

## Slovakia: a second leg growing?

Slovakia is very proud of being World Number One in car production per capita. And automotive will keep growing in Slovakia further: In December 2017, Volkswagen officially opened the exclusive complete production of Porsche Cayenne model in its Bratislava factory and it will launch there the production of new models of Touareg and Audi in 2018. A fully new plant of Jaguar Land Rover in the Nitra region will also start production in 2018. Furthermore, the French carmaker PSA already settled in Trnava has announced that production of electric cars will be launched in 2020. Kia motor plant in Zilina is also growing being the only European plant of this Korean manufacturer. All four carmaking plants are located in western and central western part of Slovakia and the well-established chain of 370 subcontractors is also placed predominantly there, according to the Automotive Industry Association.

The automotive sector gradually developed into the biggest sector in Slovakia. Its share in exports is over 40%, and there are about 129,000 people in the automotive industry, together with supporting activities up to a quarter of one million jobs depending on automotive, according to the Ministry of Economy.

Nevertheless, there is also criticisms expanding concerning regional misbalance, exhausted technical workforce resources, the vulnerable monoculture by business cycle, a technological shift towards e-vehicles and likely to be automated jobs in the national economy: Slovakia was identified as the most vulnerable OECD country concerning jobs at high risk of automation.<sup>1</sup> A second strong leg for the currently one-leg-economy is therefore urgently advocated by critics.

Comparably unattended is the growth of shared service centres and business process outsourcing providers (together further referred as business service centres, BSCs) in Slovakia. While there were 36 BSCs in 2015, there are 63 BSCs in 16 cities with up to 35,000 employees placed countrywide with a strong cluster developing in the Eastern Slovakia. Further growth is envisaged amounting up to 55,000 employees in 2020, according to the BSC Forum third conference speakers held in 6 December 2017.<sup>2</sup> BSCs offer opportunities for well-educated young staff: 71% of employees were university educated, the average age was 33 years and the average monthly salary of employees was EUR 1,730, according to the 2017 BSCs Forum Survey.

The mission of the BSCs Forum is to raise the awareness of this sector in Slovakia and to support its further growth. One of three main goals of BSCs Forum is to cooperate with universities and secondary schools in order to adjust qualifications and increase employability of graduates. Members of BSCs Forum covering 95% of BSCs employees are therefore active in provision of education and internships of students and teachers. 2017 data are impressive: 46,300 man-hours of training and internships were offered to students and teachers. 1,855 university students, 740 secondary students, 170 university teachers and 56 secondary teachers were offered training. 465 and 76 internships were offered to university and secondary students, respectively. Over 80% of BSCs Forum members cooperate with universities and one third with secondary schools. Undoubtedly, BSCs also show the way for those businesses that ask for a supply of school graduates tailored to their needs without direct support offered schools.

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<sup>1</sup> OECD Employment Outlook 2017, available at <https://books.google.sk/books?isbn=9264274863>.

<sup>2</sup> See more at <http://www.amcham.sk/policy-advocacy/committees-working-groups-and-task-forces/business-service-center-forum>.