-style-type: none"> - small and middle entrepreneurs support - strategic and territorial planning - industrial zones in Karviná - cooperation with Economic Association - firms incubator

Some other towns list:

Prostějov	Listening of the wishes and needs of the firms and organizations leading to buying or leasing some buildings or lands; creating of the documents for potential investors; free zones marketing; consultations with professional employees from the offices about the projects
Cheb	Industrial zone administration, sales or leasing of the realties; leasing and administration of the technical buildings for entrepreneurs
Písek	Global activities for investors needs and wishes realization (but not only for the new incoming investors, also for attendants); realization of the system "one door"
Valašské Meziříčí	Cooperation in base - strategic plan of the town; administration of agency with border cooperation (region White Carpathian Mountains); agency with realization of the Industrial zone Lešná; cooperation with realization many tasks consequential from regional policy of the town
Krnov	Contact with entrepreneurs – help with solving problems; industrial zone, strategic plan realization and so on
Sokolov	Entrepreneurs incubator building; lands for entrepreneurs offer; information about town orders; financial support
Vyškov	Agency of the Trades Licensing Office; writing information and mailig about done inscription to the registry; industrial zone building; communication with present entrepreneurs and also with potential investors; realization of the meeting with town representatives
Strakonice	Information about entrepreneurs and their activities, about free zones and lands; communication with them; development entrepreneurs activities support
Bohumín	Agency of the Trades Licensing Office; free buildings and lands for entrepreneurs offer; financial support by grants

List of the answers what is different from the average answers:

Neratovice	Registration; control; consulting
Dvůr Kr. n. L.	State administration; control activities in entrepreneur domain; supervision above the entrepreneur duties
Bílina	Entrepreneur registration; control; central register for entrepreneurs and firms
B. n. L. - Stará Boleslav	State administration in trades licence zone
Ústí nad Orlicí	Methodical help
Náchod	State administration in trades licence zone

Bruntál	Lands and buildings for entrepreneurs; cooperation with firms in tourism base
Kladno	Trades licences; information about potential investments
Frýdek – Místek	Industrial zones realization; consulting in grant domain
Děčín	State administration in trades licence zone

Source: results of own survey

We suppose that every city and town would have solved all competences about the entrepreneurs' support. The towns from the third part of the table No. 2 do not have solved this domain.

We can also summarize the results of this part of survey and set the aftercare policies list:

- investments policy (to realize positive entrepreneur surrounding and background; to make the best conditions for new investor incoming – for example by incubators, clusters, industrial zones, free zones, buildings and lands for entrepreneurs),
- communication policy (town presentation for investors; participation to the fairs; marketing materials; using the databases about the entrepreneurs; web sites; have a meeting with town representatives and entrepreneurs),
- support (financial support) policy (suitable grants for entrepreneurs and investors; obtainable grants and help with project management to obtain some external finance from ministries or some others state administration offices and also from EU; project consulting)
- state administrative activities (simplify all state administrative activities during the issuing the trades licences; certifying some projects; realization of the assistants for entrepreneurs direct in the town halls for example by the system “one door”).

We also have found out the information about recency databases and information about entrepreneurs, investors, firms and organizations. The results you can find in the table No. 3.

Table No. 3: The information sources about local economic surroundings

Information source	% rate of positive answers
Own entrepreneur background survey	52,63
Entrepreneur summary lists from Czech statistic office	57,89
Summary lists from Employment Bureau or Ministry of labour and social things	50,88
Summary lists from Trades Licensing Office	68,42

Source: results of own survey

In table Nr. 3 there you can see that only a half of all municipalities from target group uses information from external sources (others state offices). Very bad result is the 50,88 % of positive answers at the information from the Employment Bureau – we think that every office must have for own management and suggestion recency information. They must learn to want recency information also about the free working places; labour force qualification and so on.

We can also recommend them to obtain more information for example from internet; cooperation with high schools and universities or research offices.

3.3 Information about foreign investors from region point of view

We have to have special attention for the recency information about the foreign investors. This part of results analysis is very important according to the goals of this research.

Only one respondent (from the Region Kralovéhřradecký) answered that he has not knew about the recency information about foreign investors there. Two respondents want to obtain recency information about region in next year and five have answered that they had these information. The rest have not answered.

The goal of this question was have information about the recency. The average information recency is about 50% (Moravskoslezský region has valued the recency about 75%). We can think about the correlation among the informative sources (and their using) and their availability. Every region has valued their information more than 50% recency; all of them use not less than three analyzed sources.

Table No. 4: The list of finding information about foreign investors

Region / Information	Identify dates about firms	Contact lists and dates	Activities of the firm	Employees number	Investment value	Date of the investment	Type of the investment	Origin of the investor
Jihomoravský	A	A	A	A			A	A
Jihočeský	A		A					A
Plzeňský			A					A
Pardubický	A	A	A				A	A
Moravskoslezský	A		A					A
Karlovarský	A		A	A	A	A	A	A

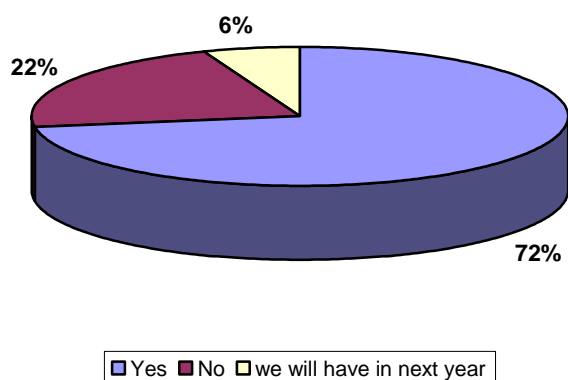
Notice: letter A in the case means, that the region has this type of information about foreign investor. The rest of regions have not answered this question. Source: results of own survey

All analyzed regions (see table No. 4) have already information about activities of their foreign investor and they know their origin. Except Plzeňský region they all also know identify dates about investor. They do not have any information about date of the investment, their value and type.

We also have asked them about the source of all information about foreign investors. They had to use various ways. More often source is agency CzechInvest, only one region have taken place own survey. Two regions have contacted by direct way their investors and ask them. We can also recommend to use some others sources – for example databases of the Economy Association and Municipality Societies.

3.3 Information about foreign investors from municipality point of view

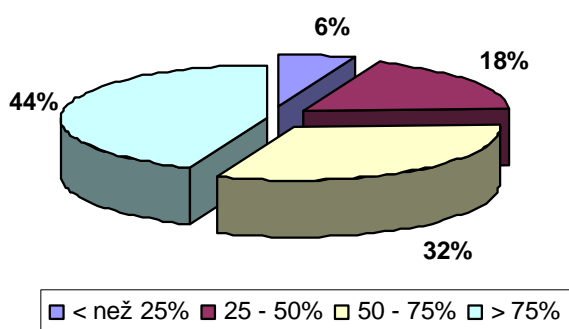
Also in target group of municipalities there we analyzed their needs of the recency information about foreign investors. The results you can see from chart Nr. 2. You can see that only ¼ of municipalities have no information about foreign investors. This result is very positive because in target group there we have only municipalities with more than 15 thousand inhabitants. These municipalities are interested in their development and competition possibilities. We do not know about foreign investor in quarter of municipalities (without information).



Source: results of own survey

Chart No. 2: Recency information about foreign investors

The notion “recency” can be interpreted in various ways. That is why we have asked also about numerical value this recency. The results are situated in chart Nr. 3.

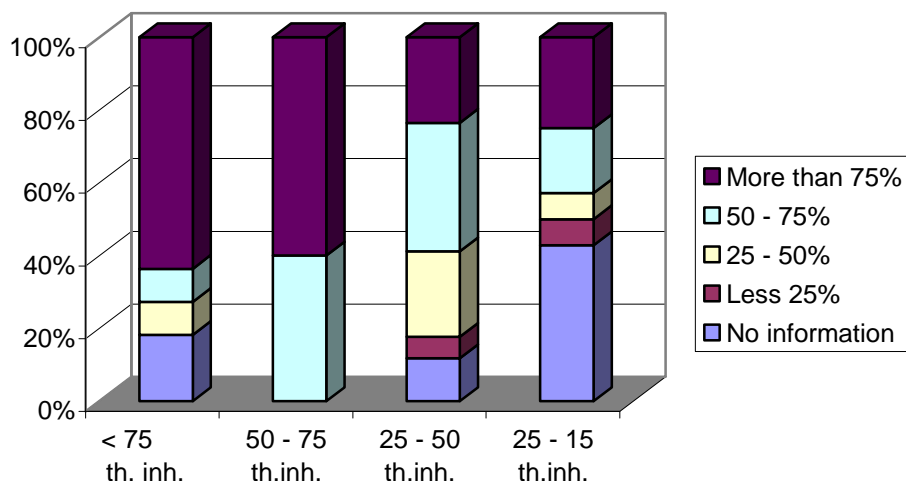


Source: results of own survey

Chart No. 3: Numerical valued information recency

We have very interesting information from the recency information analysis. We have tried to find the correlation among the municipality size (measured by inhabitant number) and information recency. The analyse results you can see in chart No. 4. We have found out some dependence among information basements and municipality size. The municipality group with more than 25 thousand inhabitants would try to obtain more recency information – that is one of the ways how to improve quality of their economic development.

But we know that all municipalities would try to have recency information about entrepreneurs’ background and surrounding (uncared-for their size). In small town there we feel some problems – worse qualified town office employees, many more important problems to solving by the representatives in others domains and so on).



Source: results of own survey

Chart No. 4: Dependence among municipality size and recency information

4. Research enclosures

4.1 Region group enclosures

We can count some partial interpretations of our research from the group of Czech regions (in the target group) to the businesses and potential investors:

- the regions know the importance (let us say strategic importance) of the entrepreneurs and incoming investors to the local economic development. They think about their regional policy which is applying themselves. They also try to offer some various forms of the support;
- every region has minimal one, but in practise there are several, departments of the regional office responsible for the communication with the entrepreneurs and investors;
- only several regions let know the importance and meaning of the actual and sufficiency information which play very importance role during the strategic planning of the regional economic development of their areas. The regions use very often the information from the Czech Statistic Office; some regions use also the information from the Trades Licensing Office and Employment Bureau;
- our regions have not ideal information about foreign investors and their investments;
- the respondents would like to have no less than 50% needed information about investors and also about local businesses (also in actual form!). We think the rate of the wanted information is very small. We want to recommend them to find a new ways to increasing of this rate;
- we know from the structure of the information about the foreign investors that the regions find out this information in present. But we know that their interest is only for registration reason (they register: basics about firms, national country, investor activities). This information structure is not sufficient for any planning and discussions;
- the regions cooperate with the agency CzechInvest what is very importance for their improvement and department.

4.2 Municipalities group enclosures

The respondents from the municipalities group have had the same questions. The results in short are:

- municipalities know the importance of the businesses and incoming investors for their local economic development. They want to try to offer some forms of the support, but their financial sources are only limited!
- every municipality has minimal one (in practise a few) department responsible for the communication with the investors and entrepreneurs. The care about the local economic development is one of the part of their responsibilities. This fact leads only from the hypothesis. The results of this survey are not so pleasant. The municipalities with more than 30 thousand inhabitants has specialized department of strategy or development in own office responsible for this activities. We have found that the smaller municipalities have not these specialized departments. There are only Trades Licensing Office;
- only a few municipalities know the importance of the information about the business surroundings. They can find them in their own surveys, entrepreneurs' information and statistics and many others offices. We have evaluated negatively, that many municipalities have no information about the unemployment and free working places number and their development;
- most of the municipalities have enough information about the foreign investors. This fact is very interesting and for them very important. We have demonstrated the dependence of the quality and up-date these information and municipality size.

5. Conclusion

We have found much information about the accesses of the municipalities and regions to the aftercare policies. We want to trust that these results and analysis can help them to inspire for management of the public administration. They can use these results for increasing of their competition in their rivalry about the incoming investors.

6. References

- [1] CHARBUSKÝ, M., STEJSKAL, J. *Prvotní analýza přístupů krajů ČR k podnikatelům a potenciálním investorům*. In International Conference Proceedings „The Actual Questions of the Regional Development 2005“ in Špindlerův Mlýn. Pardubice: University of Pardubice, FES, 2005. ISBN: 80-7194-777-6.
- [2] CHARBUSKÝ, M., STEJSKAL, J. *Udržitelnost investic prostřednictvím aftercare*. In Conference Proceedings „Public economics and administration 2005“ in Ostrava. Ostrava: Technical University Ostrava, 2005.
- [3] CHARBUSKÝ, M., STEJSKAL, J. *Příznivé podnikatelské prostředí jako faktor konkurenceschopnosti obcí*. In Conference Proceedings Regio 2005 in Cheb. Cheb: Western University in Plzeň, 2005.

Contacts

Ing. Jan Stejskal
University of Pardubice
Faculty of Economics and Administration
Department of Economy and Management
Studentská 84
532 10 Pardubice, Czech Republic
jan.stejskal@upce.cz

PhDr. Miloš Charbuský, CSc.
University of Pardubice
Faculty of Economics and Administration
Department of Public Administration and Law
Studentská 84
532 10 Pardubice, Czech Republic
milos.charbusky@upce.cz