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# Chapter 1

## Key Results



# Regional Business Environment Index

The Regional Business Environment Index (RBEI), a brainchild of the Business Alliance of Slovakia (BAS), is a central tool for the evaluation of the regions in Slovakia. This evaluation takes place at the level of districts, whose number leveled off at 79 after the reform of the public administration in 1996. Districts are the second smallest administrative units in Slovakia with an average population of 69 thousand and an area of 620 km<sup>2</sup>. A total of 70 districts are constituted by a district town and adjacent villages, some of which may even have the status of a city. The remaining 9 districts are those of Bratislava and Košice, comprised exclusively of the urban quarters of these two largest Slovak cities. Before 2003, each district was managed by the District Office (Okresný úrad), which exercised the administration of offices within the competence of public authorities. However, these offices were replaced by sub-district offices or “precinct” offices (Obvodný úrad), a total number of which is now 50. Districts have no government powers; these are provided for by higher territorial units or by individual towns and municipalities at a lower level.

The Regional Business Environment Index reflects the overall quality of business conditions in the districts. Its creation was motivated by a lack of tools that would enable effective comparisons between individual districts. It presents an output of a complex model and is calculated for each district separately based on available statistical data and data obtained from the affective survey among managers of firms. The values for each district fall within the range of [1; 6], where 1 reflects the worst and 6 expresses the best possible conditions for entrepreneurship.

RBEI consists of 106 mutually independent indicators, which assess different aspects of business conditions. Each of these indicators, like the entire RBEI, falls within the range of [1; 6] allowing a comparison of districts in the given area. All 106 indicators are further classified into eight pillars, which combine indicators into larger logical units. The pillars represent the 8 main areas of business environment identified by BAS. These areas in turn fall under four subsequent regional business environment sub-indices, two pillars per each subindex. RBEI comes as a result of their merger.

## Subindex I: Economic activity

1st pillar: Economic environment

2nd pillar: Economic output

## Subindex II: Public administration and legislation

3rd pillar: Legislation

4th pillar: Public administration

## Subindex III: Technology and infrastructure

5th pillar: Infrastructure

6th pillar: Technology

## Subindex IV: Education and human resources

7th pillar: Human resources

8th pillar: Education

District	Population	Area	Population density	Unemployment	Share of workers
	2009	2009, km <sup>2</sup>	hab. / km <sup>2</sup>	2010, %	2009, %
<b>Slovak Republic</b>	<b>5,412,254</b>	<b>49,034.0</b>	<b>110.4</b>	<b>12.7</b>	<b>41.3</b>
Bánovce nad Bebravou	37,999	461.8	82.3	9.6	44.6
Banská Bystrica	110,908	809.4	137.0	8.6	53.3
Banská Štiavnica	16,731	292.3	57.2	16.5	41.7
Bardejov	76,857	936.0	82.1	19.5	31.6
Bratislava I	41,032	9.6	4,274.2	2.9	207.9
Bratislava II	111,837	92.5	1,209.0	4.2	84.7
Bratislava III	62,673	74.7	839.0	3.5	125.1
Bratislava IV	95,491	96.6	988.5	3.3	47.1
Bratislava V	117,758	94.2	1,250.1	3.8	46.3
Brezno	64,242	1,265.2	50.8	17.3	31.5
Bytča	31,036	281.6	110.2	15.1	25.9
Čadca	92,424	760.6	121.5	10.9	28.7
Detva	32,641	449.2	72.7	17.1	30.4
Dolný Kubín	39,490	491.8	80.3	13.9	34.0
Dunajská Streda	117,304	1,075.0	109.1	9.7	35.3
Galanta	96,140	641.7	149.8	6.1	40.8
Gelnica	31,257	584.4	53.5	19.3	20.1
Hlohovec	45,216	267.2	169.2	7.4	40.8
Humenné	64,184	754.3	85.1	16.6	39.9
Ilava	60,891	358.5	169.8	7.8	44.7
Kežmarok	67,499	839.5	80.4	24.7	20.1
Komárno	106,645	1,100.3	96.9	16.2	35.5
Košice – okolie	113,971	1,533.4	74.3	20.7	15.9
Košice I	67,342	86.1	782.1	7.9	76.4
Košice II	80,448	79.9	1,006.9	9.7	57.3
Košice III	29,814	16.8	1,774.6	8.7	22.3
Košice IV	56,055	60.0	934.3	7.7	58.6
Krupina	22,657	584.9	38.7	20.9	29.0
Kysucké Nové Mesto	34,010	173.7	195.8	13.0	48.3
Levice	118,188	1,551.1	76.2	14.4	34.5
Levoča	32,803	357.3	91.8	17.8	22.1
Liptovský Mikuláš	73,289	1,341.2	54.6	11.3	45.0
Lučenec	72,899	825.6	88.3	23.1	29.6
Malacky	68,318	949.6	71.9	8.0	42.0
Martin	97,515	735.7	132.5	9.5	42.2
Medzilaborce	12,105	427.3	28.3	20.0	20.3
Michalovce	109,807	1,018.5	107.8	17.7	32.4
Myjava	28,005	327.4	85.5	10.6	41.5
Námestovo	58,944	690.5	85.4	12.2	33.7
Nitra	164,365	870.7	188.8	7.7	48.7
Nové Mesto nad Váhom	62,668	580.0	108.0	8.3	45.7
Nové Zámky	146,345	1,346.5	108.7	12.8	35.2
Partizánske	47,282	301.2	157.0	12.1	31.8
Pezinok	57,955	375.5	154.3	5.7	33.8
Piešťany	64,207	381.1	168.5	7.3	43.6
Poltár	22,636	476.1	47.5	21.8	17.4
Poprad	104,508	1,105.0	94.6	11.2	43.6
Považská Bystrica	64,146	463.2	138.5	12.7	42.4
Prešov	166,223	933.7	178.0	15.7	35.4
Prievidza	139,639	959.8	145.5	11.5	40.0
Púchov	45,488	375.4	121.2	7.9	57.0
Revúca	40,458	730.4	55.4	28.6	24.4
Rimavská Sobota	82,561	1,471.1	56.1	33.3	22.5
Rožňava	61,830	1,173.3	52.7	25.4	29.4
Ružomberok	59,011	646.8	91.2	11.5	36.5
Sabinov	56,638	483.5	117.1	23.9	24.4
Senec	61,514	359.9	170.9	5.5	35.5
Senica	61,265	683.6	89.6	11.7	34.0
Skalica	47,631	357.2	133.3	9.4	38.0
Snina	38,650	804.9	48.0	20.3	33.8
Sobrance	23,214	538.2	43.1	19.8	24.0
Spišská Nová Ves	96,788	587.4	164.8	15.5	40.2
Stará Ľubovňa	51,848	624.0	83.1	13.3	28.1
Stropkov	20,737	389.0	53.3	18.0	28.8
Svidník	33,230	549.8	60.4	19.8	31.9
Šaľa	54,099	355.9	152.0	10.4	27.8
Topoľčany	73,958	597.7	123.7	11.2	40.2
Trebišov	104,983	1,073.8	97.8	24.1	28.7
Trenčín	113,741	674.8	168.6	7.5	46.2
Trnava	128,171	741.3	172.9	6.0	50.9
Turčianske Teplice	16,735	392.8	42.6	10.6	29.3
Tvrdošín	35,864	478.9	74.9	13.2	28.4
Veľký Krtíš	45,898	848.3	54.1	23.5	24.5
Vranov nad Topľou	78,673	769.4	102.3	19.9	23.8
Zlaté Moravce	42,775	521.2	82.1	10.1	29.7
Zvolen	67,533	759.0	89.0	9.5	50.9
Žarnovica	26,875	425.5	63.2	19.9	28.6
Žiar nad Hronom	47,658	517.6	92.1	14.6	37.1
Žilina	158,029	815.1	193.9	7.7	49.3

### Overall rating

The capital of the Slovak Republic, Bratislava, came as the winner in the Regional Business Environment Index. Five Bratislava's districts took the first five positions with Bratislava II topping the list. The highest development level of the capital's region has been supported by the success of the nearby districts – Senec, Malacky and Pezinok. The second centre in the close vicinity to the capital is being built in Trnava and its surroundings. The Trnava district ranked sixth, right after the Bratislava urban districts. The national development belt, starting in Trnava and neighboring Hlohovec (which closes the top ten list), spans northwards along the Middle- and Upper Považie regions. The leader here is Žilina, taking the 8th position with Trenčín being 12th. The districts situated along the River Váh from Hlohovec to Žilina all made it into the top thirty out of a total of 79. Still in the elite category are nearby districts of Senica and Skalica. This almost continuous belt of developed business environment stretching from Bratislava to Žilina shares certain characteristics. Most importantly, it has long been the most industrialized area in Slovakia, and it was this area that most successfully underwent a number of industrialization waves over the 20th century. It enjoys the best infrastructure and its population is most economically active. The self-governments are confident and capable of attracting investment in cooperation with the central government.

The second relatively developed belt stretches along a similar southwest – northeast axis. It starts in Dunajská Streda and ends up under the High Tatras. The districts that compare most favourably are those of Galanta (which ranks 13th) and Poprad (17th). All of them place in the top half. Nitra, Zvolen, Banská Bystrica and Ružomberok are the natural centers of the belt. From the historical perspective, this again confirms the existence of earlier industrial activities in the development points. The transport connection of Liptov and Poprad to the capital city is not so good, but the areas can make up for this disadvantage mainly by its tourist attractiveness. Self-governments in the region are also generally less confident, but still above the Slovak average.

The two belts span across the regions of Upper Nitra and Turiec. The local districts place around the national average, with almost the same deviation to one or the other side. The best performing are natural centers Martin and Prievidza, which rank close to each other –38th and 39th, respectively. The Upper Nitra and Turiec suffer from some isolation caused by natural conditions. They are surrounded by mountains and have poor transport links to the surroundings. Virtually the only barrier-free connection that exists with more developed areas is that with the Lower Nitra. Another disadvantage is strong attachment of the local residents to their birthplace; people are reluctant to move for work. Economic activity of the population is still relatively high; however, this is less reflected in the industrial development. Local self-

governments are not so confident, and unable to create conditions for attracting major foreign investors.

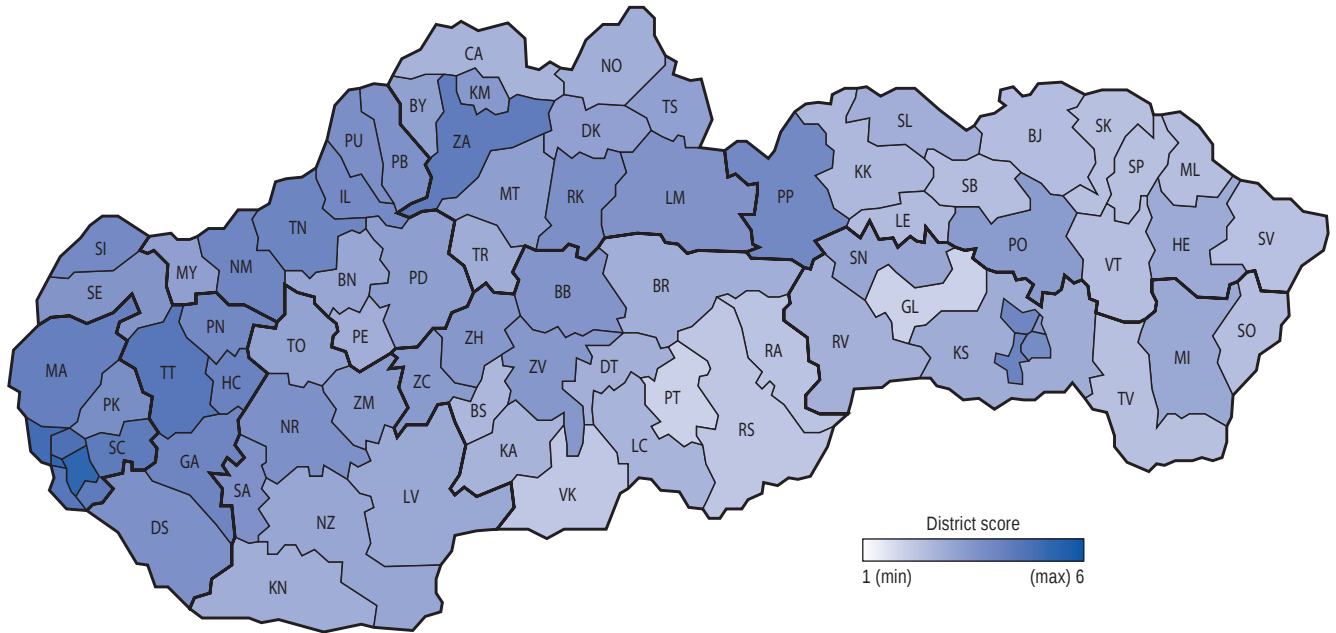
A belt of southern districts, which stretches along the Slovak–Hungarian border from Komárno, Tekov, Poiplie down to the Lower Spiš regions has dropped below the national average. These are mostly major districts with a large Hungarian minority. Unlike in the developed northern belts, the dominant role here is played by agriculture. The districts rank well below average, occupying the bottom rungs. The best ranked of them is the Nové Zámky district (46th), the worst is Poltár (ranked 78th). The industry is underdeveloped and the districts lack good transport links to the capital city and other centers. The self-government is less active, which often results from the local and national heterogeneity.

Similar results, while stemming from other causes, have been achieved in the northernmost districts in Kysuce and Orava, placing in the bottom half of the standings. Their chances to go higher in the ratings are hampered by the heritage of the past. Large industrial plants, built artificially during the former regime, could not keep pace with the competitions following the economic transformation launched in the early 1990s, and have either disappeared or are struggling to survive. This area is relatively populated and after the disappearance of significant manufacturing capacity it suffers from high migration to more developed areas further south. Gravitation to successful Žilina is weak and the self-governments are unable to take advantage of strong investors to develop secondary activities.

Eastern Slovakia suffers from remoteness from western centers, mainly from the capital. The only exceptions are the districts of Košice, which all have made it into the top half of the rankings. The best-ranked district is Košice II, placing 11th, the worst is Košice III, ranked 31st. In addition to the above-mentioned Poprad, only Prešov has made it into the top half; all the other eastern districts placed in the bottom half. The neighbourhood of Košice and central Zemplín have fared the best in the region. This area, together with Košice and Prešov, makes up the industrial center of the region. The area is boosted by good local transport links and the easiest access by road and rail to the more advanced areas of Slovakia. Remoteness severely affects especially the extreme northeastern districts with the most unfavorable natural conditions for business, which rank around the bottom of the list; the lowest ranking is Gelnica, located further south. Districts of eastern Slovakia mostly complain about a lack of attention from the central government, which is expected to build roads, attract strong foreign investors and create favorable conditions for domestic entrepreneurs.

The index scale shows that the most advanced areas are those in the extreme southwest of Slovakia and that the level of development decreases towards the east. However, it offers an optimistic perspective that prosperity may spread in a cascade pattern along this direction, although overcoming barriers will not be easy.

## Regional Business Environment Index



District	RBEI Score	Sub.1 Score	Sub.2 Score	Sub.3 Score	Sub.4 Score
1 BA Bratislava II	4.48	4.95	3.18	4.73	4.46
2 BA Bratislava I	4.42	4.96	3.01	4.48	4.50
3 BA Bratislava IV	4.27	4.55	3.02	4.26	4.58
4 BA Bratislava III	4.14	4.43	3.02	4.20	4.34
5 BA Bratislava V	4.02	4.07	3.19	4.19	4.25
6 TT Trnava	4.00	4.14	3.17	4.16	4.13
7 SC Senec	3.92	3.80	3.31	4.12	4.20
8 ZA Žilina	3.90	4.17	3.20	3.93	3.95
9 MA Malacky	3.84	3.86	3.26	3.89	4.05
10 HC Hlohovec	3.78	3.75	3.25	3.94	3.96
11 KE Košice II	3.77	3.86	3.14	3.92	3.89
12 TN Trenčín	3.75	3.73	3.13	3.99	3.87
13 GA Galanta	3.73	3.94	3.48	3.38	3.89
14 KE Košice I	3.73	3.84	3.12	3.85	3.81
15 NM Nové Mesto nad Váhom	3.72	3.80	3.31	3.87	3.73
16 PN Piešťany	3.68	3.86	2.88	3.77	3.79
17 PP Poprad	3.67	3.89	3.56	3.64	3.51
18 SI Skalica	3.64	3.84	2.85	3.81	3.70
19 IL Ilava	3.64	3.53	3.49	3.76	3.75
20 KE Košice IV	3.62	3.73	3.09	3.88	3.60
21 PK Pezinok	3.58	3.79	3.17	3.00	3.97
22 PU Púchov	3.58	3.67	2.87	3.81	3.63
23 RK Ružomberok	3.56	3.71	3.27	3.44	3.64
24 NR Nitra	3.54	3.79	3.01	3.25	3.74
25 DS Dunajská Streda	3.54	3.70	3.46	3.27	3.61
26 PB Považská Bystrica	3.53	3.64	3.16	3.62	3.54
27 SA Šaľa	3.53	3.60	3.46	3.31	3.63
28 LM Liptovský Mikuláš	3.52	3.65	3.05	3.64	3.52
29 BB Banská Bystrica	3.48	3.64	3.11	3.21	3.70
30 SE Senica	3.48	3.56	3.07	3.71	3.44
31 KE Košice III	3.45	3.67	3.08	3.34	3.55
32 ZV Zvolen	3.45	3.63	3.25	3.14	3.57
33 ZH Žiar nad Hronom	3.44	3.67	3.19	3.21	3.50
— — Slovak Republic*	<b>3.43</b>	<b>3.51</b>	<b>3.32</b>	<b>3.30</b>	<b>3.50</b>
34 KM Kysucké Nové Mesto	3.43	3.50	3.36	3.04	3.66
35 ZC Žarnovica	3.40	3.47	3.80	3.17	3.30
36 PO Prešov	3.39	3.41	3.36	3.47	3.32
37 ZM Zlaté Moravce	3.39	3.38	3.64	3.10	3.47
38 MT Martin	3.35	3.46	3.15	2.96	3.62
39 PD Prievidza	3.34	3.42	3.31	3.01	3.52

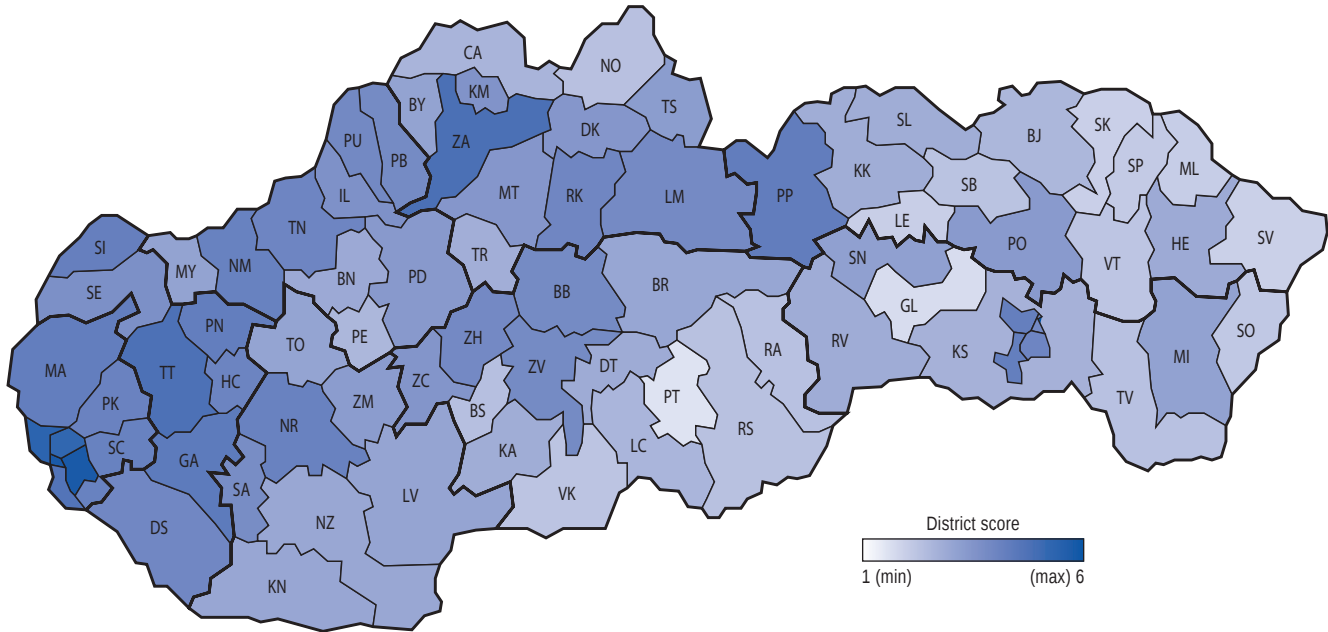
District	RBEI Score	Sub.1 Score	Sub.2 Score	Sub.3 Score	Sub.4 Score
40 MY Myjava	3.33	3.28	3.38	2.98	3.62
41 TS Tvrdošín	3.33	3.37	3.33	2.90	3.59
42 DK Dolný Kubín	3.32	3.46	3.24	2.97	3.46
43 BY Bytča	3.31	3.28	3.45	3.44	3.18
44 TO Topoľčany	3.29	3.26	3.36	3.08	3.43
45 BN Bánovce nad Bebravou	3.24	3.18	3.33	2.87	3.50
46 NZ Nové Zámky	3.23	3.22	3.33	3.11	3.29
47 SN Spišská Nová Ves	3.23	3.32	3.60	2.80	3.27
48 LV Levice	3.21	3.26	3.36	3.01	3.24
49 MI Michalovce	3.21	3.28	3.55	2.95	3.16
50 HE Humenné	3.18	3.17	3.52	2.79	3.31
51 KS Košice – okolie	3.15	3.07	3.62	3.04	3.08
52 TR Turčianske Teplice	3.14	3.12	3.39	2.91	3.22
53 KN Komárno	3.14	3.23	3.23	2.98	3.12
54 BR Brezno	3.13	3.24	3.37	2.75	3.17
55 NO Námestovo	3.12	2.86	3.52	2.86	3.38
56 SL Stará Ľubovňa	3.12	3.13	3.52	2.70	3.21
57 PE Partizánske	3.12	2.99	3.58	2.95	3.15
58 DT Detva	3.11	3.17	3.40	2.71	3.19
59 RV Rožňava	3.09	3.15	3.40	2.99	2.96
60 KA Krupina	3.05	3.14	3.22	2.83	3.04
61 CA Čadca	3.05	3.03	3.27	2.68	3.23
62 LC Lučenec	3.03	3.02	3.41	2.81	3.01
63 BS Banská Štiavnica	3.00	2.88	3.50	2.73	3.07
64 KK Kežmarok	2.98	3.14	3.64	2.50	2.87
65 LE Levoča	2.94	2.65	3.50	3.03	2.91
66 BJ Bardejov	2.91	3.00	3.50	2.58	2.78
67 SO Sobrance	2.90	2.75	3.86	2.42	2.91
68 ML Medzilaborce	2.90	2.68	4.01	2.42	2.94
69 SB Sabinov	2.90	2.84	3.70	2.35	2.96
70 VT Vranov nad Topľou	2.89	2.79	3.61	2.57	2.89
71 TV Trebišov	2.87	2.85	3.66	2.67	2.65
72 SP Stropkov	2.86	2.72	3.59	2.50	2.94
73 SK Svidník	2.86	2.64	3.55	2.60	2.95
74 SV Snina	2.85	2.63	3.63	2.47	2.98
75 RA Revúca	2.83	2.85	3.59	2.47	2.70
76 RS Rimavská Sobota	2.78	2.86	3.07	2.78	2.56
77 VK Veľký Krtíš	2.75	2.81	3.23	2.59	2.58
78 PT Poltár	2.61	2.31	3.61	2.37	2.63
79 GL Gelnica	2.61	2.44	3.35	2.30	2.66

\* The score for the Slovak Republic is a weighted average score of all districts, where weights are given as the population of districts as at December 31, 2009.





## Subindex I: Economic activity



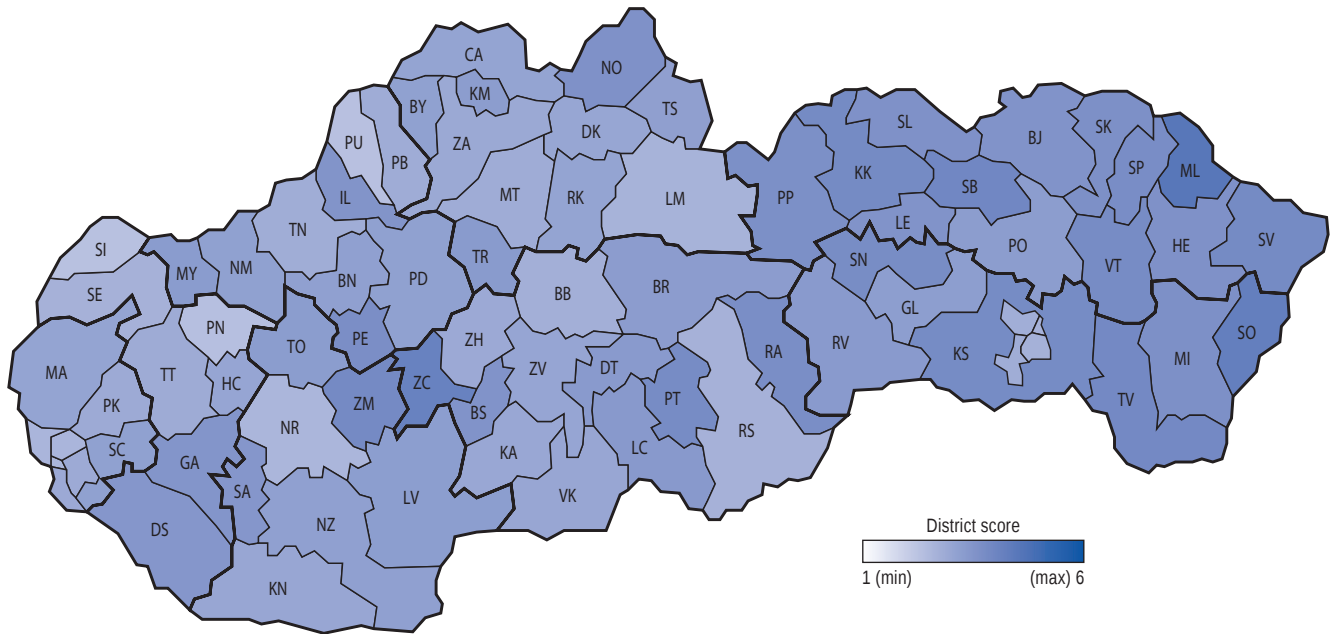
Subindex I		1st pillar		2nd pillar	
District		Economic activity	Economic environment	Economic output	
		Score	Rank	Score	Rank
1	BA Bratislava I	4.96	1	4.65	2
2	BA Bratislava II	4.95	2	4.55	1
3	BA Bratislava IV	4.55	4	4.43	3
4	BA Bratislava III	4.43	5	4.35	5
5	ZA Žilina	4.17	20	3.75	4
6	TT Trnava	4.14	6	4.01	6
7	BA Bratislava V	4.07	3	4.50	23
8	GA Galanta	3.94	18	3.76	8
9	PP Poprad	3.89	26	3.56	7
10	PN Piešťany	3.86	8	3.86	15
11	MA Malacky	3.86	10	3.83	12
12	KE Košice II	3.86	17	3.77	11
13	KE Košice I	3.84	23	3.67	10
14	SI Skalica	3.84	15	3.80	14
15	SC Senec	3.80	9	3.84	19
16	NM Nové Mesto nad Váhom	3.80	12	3.82	18
17	NR Nitra	3.79	22	3.69	13
18	PK Pezinok	3.79	16	3.78	17
19	HC Hlohovec	3.75	11	3.82	26
20	TN Trenčín	3.73	13	3.81	28
21	KE Košice IV	3.73	7	3.89	31
22	RK Ružomberok	3.71	45	3.35	9
23	DS Dunajská Streda	3.70	19	3.76	29
24	PU Púchov	3.67	24	3.61	24
25	KE Košice III	3.67	14	3.80	40
26	ZH Žiar nad Hronom	3.67	31	3.54	20
27	LM Liptovský Mikuláš	3.65	34	3.45	16
28	PB Považská Bystrica	3.64	25	3.56	27
29	BB Banská Bystrica	3.64	29	3.55	25
30	ZV Zvolen	3.63	32	3.51	22
31	SA Šaľa	3.60	27	3.56	30
32	SE Senica	3.56	30	3.54	32
33	IL Ilava	3.53	21	3.72	42
—	<b>Slovak Republic*</b>	<b>3.51</b>	<b>—</b>	<b>3.48</b>	<b>—</b>
34	KM Kysucké Nové Mesto	3.50	35	3.43	33
35	ZC Žarnovica	3.47	36	3.43	34
36	DK Dolný Kubín	3.46	55	3.11	21
37	MT Martin	3.46	37	3.42	35
38	PD Prievidza	3.42	33	3.50	43
39	PO Prešov	3.41	42	3.38	39

Subindex I		1st pillar		2nd pillar	
District		Economic activity	Economic environment	Economic output	
		Score	Rank	Score	Rank
40	ZM Zlaté Moravce	3.38	47	3.30	38
41	TS Tvrdošín	3.37	48	3.26	37
42	SN Spišská Nová Ves	3.32	54	3.14	36
43	MI Michalovce	3.28	50	3.22	45
44	BY Bytča	3.28	38	3.42	50
45	MY Myjava	3.28	28	3.55	59
46	TO Topoľčany	3.26	40	3.40	53
47	LV Levice	3.26	44	3.35	49
48	BR Brezno	3.24	58	3.05	41
49	KN Komárno	3.23	46	3.34	54
50	NZ Nové Zámky	3.22	41	3.38	57
51	BN Bánovce nad Bebravou	3.18	43	3.36	60
52	HE Humenné	3.17	51	3.20	52
53	DT Detva	3.17	49	3.23	55
54	RV Rožňava	3.15	65	2.93	46
55	KA Krupina	3.14	59	3.04	48
56	KK Kežmarok	3.14	61	2.96	47
57	SL Stará Ľubovňa	3.13	56	3.10	51
58	TR Turčianske Teplice	3.12	53	3.14	56
59	KS Košice – okolie	3.07	78	2.74	44
60	CA Čadca	3.03	52	3.16	62
61	LC Lučenec	3.02	57	3.08	61
62	BJ Bardejov	3.00	64	2.95	58
63	PE Partizánske	2.99	39	3.40	72
64	BS Banská Štiavnica	2.88	60	2.97	67
65	NO Námestovo	2.86	70	2.88	63
66	RS Rimavská Sobota	2.86	71	2.87	64
67	RA Revúca	2.85	72	2.86	65
68	TV Trebišov	2.85	67	2.89	66
69	SB Sabinov	2.84	69	2.88	69
70	VK Veľký Krτίš	2.81	73	2.81	68
71	VT Vranov nad Topľou	2.79	68	2.89	70
72	SO Sobrance	2.75	74	2.81	71
73	SP Stropkov	2.72	66	2.91	74
74	ML Medzilaborce	2.68	76	2.75	73
75	LE Levoča	2.65	62	2.95	76
76	SK Svidník	2.64	63	2.95	78
77	SV Snina	2.63	75	2.81	75
78	GL Gelnica	2.44	79	2.49	77
79	PT Poltár	2.31	77	2.75	79

\* The score for the Slovak Republic is a weighted average score of all districts, where weights are given as the population of districts as at December 31, 2009.



## Subindex II: Public administration and legislation

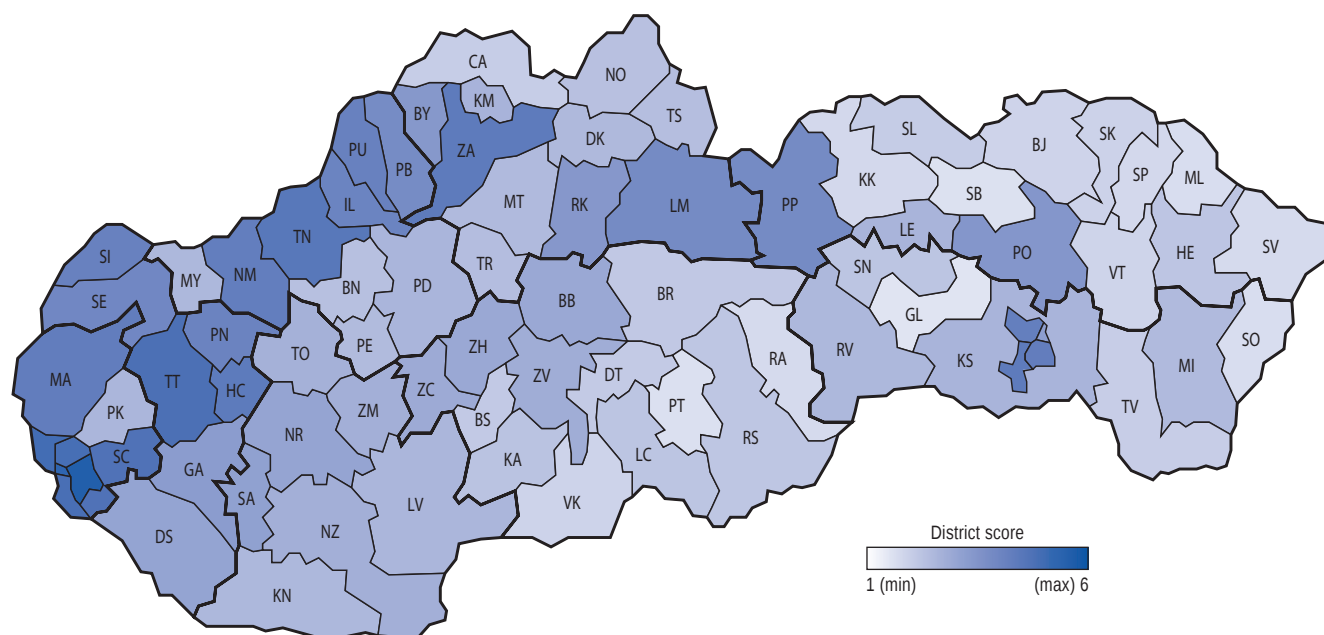


District	Subindex II		3rd pillar		4th pillar	
	Public administration and legislation	Legislation	Public administration	Legislation	Public administration	Legislation
1 ML Medzilaborce	4.01	3	4.95	1	3.26	
2 SO Sobrance	3.86	1	5.00	3	3.05	
3 ZC Žarnovica	3.80	16	4.63	2	3.15	
4 SB Sabinov	3.70	4	4.94	25	2.72	
5 TV Trebišov	3.66	11	4.76	13	2.79	
6 ZM Zlaté Moravce	3.64	18	4.60	7	2.89	
7 KK Kežmarok	3.64	7	4.84	32	2.69	
8 SV Snina	3.63	5	4.86	37	2.67	
9 KS Košice – okolie	3.62	9	4.80	31	2.69	
10 VT Vranov nad Topľou	3.61	10	4.78	30	2.70	
11 PT Poltár	3.61	19	4.60	8	2.83	
12 SN Spišská Nová Ves	3.60	17	4.61	11	2.81	
13 SP Stropkov	3.59	8	4.83	27	2.72	
14 RA Revúca	3.59	20	4.55	9	2.83	
15 PE Partizánske	3.58	25	4.44	6	2.89	
16 PP Poprad	3.56	21	4.55	15	2.78	
17 MI Michalovce	3.55	13	4.74	50	2.61	
18 SK Svidník	3.55	6	4.85	62	2.52	
19 SL Stará Ľubovňa	3.52	15	4.66	45	2.63	
20 NO Námestovo	3.52	24	4.44	12	2.80	
21 HE Humenné	3.52	2	4.98	79	2.37	
22 LE Levoča	3.50	12	4.74	60	2.53	
23 BJ Bardejov	3.50	14	4.71	55	2.55	
24 BS Banská Štiavnica	3.50	23	4.45	20	2.75	
25 IL Ilava	3.49	26	4.44	22	2.74	
26 GA Galanta	3.48	46	4.17	5	2.93	
27 SA Šaľa	3.46	33	4.34	17	2.77	
28 DS Dunajská Streda	3.46	37	4.30	14	2.79	
29 BY Bytča	3.45	34	4.34	21	2.75	
30 LC Lučenec	3.41	31	4.39	40	2.65	
31 RV Rožňava	3.40	41	4.26	23	2.72	
32 DT Detva	3.40	30	4.39	48	2.61	
33 TR Turčianske Teplice	3.39	57	3.92	4	2.98	
34 MY Myjava	3.38	45	4.19	19	2.75	
35 BR Brezno	3.37	27	4.43	57	2.54	
36 TO Topoľčany	3.36	40	4.28	42	2.64	
37 PO Prešov	3.36	29	4.40	56	2.54	
38 KM Kysucké Nové Mesto	3.36	38	4.30	46	2.62	
39 LV Levice	3.36	43	4.19	29	2.70	
40 GL Gelnica	3.35	22	4.52	77	2.43	

District	Subindex II		3rd pillar		4th pillar	
	Public administration and legislation	Legislation	Public administration	Legislation	Public administration	Legislation
41 TS Tvrdošín	3.33	36	4.31	54	2.56	
42 BN Bánovce nad Bebravou	3.33	32	4.38	63	2.50	
43 NZ Nové Zámky	3.33	28	4.41	70	2.47	
— — Slovak Republic*	<b>3.32</b>	—	<b>4.19</b>	—	<b>2.63</b>	
44 NM Nové Mesto nad Váhom	3.31	55	3.93	10	2.83	
45 SC Senec	3.31	47	4.13	36	2.67	
46 PD Prievidza	3.31	39	4.29	59	2.53	
47 CA Čadca	3.27	48	4.08	44	2.63	
48 RK Ružomberok	3.27	59	3.90	16	2.77	
49 MA Malacky	3.26	49	4.08	47	2.62	
50 HC Hlohovec	3.25	42	4.21	66	2.48	
51 ZV Zvolen	3.25	35	4.33	69	2.48	
52 DK Dolný Kubín	3.24	54	3.95	33	2.68	
53 VK Veľký Krτίš	3.23	50	4.02	49	2.61	
54 KN Komárno	3.23	44	4.19	72	2.47	
55 KA Krupina	3.22	53	3.95	41	2.64	
56 ZA Žilina	3.20	51	4.00	53	2.57	
57 BA Bratislava V	3.19	73	3.73	18	2.76	
58 ZH Žiar nad Hronom	3.19	60	3.89	43	2.64	
59 BA Bratislava II	3.18	71	3.75	24	2.72	
60 PK Pezinok	3.17	67	3.83	39	2.65	
61 TT Trnava	3.17	69	3.80	34	2.67	
62 PB Považská Bystrica	3.16	62	3.87	51	2.60	
63 MT Martin	3.15	52	3.96	64	2.50	
64 KE Košice II	3.14	58	3.91	58	2.53	
65 TN Trenčín	3.13	68	3.82	52	2.58	
66 KE Košice I	3.12	61	3.87	61	2.53	
67 BB Banská Bystrica	3.11	56	3.92	71	2.47	
68 KE Košice IV	3.09	64	3.86	68	2.48	
69 KE Košice III	3.08	63	3.86	75	2.46	
70 SE Senica	3.07	65	3.84	73	2.47	
71 RS Rimavská Sobota	3.07	66	3.84	74	2.47	
72 LM Liptovský Mikuláš	3.05	75	3.47	26	2.72	
73 BA Bratislava III	3.02	74	3.69	65	2.49	
74 BA Bratislava IV	3.02	72	3.73	76	2.45	
75 NR Nitra	3.01	70	3.78	78	2.40	
76 BA Bratislava I	3.01	76	3.39	28	2.71	
77 PN Piešťany	2.88	77	3.39	67	2.48	
78 PU Púchov	2.87	78	3.15	35	2.67	
79 SI Skalica	2.85	79	3.11	38	2.65	

\* The score for the Slovak Republic is a weighted average score of all districts, where weights are given as the population of districts as at December 31, 2009.

## Subindex III: Technology and infrastructure

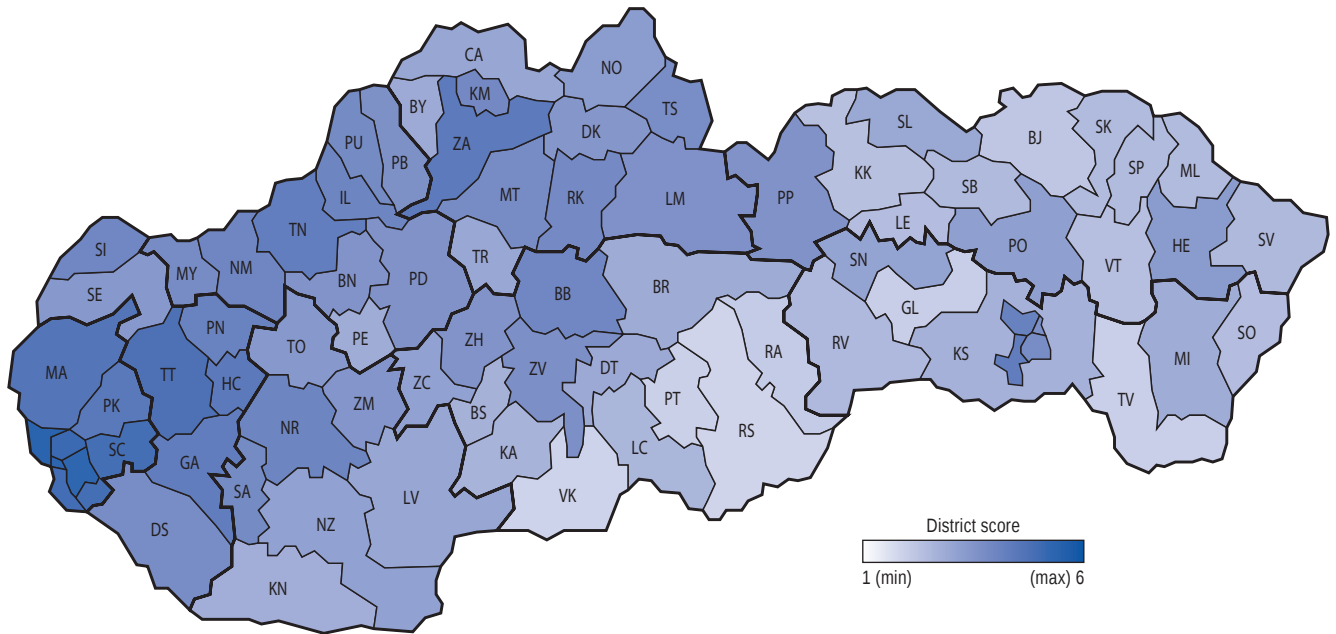


Subindex III		5th pillar		6th pillar		
Technology and infrastructure		Infrastructure		Technology		
District	Score	Rank	Score	Rank	Score	
1	BA Bratislava II	4.73	1	4.53	2	4.89
2	BA Bratislava I	4.48	27	3.44	1	5.34
3	BA Bratislava IV	4.26	5	4.16	4	4.34
4	BA Bratislava III	4.20	24	3.73	3	4.58
5	BA Bratislava V	4.19	6	4.13	5	4.23
6	TT Trnava	4.16	4	4.18	6	4.14
7	SC Senec	4.12	2	4.31	8	3.91
8	TN Trenčín	3.99	3	4.20	14	3.77
9	HC Hlohovec	3.94	7	4.11	15	3.75
10	ZA Žilina	3.93	13	3.95	9	3.90
11	KE Košice II	3.92	22	3.80	7	4.03
12	MA Malacky	3.89	16	3.93	10	3.84
13	KE Košice IV	3.88	10	4.10	16	3.69
14	NM Nové Mesto nad Váhom	3.87	11	4.06	19	3.65
15	KE Košice I	3.85	18	3.91	13	3.80
16	SI Skalica	3.81	21	3.81	11	3.82
17	PU Púchov	3.81	17	3.93	17	3.68
18	PN Piešťany	3.77	8	4.11	31	3.41
19	IL Ilava	3.76	9	4.11	32	3.37
20	SE Senica	3.71	20	3.87	23	3.53
21	PP Poprad	3.64	12	4.00	38	3.24
22	LM Liptovský Mikuláš	3.64	19	3.90	33	3.35
23	PB Považská Bystrica	3.62	23	3.74	26	3.49
24	PO Prešov	3.47	14	3.94	53	2.96
25	RK Ružomberok	3.44	28	3.38	25	3.51
26	BY Bytča	3.44	15	3.94	57	2.90
27	GA Galanta	3.38	30	3.11	18	3.67
28	KE Košice III	3.34	26	3.46	39	3.23
29	SA Šaľa	3.31	40	2.85	12	3.82
—	— Slovak Republic*	<b>3.30</b>	—	<b>3.26</b>	—	<b>3.34</b>
30	DS Dunajská Streda	3.27	32	2.98	21	3.59
31	NR Nitra	3.25	31	3.07	30	3.45
32	BB Banská Bystrica	3.21	33	2.93	24	3.52
33	ZH Žiar nad Hronom	3.21	35	2.92	22	3.53
34	ZC Žarnovica	3.17	36	2.91	29	3.46
35	ZV Zvolen	3.14	41	2.83	27	3.48
36	NZ Nové Zámky	3.11	34	2.93	36	3.31
37	ZM Zlaté Moravce	3.10	51	2.77	28	3.47
38	TO Topoľčany	3.08	39	2.85	35	3.33
39	KM Kysucké Nové Mesto	3.04	73	2.53	20	3.60

Subindex III		5th pillar		6th pillar		
Technology and infrastructure		Infrastructure		Technology		
District	Score	Rank	Score	Rank	Score	
40	KS Košice – okolie	3.04	29	3.23	60	2.83
41	LE Levoča	3.03	25	3.64	73	2.36
42	PD Prievidza	3.01	43	2.82	40	3.22
43	LV Levice	3.01	37	2.86	44	3.17
44	PK Pezinok	3.00	58	2.70	34	3.34
45	RV Rožňava	2.99	49	2.78	42	3.21
46	KN Komárno	2.98	42	2.83	47	3.16
47	MY Myjava	2.98	38	2.85	49	3.13
48	DK Dolný Kubín	2.97	45	2.81	48	3.14
49	MT Martin	2.96	60	2.68	37	3.26
50	MI Michalovce	2.95	44	2.82	51	3.10
51	PE Partizánske	2.95	46	2.81	50	3.10
52	TR Turčianske Teplice	2.91	62	2.66	43	3.18
53	TS Tvrdošín	2.90	63	2.66	45	3.17
54	BN Bánovce nad Bebravou	2.87	72	2.56	41	3.22
55	NO Námestovo	2.86	69	2.58	46	3.16
56	KA Krupina	2.83	54	2.73	55	2.95
57	LC Lučenec	2.81	50	2.78	59	2.84
58	SN Spišská Nová Ves	2.80	70	2.57	52	3.06
59	HE Humenné	2.79	61	2.67	56	2.92
60	RS Rimavská Sobota	2.78	52	2.76	62	2.81
61	BR Brezno	2.75	66	2.63	58	2.88
62	BS Banská Štiavnica	2.73	75	2.52	54	2.95
63	DT Detva	2.71	65	2.63	61	2.81
64	SL Stará Ľubovňa	2.70	48	2.80	64	2.59
65	CA Čadca	2.68	53	2.75	63	2.61
66	TV Trebišov	2.67	47	2.81	66	2.53
67	SK Svidník	2.60	57	2.70	67	2.48
68	VK Veľký Krtíš	2.59	56	2.71	68	2.46
69	BJ Bardejov	2.58	67	2.61	65	2.54
70	VT Vranov nad Topľou	2.57	55	2.72	70	2.40
71	SP Stropkov	2.50	59	2.69	76	2.30
72	KK Kežmarok	2.50	71	2.57	69	2.42
73	RA Revúca	2.47	64	2.63	77	2.29
74	SV Snina	2.47	74	2.53	71	2.40
75	SO Sobrance	2.42	68	2.61	78	2.20
76	ML Medzilaborce	2.42	76	2.51	75	2.32
77	PT Poltár	2.37	78	2.38	74	2.35
78	SB Sabinov	2.35	79	2.32	72	2.38
79	GL Gelnica	2.30	77	2.48	79	2.09

\* The score for the Slovak Republic is a weighted average score of all districts, where weights are given as the population of districts as at December 31, 2009.

## Subindex IV: Education and human resources

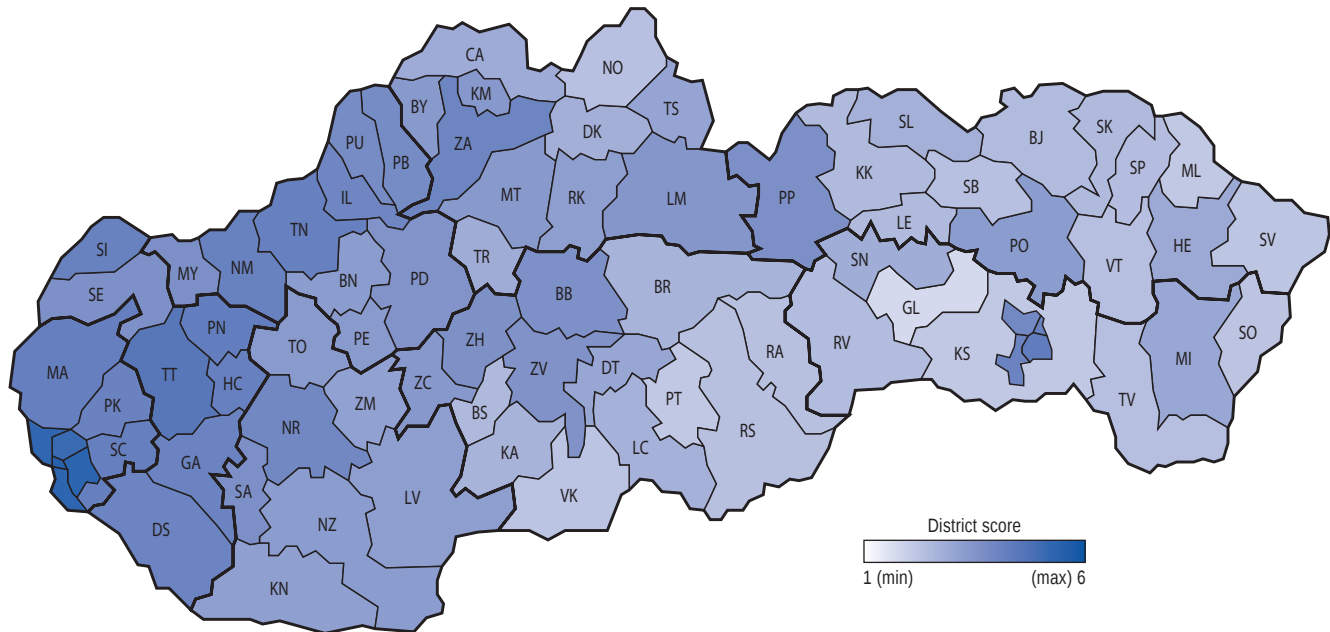


District	Subindex IV Education and human resources Score	7th pillar Human resources		8th pillar Education	
		Score	Rank	Score	Rank
1 BA Bratislava IV	4.58	1	5.07	2	3.69
2 BA Bratislava I	4.50	3	4.78	1	3.99
3 BA Bratislava II	4.46	2	4.88	3	3.69
4 BA Bratislava III	4.34	4	4.71	4	3.68
5 BA Bratislava V	4.25	6	4.61	5	3.60
6 SC Senec	4.20	5	4.61	11	3.42
7 TT Trnava	4.13	7	4.46	6	3.55
8 MA Malacky	4.05	9	4.37	15	3.40
9 PK Pezinok	3.97	10	4.32	16	3.35
10 HC Hlohovec	3.96	11	4.21	8	3.48
11 ZA Žilina	3.95	12	4.19	7	3.51
12 KE Košice II	3.89	8	4.43	65	2.92
13 GA Galanta	3.89	13	4.15	12	3.42
14 TN Trenčín	3.87	14	4.11	10	3.43
15 KE Košice I	3.81	17	4.04	14	3.40
16 PN Piešťany	3.79	15	4.08	22	3.27
17 IL Ilava	3.75	16	4.05	29	3.20
18 NR Nitra	3.74	18	4.04	30	3.20
19 NM Nové Mesto nad Váhom	3.73	25	3.87	9	3.47
20 SI Skalica	3.70	19	3.97	28	3.23
21 BB Banská Bystrica	3.70	20	3.96	27	3.23
22 KM Kysucké Nové Mesto	3.66	29	3.79	13	3.40
23 RK Ružomberok	3.64	28	3.82	18	3.32
24 SA Šaľa	3.63	21	3.94	46	3.07
25 PU Púchov	3.63	26	3.83	23	3.26
26 MT Martin	3.62	22	3.90	45	3.10
27 MY Myjava	3.62	30	3.79	21	3.31
28 DS Dunajská Streda	3.61	32	3.75	17	3.34
29 KE Košice IV	3.60	24	3.88	43	3.11
30 TS Tvrdošín	3.59	27	3.82	36	3.17
31 ZV Zvolen	3.57	31	3.78	32	3.19
32 KE Košice III	3.55	23	3.89	53	3.04
33 PB Považská Bystrica	3.54	33	3.71	26	3.23
34 LM Liptovský Mikuláš	3.52	34	3.70	31	3.20
35 PD Prievidza	3.52	35	3.70	33	3.19
36 PP Poprad	3.51	40	3.63	19	3.31
37 BN Bánovce nad Bebravou	3.50	41	3.61	20	3.31
— — Slovak Republic*	<b>3.50</b>	—	<b>3.68</b>	—	<b>3.16</b>
38 ZH Žiar nad Hronom	3.50	36	3.69	40	3.15
39 ZM Zlaté Moravce	3.47	38	3.68	44	3.10

District	Subindex IV Education and human resources Score	7th pillar Human resources		8th pillar Education	
		Score	Rank	Score	Rank
40 DK Dolný Kubín	3.46	37	3.68	48	3.07
41 SE Senica	3.44	42	3.61	41	3.11
42 TO Topoľčany	3.43	39	3.65	58	3.01
43 NO Námestovo	3.38	43	3.55	49	3.06
44 PO Prešov	3.32	51	3.35	25	3.25
45 HE Humenné	3.31	46	3.39	39	3.15
46 ZC Žarnovica	3.30	44	3.44	55	3.03
47 NZ Nové Zámky	3.29	45	3.42	47	3.07
48 SN Spišská Nová Ves	3.27	47	3.39	52	3.05
49 LV Levice	3.24	53	3.32	42	3.11
50 CA Čadca	3.23	55	3.27	37	3.15
51 TR Turčianske Teplice	3.22	52	3.33	60	2.99
52 SL Stará Ľubovňa	3.21	48	3.37	64	2.92
53 DT Detva	3.19	56	3.26	54	3.04
54 BY Bytča	3.18	58	3.24	50	3.05
55 BR Brezno	3.17	50	3.35	68	2.83
56 MI Michalovce	3.16	61	3.15	35	3.18
57 PE Partizánske	3.15	59	3.23	59	2.99
58 KN Komárno	3.12	60	3.21	61	2.95
59 KS Košice – okolie	3.08	49	3.36	75	2.56
60 BS Banská Štiavnica	3.07	57	3.26	69	2.74
61 KA Krupina	3.04	54	3.29	76	2.55
62 LC Lučenec	3.01	64	2.99	56	3.03
63 SV Snina	2.98	70	2.88	38	3.15
64 RV Rožňava	2.96	65	2.97	62	2.95
65 SB Sabinov	2.96	63	3.00	66	2.89
66 SK Svidník	2.95	74	2.79	24	3.25
67 ML Medzilaborce	2.94	73	2.82	34	3.18
68 SP Stropkov	2.94	69	2.88	51	3.05
69 LE Levoča	2.91	62	3.07	73	2.61
70 SO Sobrance	2.91	68	2.88	63	2.95
71 VT Vranov nad Topľou	2.89	67	2.91	67	2.86
72 KK Kežmarok	2.87	66	2.95	70	2.71
73 BJ Bardejov	2.78	77	2.64	57	3.03
74 RA Revúca	2.70	75	2.72	72	2.67
75 GL Gelnica	2.66	72	2.87	78	2.25
76 TV Trebišov	2.65	78	2.61	71	2.71
77 PT Poltár	2.63	71	2.88	79	2.15
78 VK Veľký Krtíš	2.58	76	2.66	77	2.45
79 RS Rimavská Sobota	2.56	79	2.55	74	2.58

\* The score for the Slovak Republic is a weighted average score of all districts, where weights are given as the population of districts as at December 31, 2009.

## 1st pillar: Economic environment



The **Economic environment pillar** is part of the economic activity subindex. It shows essential conditions for developing economic activities in different districts. The pillar has 21 indicators, of which 7 follow statistical pattern and 14 draw on entrepreneurs' opinions. Statistical indicators are selected from fixed data such as population density, urbanization or agricultural land area. Following the territorial administration reform in 1996, when 36 large districts were divided into 79 mostly smaller districts, the values of these parameters were essentially assigned to the current territorial units. This gave rise to a relatively uneven division of Slovakia, as evidenced by the fact that the area of the largest district of Levice is 1 551 km<sup>2</sup> while that of the smallest district (outside the agglomerations of Bratislava and Košice), Kysucké Nové Mesto, is 174 km<sup>2</sup>. The territorial division sets different starting points for different districts.

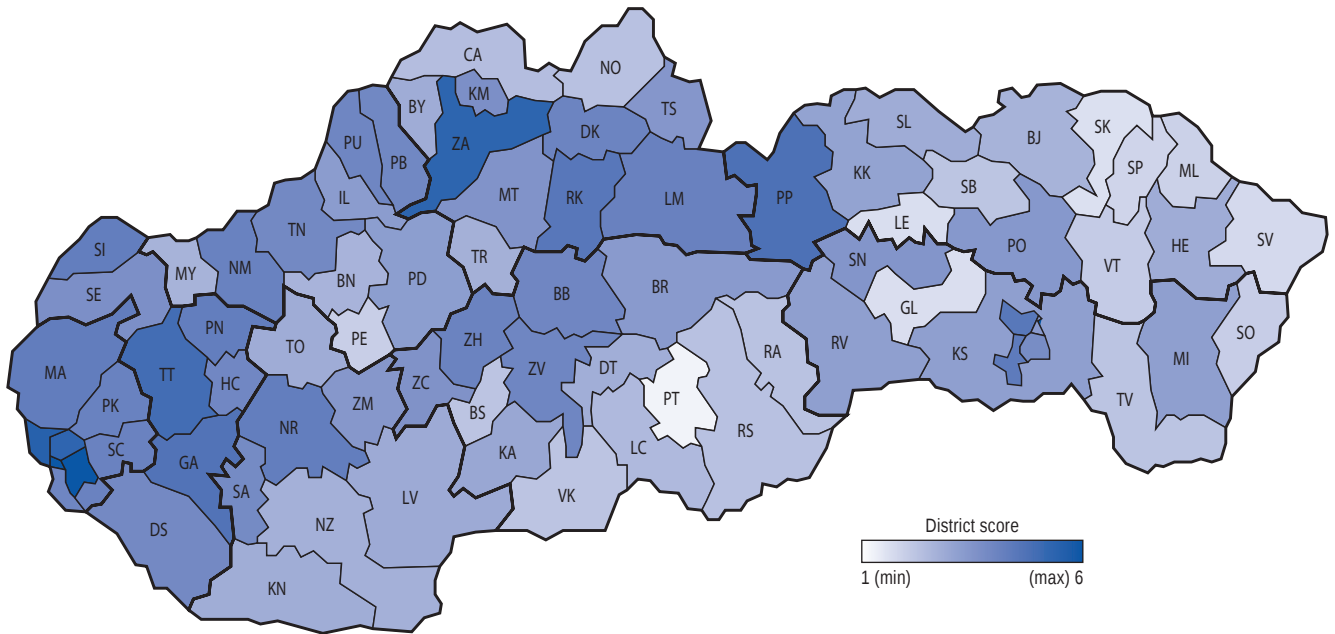
Other statistical indicators are proportional, ruling out bias. They assess the share of the economically active population, the rate of social benefits and representation of foreign companies. The economic environment pillar gives much greater weight to the local entrepreneurs' views. It takes into account the convenience of geographical location of the district and the impact of natural conditions on doing business. The respondents answered questions about the past, current and future conditions for business. They assessed competition levels in services and industry, availability of funds and input materials, the reliability of trading partners, and the adverse affect of the local informal economy. Also included were their views on the development prospects of the district, including the development of tourism.

Looking at the assessment map one can immediately notice the division of Slovakia into three areas – western, central and eastern. The western part, stretching from the capital and neighboring districts outside Bratislava roughly along the line of the Váh

River to Žilina, offers the best economic environment in Slovakia. As this belt may also include the Nitra district, it appears that what brings economic activity into the area is the expressway connecting regions to the capital. However, the quality of the infrastructure is not assessed here (as the infrastructure constitutes a separate pillar), which implies that other parameters are decisive such as the existence of favorable conditions for business, the area being inhabited by economically active population or good prospects for further development. The second distinct area spans from the Danube districts across the areas around the rivers Nitra, Hron and the Upper Váh up to the High Tatras. Here, all the environment indicators are lower than in the western part. The third area spans the southern part of central Slovakia and the whole eastern part of the country with the lowest economic activity and the least favourable environment. Košice, being a sort of island, stands out of the area with the conditions roughly the same as those of Trenčín, which presents the average of western Slovakia.

This territorial division implies that Slovakia needs to improve its economic environment, especially in its eastern and southern parts. This has been known for decades – although the country has undergone several waves of industrialization over the 20th century and the overall activity was higher with each wave, the territorial division has not changed much. The remedy is mainly in the hands of the central government, which may stimulate economic activity in the south and east of the country by targeted instruments such as building of the infrastructure, channeling EU funds into the most disadvantaged areas or creation of support zones for foreign investors. The shaded colored map also shows that development may spread further from the west and the north, which gives grounds for optimism in the middle part of the country.

## 2nd pillar: Economic output



**The Economic output pillar** is the other of the two components of economic activity subindex. The focus has mainly been on summary and average indicators for key sectors and specific companies. Unlike the economic environment pillar, here the measurements concentrated on statistical indicators. From all 12 indicators, the measurable values are monitored in nine cases.

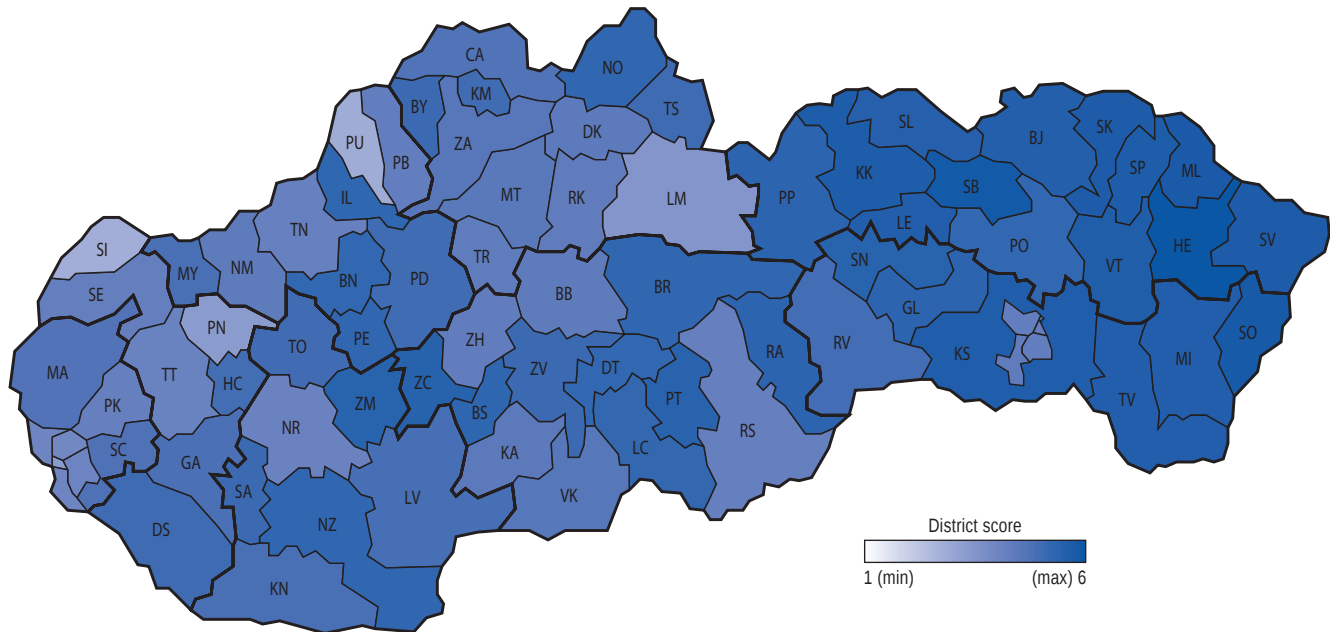
One of the main indicators is the produced added value and the productivity of employees in the industrial sector. Industrial development is calculated as the ratio between the employees in the industry and the total of economically active population. One of the important parameters is the environmental friendliness of production, i.e., the production of waste per unit of value created: the higher the pollution levels, the worse the assessment of the district. Air pollution was monitored separately. House building and construction output may have some bearing on the assessment of the activities of districts just as much as on the assessment of economic activities of the whole country – its higher intensity precedes growth in other sectors. Considered is the proportional variable, that is, the building throughput or flats built per unit of population of the district. Special attention is given to tourism. Tourist activity expressing the number of overnight stays per capita and tourist attractiveness based on the number of nights per unit area in the district improved the assessment score. In the survey, entrepreneurs in the districts answered questions about their productivity and profitability dynamics, and potential opportunities for their personal development. The focus of interest was directed at the incidence of corruption among businesses; higher incidence resulted in lower overall assessment score of the district.

Based on the total score achieved in this pillar, districts in Slovakia can be divided into several categories. While in the case of the economic environment pillar there are three relatively distinct areas of western,

central and eastern Slovakia, here the lines are blurred, although the basis on which the assessment is based is the same. Western Slovakia with its best economic outcomes dominates the country, with Bratislava enjoying an exceptionally high status. The Považie region (the area reaching far beyond the river head up to the neighborhood of Poprad) fared high above the average. The central Pohronie region made it into the top half together with the Nitra region. The reasons are several. Historically, the north of Slovakia has had a more developed industry and has been more attractive for tourists. The Zvolen Basin region with its neighborhood is a catchment area; the industry concentrated here attracts residents and stimulates construction production rates. Surprisingly, Prievidza and the Upper Nitra regions did not fare equally well – this area ranked at the same level as the Danube districts. This results from the lower efficiency and profitability of enterprises, limited construction production and also from the increased environmental pollution levels. In terms of economic outcomes, the Košice and Prešov regions fared less favorably than the lower average in the more developed western Slovakia. The worst off were districts in the far north and the south of Slovakia, where there is no industry, the construction rate is low and tourism is poorly developed.

These results confirm that in addition to the known areas of the southwest, the Váh region and Košice, a new center of the industrial growth, services and tourism is emerging in central Slovakia, namely, in the central Pohronie and Liptov regions. Rather than resulting from the activity of the central government, it is due to the efforts of the self-government and local entrepreneurs. The same cannot be stated about the center of eastern Slovakia, as the activity of Košice and partly Prešov stand in isolation. The case of central Slovakia serves as an example to other local governments, and can stir them to their own activity.

### 3rd pillar: Legislation



**The Legislation pillar** is one of the two components of the Public administration and legislation subindex. Since laws and regulations governing business activity are mostly adopted at the central government level, the chances of local governments in the division of responsibilities in the public administration are relatively low. Still, they have some impact on businesses, especially the smaller ones, which, unlike in the neighboring countries, are still lacking in Slovakia.

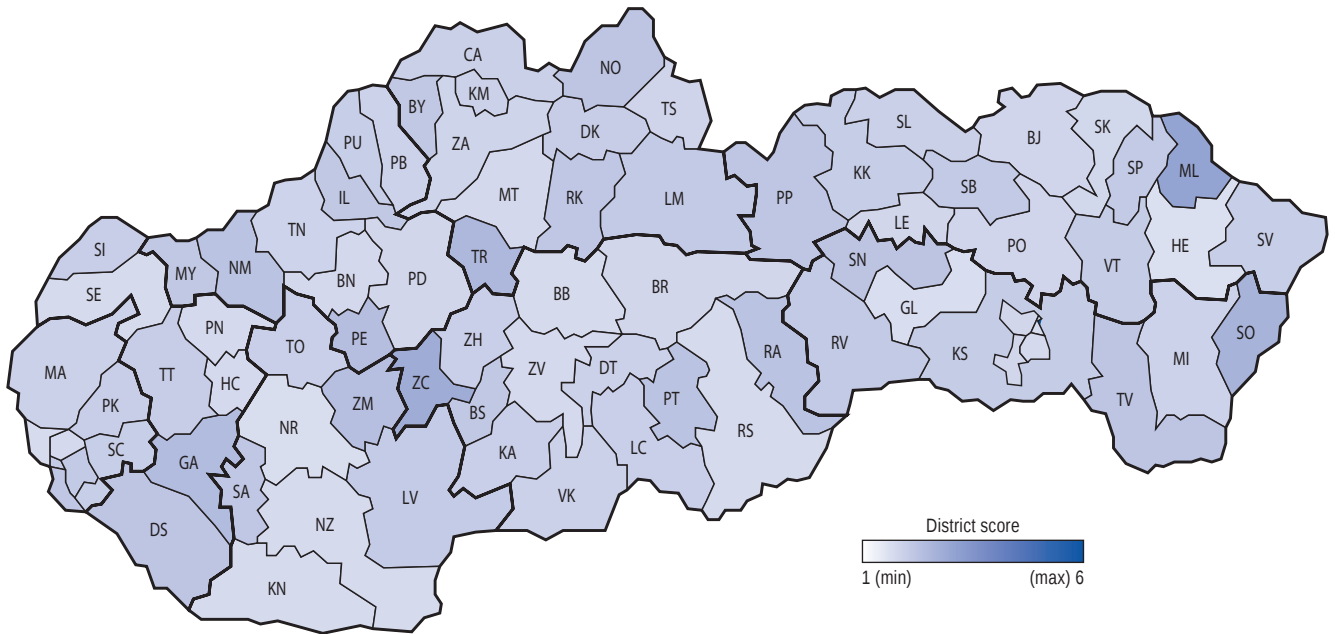
Local taxes constitute 8 of 12 indicators in the pillar. These are taxes on non-construction areas, vacant land, construction of housing and ancillary buildings, agricultural and water management engineering, industrial and administrative buildings, buildings intended for other areas of business, flats and business premises and on motor vehicles. While the rates of the first seven types of local taxes are imposed by the municipalities, the last one is set by higher territorial units (regions). Also included are domestic waste fees. The three indicators take into account entrepreneurs' assessment – their perception of the amount of tax burden, of barriers to business in the local legislation and the prospects for business development in the next two years.

Looking at the assessment map, what strikes first is that the results are opposite to those in the pillars monitoring economic activity. While the previous pillar was dominated by western Slovakia, in this pillar the situation is quite the opposite. In virtually all indicators the most helpful to entrepreneurs were the districts of eastern Slovakia, from Poprad to Svidník. Slightly less positive attitude was shown by the districts of central Slovakia, perhaps with the exception of Liptovský Mikuláš. In western Slovakia, with the exception of Žitný ostrov (Rye Island), the situation is the worst. The least accommodating to entrepreneurs were the districts of Púchov and Skalica. If one considers the tax rates

in individual districts, the result is not surprising. For example, while the real estate tax rates are the lowest in the districts of Gelnica, Sobrance and Medzilaborce, the highest rates are in the districts of Bratislava I, Púchov and Piešťany. In terms of the rate of taxes on industrial and administrative buildings, Košice-okolie, Gelnica and Michalovce are the most accommodating, while Piešťany, Púchov and Nové Mesto nad Váhom are the least accommodating. Vehicle tax is highest in the Žilina and Trnava regions, and lowest in the Košice region. Such results, however, do not depend so much on the willingness or unwillingness of the local governments towards entrepreneurs as they do on real possibilities collecting fees on these taxes. More prosperous companies from western Slovakia find it easier to pay fixed charges than businesses and entrepreneurs in the less developed eastern districts. With regard to the perception of legislative barriers to entrepreneurship on the part of entrepreneurs, the results are not very different from each other and districts can not be combined into coherent blocks. The best off were Kysucké Nové Mesto, Bratislava I and Sobrance, the worst off were Krupina, Košice-okolie and Komárno.

In the summary assessment of this pillar one should bear in mind that while the difference between the best and the worst district is not negligible, the room for improvement is partly limited because the legislation pillar has reached the highest average score among all the pillars. The self-governments can improve in this area, which especially holds for the districts in western Slovakia, although one cannot expect miracles. The comprehensive Regional Business Environment Index implies that disadvantages for entrepreneurs in this area are sufficient to offset advantages in other categories. It thus gives the western part of Slovakia comfortable lead over the eastern districts.

## 4th pillar: Public administration



The **Public administration pillar** is the second component of the Public administration and legislation subindex. While the first part of this subindex is based mainly on tax rates set by self-governments, this part focuses solely on the perception of entrepreneurs. The pillar assesses how public administration meets entrepreneurs' demands and whether and how it creates conditions for the development of local economic activities.

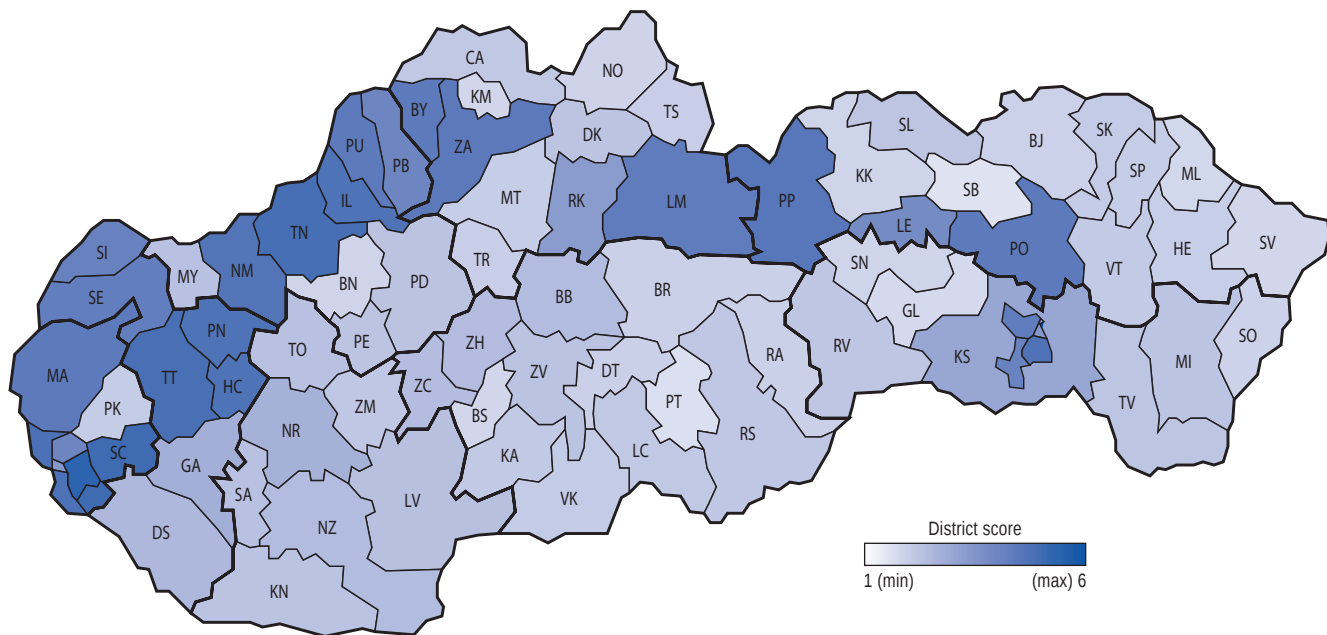
The survey respondents answered questions designed to investigate the performance of self-governments and of local state governments. Generally, the survey attempted to find out whether the authorities fulfill their obligations, and particularly whether the self-governments are efficient in carrying out these tasks. The survey monitored the officials' approach to clients, the level of bureaucracy and procedural delays. Corruption in Slovakia is a generally widespread problem; the survey aimed to investigate if entrepreneurs believed the decisions were influenced by bribes. Another focus of interest was satisfaction with the communication with authorities and the availability of information, with particular focus on the use of electronic forms of communication. It monitored the level of protection of private property by local and state police and probed into the quality of the work of local courts and law enforcement. Entrepreneurs could also answer the question whether the state showed enough interest in their district.

The best results were observed in the districts of Medzilaborce, Žarnovica and Sobrance. The primacy of Medzilaborce has been due to the highest rating of positive impact of the authorities on business, where bureaucracy, delays and corruption were lowest compared to the other districts. The entrepreneurs also showed the highest degree of satisfaction with the work of the local courts. Žarnovica quoted the best protection of private property and the district of Sobrance reported the highest quality of work of the local administration.

Apart from these, Turčianske Teplice deserves special attention, as communication with the authorities and availability of information achieved the best scores countrywide. It placed the highest also in terms of electronic communication with the authorities. This district demonstrates a viable strategy for the future – preference given to computerization of contacts between offices and clients generally leads to higher degree of satisfaction with the work of offices and to the elimination of unnecessary barriers to business. At the opposite end of this pillar are the districts of Humenné, Nitra and Gelnica, which scored around the bottom. This again proves a correlation between these two parameters.

The color tones of the assessment map show generally low scores for this indicator. On average, the pillar has received a clearly negative assessment and as such is in exact opposition to the legislation pillar. The latter reached a national average score of 4.19, while the pillar of public administration received only 2.63 points out of the possible maximum of 6.00. The figures for the other six pillars fall within a narrow range of 3.16 – 3.68 points. The results achieved indicate that the level of service provided in the area of public administration offers the greatest opportunities for the local self-governments to remedy the situation and to boost the regions. The central government in particular should give more thought to the overall negative assessment of the pillar. Four indicators of this pillar, which are of direct concern for the government, got among the top ten nationwide barriers to business development in the regions. The government should, as a rule, increase its interest in the development of districts, which is largely perceived as low by entrepreneurs. Judiciary needs urgent overhaul, as law enforcement is very poor. It is necessary to improve the work of state authorities as their impact on business is negative. This area in particular calls for the elimination of bureaucracy and procedural delays.

## 5th pillar: Infrastructure



**The Infrastructure pillar** is a component of the Technology and infrastructure subindex. This pillar has only nine indicators, which, however, are critical to the business environment. The infrastructure creates basic preconditions for the development of economic activities. If missing, it makes business difficult; if available, it brings major investments.

Of the nine statistically measurable indicators five concern roads. Assessment was made of the density of motorways and first- to third-class roads. Since there are only 24 districts with motorways and motorway feeders, the other districts received the lowest score possible in the assessment. A further parameter was the use of roads, where the most urbanized districts of Bratislava and Košice agglomeration fared the worst. This part of the assessment should include an indicator based on the questionnaire survey – the quality of road infrastructure. The assessment reflects the views of entrepreneurs on whether local roads are maintained well and whether their capacity is sufficient. The remaining three indicators focus on bank accessibility, the availability of post offices and the capacity of medical facilities.

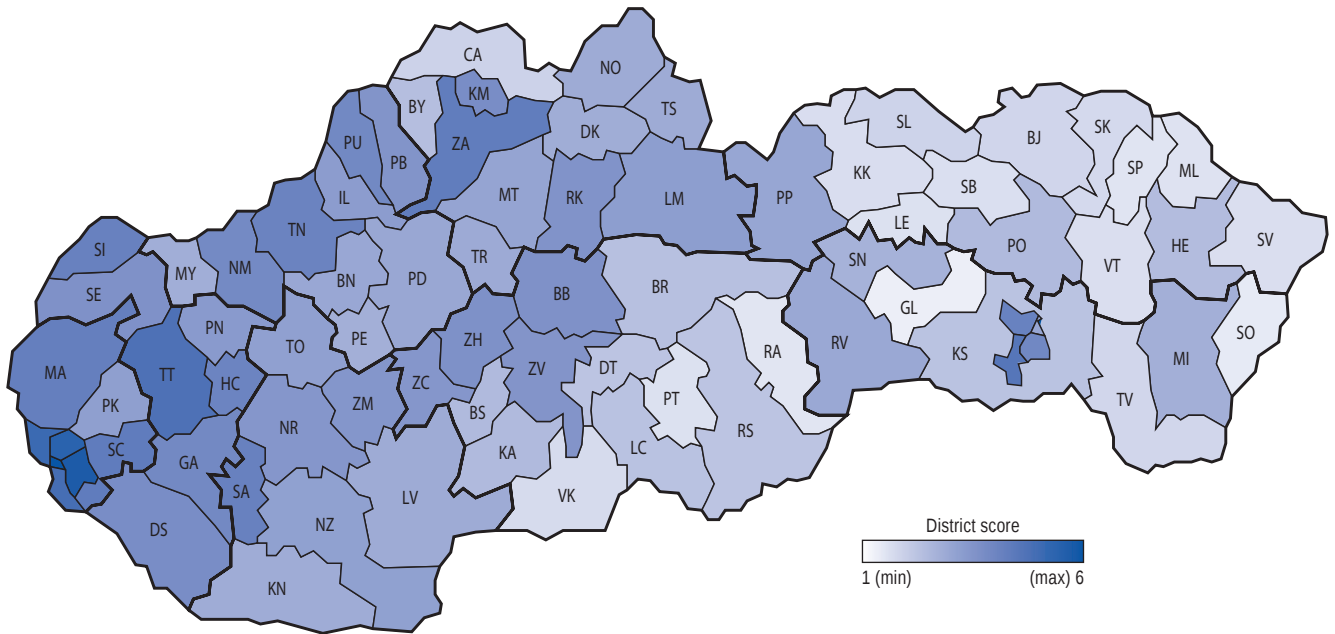
The map for this pillar shows the greatest contrasts of all. The difference between the highest ranked district of Bratislava II and the lowest ranked Sabinov is more than 2 points, which is quite a large number given the 1 to 6 scale. The map shows clearly the areas with and without motorways. The prosperity zone stretches from Bratislava in two directions. The shorter one spans the Záhorie region up to the border with the Czech Republic. The longer one heads towards Trnava and stretches along the entire Považie region. The only interruption is the segment between Žilina and Liptov, where the motorway connection is still unfinished. The zone continues eastwards to the districts of Prešov and Košice, to be interrupted again in the area without a motorway in the lower Spiš region. The entrepreneurs'

opinion of the local road network is somewhat different, even though the districts with motorways still dominate the region. The residents of Bratislava and motorway districts report the highest degree of satisfaction, as do the residents of Skalica, Nové Zámky, Dunajská Streda, Myjava and Topoľčany. The least satisfied are those living in the mountainous and remote districts such as Banská Štiavnica, Gelnica, Vranov nad Topľou, Poltár and Detva. The lack of motorways is not sufficiently compensated by the other organizational and institutional infrastructure sectors. With regard to the latter, the highest ranked were the areas of Nitra and Banská Bystrica. These two districts placed relatively high in the indicators of the availability of post offices, banks and medical facilities. Even here, however, they could not compete with Bratislava and Košice, where the services reach the highest level countrywide.

This pillar implies that the environment for entrepreneurs in the region depends heavily on fast and high-capacity communications, which not only allow easy transport of goods, services and people, but also create conditions for the improvement of other kinds of infrastructure necessary for the development of economic activities. Another conclusion is that the availability and quality of communications is one of the important sources of regional disparities. The more distant the district is from industrial centers or from the capital, the more urgent is the problem of the lack of transport links. Building fast transport connections appears to be an appropriate way to the government to reduce regional disparities, although this is not a panacea. The Economic environment pillar suggests that favorable conditions for general business and economic activity of local residents are prerequisites for the development of the region. It must not be forgotten that second- and third-class roads are within the responsibility of self-governments and their neglect may also be a barrier to development.



## 6th pillar: Technology



The **Technology pillar** is the second component of the Technology and infrastructure subindex. It monitors the level of existing technologies used by enterprises, as well as their ability to absorb new technologies. A major role in this category is played by the entry of foreign investors, who often bring in new production processes.

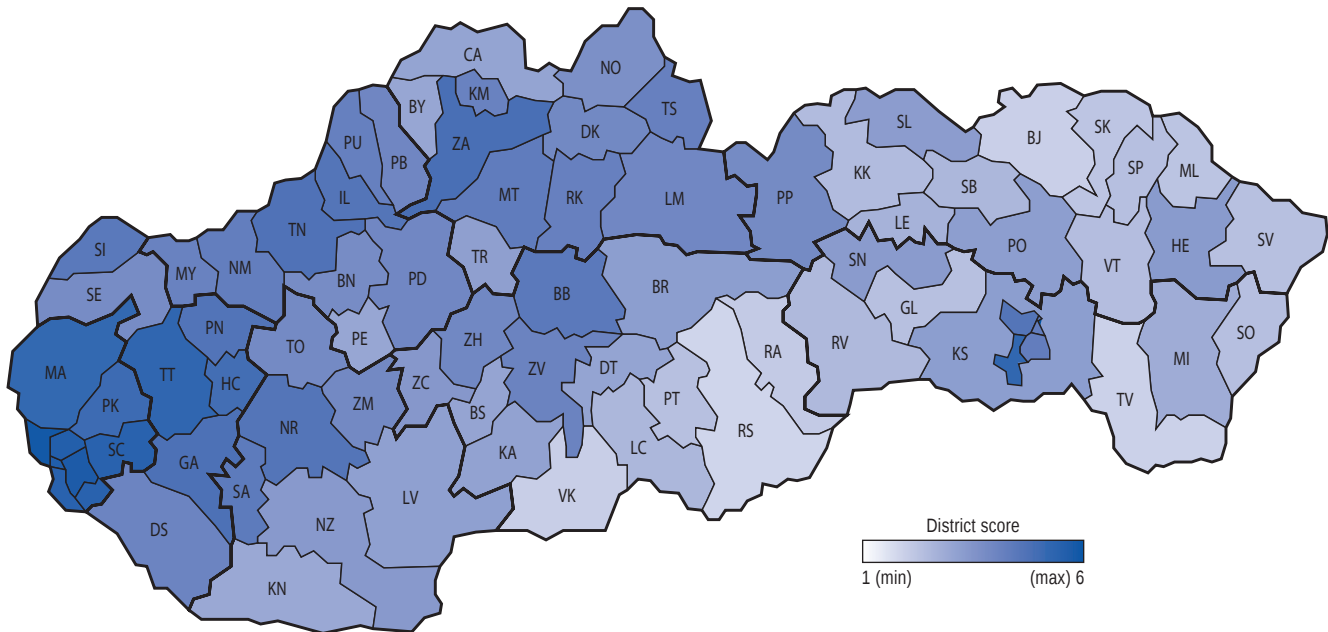
The pillar has eight indicators, half of which are prepared on the basis of statistical information and the other half are based on the survey among representatives of the corporate sector. The first statistical indicator assesses the flow of foreign investment per capita of the district. The other three take into account the use of cars, trucks and engineering vehicles. While in the case of passenger cars their number is calculated per capita, in the case of freight vehicles and engineering vehicles the calculation is made based on the produced financial unit volume. Data from the survey focus on the assessment of the level of technology in the district – the respondents answered the question about the position of their district on the nationwide scale in terms of the overall technological development of Slovakia. With regard to the future prospects the respondents were asked to assess the extent to which companies will be able to exploit the latest technology. Special attention was given to the internet and the rate of its use in individual enterprises.

The map of the districts with regard to the rate of application of technologies divides Slovakia into three areas. These are already known from the pillar assessing the development level of economic environment. The western, most advanced part includes the districts in the zone stretching between Bratislava and Žilina. The second, parallel belt of lower success extends from the left bank of the River Danube up to the High Tatras. The third, widest belt includes the least developed districts from the Poiplie region to the eastern border of Slovakia. The only exceptions are the districts of

Košice, reaching the level of Trnava, but still lagging behind by far the most dynamic Bratislava. The use of technology steadily decreases from the west to the east, replicating the distribution of foreign investment, which is equally getting thinner as one proceeds eastwards from the capital. In addition to Bratislava and Košice, the largest recipients of foreign investment per capita are the districts of Trnava, Skalica and Žilina. By contrast, Svidník, Stropkov, Sobrance, Poltár and Medzilaborce rank at the bottom with the lowest values. In terms of technological development as measured by the opinions of entrepreneurs, the results were similar to those achieved in the whole pillar and in the foreign investment category. With regard to motorization of the territory of Slovakia, the situation is less pronounced. Although one can observe a similar tendency of decreased levels of motoring as we move to the east, there are a few exceptions. For example, the Spiš region has better results than almost the entire region of Banská Bystrica. Even greater shift occurs in the use of information technology. The Internet has grown nationwide, and its use is distributed almost evenly – there is no difference between Bratislava and Svidník or between Žilina and Rožňava. The only two backward districts are those of Revúca and Stropkov.

The most important conclusion made from the mapping of Slovakia in this pillar is that technology and innovation enter Slovak districts hand in hand with foreign investments. Thus, for the time being there appears to be no strong solution for increasing the sophistication of production with a higher added value other than attracting foreign investment to Slovak regions. This should be taken into account by the central government, which gives the incoming firms investment incentives.

## 7th pillar: Human resources



The **Human resources pillar** is one of the two components of the Education and human resources subindex. It maps the availability of workers to meet the companies' needs, their professionalism, skill and flexibility. It also gives a picture of the quality of the work force in the regions of Slovakia.

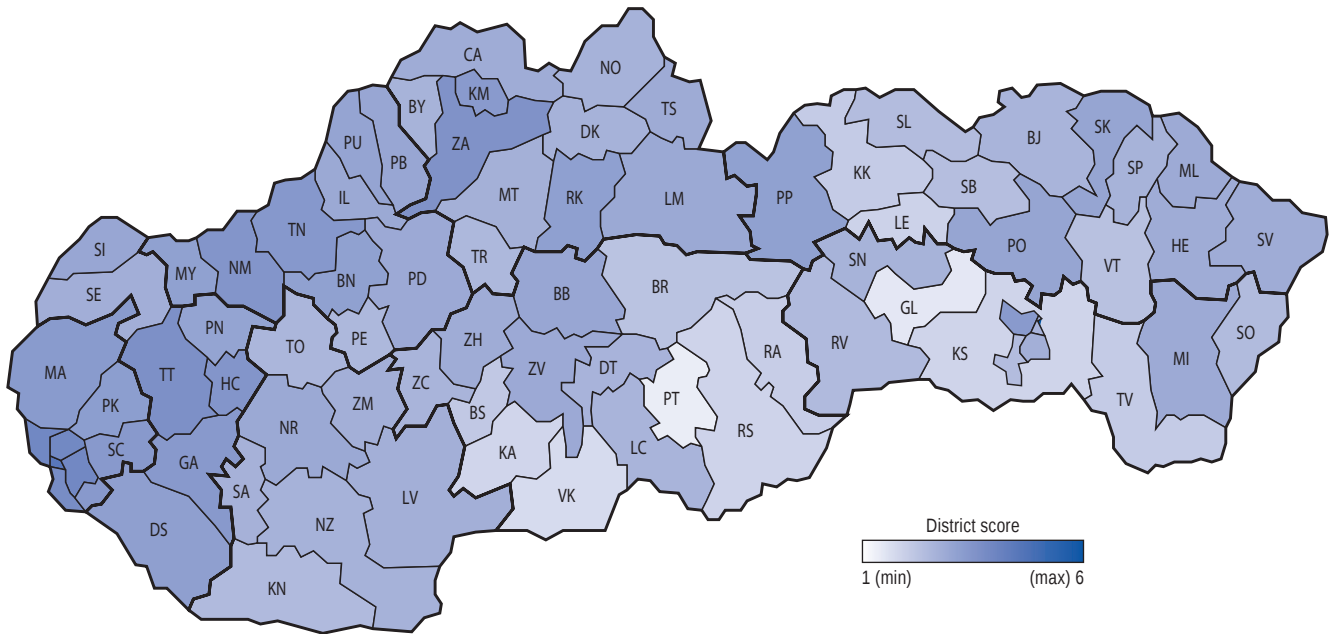
The pillar contains 20 indicators of which 13 are statistical. It includes such standard indicators as life expectancy for men and women or natural population growth, ageing index represents the proportion of those in the productive age. Further indicators that were monitored were the unemployment rate across the districts, including the share of long-term jobseekers as well as the age structure of candidates. The dynamics of the labor market is a proportional indicator expressing the ratio of the sum total of the inflow and outflow of the jobseekers to the total number of jobseekers. Account was taken of the number of vacancies for positions in the service industry and unskilled posts. The focus of investigation was the number of migrant laborers, development of average monthly wages and duration of sick leave in individual districts. The survey conducted among business representatives focused on unemployment rate, availability of labor force and migration of skilled labor. The respondents answered the questions concerning the expectations of incoming wage workers, motivation, discipline and diligence of their staff.

With regard to the inflow of new workers, the highest ranking are the districts of the Prešov region and the northernmost districts of Žilina (after the calculation of the natural population growth rate). On the other hand, the lowest numbers of the potential work force are produced by the southern districts of Nitra and Banská Bystrica. This is also evidenced by the results of individual districts – the districts with the most aging population and the lowest population growth rate

include Komárno, Nové Zámky, Levice, while the least aging districts with the biggest population growth rate include Námestovo, Kežmarok and Stará Ľubovňa. As already known, the highest rate of long-term unemployed is in the districts of eastern and southern Slovakia, which could imply the most available workforce for the employers. Yet, this is not the case, for the majority of the unemployed are the long-term unemployed, often those who had lost their work habits. This is also why flexibility of the labor market is the highest in Bratislava and in the west and the lowest in the eastern districts and the south of Slovakia. The difference is also caused by greater readiness of the western half of Slovakia's population to move for work. Satisfaction with discipline and diligence varies from district to district and it seems impossible to establish any common regional trends. What is interesting is that districts with the highest valued employees place among the top twenty districts with the highest salary expectations on the part of the employees.

The evaluation of all the above indicators shows that the northern and western parts of Slovakia up to the borderline defined by the districts of Komárno, Banská Štiavnica, Brezno and Kežmarok provide the highest-quality human resources, while the lower-quality human resources are offered by the districts situated to the east of the borderline. Exceptions include the lagging districts of Partizánske, Turčianske Teplice and Čadca in the west and prominent districts of Košice in the east. Unless economic activity in the backward districts picks up, the self governments may find it difficult to retain qualified staff. The central government should thus seek tools to boost motivation of the long-term unemployed with low qualifications to look for jobs – for example by increasing the difference between the lowest net wages and social benefits.

## 8th pillar: Education



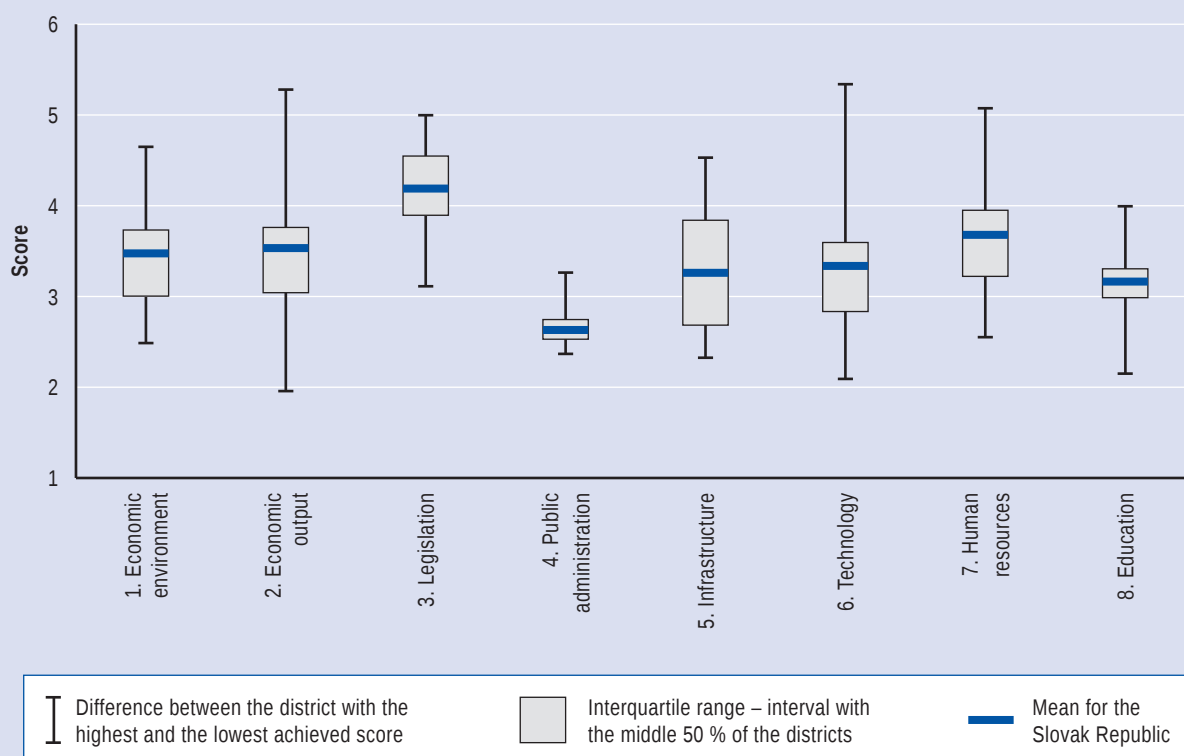
The **Education pillar** is the other component of the Education and human resources subindex. It particularly assesses educational process and institutions. Also, it takes note of the availability of workers in the labor market and explores, through the eyes of entrepreneurs, interconnection between education and labor market. A total of 13 indicators are divided into nine statistical and four perceptual, drawn from the results of a survey among entrepreneurs. The number of primary and secondary school pupils has been calculated as a proportion of the total population of the district. The schools assessed the quality of their students – success rates of primary and lower secondary school pupils in the Monitor 9 test in the Slovak language and mathematics and success rates of upper secondary school students in the Slovak language and mathematics at school leaving examinations. Business representatives assessed foreign language competence of the district's residents. They commented on their foreign language competence in the workplace, which is usually one of the major factors influencing the decision of foreign investors to enter the Slovak market. They also gave assessment of the general education level of district residents on a scale from lowest to highest. The second set of statistical indicators investigated the availability of unemployed with tertiary, secondary and vocational education as a potential labor force as well as the availability of fresh school leavers and graduates. Entrepreneurs expressed their views as to whether schools in the district produce graduates suitable for the labor market and to what extent they should provide in-service courses for school leavers, graduates and other new employees at their own expense.

Evaluation results show that this pillar rated second worst, after public administration. The educational system has been set up in a way that does not meet the needs of the labor market. This applies to

the whole of Slovakia, though small differences exist. The Bratislava districts place above the average, even though they do not exceed 4 on a 1 to 6 scale. The reason is not the quality of education at local primary and secondary schools, as the capital scores below the average in this respect. Rather, it seems that Bratislava's colleges and universities are supplied with better prepared secondary school leavers from other parts of Slovakia. This is also the case with the companies' satisfaction with the professional competence level of the new recruits – the level of satisfaction among the entrepreneurs in Bratislava is above the average. This reflects the fact that the capital offers higher earnings and benefits from higher migration rates in the neighborhood. Although with the lowest unemployment rate, it has a large number of candidates to select from. Districts in the Bratislava neighborhood – the Trnava districts and the Považie region are a little worse off. Here the education level is higher than in Bratislava; on the other hand, the area suffers from brain drain. As a result, entrepreneurs assess jobseekers' professional competence levels worse than those in the capital. Education levels are the most controversial in eastern Slovakia. The more we move to the south and to the east, the lower the assessment levels, until we get close to the nationwide minimum in the districts of Gelnica, Košice-okolie (the worst ranked is the district of Poltár). At the same time, the employees' professional competence levels are reported as average even in the top ranking districts.

Overall, the education level in Slovakia is viewed as low. This presents a major challenge for the central government, particularly for the Ministry of Education, which is held responsible for educational policies. It is expected that self-governments, which administer primary and secondary schools, will promote disciplines and fields demanded by the labor market in conjunction with local entrepreneurs.

## Eight pillars of the Regional Business Environment Index



The Regional Business Environment Index consists of eight pillars. These offer a compact view of the local characteristics of economy and provide a tool for determining which aspects give competitive edge and which pose a barrier that may discourage potential investors.

In addition to the structure of those pillars in each district, it is equally important to look at their structure for the Slovak Republic as a whole, as not every obstacle in business or every advantage increasing the attractiveness stems from local conditions. Let us mention judiciary, as an example. Each district falls under the jurisdiction of this district court. But the efficiency of courts and their communication with the interested parties is more in the hands of politicians whose rules than on the shoulders of judges themselves, who must often submit to rigid and inefficient rules. It is therefore important to know which pillars and to what extent can be formed at the local level and which must be changed at the national level.

Generally speaking, the larger the regional disparities, the more their causes should they sought at the local level and the more easily can they be eliminated by regional politicians. This shows best in the Economic output and Technology pillars. The districts with the highest scores for these pillars house the largest Slovak companies and their plants. They bring to the region the latest technologies and foreign investments and due to their size and efficiency of production, they produce more goods and services per capita or employee than smaller companies. At the other end of the scale, rank districts where unfavorable natural conditions, low availability of skilled labor and bad connection to vital infrastructure lead to reduced business activity. Since the disparities in natural conditions and infrastructure among different regions are great, they are also reflected in significant differences in the scores for the two pillars.

Probably the most specific pillar is infrastructure. The difference between the districts with the highest and lowest achieved scores is not large compared to other pillars, but this pillar has the largest interquartile range. This is not caused by the districts at the ends of the ranking but rather by those in the middle, which vary

considerably in the quality of infrastructure. This fact can be interpreted relatively easily – there are eleven districts that have a motorway or a status of urban district (districts of Bratislava and Košice), which fall outside the two extreme quartiles of the Infrastructure pillar. These districts therefore achieved significantly higher scores than the other districts in the interquartile range and thus increase this range.

The third category of pillars in terms of uniform distribution of the scores achieved are Economic environment, Legislation and Human Resources. These pillars present the most typical score distribution among the districts and are influenced by regional policies, as well as by the central government. Economic environment in Slovakia, as a fundamental determinant of business conditions, has made almost exactly the middle of the score interval, i.e. 3.5, allowing efficient cross-comparison of other pillars. Legislation has reached the highest average score, nearly 4.2, which is due to its composition consisting mainly of local taxes and fees. Real estate taxes in most districts are relatively low, thus pulling the whole pillar up. The eighth pillar, Human resources, has a structure similar to Economic environment, as these two are closely related. If a district has an economically attractive environment, it will motivate educated and skilled people to migrate from the surrounding less attractive districts.

The last group includes Public administration and Education, pillars already mentioned in the introduction. Their common feature is extremely small interquartile range (0.22 and 0.32), which refers to a very large dependency on the laws and regulations of the central government. The government should in this case focus on improving the global conditions and not on seeking ways to delegate its responsibilities to local governments.



