

*Paulina Pukin**

COLLABORATION BETWEEN ECONOMIC OPERATORS SITUATED IN THE WARMIA AND MAZURY REGION AND BUSINESS ENVIRONMENT INSTITUTIONS¹

A b s t r a c t: Competitiveness of enterprises in North-East Poland is the lowest in this country. Firms in Warmia and Mazury voivodeship need institutional support from private and public sector. Collaboration between economic operators and business environment institutions is an important issue. Business environment helps boost entrepreneurship and innovation of firms. The core research objective of this article is to diagnose and evaluate the collaboration between economic operators situated in the Warmia and Mazury region and business environment institutions. The research method applied: statistical surveys based on surveys research. Questionnaire was used as a tool in the research. Research conducted at the turn of 2018 and 2019 among 21 economic operators located in the region of Warmia and Mazury (especially in Olsztyn – the biggest city in the region). Economic operators collaborate more often with BEIs from the Warmia and Mazury region than with BEIs from other regions. Most economic operators are not satisfied with the collaboration with BEIs from Warmia and Mazury voivodeship due to lack of important services and activities offered by the institutions, existing barriers and obstacles, as well as the low quality of services offered in the Warmia and Mazury region. The most significant barriers and obstacles to collaboration with BEIs include considerable formalisation and bureaucracy, insufficient skills of personnel, and long waiting time for starting collaboration

K e y w o r d s: Economic operators, business environment institutions, collaboration

J E L C l a s s i f i c a t i o n: L40

INTRODUCTION

The importance of business environment institutions (BEIs) in stimulating socio-economic development has been noted by researchers of institutional

* Contact information: Paulina Pukin, Uniwersytet Warmińsko-Mazurski w Olsztynie, Wydział Nauk Ekonomicznych, Katedra Finansów, ul. M. Oczapowskiego 4/305, email: p.pukin@outlook.com

¹ Project funded with a Student Grant from the Rector of the University of Warmia and Mazury in Olsztyn

economics. North (1991), a leading promoter of institutionalism, defined institutions as restrictions introduced by people that shape political, economic and social interactions. They consist of non-formal restrictive measures (e.g. traditions and customs) and formal rules (e.g. legal acts). Such institutions are supposed to create order and reduce uncertainty in an activity undertaken. Institutions ought to be characterised by functional completeness as well as both complementarity and substitutability. A combination of these features allows to achieve sustainable economic development (Owczaruk, 2013).

Marks and Babuchowska (2015) also arrived at a similar conclusion. They believe that the importance of BEIs in stimulating economic growth follows from their characteristics:

- A developed network of BEIs that contributes to the growth of entrepreneurship and encourages economic operators to locate their business in the area
- A properly functioning business-related environment that increases the investment attractiveness of the region
- Direct support of economic activity by business environment institutions, primarily support for small and medium-sized enterprises
- A business environment that allows for the formation of a modern economy in a region
- Contribution of BEIs to lowering entrepreneurship development barriers
- Their function as intermediaries between economic operators and public sector bodies, helping economic operators better understand the operation of local governments.

Ben Ali and Krammer (2016) add that BEIs play a crucial role in stimulating socio-economic development for three reasons. First of all, such institutions create circumstances for inducing inspiration and creativity as well as fostering the growth of competitiveness. Second of all, there is a multiplier effect of well-constructed institutions on economy development due to their direct and indirect influence on the functioning of multiple entities. Third of all, it was noted that regions with no or poor institutional infrastructure are the least developed areas¹.

The theoretical assumptions of Ben Ali and Krammer (2016) concur with the results of research conducted earlier by Dominiak (2013) who identified a correlation between the operation of a business environment institution and the socio-economic development of individual regions of Poland.

¹ Ben Ali S. M., Krammer S.M.S. 2016, The role of institutions in economic development [in:] Economic Development in the Middle East and North Africa (ed. by Ben Ali S. M., Krammer S.M.S. 2016, The role of institutions): 1–19.

INSTITUTIONAL ENVIRONMENT IN THE REGION OF WARMIA AND MAZURY

Warmia and Mazury is a region of low BEI activity and below-average socio-economic development (Dominiak 2013). Therefore, the creation of appropriate circumstances for the development of business environment institutions is necessary to stimulate entrepreneurship in the region (Dziemianowicz, 2017; Kisiel, Babuchowska., Marks-Bielska, Wojarska; 2011).²

To satisfy needs reported by economic operators and improve the efficiency of their operation, in 2009–2012 a project entitled “Regionalny System Usług – Sieć InnoWaMa” (Regional System of Services, RSS) was launched and completed in the region. Activities undertaken during the project were intended to improve the competitiveness and innovativeness of economic operators in the region, primarily including small and medium-sized enterprises. This objective was not achieved throughout the entire region due to the uneven spatial distribution of BEIs. RSS institutions were located in only eight cities, mainly in the western part of the region.³

A study that has been most relevant so far on the business environment in the Warmia and Mazury region was written by economists from Olsztyn. Their study was limited to 126 institutions, although there 24 entities which were fully analysed, including 15 entities from the sub-regions of Olsztyn and Elbląg, which were most often associations, foundations, and companies. A majority of institutions from the sub-region of Olsztyn were at a provincial coverage level (32%), whereas a significant number of institutions were at a district (24%) or municipal (11% of all institutions) coverage level. In addition, 9% of BEIs were at an inter-provincial coverage level, 17% of them were at a national coverage level and 7% of them – at a transnational or international coverage level. Most institutions offered training and educational support as well as advisory and information services. Few BEIs engaged in technological audits or the organisation of trade fairs. The most important recipients of services included economic operators, public institutions, self-employed entrepreneurs, and business environment institutions.

A SWOT analysis of the business environment of the region of Warmia and Mazury indicates that the greatest benefits of BEIs include timeliness, quality and availability of services rendered. However, BEIs are characterised by lack of innovation. The low competitiveness level of BEIs is primarily a result of their

² Dziemianowicz W. 2017, Staying on the old development path, but ‘smartly’ – a case study of Warmia and Masuria. *Miscellanea Geographica – Regional Studies on Development*, 21 (2). ISSN 2084-6118. 1:6 , p. 1

³ A publication summarising the execution of the project entitled “Regionalny System Usług – Sieć InnoWaMa”, http://bazarsu.warmia.mazury.pl/userfiles/publikacja_innowama_do_pdf.pdf (access: 26/03/2019)

obsolescence (as many as 24% of these institutions were established in 1945). In addition, a disadvantage of BEIs is their reluctance to work with other BEIs, which has prevented the construction of a well-structured network of such institutions in the Warmia and Mazury region (Kisiel Babuchowska, Marks-Bielska, Wojarska; 2011).

PURPOSE AND METHODS OF RESEARCH

The core purpose of this article is to diagnose and evaluate the collaboration between economic operators situated in the Warmia and Mazury region and business environment institutions both from the region and outside it. Answers to the questions in the questionnaire were also used to diagnose the circumstances and scale of the existing collaboration between economic operators and BEIs, assess collaboration, diagnose barriers and obstacles, as well as to evaluate the level of services offered by BEIs.

The research conducted at the turn of 2018 and 2019 included 21 economic operators located in the region of Warmia and Mazury. Most of these companies belonged to SMEs (75%) which operated at least at a regional level (90%), while four companies (19.04%) decided to internationalise their commercial and/or service activities.

RESEARCH RESULTS

Enterprises learn in different ways about the activity of business environment institutions. There are also many types of BEIs promotions. The most effective promotion of BEIs in the Warmian-Masurian Voivodeship was the promotion during the conference. Economic operators from Warmia and Mazury voivodeship most frequently decided to collaborate with BEIs due to noteworthy promotion of institutions during conferences (38.00% of the respondents). The reason why economic entities decided to cooperate with BEIs was effective cooperation between BEIs and other firms. Positive opinions of other economic operators about collaboration with BEIs was the second most important factor to begin partnership with BEIs (33.33% of the respondents).

In addition, the respondents claimed that crucial determinants fostering a decision to start collaboration with BEIs included the level of services offered by BEIs and transparency of information about such services (33.33% of the respondents in both cases as well).

It is worth noting that the promotion of BEIs offer on the Internet is very useful, however, the base of the surrounding institutions does not meet its basic assumption.

Table 1. Factors conducive to making a decision about starting cooperation

Factor	number of respondents
promotion of institutions during conferences	8
premises for cooperation	7
Positive opinions of other economic operators about collaboration with BEIs	7
promotion of the BEIs offer on the Internet	7
transparency of information about services provided by BEIs	7
BEIs offer adjustment level	7
BEIs activity in establishing cooperation	5
familiarizing with the BEI offer through the institution's database	3

Source: own study based on own research

All of the companies surveyed collaborated with business environment institutions, whereas 95.24% of them collaborated with BEIs located in the region of Warmia and Mazury and 19.05% of them cooperated with BEIs from outside this region (Table 2).

Table 2. Frequency of collaboration between economic operators situated in the Warmia and Mazury region and business environment institutions

Institution	in Warmia and Mazury voivodeship	in others voivodeships
Municipal offices and city halls	3.08	2.8
The Office of the Marshal	3.75	3.00
the provincial government	3.25	2.25
District authorities	3.57	2.75
Investor Service Center	1.50	2.60
Science and technology parks	2.36	1.25
Cluster	2.00	1.75
Loan funds	1.00	1.00
Regional Development Agency	1.75	2.00
Special Economic Zone	3.40	2.50
Business clubs, societies, employers' unions, chamber of commerce, associations of crafts or entrepreneurship	3.43	3.50

Source: own study based on own research

What is more, it was observed that economic operators collaborated more frequently with BEIs located in the Warmia and Mazury region (2.74) than with those situated in other regions (2.21). Predominantly, economic operators started collaboration with the Office of the Marshal (3.75 in the region when compared

to 3.00 for BEIs from outside the region), Special Economic Zone (3.40 when compared to 2.50) and business clubs, societies, employers' unions, chamber of commerce, associations of crafts or entrepreneurship (3.43 when compared to 3.50), district authorities (3.57 when compared to 2.75), as well as municipal offices and city halls (3.08 when compared to 2.00).

On the other hand, economic operators collaborated the least with loan funds (1.00 in both cases), clusters (2.00 when compared to 1.75), and science and technology parks (2.36 when compared to 1.25). A positive observation is the fact that economic operators rarely decide to cease collaboration. They did not intend to cease collaboration primarily with the Regional Development Agency, clusters, Special Economic Zone, the provincial government, district authorities, municipality offices or city halls. The ratio of economic operators that intend to continue their collaboration with selected BEIs to those that currently collaborate with BEIs ranges from 50% (for loan funds) to 90% (for the Marshal's Office).

The level of support received from various BEIs is deemed high (Table 3). Top institutions from the region of Warmia and Mazury include: The Regional Development Agency (3.38), municipal offices and/or city halls (3.31), and the Marshal's Office (3.07); and on the other side of the scale there are loan funds and clusters (1.86) and investor centres (2.00).

Table 3. The level of support received from various BEIs

Institution	in Warmia and Mazury voivodeship
Regional Development Agency	3.38
Municipal offices and city halls	3.31
Science and technology parks	2.80
Special Economic Zone	2.63
Business clubs, societies, employers' unions, chamber of commerce, associations of crafts or entrepreneurship	2.63
The Office of the Marshal	2.27
Investor Service Center	2.00
Cluster	1.86
Loan funds	1.86

Source: own study based on own research

Economic operators decided to collaborate with BEIs from outside the Warmia and Mazury region for several reasons: barriers and obstacles observed during cooperation with BEIs in this region, lack of services and other aspects.

According to the respondents, the most significant barriers and obstacles to collaboration with BEIs in the region of Warmia and Mazury include formalisa-

tion and bureaucracy (3.33), insufficient skills of BEI personnel (2.75), waiting time for collaboration and/or service (2.73); and the least significant barriers and obstacles include lack of funds for collaboration (1.42), availability of qualified personnel in the company (1.94) and corruption (2.20).

Table 4. The most significant barriers and obstacles to collaboration with BEIs in the region of Warmia and Mazury

Barriers and obstacles	average number of points
formalisation and bureaucracy	3.33
insufficient skills of BEI personnel	2.75
waiting time for collaboration and/or service	2.73
negative attitude of IOB employees to cooperation	2.47
level of trust in BEI employees	2.44
lack of knowledge about potential cooperation partners	2.40
corruption	2.20
availability of qualified personnel in the company	1.94
lack of funds for collaboration	1.42

Source: own study based on own research

Another weakness of the business environment in the Warmia and Mazury region is a considerable shortage of services (Table 5). The respondents noted a material deficiency (a scale of 1–3, where 1 – slight deficiency and 3 – severe deficiency) of such services as assistance with establishing contact with business partners (1.88), installation of utilities on investment land and preparation of investment proposals (1.64), as well as assistance with choosing the right place for investments (1.6).

Table 5. Deficit of services offered by BEIs.

Service	
assistance with establishing contact with business partners	1.88
installation of utilities on investment land and preparation of investment proposals	1.64
preparation of investment offers	1.64
assistance with choosing the right place for investments	1.6
improving the technical infrastructure of the area	1.55
legal and consulting services	1.36
BEIs information and substantive support	1.33

Source: own study based on own research

For various reasons (Table 6), economic operators decided to collaborate with BEIs from outside the region of Warmia and Mazury (a scale of 1–5, where

1 – insignificant reason and 5 – very significant reason). The respondents said that the reputation of BEIs located outside the region of Warmia and Mazury is far better than within the region (3.6). BEIs from outside the region are also characterised by the up-to-dateness of services offered, better quality and customer service, as well as better skills of BEI personnel (3.2).

Table 6. Reasons why economic operators decided to collaborate with BEIs from outside the region of Warmia and Mazury

Reasons	
the reputation of BEIs located outside the region of Warmia and Mazury is far better than within the region	3.60
up-to-dateness of services offered,	3.20
better quality and customer service	3.20
better skills of BEI personnel	3.20
the time of provision of a service	3.00
active participation of BEIs in establishing contact with business partners	3.00
a wider range of services rendered	2.80
the recommendations of other economic operator	2.80
promotion of services on the Internet	2.60
promotion of services during various business meetings and conferences	2.00
price	2.00

Source: own study based on own research

Other crucial reasons behind the decision to collaborate with institutions from outside the region of Warmia and Mazury included active participation of BEIs in establishing contact with business partners and the time of provision of a service (3.0 in both cases) as well as a wider range of services rendered (2.8). Economic operators were also driven in their decision to collaborate with BEIs by the recommendations of other economic operators (2.8) as well as promotion of services on the Internet and during various business meetings and conferences.

Economic operators noted the mainly lower quality of services provided by BEIs located in the Warmia and Mazury region. Average quality of services provided by BEIs located in the Warmia and Mazury region is 16% lower than other voivodship of Poland (Table 7).

The top rated services offered by BEIs in the region of Warmia and Mazury included lease of office space, conference rooms and information support by BEIs, whereas the lowest rated ones included R&D assistance and internationalisation support (1.78 and 1.89 respectively). For services offered by BEIs from outside the region, the following were rated highest: market analysis and marketing services (4.33), legal aid and business support in financial management (4.00 in both cases).

Table 7. Quality of services provided by BEIs located in the Warmia and Mazury voivodeship and other regions of Poland

Services	in Warmia and Mazury voivodeship	other regions
lease of office space, conference rooms	3.50	3.00
information support	3.38	3.40
R&D assistance	1.78	2.40
internationalisation support	1.89	2.25
market analysis and marketing services	2.20	2.50
legal aid and business support in financial management	2.36	2.25
support in obtaining financial resources	2.27	2.25
assistance in recruiting and training new employees	2.27	2.40

Source: own study based on own research

CONCLUSIONS

A few major conclusions can be arrived at from the analysis:

- The most frequent determinants of collaboration with BEIs include: expected timely performance of tasks by BEIs, familiarisation with their services and expected high quality of services rendered
- Economic operators collaborate more often with BEIs from the Warmia and Mazury region than with BEIs from other regions
- Most economic operators are not satisfied with the collaboration with BEIs due to lack of important services and activities offered by the institutions, existing barriers and obstacles, as well as the low quality of services offered in the Warmia and Mazury region
- The most significant barriers and obstacles to collaboration with BEIs include considerable formalisation and bureaucracy, insufficient skills of personnel, and long waiting time for starting collaboration
- Poorly-rated support available from individual institutions and quality of individual services offered by BEIs in the region of Warmia and Mazury resulted in economic operators deciding to collaborate with BEIs from outside this region.

In order to stimulate entrepreneurship, one should consider the creation of conditions fostering the development of business environment institutions whose multiplier effects would contribute to the socio-economic growth of the Warmia and Mazury region.

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