

SUPPORTING ENTREPRENEURSHIP ALONG POLISH-CZECH BORDER REGIONS

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Abstract

The paper discusses problems referring to the support of entrepreneurship along Polish-Czech border regions. The analysis covered two entities – Karkonoska Regional Development Agency (KRDA) Joint Stock Company in Jelenia Góra and Okresní hospodářská komora v Jablonci nad Nisou (OHK) i.e. District Chamber of Commerce in Jablonec upon Neisse, The Czech Republic. The Author presents the most important initiatives of both institutions in relation to entrepreneurship development with particular emphasis on cross-border initiatives.

The final part of the study presents conclusions which may contribute to the development of entrepreneurship along Polish-Czech border regions.

Introduction

The objective of the paper is to present mechanisms responsible for the support of entrepreneurship along Polish-Czech border regions. Two institutions were selected for the case study: Karkonoska Regional Development Agency (KRDA) Joint Stock Company in Jelenia Góra and Okresní hospodářská komora v Jablonci nad Nisou (OHK) i.e. District Chamber of Commerce in Jablonec, The Czech Republic. Both institutions represent very active ones in business environment in both Polish and Czech cross-border regions.

The thesis put forward by the Author is that both institutions individually, but most of all by cooperating with each other, contribute to entrepreneurship development and therefore stimulate local and regional development. Quantitative measurement of these effects is not possible due to indispensable information unavailability, as well as their commercial confidentiality.

The final part of the paper presents the assessment of current cooperation scope along Polish-Czech border regions and also lists recommendations for future implementation.

1 The role of business environment institutions in market economy – selected problems

In market economy business environment institutions (BEI) facilitate the development of entrepreneurship and activate local community understood as this community involvement in solving local problems. [9, pp. 15-30]

The concept of entrepreneurship in professional literature is presented in a diversified way. J. Schumpeter made great input into this domain and claimed that entrepreneurship is the process of constructive destruction and an entrepreneur who, owing to the ongoing changes in the set of production factors, carries out innovations and as the result enhances economic growth. [16, pp. 7-16] In Polish literature theoretical basics of entrepreneurship are presented, among others, in the study [12, pp. 13-36] by T. Piecuch. Some Authors refer to entrepreneurship as readiness to start up economic activities and undertake risks resulting from them [3, p. 272]. Entrepreneurship results in improved management style, in introducing innovations, accomplishing higher management level and better quality of products and also

improved cooperation with external environment [11, p. 33]. Such external environment, i.e. business environment of enterprises and institutions located in this environment is frequently referred to as business environment institutions (BEI) [4, p. 14]. Economic environment is changeable in its nature while the rate as well as reasons of such changes may be different in particular periods of time. Rapidly changing environment may result in strategically unexpected situations for an enterprise, as H. I. Ansoff defines it [2, p. 58]. Entrepreneurship constitutes an integral part of SME concept since small and medium sized companies dominate in both local and regional scale and make up over 90% of all EU enterprises. For this reason problems referring to entrepreneurship are often discussed when dealing with SME sector development.

Professional literature includes business environment institutions (BEI), as it has already been mentioned above, to the so called environment of enterprises. Each organization, and also an enterprise, operates in a complex environment of other entities and influences them to a certain extent [1, pp. 132-136]. Many Authors discuss entities' position at the market and their functions, however, interactions between them as well as the type and scope of their formal and informal relations characteristics are often missing. Capital relations are regarded as confidential information. International relations are most frequently used during company promotion at the market. In cross-border cooperation the environment of enterprises is analyzed against regional economic space.

As the above graph illustrates, international (cross-border) cooperation is carried out within the framework of such institutions functioning. Cross-border cooperation keeps developing mainly when it is supported by certain institutional solutions. In the analyzed case such institutions are represented by communal structures located along the borderland areas in the form of unions covering cities and communes.

The set of goals put forward by the cooperating institutions, as well as their willingness for cooperation in meeting them, represent crucial stimulating factors in such cooperation [6, pp. 434-444, 7, pp. 11-29, 14, pp. 12-34]. It is manifested by the signed bilateral or multilateral cooperation agreements, preceded by more general agreements at regional or national levels and in extreme cases such cooperation can also be developed without any formal cooperation agreement signed [8, pp. 14-26]. The accepted model for entrepreneurship support is of crucial significance for the development of entrepreneurship in a given country – in this particular region.

In Poland at the grassroots level (local, regional) the support of entrepreneurship development is provided, among others, by regional development agencies, i.e. institutions represented by the studied entity.

Entrepreneurship support model in the Czech Republic is slightly different from the Polish one. Two organizations functioning at the central level are responsible for the development of entrepreneurship in the country:

- Czech Chamber of Commerce (CCC) with the seat in Prague
- Agricultural Chamber of the Czech Republic.

District Chamber of Commerce (DCC) in Jablonec, within the framework of chambers' structure, represents a part of Regional Chamber of Commerce in Liberec and cooperates closely with branch associations covered by CCC. DCC represents one of the first organizations of this type which was established after socio-economic transformations in the Czech Republic in 1992. (It is an independent legal entity established on the basis of The Czech Republic Act no. 301/1992 dated 5th May 1992.)

In the Czech Republic Chambers of Commerce are the associations of entrepreneurs (legal entities and natural persons accepted as chamber members). Chambers represents legal entities entered into the Commercial Register of the Czech Republic. CCC has its divisions in regions (according to Czech terminology “kraj” is the equivalent of region) and at the level of districts, just like in Poland, apart from chambers of commerce there also function other institutions dealing with the development of entrepreneurship, among others, Regional Development Agencies.

Having analyzed BEI statutes of the studied entities, these goals represent the basic ones and are covered by the accepted strategies of these institutions functioning at the market. They only differ in priorities of their implementation. The development of entrepreneurship is usually listed among the leading goals.

The occurrence of common goals in the strategies of BEI development most frequently constitutes the basic reason for their cooperation, even when these institutions are separated by a country border. BEI cross-border cooperation is a certain novelty in international relations and especially in international economic relations. Its development is particularly visible in Europe in the 90s of the 20th century when cross-border cooperation structures were established in Central and Eastern Europe in great numbers, e.g. euroregions [5, pp. 179-184].

Polish-Czech borderline areas are understood as the territory of adjoining NUTS 2¹ level units, i.e. regions (on the Czech part, as it has already been mentioned above, the term “kraj” is used as the equivalent of Polish region) [10, pp. 38-66]. On the Polish part the Polish-Czech borderline areas cover the following regions: Dolnośląskie, Opolskie, Śląskie.

Borderline areas on the Polish part of the border with The Czech Republic cover over 23 000 km² which makes up 7.7% of the country area. They include the following districts: Zgorzelecki, Lubański, Lwówecki, Jeleniogórski, Jelenia Góra town, Kamiennogórski, Wałbrzyski, Kłodzki, Ząbkowicki, Nyski, Prudnicki, Głubczycki, Raciborski, Wodzisławski, Jastrzębie Zdrój town and Cieszyński. Polish-Czech border is 796 km long which constitutes 22.7% of the total Polish border length.

On the Czech part the Czech-Polish borderline areas are covered by districts from 5 regions (kraje): Liberecký kraj (3 districts: Liberec, Jablonec nad Nisou, Semily), Kralovéhradecký kraj (3 districts: Trutnov, Náchod, Rychnov nad Kněžnou), Pardubický kraj (1 district: Ustí nad Orlicí), Olomoucký kraj (2 districts: Šumperk and Jeseník), Moravsko-Slezský kraj (4 districts: Bruntál, Karviná, Opava and Frýdek-Místek).

Borderline areas on the Czech part of the border with Poland extend on over 23 000 km², which makes up 29.2% of The Czech Republic total area.

The characteristics of Polish-Czech borderline areas is necessary in order to place both studied institutions in adequate space, i.e. Karkonoska Regional Development Agency (KRDA) in Jelenia Góra (Dolnośląskie region) and District Chamber of Commerce (DCC) in Jablonec upon Nisa (Liberecký region). Polish-Czech borderline areas are inhabited by over 7 130 000 inhabitants, of which in the Czech part over 3.3 million (about 1/3 of the Czech Republic inhabitants) and about 3.7 million in the Polish part (9.9% inhabitants of Poland).

¹ NUTS classification (The Nomenclature of Territorial Units for Statistics) was introduced on 26th May 2003 by the European Parliament and The European Council as the general classification of territorial units for statistics. The classification distinguishes territorial units at different levels by assigning specific codes consisting of letters and numbers.

2 Origins of the analyzed entities cooperation and its most important results

Karkonoska Regional Development Agency (KRDA) Joint-Stock Company is a non-governmental organization at the local level – a typical business environment institution (BEI) established on 7th June 1993 and entered in the enterprise register at no. KRS 000073772 in Wrocław. Its main shareholder is the Marshall's Office of Dolnośląskie region.

The mission carried out by KRDA is to take up activities supporting regional economic development and based on partnership support for small and medium-sized enterprises development by rendering services in the following areas: training services, information provision services, financial services.

The objective of KRDA activities is to upgrade the competitiveness of Polish small and medium-sized enterprises by supplying the complex offer of high quality training, information and financial services. All activities undertaken for the benefit of entrepreneurship development are supposed to support employers in their pursuit to their companies' growth, providing new jobs, searching for new trade markets, adjusting to the changing economic conditions and also the promotion of companies both in the region and abroad. Partnership cooperation along the border areas and also in the Czech Republic is considered the fundamental task. In order to offer the Czech partner a special place within KRDA structures the Contact Point of Polish-Czech Economic Cooperation (CPPCEC) was established in the KRDA seat in September 2005. This project was co-financed by the European Regional Development Fund within the framework of INTERREG IIIA the Czech Republic-Poland. Within the framework of this project addresses and products were entered into companies' databases which are available online. The set up website is administered by the Contact Point. DCC in Jablonec is a partner unit functioning as the respective Contact Point of the Czech-Polish Economic Cooperation (CPCPEC).

Okresní hospodářská komora v Jablonci nad Nisou (OHK), i.e. District Chamber of Commerce (DCC) in Jablonec upon Neisse was established, as it has already been mentioned, in 1992 and since the beginning of its operations its major objective was, among others, to carry out cross-border projects. In the initial period of its functioning it was not an easy task, but in the following years the number of cross-border initiatives kept growing, mainly with German partners and in time also with Polish partners.

Cooperation of both analyzed institutions, i.e. KRDA and DCC, started in the 90s of the previous century when first information meetings were held between the representatives of both institutions, mainly at the euroregional level². In subsequent years the scope of cooperation was extending and the first applications for joint projects funding from the EU means were prepared.

Among the most important projects in KRDA and DCC cooperation in recent years the following can be mentioned:

- establishment of 2, discussed above, Contact Points (CPPCEC and CPCPEC) –
- both entities support the development of local entrepreneurship by initiating bilateral meetings and supporting the exchange of business information;
- organization of a cyclical event – “Produced at the foot of Śnieżka Mountain” during which the display of regional products manufactured along Polish-Czech border regions and the presentations of business institutions takes place, or the exhibition entitled “Regional souvenirs and products – most effective measures of regional promotion”. This

² It refers to a trilateral working group ERN – Economy.

initiative develops local entrepreneurship, mainly that of local manufacturers and enhances commerce development;

- organization of the conference entitled “Tax system and tax regulations in Poland and the Czech Republic” or the seminar: “Legal aspects of running a business in the Czech Republic and Poland”, and also workshops entitled “Tourism development in Euroregion Neisse”, or “Construction industry – international aid”. This is a substantial example of experiences exchange as well as the awareness of conditions underlying running a business in both countries and regions;
- project implementation: Poland - the Czech Republic: Economy-Creativity-Cooperation on Polish part and a respective project on the Czech part entitled: Czech-Polish Economic Cooperation. This initiative facilitates the development of local entrepreneurship and the development of bilateral economic contacts.
- ongoing efforts for the promotion of Polish-Czech cooperation owing to the membership of chambers of commerce and municipal structures³ in the European Union structures. These activities extend the scope of cooperation between entities of both countries and the establishment of new economic entities;
- performing other work for the benefit of the region, e.g. supporting innovations development. These activities facilitate favourable quantitative changes and the growth of region’s competitiveness, as well as upgrade the innovation of economic units.

The results of the above cooperation may be presented in two more general groups:

- direct economic and social effects for the economic environment of the region,
- financial profits of both institutions measured by a substantive economic result. This group of information is covered by the confidentiality clause.

As far as economic benefits for the respective economic entities are concerned, they manifest themselves in an increased trade turnover between Polish and Czech economic entities. Social advantages can be measured by a relatively large number of Polish citizens undertaking permanent work in the Czech Republic.

There is an ongoing bilateral exchange of commodities in the borderline region. Czech companies conduct active promotion of their goods and services in Polish mass media. It mainly refers to tourist and transport companies. On the other hand, Polish companies perform an offensive promotion of their products in the Czech Republic. The examples of goods covered by such promotional campaigns are: furniture, electro-technical products or chemicals and detergents used in households.

Another area of economic advantages obtained by enterprises is related to profits from re-export and re-import. Many businesses located along Polish-Czech border conduct such activities.

Next example of advantages for Polish citizens appears while purchasing some services, e.g. trips abroad in Czech travel agencies, or flights to other parts of Europe or even the USA. The short distance to Prague, located within the border region, facilitates such practices. Both Poles and foreigners visiting our country frequently take advantage of a very good communication access to the capital of the Czech Republic as well as the, so called, mutual communication with other parts of Europe and the world.

³ The Association of European Border Regions (AEBR) or the Assembly of European Regions (AER) may serve as examples.

The thesis may be put forward that favourable transformations in Polish-Czech border regions take place not only as the effect of international agreements, but they also result from the advancement of cooperation between local non-governmental organizations, such as KRDA and DCC.

Conclusions

The conducted analysis and other results, which have not been presented in the hereby paper owing to its volume limitations, allow for putting forward the following conclusions:

- 1) Polish-Czech border region represents an example of extensive cross-border cooperation between local business environment institutions such as the analysed entities, i.e. KRDA in Jelenia Góra and DCC in Jablonec.
- 2) Such cooperation facilitates the implementation of local and regional development strategies and local community activating.
- 3) Bilateral cooperation in Polish-Czech border areas is supported by municipal structures constituting Euroregion Neisse. On the Polish part it is represented by the Association of Polish Communes of Euroregion Neisse and on the Czech part it is the Regional Municipal Association of Towns and Communes in the North of the Czech Republic.
- 4) The cooperation of both institutions, i.e. KRDA and DCC keeps developing systematically bringing both parties visible economic profits and social benefits. It is being confirmed by the dynamics of relations between these institutions as well as the number and scope of the jointly implemented projects.
- 5) Jointly carried out projects financed from the EU means constitute an additional stimulating agent for the scope and forms of this cooperation since it takes advantage of Polish-German and Czech-German cooperation experience..
- 6) The experience gained by Euroregion Neisse, in relation to local and regional development, is interesting not only from the cognitive point of view, but is also highly utilitarian and may be transferred to other areas.

To sum up, by developing local entrepreneurship and by activating local community along Polish-Czech border areas, both institutions of business environment play a crucial role in international cooperation and enhance the concept of European integration strengthening.

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PODPORA PODNIKÁNÍ V ČESKO-POLSKÉM PŘÍHRANIČÍ

Práce se zabývá problémy, které mají vztah k podpoře podnikání podél polsko-českého pohraničí. Do analýzy byly zahrnuty dva subjekty – Karkonoska Agencja Rozwoju Regionalnego S. A. ve městě Jelenia Góra a Okresní hospodářská komora v Jablonci nad Nisou (OHK). Autor představuje obě instituce a jejich iniciativy, které jsou důležité pro rozvoj podnikání se zvláštním důrazem na přeshraniční iniciativy. Závěrečná část studie prezentuje závěry, které mohou přispět k rozvoji podnikání podél polsko-českého pohraničí.

UNTERSTÜTZUNG DES UNTERNEHMERTUMS AN DER POLNISCH-TSCHECHISCHEN GRENZE

Dieser Artikel handelt über Probleme, die mit der Unterstützung des Unternehmertums entlang der polnisch-tschechischen Grenze in Verbindung stehen. Es wurden zwei Unternehmer in die Analyse einbezogen: die Karkonoska Agencja Rozwoju Regionalnego (KARR) S. A. in Jelenia Góra, Polen, und die Kreishandelskammer (Okresní hospodářská komora) in Jablonec nad Nisou (OHKJ) in der Tschechischen Republik. Der Autor stellt beide Institutionen vor und geht auch auf deren Initiativen ein, die im Hinblick auf die Unternehmensentwicklung unter besonderer Berücksichtigung grenzüberschreitender Unternehmungen wichtig sind. Der abschließende Teil der Studie präsentiert Schlüsse, welche zur Entwicklung des Unternehmertums entlang der der polnisch-tschechischen Grenze beitragen können.

WSPIERANIE PRZEDSIĘBIORCZOŚCI NA POGRANICZU POLSKO-CZESKIM

Artykuł dotyczy wspierania przedsiębiorczości na pograniczu polsko-czeskim. Analiza objęto dwa podmioty – Karkonoską Agencję Rozwoju Regionalnego (KARR) S. A. w Jeleniej Górze oraz Okresní hospodářská komora v Jablonci nad Nisou (OHKJ) tj. Powiatowa Izba Gospodarcza w Jabloncu nad Nysą, Republika Czeska. Autor przedstawia najważniejsze inicjatywy obu tych instytucji w zakresie rozwoju przedsiębiorczości ze szczególnym uwzględnieniem inicjatyw transgranicznych. W końcowej części opracowania zawarto wnioski mogące przyczynić się do rozwoju przedsiębiorczości na pograniczu polsko-czeskim.