CENTRE FOR REGIONAL AND LOCAL ANALYSES

REGIONAL INVESTMENT ATTRACTIVENESS 2012

Lesser Poland voivodship

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Introduction

This report has been prepared thanks to the application of results of scientific research conducted since 2002 by the Institute of Enterprise, Collegium of Business Administration of the Warsaw School of Economics, under the supervision of Prof. H. Godlewska-Majkowska, Ph.D. All Authors are core members of the team that develops the methodology of calculating regional investment attractiveness in order that important characteristics of regions are captured as closely as possible both in general terms and from a point of view of specificity of a given kind of business activity as well as a size of investment.

Potential investment attractiveness (PAI) indices measure the location-specific advantages of regions. In their simplified version they are calculated for territorial units of various levels of statistical division of the country (gminas/communes, poviats/counties, subregions, voivodships/regions). These are PAI1 indices, which refer to the whole regional/national economy (PAI1_GN) and selected sections: C – manufacturing industry, G – trade and repair, I – tourism and catering, M – professional, scientific and technical services.

Besides, some indices are only calculated for voidoships on the basis of much more characteristics available on the regional or macroregional level. This allows us to evaluate their investment attractiveness in a much broader context. These are PAI2 indices, which are calculated both from a general point of view and with reference to the above mentioned sections of the economy (PAI2_C, PAI2_G, PAI2_I, PAI2_M).

What is more, real investment attractiveness ranks are used in this report, which relates to the inflow of capital (in the form of investments) and the effects of investments considered from a point of view of productivity and returns on the outlays previously made.

The measurements in use are subject to annual review thanks to consulting them with foreign investor assistance institutions and direct contact to territorial self-government units as well as organisations of entrepreneurs. A description of methodological approach to measuring investment attractiveness of Polish regions, counties and communes can be found online on the Web site of the Institute of Enterprise : www.sgh.waw.pl/instytuty/ip, on the Web site of the Centre for Regional and Local Analyses, which cooperates with the Institute of Enterprise: www.caril.edu.pl, as well as in numerous scientific publications and expert opinions.

1. The profile of regional economy of Lesser Poland (*małopolskie*) voivodship

Lesser Poland (*małopolskie*) voivodship is situated in central-southern Poland, it borders on Slovakia. It ia an important region for Polish tourism because of its attractive mountain areas in the south of the voivodship (the Tatra mountains and the Podhale) as well as numerous cultural monuments. Cracow, a former capital of Poland, now its second largest city, plays a particular role for Lesser Poland and for the economy of entire Poland. Lesser Poland stands out in terms of a very high density of population, which is chiefly due to the land fragmentation.

The advantages of the voivodship are:

- a convenient location in terms of communications: a main transit corridor from Western Europe to the Ukraine (A4 highway), convenient train connection (the European transport corridor TINA III runs through the region); international airport in Kraków-Balice (the second largest airport in Poland); six road border crossings and one railway border crossing in Leluchów,

- huge R&D potential of the higher education institutions and research establishments of Cracow among which scientific establishments ranked by the Ministry of Science and Higher Education in the highest category constitute a numerous group,

- substantial human resources, both low-qualified workers with low wage expectations and well-qualified specialists,

- great tourist attractions, in particular UNESCO World Heritage sites deserve a note: The Old Town in Cracow, Auschwitz-Birkenau. German Nazi Concentration and Extermination Camp (1940-1945), Wieliczka Salt Mine, the Mannerist Architectural and Park Landscape Complex and Pilgrimage Park in Kalwaria Zebrzydowska, wooden churches of southern Lesser Poland in Binarowa, Blizne, Lipnica Murowana, Sękowa) and natural conditions of mountain areas and Carpathian Foothills,

- investment incentives for investors offered in special economic zones.

Chart 1. General characteristics of the economy of Lesser Poland voivodship

Feature	Lesser Poland voivodship	Poland	Share [%]
Market Potential			
GDP per capita (PLN/person) in 2009	30,220	35,210	-
Population (persons) on 30 December 2011	3,346,796	38,538,447	8.7
Human Resources Potential			
Higher education institutions graduates (persons) in 2011	54,978	492,646	11.2

Secondary schools graduates (persons) in 2011	40,754	421,724	9.7
Number of employed persons on 31 December 2011	1,240,844	13,911,203	8.9%
Structure of employed persons in 2011	agriculture 14% industry 30% services 56%	agriculture 12.7% industry 30.6% services 56.7%	
Investment outlays and capital of companies with foreign capital participation in the voivodship			
Investment outlays (PLN mln) in 2010	2,269.2	61,600.3	3.7
Capital of companies (PLN mln) in 2010	10,989.0	188,812.4	5.8
Special economic zones (SEZs) in the voivodship			
- The Katowice SEZ, subzone: Myślenice - The Mielec SEZ, subzone Gorlice (city), - The Cracow SEZ: subzones: Bukowno (city), Chełmek, Dobczyce, Gdów, Kraków (city), Książ Wielki, Limanowa (city), Niepołomice, Nowy Sącz (city), Oświęcim (city), Skawina, Słomniki, Tarnów (city), Wolbrom, Zabierzów, Zator			
Investment attractiveness			
Potential investment attractiveness (location-specific advantages evaluation) in 2010	National economy class B Capital-intensive industry class B Labour-intensive industry class B Trade class B Tourism class B Education class C		
Real investment attractiveness (economic effects evaluation) in 2010	National economy class C Industry class C Trade class C Professional science and technical activities C		

Poviats and gminas distinguished according to the Potential Attractiveness Index for the national economy		
Poviats	Class A	Kraków (city), Nowy Sącz (city), Tarnów (city)
	Class B	Wieliczka
Gminas**	Class A	Kraków (1), Gorlice (1), Wielka Wieś (2), Nowy Sącz (1), Tarnów (1), Limanowa (1), Bochnia (1), Oświęcim (1), Niepołomice (3), Zielonki (2), Wadowice (3), Zakopane (1), Zabierzów (2), Skawina (3), Bukowno (1), Kęty (3), Chrzanów (3), Andrychów (3), Mszana Dolna (1), Skała (3), Olkusz (3), Zator (3), Dobczyce (3), Mogilany (2), Alwernia (3), Kłaj (2), Bolesław (2), Trzebinia (3), Nowy Targ (1), Krzeszowice (3), Wieliczka (3), Brzeszcze (3), Klucze (2), Krynica-Zdrój (3), Świątniki Górne (3)
	Class B	Myślenice (3), Siepraw (2), Michałowice (2), Muszyna (3), Sucha Beskidzka (1), Wolbrom (3), Grybów (1), Libiąż (3), Liszki (2), Tymbark (2), Chełmek (3), Dębno (2), Szczawnica (3), Przeciszów (2), Brzesko (3), Jordanów (1), Tarnów (2), Żegocina (2), Bochnia (2), Spytkowice (2), Rabka-Zdrój (3), Osiek (2), Spytkowice (2), Polanka Wielka (2), Jerzmanowice-Przeginia (2), Pcim (2), Gdów (2), Skrzyszów (2)

In 2009 Lesser Poland voivodship made a contribution of 7.4% to the GDP of Poland. . Calculated per capita, it amounted to PLN 30,220 with the average for Poland PLN 35,210.

With this result the voivodship occupies the tenth place in the country. The GDP growth rate in the period 2003-2009 amounted to 161.7% while the national average reached 168.5%.

In comparison with the whole country the structure of employment in the voivodship is characterised by a relatively low share of the service sector (56%) whereas a share of the agricultural and industrial sectors is respectively 14% and 30% (CSO, RDB 2012).

The number of inhabitants of the voivodship amounts to 3,346,796 (as of 2011), which makes up 8.7% of the population of Poland. The age structure of the voivodship in 2010 was as follows: 15.9% of the population at pre-reproductive age, 67.5% at reproductive age and 16.6% at post-reproductive age (for Poland, respectively, 15.1%, 68.1% and 16.8%). The registered unemployment rate in the voivodship in August 2012 was 10.6%, compared to 12.4% in Poland[1]. The average gross monthly remuneration in enterprises sector in the first six months of 2012 amounted to PLN 3,356.8, which is 91.1% of average remuneration in Poland.

The main potential for human capital creation in the voivodship is constituted by 33 higher education institutions in which 208.1 thousand students study, which makes up 12% of all students Poland-wide. Moreover 9.2 % of pupils of secondary schools attend technikum schools and 10% vocational schools.

The voivodship's strategic sectors mentioned in the strategy of regional development include above all: education, higher education, R&D, information society, high-tech industry as well as tourism and culture.

Preferential conditions of conducting business activities are offered in this voivodship i.a. by the following 3 special economic zone (in Polish: Specjalne Strefy Ekonomiczne, hence abbreviation SSE):

- Katowicka SSE (Katowice special economic zone), subzone: Myślenice,
- Mielecka SSE (Mielec specific economic zone), subzone the city of Gorlice,
- Krakowska SSE (Cracow special economic zone), subzones: the city of Bukowno, Chełmek, Dobczyce, Gdów, the city of Kraków, Książ Wielki, the city of Limanowa, Niepołomice, the city of Nowy Sącz, the city of Oświęcim, Skawina, Słomniki, the city of Tarnów, Wolbrom, Zabierzów, Zator.

[1] The unemployment rate in voivodships, subregions and poviats in August 2012 is based on the data of Central Statistical Office.

2. Region's rank in terms of investment attractiveness in Poland

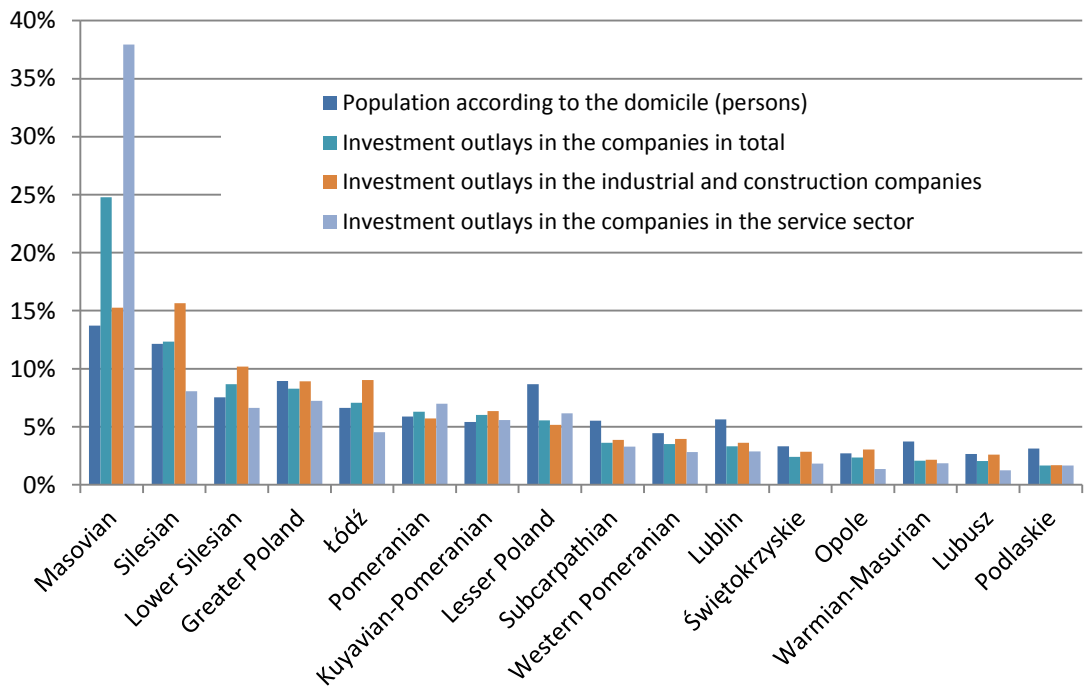
Lesser Poland voivodship is characterised by a high level of universal investment attractiveness, which demonstrates itself in its rank (Class B) according to the main potential investment attractiveness index for the whole national economy PAI 2_GN (see Exhibit 1 in the Appendix). The region was also ranked very high in terms of potential investment attractiveness for the sections: capital-intensive industry (Class B), labour-intensive industry (Class B), trade (Class B), tourism (Class B) and professional, scientific and technical activities (Class C).[2]

Investment attractiveness can also be determined on the basis of indices of real investment attractiveness (RAI), based on such microclimates as: returns on tangible assets, labour productivity, self-financing of self-government territorial units and investment outlays. The region ranked above the average in terms of RAI indices for the national economy (Class C), industry (Class B), trade and repairs (Class C) and professional, scientific and technical activities (Class C) - see Exhibit 2 in the Appendix.

Potential and real investment attractiveness in reflected in the decisions of investors on business location. This is shown in Exhibit 1

In 2010 Lesser Poland voivodship was ranked in the 8th position in Poland when it comes to investments in companies (its market share in the national investment outlays accounts for 6%), while its share in total population in the country amounts to 9%.

Exhibit 1. Regional structure of investment outlays in the companies in 2010 in comparison with the share in the population (percentage of country's population)



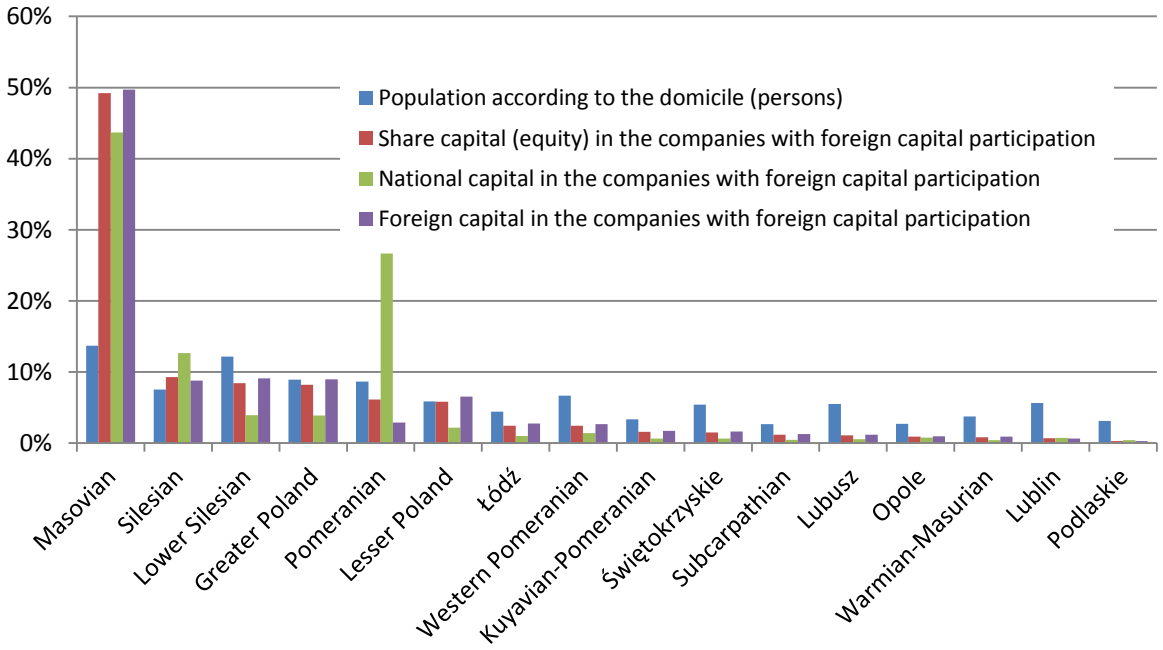
Note: these are the most up-to-date data.
Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012)

[2]Section C –manufacturing industry, section G – trade and repair, section I – hotels and restaurants, section M- professional, scientific and technical activities.

Relative underinvestment of the companies is visible both in industrial and construction sections as well as in the services. Significant human-resources potential (at least in comparison to other regions) has not been reflected in the inflow of foreign direct investments – see Exhibit 2.

The share of Lesser Poland voivodship in the value of share capital in the companies with foreign capital participation amounts just to 6%. It is scarce if one takes into consideration the 9% share of the region in Polish population. Between 2003 and 2010 the voivodship's competitive rank on the foreign direct investment market deteriorated (the share of voivodship in the direct foreign investment market felt from 7,2 to 5,8% - see Exhibit 3).

Exhibit 2. Regional structure of capital in the companies with foreign capital participation in comparison with a share in population (% national population)

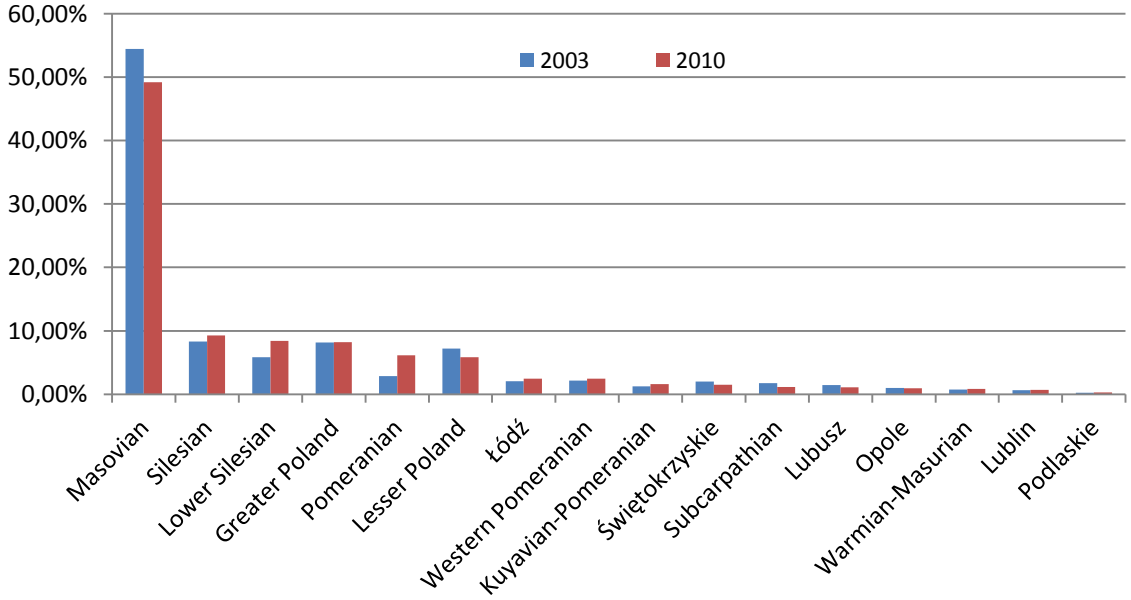


Note: these are the most up-to-date data.
Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012).

In the years 2003-2010 the number of vacancies in the companies with foreign capital increased by 15% from 76,470 to 87,956. The growth rate was lower than the average growth rate in the country (37%). Thus, the rank of voivodship calculated on the basis of its share in the number of vacancies in the companies with foreign capital decreased from 6.9% to 5.8%. It indicates at the poor use of cost competitive advantages connected with labour factor.

Nevertheless, Lesser Poland is still one of the most appreciated regions by foreign investors. It is reflected in the number of companies with foreign capital registered in 2010 – with 75 newly-established companies the regions was only overtaken by following voivodships: Masovian (428 companies), Silesian (115), Lower Silesian (100) and Greater Poland (81).

Exhibit 3. Regional competitive rank in terms of investments with foreign capital participation according to the value of share capital of the companies with foreign capital participation in 2003 and 2010 (percentage of national representation)



Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012)

An opportunity for Lesser Poland voivodship lies in neatly prepared investment offers. Self-government units of Lesser Poland voivodship should seek opportunities in careful preparation of offers of investment areas in accordance with their location-specific advantages.

3. Internal diversification of regional investment attractiveness

Poviats (counties)

The following poviats are considered most attractive in Lesser Poland voivodship: the city of Kraków, the city of Nowy Sącz, the city of Tarnów, wielicki - see Chart 2.

Chart 2. Potential investment attractiveness of poviats of Lesser Poland voivodship for the national economy and selected sections

Poviat	PAI1_GN	PAI1_GN	PAI1_C	PAI1_G	PAI1_I	PAI1_M
The city of Kraków	0,376	A	A	A	A	A
The city of Tarnów	0,348	A	A	A	B	A
The city of Nowy Sącz	0,343	A	A	A	A	A
wielicki	0,303	B	B	B	A	B
tatrzański	0,286	C	C	D	A	C
krakowski	0,285	C	B	C	B	C
oświęcimski	0,284	C	C	B	A	C
olkuski	0,280	C	C	C	D	C
chrzanowski	0,280	C	C	C	D	C
wadowicki	0,275	C	C	D	D	C
bocheński	0,270	C	C	C	C	C
nowotarski	0,268	C	C	D	C	D

Source: Authors' own materials.

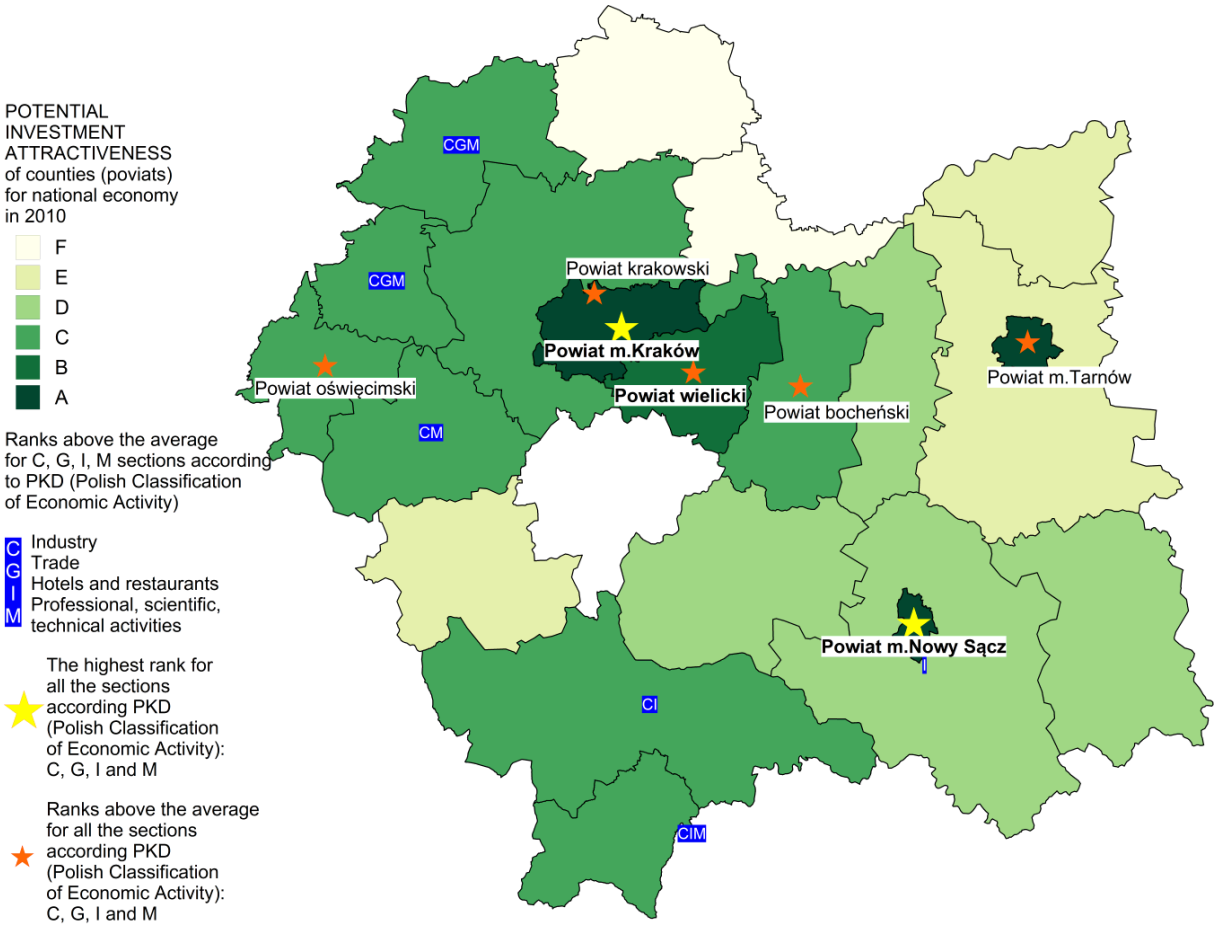
The following poviats should be distinguished: the cities of Kraków and Nowy Sącz as these units attained Class A in their potential investment attractiveness for all sections of the national economy under scrutiny in this research.

In reference to the sections mentioned below the following poviats should be additionally distinguished:

- Bocheński, nowotarski, tatrzański, chrzanowski, olkuski, oświęcimski, wadowicki (Class C) for section C,
- bocheński, krakowski, chrzanowski, olkuski (Class C) for section G,
- bocheński, nowosądecki, nowotarski (Class C) for section I,
- bocheński, krakowski, tatrzański, chrzanowski, olkuski, oświęcimski, wadowicki (Class C) for section M.

Synthetic evaluation of potential investment attractiveness of poviats of Lesser Poland voivodship is presented in Exhibit 4.

Exhibit 4. Spatial diversification of potential investment attractiveness of poviats of Lesser Poland voivodship with consideration of the most attractive sections



Source: Authors' own materials.

Gminas (counties)

Like poviats, gminas are also very much diversified in terms of investment attractiveness. The highest ranked gminas are: Kraków (1), Gorlice (1), Wielka Wieś (2), Nowy Sącz (1), Tarnów (1), Limanowa (1), Bochnia (1), Oświęcim (1), Niepołomice (3), Zielonki (2), Wadowice (3), Zakopane (1), Zabierzów (2), Skawina (3), Bukowno (1), Kęty (3), Chrzanów (3), Andrychów (3), Mszana Dolna (1), Skała (3), Olkusz (3), Zator (3), Dobczyce (3), Mogilany (2), Alwernia (3), Kłaj (2), Bolesław (2), Trzebinia (3), Nowy Targ (1), Krzeszowice (3), Wieliczka (3), Brzeszcze (3), Klucze (2), Krynica-Zdrój (3), Świątniki Górne (3). It is also reflected in their high ranks (Class A or B) for all analysed sections – see Chart 3.

Chart 3. Potential investment attractiveness of gminas of Lesser Poland voivodship for the national economy and selected sections

Gmina	PAI1_GN	PAI1_GN	PAI1_C	PAI1_G	PAI1_I	PAI1_M
Kraków (1)	0,284	A	A	A	A	A
Gorlice (1)	0,264	A	A	A	B	A
Wielka Wieś (2)	0,263	A	A	A	A	A
Nowy Sącz (1)	0,260	A	A	A	A	A
Tarnów (1)	0,259	A	A	A	B	A
Limanowa (1)	0,258	A	A	A	A	A
Bochnia (1)	0,256	A	A	A	B	A
Oświęcim (1)	0,254	A	A	A	A	A
Niepołomice (3)	0,253	A	A	A	A	A
Zielonki (2)	0,251	A	A	A	A	A
Wadowice (3)	0,249	A	A	A	A	A
Zakopane (1)	0,249	A	A	A	A	A
Zabierzów (2)	0,246	A	A	A	A	A
Skawina (3)	0,244	A	A	A	A	A
Bukowno (1)	0,243	A	A	A	A	A
Kęty (3)	0,240	A	A	A	A	A
Chrzanów (3)	0,238	A	A	A	C	A
Andrychów (3)	0,236	A	A	A	A	A
Mszana Dolna (1)	0,235	A	A	A	A	A
Skała (3)	0,235	A	A	B	B	A
Olkusz (3)	0,234	A	A	A	A	A
Zator (3)	0,234	A	A	A	C	B
Dobczyce (3)	0,233	A	A	A	B	B
Mogilany (2)	0,231	A	A	A	B	A
Alwernia (3)	0,228	A	A	A	B	B
Kłaj (2)	0,228	A	A	A	A	A
Bolesław (2)	0,227	A	A	B	B	B
Trzebinia (3)	0,226	A	A	B	B	A
Nowy Targ (1)	0,225	A	A	B	B	A
Krzeszowice (3)	0,224	A	A	A	B	B
Wieliczka (3)	0,223	A	B	B	A	A
Brzeszcze (3)	0,223	A	A	A	C	B
Klucze (2)	0,223	A	A	B	B	B
Krynica-Zdrój (3)	0,223	A	B	A	A	A
Świątniki Górne (3)	0,223	A	A	B	B	B

(1) – urban commune, (2) – rural commune, (3) – rural-urban commune
Source: Authors' own material.

Attractive are also such gminas which belong to Class B according to the PAI1_GN index as: Myślenice (3), Siepraw (2), Michałowice (2), Muszyna (3), Sucha Beskidzka (1), Wolbrom (3), Grybów (1), Libiąż (3), Liszki (2), Tymbark (2), Chełmek (3), Dębno (2), Szczawnica (3), Przeciszów (2), Brzesko (3), Jordanów (1), Tarnów (2), Żegocina (2), Bochnia (2), Spytkowice (2), Rabka-Zdrój (3), Osiek (2), Spytkowice (2), Polanka Wielka (2), Jerzmanowice-Przeginia (2), Pcim (2), Gdów (2), Skrzyszów (2). The location-specific

advantages are also universal in these gminas, which makes them attractiveness for all kinds of business activity in question.

In reference to the sections mentioned below the following gminas of Class C should be distinguished:

- Łapanów (2), Nowy Wiśnicz (3), Rzezawa (2), Żegocina (2), Igołomia-Wawrzeńczyce (2), Kocmyrzów-Luborzyca (2), Słomniki (3), Sułoszowa (2), Pcim (2), Sułkowice (3), Wiśniowa (2), Gdów (2), Biecz (3), Gorlice (2), Sękowa (2), Chełmiec (2), Gródek nad Dunajcem (2), Kamionka Wielka (2), Łabowa (2), Piwniczna-Zdrój (3), Rytro (2), Stary Sącz (3), Czarny Dunajec (2), Czorsztyn (2), Jabłonka (2), Łapsze Niżne (2), Poronin (2), Babice (2), Oświęcim (2), Polanka Wielka (2), Maków Podhalański (3), Zembrzyce (2), Brzeźnica (2), Kalwaria Zebrzydowska (3), Lanckorona (2), Mucharz (2), Stryszów (2), Tomice (2), Czchów (3), Lisia Góra (2), Pleśna (2), Tuchów (3), Wierzchosławice (2), Żabno (3) – for section C,

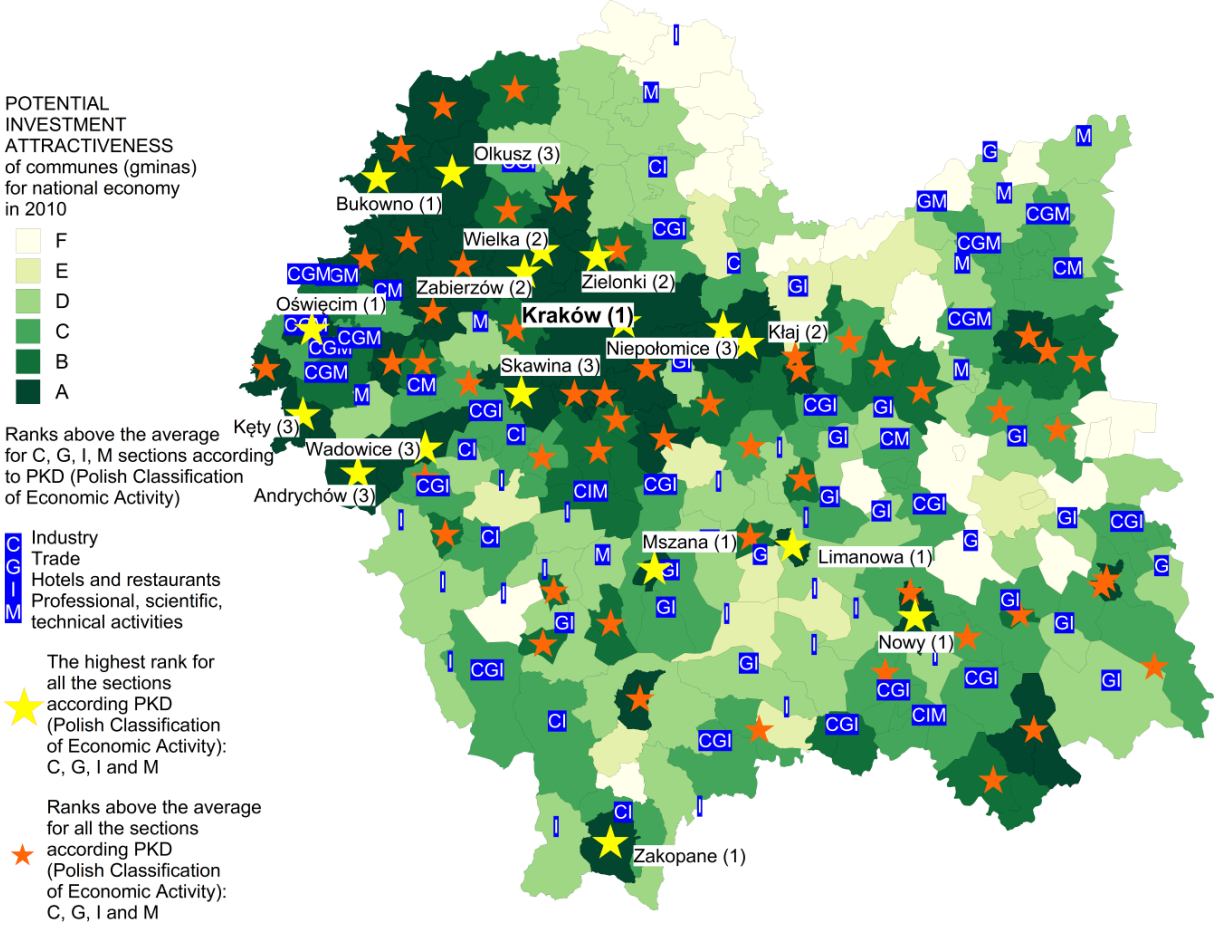
- Drwinia (2), Lipnica Murowana (2), Nowy Wiśnicz (3), Rzezawa (2), Żegocina (2), Jerzmanowice-Przeginia (2), Sułoszowa (2), Sułkowice (3), Wiśniowa (2), Biskupice (2), Gdów (2), Biecz (3), Gorlice (2), Lipinki (2), Moszczenica (2), Ropa (2), Sękowa (2), Dobra (2), Laskowa (2), Mszana Dolna (2), Niedźwiedź (2), Słopnice (2), Chełmiec (2), Gródek nad Dunajcem (2), Korzenna (2), Łososina Dolna (2), Stary Sącz (3), Szczawnica (3), Ochotnica Dolna (2), Raba Wyżna (2), Libiąż (3), Oświęcim (2), Zembrzyce (2), Brzeźnica (2), Kalwaria Zebrzydowska (3), Mucharz (2), Gnojnik (2), Bolesław (2), Dąbrowa Tarnowska (3), Gromnik (2), Pleśna (2), Tarnów (2), Tuchów (3), Wierzchosławice (2), Wietrzychowice (2), Żabno (3) - for section G,

- Drwinia (2), Lipnica Murowana (2), Rzezawa (2), Trzciana (2), Żegocina (2), Jerzmanowice-Przeginia (2), Sułoszowa (2), Książ Wielki (2), Siepraw (2), Tokarnia (2), Biskupice (2), Gdów (2), Gorlice (2), Moszczenica (2), Ropa (2), Dobra (2), Jodłownik (2), Kamienica (2), Limanowa (2), Łukowica (2), Mszana Dolna (2), Niedźwiedź (2), Grybów (2), Kamionka Wielka (2), Podegrodzie (2), Stary Sącz (3), Czarny Dunajec (2), Krościenko nad Dunajcem (2), Lipnica Wielka (2), Spytkowice (2), Bukowina Tatrzańska (2), Chrzanów (3), Brzeszcze (3), Zator (3), Budzów (2), Zembrzyce (2), Mucharz (2), Spytkowice (2), Stryszów (2), Dębno (2), Gnojnik (2), Gromnik (2), Pleśna (2), Skrzyszów (2), Tuchów (3) - dla sekcji I,

- Łapanów (2), Rzezawa (2), Żegocina (2), Czernichów (2), Jerzmanowice-Przeginia (2), Miechów (3), Lubień (2), Pcim (2), Sułkowice (3), Gdów (2), Gorlice (2), Sękowa (2), Tymbark (2), Chełmiec (2), Kamionka Wielka (2), Piwniczna-Zdrój (3), Stary Sącz (3), Czorsztyn (2), Rabka-Zdrój (3), Spytkowice (2), Babice (2), Osiek (2), Polanka Wielka (2), Przeciszów (2), Jordanów (1), Sucha Beskidzka (1), Brzeźnica (2), Mucharz (2), Spytkowice (2), Tomice (2), Wieprz (2), Dębno (2), Olesno (2), Szczucin (3), Pleśna (2), Radłów (3), Skrzyszów (2), Tuchów (3), Wietrzychowice (2), Wojnicz (3) – for section M.

Synthetic evaluation of potential investment attractiveness of gminas of Lesser Poland voivodship is presented in Exhibit 5.

Exhibit 5. Potential investment attractiveness of gminas of Lesser Poland voivodship



Source: Authors' own materials.

4. Voivodship's institutional support for investors and entrepreneurs

The development of business surrounding in a region is a vital component of its investment attractiveness. The institutions that support entrepreneurship, pro-investment solutions, research commercialization and innovativeness are of special importance. Among the voivodeship's business-supporting institutions one should mention: Krakowski Park Technologiczny sp. z o.o., Małopolska Agencja Rozwoju Regionalnego S.A. in Cracow, , Centre for Innovation, Technology Transfer and University Development at the Jagiellonian University, Centre for Technology Transfer at the Kraków University of Technology, Centrum Transferu Technologii Medycznych Park Technologiczny in Cracow, Centre for Technology Transfer at the Kraków University of Mining and Metallurgy, Agencja Rozwoju Małopolski Zachodniej S.A. in Chrzanów, Agencja Rozwoju Miasta S.A. in Cracow, Agencja Rozwoju Gospodarczego Kraków-Wschód Sp. z o.o., Tarnowska Agencja Rozwoju Regionalnego S.A., Agencja Rozwoju Spółdzielczości – Związek Lustracyjny Spółdzielni Pracy Regional Branch in Cracow, Małopolska Agencja Energii i Środowiska sp. z o.o. in Cracow, Myślenicka Agencja Rozwoju Gospodarczego Sp. z o.o., Sądecka Agencja Rozwoju Regionalnego S.A., Izba Przemysłowo - Handlowa in Cracow, Izba Przemysłowo - Handlowa w Tarnowie, Małopolska Izba Rzemiosła i Przedsiębiorczości in Cracow, Nordic House in

Cracow, Krakowska Kongregacja Kupiecka, Business Center Club Loża Małopolska (Lesser Poland Branch), American Chamber of Commerce in Poland Branch in Cracow, Brytyjsko-Polska Izba Handlowa Kraków, Krakowska Izba Turystyki, Małopolska Organizacja Turystyczna in Cracow, Małopolskie Centrum Przedsiębiorczości in Cracow, Fundacja Rozwoju Regionu Rabka in Rabka-Zdrój, Małopolskie Parki Przemysłowe Sp. z o.o.

Krakowski Park Technologiczny sp. z o.o. (Kraków Technology Park LCC) has a special economic zone (SSE) status and offers consulting and training services (related to business operations and development of its technological profile), office space and services for investors and exporters – The Business Centre in Małopolska (CeBiM). The Park houses a Technological Incubator KPT for firms from IT, telecommunications and engineering branches and has initiated the creation of three clusters: Małopolski IT Cluster, European Game Centre and Kraków Design Area. The construction of Małopolski IT Park is another important project, which will offer office spaces, state-of-the-art laboratories, cloud-computing services and space for consulting and training services. (http://www.sse.krakow.pl/, 30.09.2012.).

Małopolska Agencja Rozwoju Regionalnego S.A. in Cracow (Małopolska Agency of Regional Development Plc. in Cracow) offers training and consulting services as well as financial support in the form of loans (for creating and expanding a business) and UE subsidies. The agency promotes the regional investment opportunities on external markets (as part of the Business in Małopolska project). In order to enhance the diffusion of information the Agency organises internships for research staff in businesses and for S&M enterprises' employees in research facilities. By employing highly qualified staff it improves the competitiveness of firms. As part of the MARR BUSINESS PARK the Agency offers production and warehousing space as well as office space. (www.marr.pl/, 30.09.2012.).

Centrum Innowacji, Transferu Technologii i Rozwoju Uniwersytetu na Uniwersytecie Jagiellońskim (CITTRU) (Centre for Innovation, Technology Transfer and University Development at the Jagiellonian University) supports innovation and technology transfer, strengthening of cooperation between business and research sectors by coordination and financing of acquiring patents, commercialisation of research results and organisation of other forms of cooperation (such as joint research projects) and preparation of technology offers based on innovations conceived at the University. The centre's website contains a database of University's technology offers. (www.cittru.uj.edu.pl/, 30.09.2012.).

Centrum Transferu Technologii Politechniki Krakowskiej (Technology Transfer Centre of Kraków University of Technology) offers internships for research staff in businesses, support in seeking training and technology partners, preparation of trade and technology offers for external markets, visits to industry events, organisation of external trade missions and technology-specific analysis of external markets. (www.transfer.edu.pl/, 30.09.2012.).

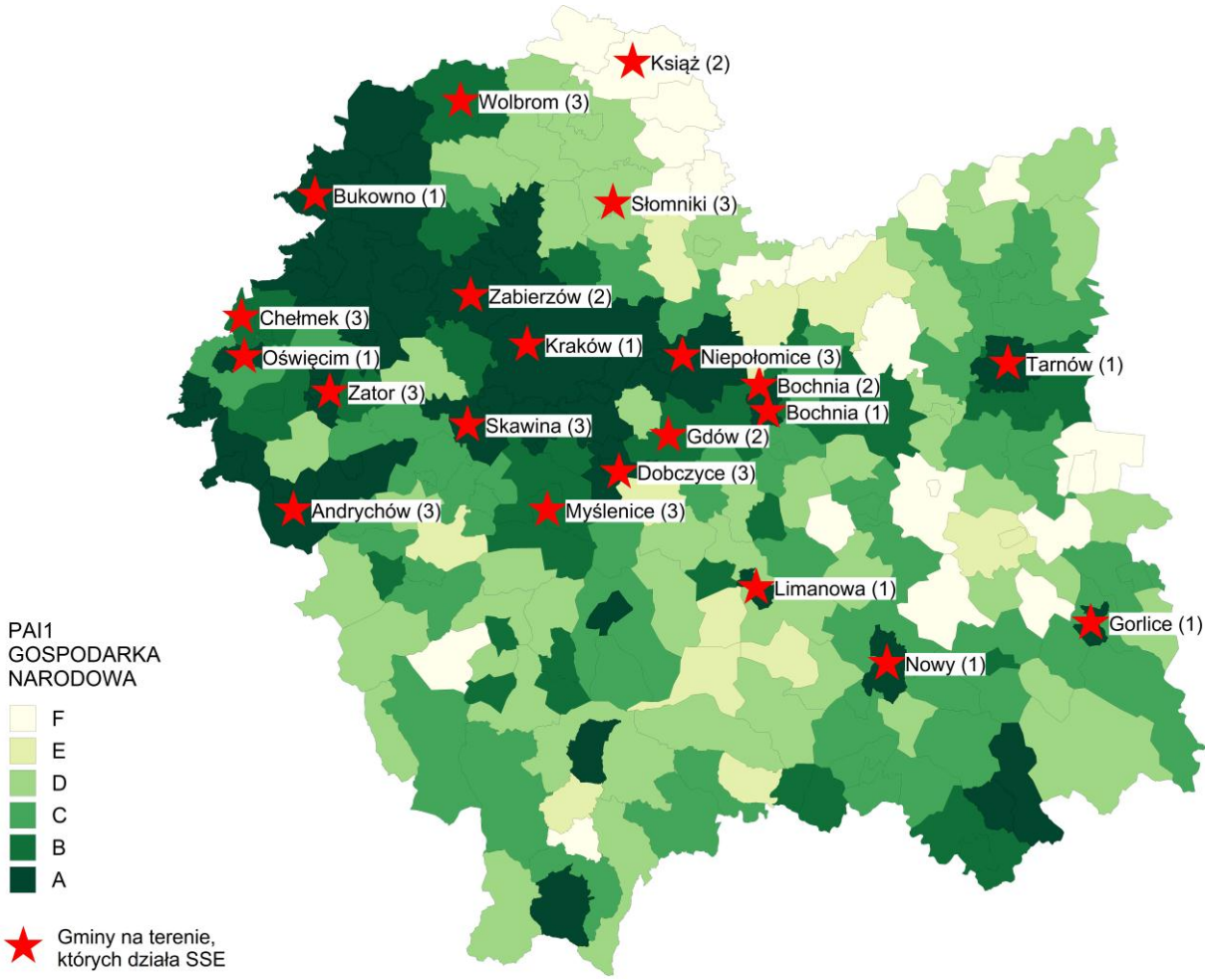
Centrum Transferu Technologii Medycznych Park Technologiczny in Cracow (Medical Technology Transfer Centre of Technology Park in Kraków) – created by the John Paul II Specialised Hospital in Cracow. The Centre offers services for businesses interested in cooperation with the hospital (such as preparing individual cooperation conditions, partnership offers, administration, accounting and legal services as well as supporting applications for external financing). The Centre helps to create and moderate the cooperation between businesses and research institutions in the bio-science field (seeking partners for projects, organising conferences, seminars, workshops, offering mediation services, legal and

accounting advice, analysis of potential sources of project financing, project coaching). It also offers advice on intellectual property protection and commercialisation of research results. (www.ctt.krakow.pl/, 30.09.2012.).

Special economic zones in Małopolskie voivodeship - effects

There are three special economic zones (SSE) in Małopolskie voivodeship: Krakowska, Mielecka and Katowicka. At the end of 2011 the areas of SSE were part of 8 cities and 13 gminas (counties). (Exhibit 6).

Exhibit 6. The location of SSE in Lesser Poland voivodship



Source: Authors' own calculations.

First SSEs were established in 1996. Until 2011 the enterprises operating in the zones invested 1,7 billion PLN which constitutes 2% of all economic zone capital expenditures in Poland. In the same period the enterprises created 7,3 thousand jobs, which constitutes 4% of all new jobs created in economic zones - cf. Chart 4.

Chart 4. Effects of special economic zone functioning at the end of 2011

SSE/ Gmina	Leading industries (capital expenditure larger than 20% of overall capital expenditure in the subzone)	New jobs created	Cumulated capital expenditure in million PLN
Krakowska SSE, Andrychów (3)	Automotive	191	49,9
Krakowska SSE, Bochnia (1)			
Krakowska SSE, Bochnia (2)	Data unavailable		
Krakowska SSE, Bukowno (1)			
Krakowska SSE, Chełmek (3)			
Krakowska SSE, Dobczyce (3)	Lighting elements	0	15,7
Krakowska SSE, Gdów (2)			
Mielecka SSE, Gorlice (1)	Final metal products excluding machinery and equipment	180	48,8
Krakowska SSE, Kraków (1)	Elektronics, software, poligraphy	4 170	792,9
Krakowska SSE, Książ Wielki (2)			
Krakowska SSE, Limanowa (1)			
Katowicka SSE, Myślenice (3)	Data unavailable		
Krakowska SSE, Niepołomice (3)	Automotive	638	608,5
Krakowska SSE, Nowy Sącz (1)	Window production	60	32,9
Krakowska SSE, Oświęcim (1)	Synthetic materials	4	1,4
Krakowska SSE, Skawina (3)	Cakes and packaged cakes	0	8,0
Krakowska SSE, Słomniki (3)			
Krakowska SSE, Tarnów (1)	Paint production	118	84,6
Krakowska SSE, Wolbrom (3)			
Krakowska SSE, Zabierzów (2)	BPO - accounting outsourcing	1 908	44,5
Krakowska SSE, Zator (3)	Data unavailable		

Source: Authors' own calculations based on PAIiIZ data.

Larges investments in terms of value have flowed to Kraków and Niepołomice. Investments in Kraków include: AZ, Al. Sp. z o.o. (Poland, metal construction), RR Donnelley Poland Sp. z o.o. (USA, poligraphy), Polski Asfalt Technic Sp. z o.o. (Sweden, non-metalic products), Motorola Polska Electronics Sp. z o.o. (USA, electronics), RR Donnelley Europe Sp. z o.o. (USA, poligraphy), Jagiellońskie Centrum Innowacji Sp. z o.o. (Poland, R & D), Grupa Onet.pl S.A. (Netherlands, software), Ericpol Telecom Sp. z o.o. (Poland, IT), AMK Kraków S.A. (Poland, machinery installing, Comarch S.A (Poland, software), Dream Lab Onet.pl Sp. z o.o. (Holandia, software), AZ_SOFT Sp. z o.o. (Poland, call center), Elettric 80 Sp. z o.o. (Italy, software), Capita (Poland) Sp. z o.o. (UK, BPO). Investments in Niepołomice include: MAN Trucks Sp. z o.o. (Germany, automotive), Meiiler Polska Sp. z o.o. (Germany, automotive), ACP Polska (Germany, automotive), Nidec Motors&Actuators (Poland) (Japan, automotive), Food Care Sp. z o.o. (Niepołomice, food-processing), Hannecard Polska, Polskie Zakłady Zbożowe „PZZ" in Cracow S.A. (Poland, grain processing), FoodCare Sp. z o.o. (Poland, beverages), Woodward Poland Sp. z o.o. (USA, electric equipment and electronics).

The Cracow SSE development plan aims at attracting investors from biotechnology, pharmaceutical, advanced R&D services sectors to the city of Cracow and its agglomeration. The other areas are to attract investments in production industries – automotive, chemical, construction, food-processing and related to logistics centres. Other economic zones would welcome investments aimed at utilising their local potential.

Gmina na 5

Student Scientific Organisation for Entrepreneurship and Regional Analyses affiliated to the Institute of Enterprise of the Warsaw School of Economics, has again published the results of its research into the quality of investor assistance given by the communal authorities. The subject of this study of investment attractiveness is: an audit of Web sites and audit of e-contact in Polish and English with communal authorities. The effect of this study is a ranking 'A' Commune, which is thought to distinguish best performing self-government territorial units in terms of the use of means of electronic communication in their assistance. The research is carried out using the mystery client method. In this year's edition all gminas belonging to Class A according to the PAI 2010 index were subject to query.

As a result 70 gminas have been distinguished; this includes 4 gminas situated in Lesser Poland voivodship.

Tabela 5. Gminy województwa małopolskiego nagrodzone tytułem Gminy na 5!

Gmina	Poviat	Audit of Web sites	Audit of e-contact in Polish	Audit of e-contact in English	Sum
Kraków (1)	Kraków	10	4	4,5	**18,5**
Gorlice (1)	gorlicki	9	5	0	**14**
Wieliczka (3)	wielicki	9	4	0	**13**
Krynica-Zdrój (3)	nowosądecki	9	4	0	**13**

Źródło: Opracowanie własne.

Cracow should be particularly distinguished in this list because of its highest place in the whole ranking (together with Bydgoszcz) in view of the criteria of evaluation. It deserves distinction for a readable, neat Web site of the authorities which offers helpful information for investors and good positioning of a local brand in social media networking. The city of Bydgoszcz should also be praised for the content of and quick reactions to emails in Polish and English. In order to gain a new investor the city presented information regarding financial support for investments.

5. Region's strengths and weaknesses

Lesser Poland voivodship has its unique character and clear specificity which influences its strengths and weaknesses. If divided according to the main factors of location and location conditions classified into microclimates composing potential and real investment attractiveness, they can be grouped into strengths (microclimates ranking A, B or C) and weaknesses (microclimates ranking D, E or F) – see Chart 6.

Chart 6. Strengths and weaknesses of Lesser Poland voivodship

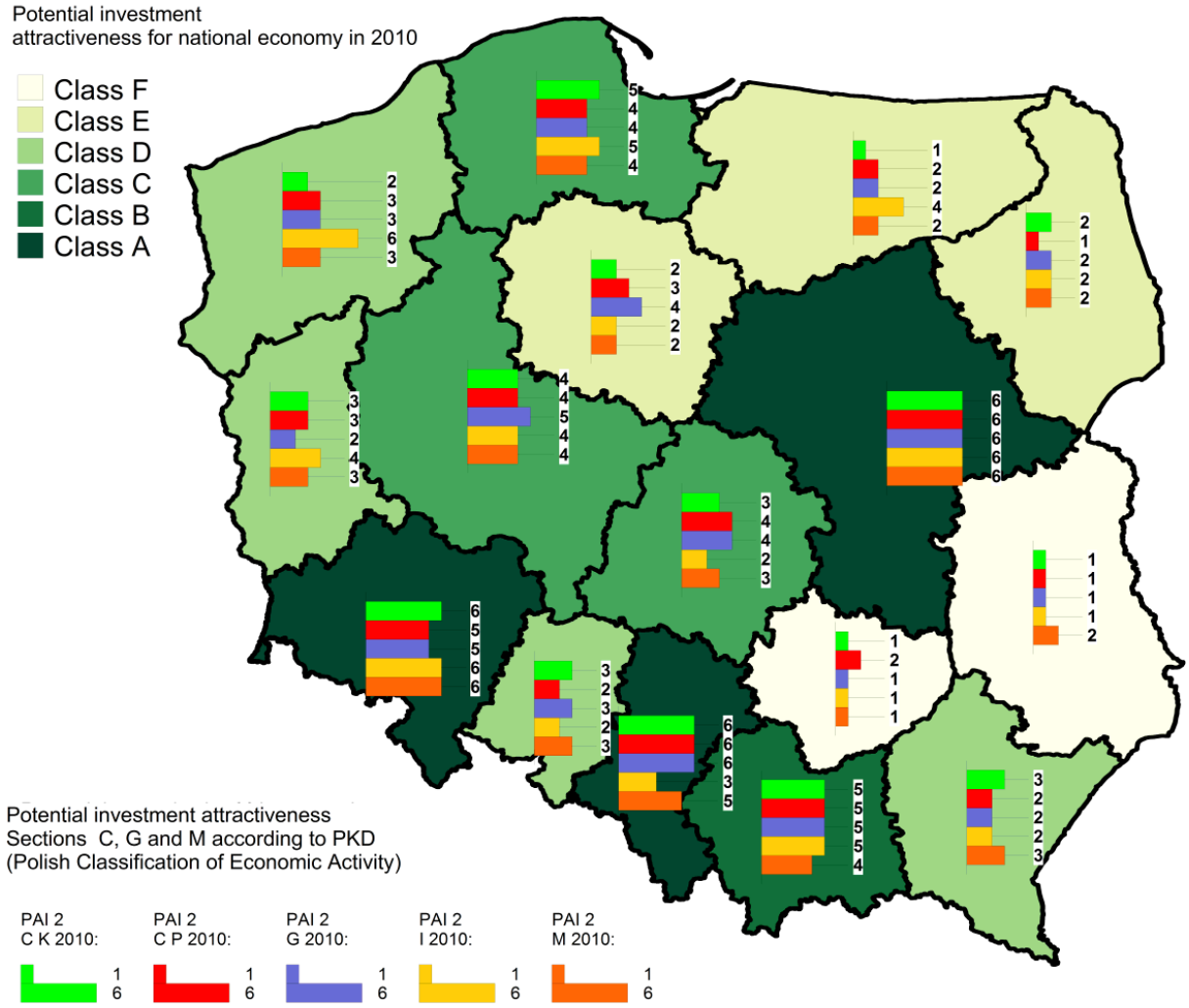
Strengths of the region according to the microclimates by IP SGH	Weaknesses of the region according to the microclimates by IP SGH
National economy	
Microclimate Human Resources Class A Microclimate Technical Infrastructure Class C Microclimate Social Infrastructure Class A Microclimate Social Capital Class C Microclimate Administration/Governance Class C Microclimate Innovativeness Class B Profitability of enterprises Class C Self-financing of self-government units Class C	Microclimate Market Class D Labour productivity in enterprises Class E Returns on tangible assets Class D Investment outlays Class E
Capital intensive industry	
Microclimate Human Resources Class A Microclimate Social Infrastructure Class B Microclimate Social Capital Class B Microclimate Market Class B Microclimate Administration/Governance Class B Microclimate Innovativeness Class B Returns on tangible assets Class B Labour productivity in enterprises Class C Self-financing of self-government units Class C Investment outlays Class C	Microclimate Technical Infrastructure Class F
Labour intensive industry	
Microclimate Human Resources Class A Microclimate Technical Infrastructure Class C Microclimate Social Infrastructure Class B Microclimate Social Capital Class C Microclimate Market Class B Microclimate Administration/Governance Class B Returns on tangible assets Class B Labour productivity in enterprises Class C Self-financing of self-government units Class C Investment outlays Class C	
Trade	

Microclimate Human Resources Class C Microclimate Technical Infrastructure Class C Microclimate Social Infrastructure Class A Microclimate Social Capital Class C Microclimate Market Class B Microclimate Administration/Governance Class C Self-financing of self-government units Class C Investment outlays Class C	Returns on tangible assets Class F Labour productivity in enterprises Class D
Tourism	
Microclimate Human Resources Class A Microclimate Social Infrastructure Class B Microclimate Social Capital Class B Microclimate Market Class A Self-financing of self-government units Class C	Microclimate Technical Infrastructure Class D Microclimate Administration/Governance Class D Returns on tangible assets Class F Labour productivity in enterprises Class E Investment outlays Class D
Professional, scientific and technical activities	
Microclimate Human Resources Class A Microclimate Social Infrastructure Class B Microclimate Social Capital Class C Microclimate Market Class C Microclimate Administration/Governance Class C Microclimate Innovativeness Class C Labour productivity in enterprises Class C Self-financing of self-government units Class C	Microclimate Technical Infrastructure Class D Returns on tangible assets Class D Investment outlays Class D

Source: Authors on the basis of the results of research of the Institute of Enterprise of the Warsaw School of Economics (IP SGH).

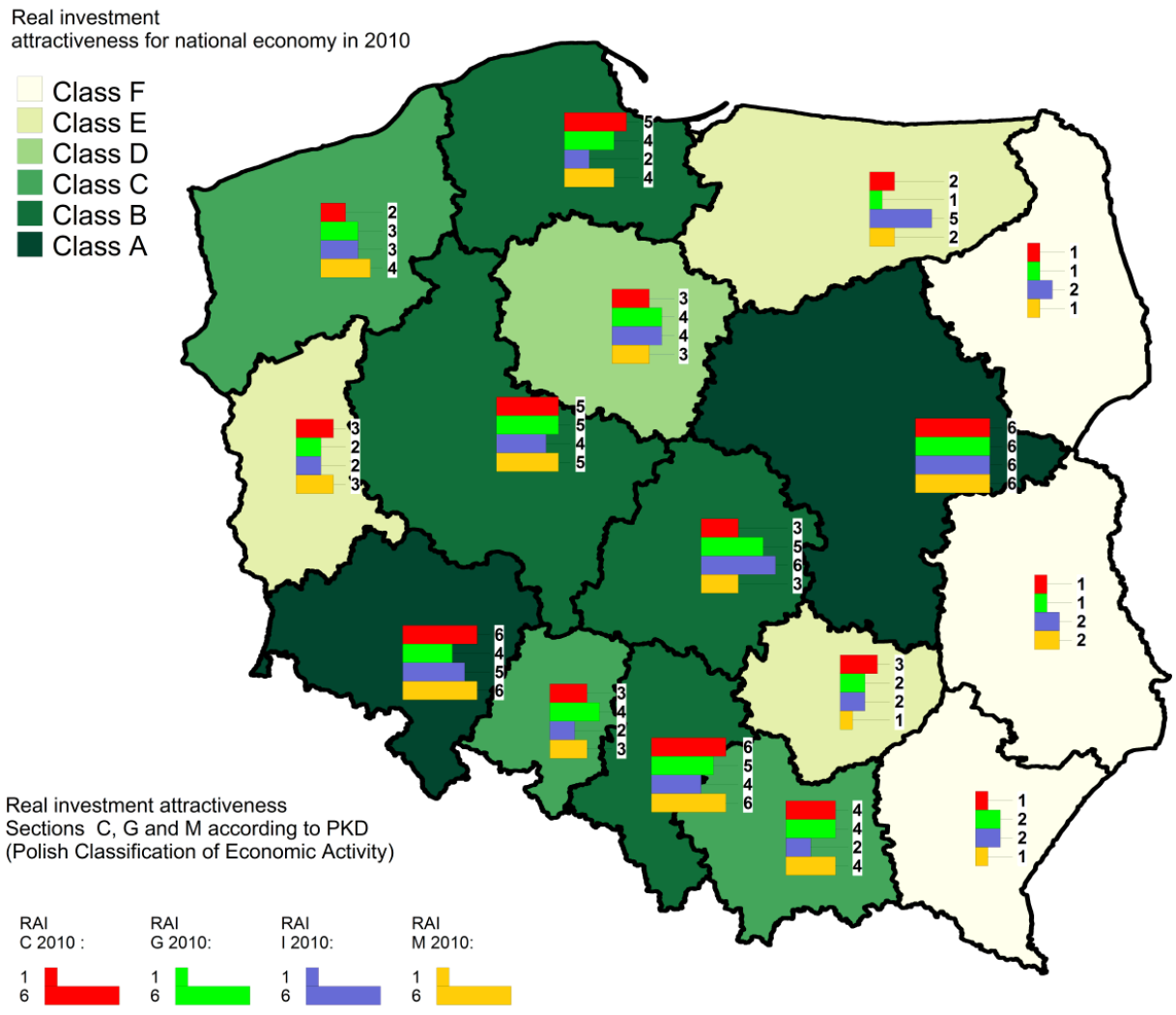
APPENDIX

Exhibit 1. Potential investment attractiveness of Polish voivodship broken down by basic sections of the national economy



Source: Authors' own materials.

Exhibit 2. Real investment attractiveness of Polish voivodship broken down by basic sections of the national economy



Source: Authors' own materials.

Chart 1. List of investment attractiveness indices for voivodships

Voivodship	LOWER SILESIAN	KUYAVIAN-POMERANIAN	LUBLIN	LUBUSZ	ŁÓDŹ	LESSER POLAND	MASOVIAN	OPOLE	SUBCARPATHIAN	PODLASKIE	POMERANIAN	SILESIAN	ŚWIĘTOKRZYSKIE	WARMIAN-MASURIAN	GREATER POLAND	WESTERN POMERANIAN
PAI1 GN	A	E	F	C	D	C	A	E	D	E	B	A	F	D	B	C
PAI2 GN	A	E	F	D	C	B	A	D	D	E	C	A	F	E	C	D
RAI GN	A	D	F	E	B	C	A	C	F	F	B	B	E	E	B	C
PAI1 C	A	D	F	C	C	C	A	D	E	E	B	A	F	E	C	C
PAI2 C KAPITAŁ	A	E	F	D	D	B	A	D	D	E	B	A	F	F	C	E
PAI2 C PRACA	B	D	F	D	C	B	A	E	E	F	C	A	E	E	C	D
RAI C	A	D	F	D	D	C	A	D	F	F	B	A	D	E	B	E
PAI1 G	A	E	F	C	D	B	A	D	E	F	B	A	F	C	C	C
PAI2 G	B	C	F	E	C	B	A	D	E	E	C	A	F	E	B	D
RAI G	C	C	F	E	B	C	A	C	E	F	C	B	E	F	B	D
PAI1 I	B	E	F	B	E	B	A	E	D	E	B	D	F	B	C	A
PAI2 I	A	E	F	C	E	B	A	E	E	E	B	D	F	C	C	A
RAI I	B	C	E	E	A	E	A	E	E	E	E	C	E	B	C	D
PAI1 M	A	E	F	C	D	C	A	D	D	F	B	B	F	D	B	C
PAI2 M	A	E	E	D	D	C	A	D	D	E	C	B	F	E	C	D
RAI M	A	D	E	D	D	C	A	D	F	F	C	A	F	E	B	C

Source: Authors on the basis of the results of statutory research carried out in the Collegium of Business Administration under the guidance of H. Godlewska-Majkowska.

Chart 2. Potential investment attractiveness of poviats of Lesser Poland voivodship for the national economy and selected sections

Poviats (counties)	PAI1_GN	PAI1_GN_Classes	PAI1_C_ Classes	PAI1_G_ Classes	PAI1_I_ Classes	PAI1_M_ Classes
The City of Cracow	0,376	A	A	A	A	A
The City of Tarnów	0,348	A	A	A	B	A
The City of Nowy Sącz	0,343	A	A	A	A	A
wielicki	0,303	B	B	B	A	B
tatrzański	0,286	C	C	D	A	C
krakowski	0,285	C	B	C	B	C
oświęcimski	0,284	C	C	B	A	C
olkuski	0,280	C	C	C	D	C
chrzanowski	0,280	C	C	C	D	C
wadowicki	0,275	C	C	D	D	C
bocheński	0,270	C	C	C	C	C
nowotarski	0,268	C	C	D	C	D
nowosądecki	0,247	D	D	D	C	E
limanowski	0,244	D	E	E	D	E

Source: See Chart 1.

Chart 3. Potential investment attractiveness of gminas of Lesser Poland voivodship for the national economy and selected sections

Gmina (commune)	PAI1_GN	PAI1_GN_classes	PAI1_C_ classes	PAI1_G_ classes	PAI1_I_ classes	PAI1_M_ classes
Cracow (1)	0,284	A	A	A	A	A
Gorlice (1)	0,264	A	A	A	B	A
Wielka Wieś (2)	0,263	A	A	A	A	A
Nowy Sącz (1)	0,260	A	A	A	A	A
Tarnów (1)	0,259	A	A	A	B	A
Limanowa (1)	0,258	A	A	A	A	A
Bochnia (1)	0,256	A	A	A	B	A
Oświęcim (1)	0,254	A	A	A	A	A
Niepołomice (3)	0,253	A	A	A	A	A
Zielonki (2)	0,251	A	A	A	A	A
Wadowice (3)	0,249	A	A	A	A	A
Zakopane (1)	0,249	A	A	A	A	A
Zabierzów (2)	0,246	A	A	A	A	A
Skawina (3)	0,244	A	A	A	A	A
Bukowno (1)	0,243	A	A	A	A	A
Kęty (3)	0,240	A	A	A	A	A
Chrzanów (3)	0,238	A	A	A	C	A
Andrychów (3)	0,236	A	A	A	A	A
Mszana Dolna (1)	0,235	A	A	A	A	A
Skała (3)	0,235	A	A	B	B	A

Olkusz (3)	0,234	A	A	A	A	A
Zator (3)	0,234	A	A	A	C	B
Dobczyce (3)	0,233	A	A	A	B	B
Mogilany (2)	0,231	A	A	A	B	A
Alwernia (3)	0,228	A	A	A	B	B
Kłaj (2)	0,228	A	A	A	A	A
Bolesław (2)	0,227	A	A	B	B	B
Trzebinia (3)	0,226	A	A	B	B	A
Nowy Targ (1)	0,225	A	A	B	B	A
Krzeszowice (3)	0,224	A	A	A	B	B
Wieliczka (3)	0,223	A	B	B	A	A
Brzeszcze (3)	0,223	A	A	A	C	B
Klucze (2)	0,223	A	A	B	B	B
Krynica-Zdrój (3)	0,223	A	B	A	A	A
Świątniki Górne (3)	0,223	A	A	B	B	B
Myślenice (3)	0,220	B	B	B	B	B
Siepraw (2)	0,220	B	B	A	C	B
Michałowice (2)	0,219	B	B	A	B	B
Muszyna (3)	0,217	B	B	B	A	B
Sucha Beskidzka (1)	0,217	B	B	B	A	C
Wolbrom (3)	0,216	B	B	B	B	B
Grybów (1)	0,216	B	B	A	B	B
Libiąż (3)	0,213	B	B	C	D	B
Liszki (2)	0,211	B	B	B	A	B
Tymbark (2)	0,211	B	B	B	B	C
Chełmek (3)	0,210	B	B	B	D	B
Dębno (2)	0,210	B	B	B	C	C
Szczawnica (3)	0,210	B	B	C	A	D
Przeciszów (2)	0,209	B	B	B	D	C
Brzesko (3)	0,209	B	B	B	B	A
Jordanów (1)	0,208	B	B	B	A	C
Tarnów (2)	0,208	B	B	C	B	B
Żegocina (2)	0,208	B	C	C	C	C
Bochnia (2)	0,207	B	B	B	A	B
Spytkowice (2)	0,207	B	B	B	C	C
Rabka-Zdrój (3)	0,207	B	B	B	A	C
Osiek (2)	0,206	B	B	B	D	C
Spytkowice (2)	0,206	B	B	B	C	C
Polanka Wielka (2)	0,206	B	C	B	D	C
Jerzmanowice-Przeginia (2)	0,205	B	B	C	C	C
Pcim (2)	0,204	B	C	D	B	C
Gdów (2)	0,204	B	C	C	C	C
Skrzyszów (2)	0,204	B	B	B	C	C

Source: See Chart 1.
Note: all indices in this report have been computed on the basis of the most up-to-date data from the Local Data Bank (2012).