

MAIN CONCLUSIONS

One of the most important conclusions of the thesis to be drawn is the claim that the behavioural geography and its methods provide effective combinations of quantitative and qualitative approaches and that the quantitative and qualitative research methods need not be understood as two opposing poles of the methodical

spectrum but rather as a continuum, two interacting research strategies. This claim is based on the results of the particular methodical apparatus throughout this thesis.

Other major conclusions are concerned with the key hypotheses formulated in the introductory chapter of the thesis.

1) The statistical examination in the set of 25 post-communist countries indicated that the differentiation in the inherited level of economic development from the era of centrally planned economy has tended to have a strong direct positive effect on the progress in the economic liberalization process and this positive effect has tended to increase during the transformational period to 2002. The specific explanatory model considering the set of the post-communist countries also indicated that other selected explanatory variables have tended to play their part – mainly a clear negative effect of the former export orientation on the Soviet-dominated trading block, a positive effect of the establishment of a parliamentary constitutional system and a strong positive effect of the differentiation in the consolidation of democratization. The effect of the parliamentary constitutional system has tended to decrease during the transformation period and the effect of the consolidation of democratization has tended to increase. Importantly, it appears that this latter explanatory variable has tended to have the most important direct effect in the set of the 25 post-communist countries on the differentiation in the progress in the liberalization of internal and external economic relations. However, the postulated explanatory model has also shown that the inherited level of economic development from the end of the communist era has tended to have the most important total effect on the progress in the economic liberalization process. This conclusion can be drawn because the statistical examination indicates that across the large macro-region of the 25 post-communist countries a significant west-east gradient in the progress of the political and economic transformations has evolved. The Czech Republic has had a favourable

geographical position within this gradient providing key institutional conditions for an attractive environment for foreign investors.

2) The key institutional transformation processes of democratization and economic liberalization constituting the decisive “westward” orientation of the post-communist countries have tended to have significant effects on the differentiation in the intensity of the FDI inflow. However, it appears that the progress in the liberalization of internal and external economic relations in the mid 1990s has had the most significant effect on the differences in the intensity of the FDI inflow across the post-communist countries in the whole period 1989–2002. Further, it appears that the intensity of the trade relations (i.e. the openness of national economy) has had an important facilitating effect on the intensity of the FDI inflow. Interestingly, the model also shows that the expected positive effect of the consolidation of democracy on the FDI intensity has only occurred if the democratization process has been mediated by its important positive effect on the progress in the economic liberalization. It must also be noted that the level of corruption has not tended to have any significant effect on the differentiation in the intensity of the FDI inflow in the set of the post-communist countries. Therefore, the major conclusion to be drawn is that only the economic conditions have tended to exercise significant effects on the differentiation in the inflow intensity of the FDI in the post-communist macro-region. This key conclusion is also based on the effects of the measure of GDP per capita in the postulated model. It appears that this variable indicating the differences in the economic development level across the post-communist countries in the mid 1990s has tended to have significant positive effect on the FDI inflows. Moreover, it has also had important positive effects on the progress in the economic liberalization and the consolidation of democracy. These results seem to show that the foreign investors have been tending in their decisions on localisation of investment to consider primarily the economic aspects of the investment environment in the country concerned. The statistical

analysis also indicates that the relative position of the Czech Republic in terms of the intensity of the FDI inflows significantly improved since 1998. The analysis of the investment data also show that the FDI inflow in the Czech Republic tends to be orientated more on the post-industrial sectors of the economy, i.e. on sectors of banking and insurance, producers services and transport and communication. The share of FDI in the industry has tended to decrease.

3) The main feature of the spatial pattern on the mental map of foreign investors indicates a clear preference for the central part of the Czech Republic. The pattern also indicates that the largest agglomerations of regional centres are considered as attractive locations, but Karlovy Vary, Ústí nad Labem agglomerations and also the region of Ostrava are perceived as less attractive areas. The peripheral areas of the country are also considered as less attractive locations. The higher levels of attractiveness of the largest agglomerations are also documented in the specific mental maps that are constructed in accordance with some selected characteristics of responding firms. However, it is interesting to note that if the "self-preference" effect is eliminated (the ratings of the regions where respondents already have their own branch located) the key preference for the central part of the country still dominates the spatial pattern, but the preference for Prague is significantly lower. It seems to be an outcome of perception of some negative externalities in the Prague agglomeration (high price levels, polluted environment, frequent traffic problems and other congestion phenomena etc.). This outcome indicates that the city of Prague is not always perceived by the foreign investors as the best location for their firms. It is also important to note that the agglomeration of Brno in South Moravia appeared from this procedure as the region with the highest level of preferences.

4) The multiple regression analysis of the ratings of regions on selected explanatory variables has indicated that the ratings of regions tend to be affected mainly by their relative location in the territory of the Czech Republic, above all by the distance of the district in respect to Prague, and less significantly by the distance to the Bavarian border. Next, there are significant effects in the regression of the variables highlighting the importance of labour market indicators. It appears that the differentiation in the perception at the microregional level tends to be influenced by differences in the supply of human resources and their quality. The share of population (age 15 and older) with university education in 1991 appears to be the most important explanatory factor. Significantly, also the increase in the university education level in 1991-2001 is a key factor accounting for the differentiation in the perception at the microregional level. Further, the analysis also indicates that foreign firms tend to prefer the regions where there are higher shares of vocationally trained people in the labour market force indicating the preference for qualified blue collar workers. It is very interesting to note that the share of labour force with the general secondary education level (gymnázium) has a negative effect in the model. This result seems to indicate that there is not a general appreciation of this type of education among foreign employers. The last variable affecting the evaluation of microregions in a positive way is also a qualitative variable – average wage level. Thus, the statistical analysis indicated that besides the spatial distance factors of geographical location, there is the importance of location factors representing agglomeration advantages in the modern sense (i.e. quality of local environment, quality of endogenous human resources etc.). The important role of subjective factors in the real location decisions of foreign investors is further indicated in the interviews conducted in the second empirical survey of the thesis.

5) The survey concerning the contact systems of selected firms and based on interviews with personnel responsible for particular contacts in the foreign

firms within the programme, planning and orientation activities indicated that it is not currently possible to distinguish in clear formal way between these types of activities in the firm's functional and organisational hierarchy. The boundaries of these particular moments have become blurred and the so-called technostructure (or middle line) segments of the firm hierarchy seemingly tend to increase in importance. These segments tend to deal more often with the more complex or complicated situations, however, which then require a final approval given by the top management of the firm. These changes in the functional and organisational structure of firms also imply different needs for personal contacts on the lower management levels. It is important to note that these tendencies tend to lead to partial decentralization of the management in most of the surveyed firms.

6) The results of the empirical survey and the interviews with the foreign investors tend to show a low level of embeddedness of the interviewed firms and generally indicate little will to cooperate with the Czech firms or even with other foreign firms. The low level of willingness to cooperate can be explained by a hostile competitive environment, mutual distrust of the firms, a low level of work ethics etc. The majority of the interviewed foreign investors do not evaluate the local milieu and the Czech entrepreneurial environment in positive terms and the most cited problems appear to be bureaucratization, corruption, legislative barriers etc.

These unfavourable assessments seem to be caused by surviving distorted patterns of "entrepreneurial" behaviour from the era of communism and its non-standard economic habits and, obviously, by the mentioned frequent corruption in the current business relations.

In spite of the fact that the embeddedness and the willingness to cooperate seem to be at very low level, there are a few examples indicating some features typical for the more developed post-industrial economic systems also in the Czech Republic. The exchange of information and knowledge and the creation

of untraded interdependencies, which are often as important as real business transactions, also take place in the Czech entrepreneurial environment. There is also a considerable potential for the sharing of tacit and codified knowledge and mutual learning in the meetings of chambers of commerce or professional associations.

The survey and the relevant literature are also concerned with the possibility of creation of temporal alliances. These short-time, one-purpose, and single project based alliances are usually dissolved after the termination of the order; they already exist in the Czech entrepreneurial environment and are often mentioned by the interviewed foreign investors. It appears that in this phase their main criteria are profit seeking and market advantage. Though, it is possible that these alliances may represent the beginning of future alliances and more intensive and stable cooperation networks among firms.