

Business Sense with Olga Andrienko-Bentz

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Kyiv can still become an attractive destination for foreign investors

Kyiv should establish and promote an international image of itself as an attractive destination to live and conduct business.

As a part of Central and Eastern Europe, Ukraine belongs to the region that is rapidly developing, and in the process is becoming an increasingly attractive location both for international investors and tourists. At the same time, within the region itself, countries as well as their capitals are competing with each other to be the beneficiaries of foreign capital inflows. Roland Berger Strategy Consultants decided to examine the current state of this competition and to define the capitals in Central and Eastern Europe that have been the most attractive as destinations for international companies to set up operations and conduct business.

Although countries are interconnected with each other and bound with natural, historical and cultural factors, it is clear that some capitals had already had an advantage before the competition even started. Certainly, a city's ability to compete is to a considerable degree pre-defined by its country's economic development. On that basis, Vienna already had the "pole position" with

several competitive advantages that other capitals in Central and Eastern Europe, including Kyiv, did not have.

Nevertheless, results of the study show that stereotypes should not be trusted and competitors should not be underestimated. Although Vienna appeared to be the winner (as expected), other Central and Eastern European capitals are already catching up. However, these “other” capitals do not include Kyiv, which still lags very far behind. Of 10 capitals analyzed in our study, Kyiv was ranked 9th for overall attractiveness, and was the leader amongst all capitals in Central and Eastern Europe in only one indicator – it is the greenest of capitals analyzed.

Our study's results

Capital cities in Central and Eastern Europe are racing to improve their positioning – and we believe that the pace is gathering momentum. It is therefore high time for a benchmark study to paint a clear and comparable picture of the current status. Our Central and Eastern Europe city study, the first conducted by Roland Berger, aims to provide a solid and objective understanding of the positions of individual capitals of Central and Eastern Europe countries with respect to each other.

The working infrastructure, educational level of population, innovativeness, international flair, high quality of life and broad range of culture on offer – these factors make cities attractive to international managements and companies and these are our comparison criteria. As already mentioned, Vienna is at the top of the Central and Eastern Europe City Ranking 2009 with 89.9 points out of a possible 100, followed by Prague (70.8) and Budapest (52.3). Ljubljana (39.6), Moscow (34.0), Warsaw (30.0) and Bratislava (23.4) are next, followed by Bucharest (13.7), Kyiv (13.5) and Zagreb (10.0).

To leave outsiders' gang

So, Kyiv came out 9th of the 10 Central and Eastern European cities analyzed. The capital of Ukraine has the consolation of knowing that it is the Central and Eastern Europe capital city with the largest percentage of recreational and green areas. Unfortunately, this in and of itself is not sufficient to make Kyiv a popular destination for international businesses.

First of all, Kyiv appeared to be among one of the most poorly developed cities in terms of infrastructure. In particular, infrastructure issues related to

roads, engineering and environmental problems in the city itself as well as in the wider region, including Kyiv's airport Boryspil (which is the main gateway to Ukraine) all need to be addressed. Developing and, or, repairing existing infrastructure, which would both make travelling to and around Kyiv more convenient, and also improving environmental standards, would positively affect the quality of life in the city as well as its international reputation.

Second, currently existing barriers which hinder corporate growth need to be removed and replaced by a series of incentives that will encourage businesses to invest in Kyiv. Most importantly, bureaucratic red tape needs to be removed and official procedures for businesses and private individuals need to be streamlined on all levels, including in the city council and all public and governmental institutions.

Another important element in determining city attractiveness is the existence (or lack thereof) of a customer service culture. Although this is especially needed in hotels and restaurants, but shops and other establishments also need to work towards creating such an overall culture. In a similar light, museums, parks, sports facilities and recreational centers are all in need of attention and modernization.

Last, but not least, as John D. Rockefeller said, next to doing the right thing, the most important thing is to let people know you are doing the right thing. All the positive changes in Kyiv should be well communicated to raise public awareness of the Ukrainian capital and the positive steps that it is taking to improve its attractiveness as an international business destination. A local and international focused long-term communication policy should position Kyiv as an attractive place to live, work and do business.

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