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**THE IMPACT OF LARGE ENTERPRISES ON THE ECONOMY OF THE
CZECH REPUBLIC AND THE THREAT OF RELOCATION
TENDENCIES. A CASE STUDY OF SKODA AUTO COMPANY**

Abstract:

Large enterprises represent a key group for the economy of the Czech Republic. The aim of the study is to assess the influence of large enterprises namely Skoda Auto, a car manufacturer, on the socio-economic development of the Czech Republic. The study was prepared in response to the currently debated state aid rules, which significantly decrease the maximum public support for large enterprises. At the same time, relocation tendencies of large enterprises can be perceived. These tendencies are emerging, particularly in the manufacturing industry and are caused by various factors. In addition to the natural market factors, such as rising labor costs and high corporate taxes, there are also other non-market factors including in particular investment incentives, lower standards in social and environmental protection. Relocation tendencies are stronger in case of large (multinational) companies. In general, it is possible to mark the effect of large enterprises in the economy as very positive. Despite their relatively low share in terms of total number, they contribute significantly to employment, production and added value throughout the whole economy. Even small proportional changes in economic activities of large enterprises have significant impacts on public budgets and the involvement of SMEs in the export. Large businesses represent a significant demand for research and development results. Large enterprises make up the majority of foreign investment in supported sectors in the Czech Republic and have a major impact on an image of national economies. Investment incentives or any form of state aid therefore work as a tool for equalizing investment conditions in an environment where it is not possible to unify public investment support with countries outside the EU.

Keywords:

Large enterprises, Skoda Auto, the Czech Republic, relocation tendencies, investment incentives