

Determinants of Decisions on Locating Investment in Lublin, Poland

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Abstract

Various investment incentives determine investors' location decisions – both domestic and foreign. In a globalised economy, cities worldwide compete with each other on the regional and continental levels to attract investments by focusing on these factors that are the most effective to influence the final location decision. Hence, it is crucial for the cities to have an in-depth knowledge of the determinants of investment from the perspective of investors.

The case study uses 30 individual in-depth interviews conducted with representatives of top-level managers (owners, presidents, or branch directors) of small, medium, and large domestic and foreign enterprises from service and industry sectors which in the 21st century decided to invest or reinvest in Lublin, Poland, to indicate the determinants of the choice of investment location.

The research shows that the decision-making process on the location of investment bases on both objective, measurable economic criteria and subjective, often emotional, factors. The latter depends on the people involved in the process. They result from personal attachment to the city, suggestions of employees, or assessment of the possibilities of cooperation with stakeholders in the considered location. Hence, both economic and psychological factors determine the effectiveness of investment attraction activities. Therefore, the city's comprehensive investment offer should always be adapted both to the company and the people involved in the decision-making process on the part of the investor.

Keywords: Investment, location factors, business, investors, Lublin, Poland